



HRVATSKA BANKA ZA OBNOVU I RAZVITAK

**General Terms and Conditions
On Insurance of Short-Term Export Receivables
For Small and Medium-Sized Entrepreneurs with Annual
Income from Exports of up to EUR 2.5 Million
OU-IP/01-25**

Preamble

The General Terms and Conditions on Insurance of Short-Term Export Receivables for Small and Medium-Sized Entrepreneurs with Annual Income from Exports of up to EUR 2.5 Million OU-IP/01-25 (hereinafter: General Terms and Conditions) determine the terms and conditions on the insurance of short-term export receivables arisen on the basis of deliveries of goods and/or services pursuant to Export Contract concluded between Foreign Buyer and Exporter that are insured by the Croatian Bank for Reconstruction and Development (hereinafter: Insurer) for and on behalf of the Republic of Croatia.

Article 1 Definitions

In these General Terms and Conditions, the accompanying Insurance Policy and the Application for Insurance with attachments, the following terms have the following meanings:

Additional Costs: costs arisen due to the actions taken for the purpose of reducing or evading the occurrence of the Loss and/or collecting receivables after the payment of the Indemnity that relate to the costs of hiring an agency for the collection of receivables, to attorney, court and all other costs that the Insurer has agreed to previously. Additional Costs do not relate to the costs of determining the justifiability of the Claim;

Foreign Buyer: legal entity or natural person that has its headquarters or residence outside the Republic of Croatia, to which the Exporter delivers goods and/or services on the basis of the concluded Export Contract;

Insolvency: inability on the part of the Foreign Buyer to pay, which manifests itself as the final decision of competent authority on initiating pre-bankruptcy, bankruptcy or liquidation proceedings against the Foreign Buyer or any other case which, in accordance with the relevant regulations of the Foreign Buyer's country, can be considered equivalent;

Export: any legal business of interest to the Croatian economy, the ultimate purpose of which is the internationalisation of the Croatian economy, and which may represent production, transport, delivery, sale of goods and performance of works and services for the Foreign Buyer;

Exporter: legal entity or natural person having its headquarters or residence in the Republic of Croatia that exports or delivers goods and/or renders services on the basis of the Export Contract;

Export Contract: any form of written communication between the Exporter and the Foreign Buyer that undoubtedly gives rise to the Exporter's obligation to deliver the goods and/or to render the services to the Foreign Buyer as well as the Foreign Buyer's obligation to pay the agreed price to the Exporter;

Debtor under Public Law: any entity of state or public authority that cannot, judicially or administratively, be declared insolvent;

Moratorium: general moratorium declared by the country of the Foreign Buyer or the third country through which payment is to be made under the Export Contract;

Third Country Decision: measure or decision of the government of a country, including measures and decisions of public authorities that are considered government interventions, with the exception of the Government of the Republic of Croatia or the government of the Exporter's country, which prevents the performance of the Export Contract;

Indemnity: amount of money paid to the Insured by the Insurer for the purpose of compensation of the Loss. The Indemnity may not exceed the Insured Sum reduced by the Retention;

Claim: written demand for the payment of Indemnity submitted to the Insurer by the Insured in accordance with the provisions of Article 12 of these General Terms and Conditions;

OECD Anti-Bribery Recommendation: OECD Anti-Bribery Recommendation in effect;

General Terms and Conditions: General Terms and Conditions on Insurance of Short-Term Export Receivables for Small and Medium-Sized Entrepreneurs with Annual Income from Exports of up to EUR 2.5 Million OU-IP/01-25;

Insured: Exporter having concluded the Insurance Contract with the Insurer;

Insurer: HBOR – Hrvatska banka za obnovu i razvitak, Croatian Bank for Reconstruction and Development, with headquarters in Zagreb, Strossmayerov trg 9, for and on behalf of the Republic of Croatia;

Insured Sum: amount of money for which the insurance is concluded for an individual Foreign Buyer stated in the Insurance Policy;

Insured Risk: risk of non-payment that is covered by the insurance representing a future, contingent event, independent of the exclusive will of the Insured as defined in these General Terms and Conditions;

Insured Event: loss event caused by Insured Risk;

Insurance Policy: written document on the concluded Insurance Contract issued by the Insurer and signed by the Insurer and the Insured;

Coverage Percentage: percentage used for the calculation of Indemnity and compensation of Additional Costs arisen before the payment of Indemnity;

Insurance Premium: amount of money that the Insured shall pay to the Insurer based on the concluded Insurance Contract;

Private Debtor: debtor who is not considered a Debtor under Public Law;

Regulations of the country of the Foreign Buyer: legal regulations adopted in the country of the Foreign Buyer declaring the payment of the Foreign Buyer in the currency of the Foreign Buyer's country to be the valid settlement of debt, even though the very payment on the day of the transfer of funds, due to the change in the exchange rate of the currency of the Foreign Buyer's country, does not cover the amount of debt in the currency in accordance with the Export Contract;

Waiting Period: time period lasting for three months that starts upon the expiry of the Usual Payment Period;

Retention: share of the Insured in the Loss determined in the Insurance Policy as a percentage;

Preventing or delaying the transfer of funds: political events, economic difficulties or legislative or administrative measures that occur or are taken outside the Republic of Croatia and that prevent or delay the transfer of funds paid in connection with the Export Contract or the performance of the Export Contract;

Loss: loss expressed in equivalent money amount incurred by the Insured due to the occurrence of the Insured Event based on which the amount of Indemnity is determined;

Recovery Contract: contract executed between the Insured and the Insurer before the payment of Indemnity that regulates the mutual rights and obligations relating to the collection of recovery receivables from the Foreign Buyer;

Insurance Contract: contract executed between the Insurer and the Insured that provides cover for the Insured's monetary receivables from the Foreign Buyer arising from the delivery of goods and/or services in accordance with the Export Contract;

Total receivables: the amount of the Insured's total receivables from the Foreign Buyer (without contractual and accrued interest and contractual penalties) expressed in the currency of the Export Contract;

Usual Payment Period: payment period under the Export Contract that is equal to or longer than the agreed payment period under the Export Contract, that is acceptable for the Exporter and the Insurer and that is stated in the Insurance Policy;

Force majeure: a case of force majeure occurring outside the Republic of Croatia which may include war, civil war, revolution, protest, public unrest, storm, flood, earthquake, volcanic eruption, tidal wave, nuclear accident and pandemic, unless the government of the respective country has covered the loss effects in another way;

Application for Insurance: written application of the Insured with attachments for the conclusion of the Insurance Contract submitted to the Insurer and signed by the authorised representatives of the Insured.

Article 2 General Provisions

- 2.1. The Insurance Contract consists of the General Terms and Conditions, the Insurance Policy and the Application for Insurance with attachments, which all together make the complete text of the Insurance Contract. The Insurance Contract is executed in a written form by signing the Insurance Policy by the Insurer and the Insured on the basis of the previously submitted Application for Insurance. The date of execution of the Insurance Contract is the date of the signing of the Insurance Policy. Should the dates of signing by the contracting parties be different, the Insurance Contract shall be deemed to be executed on the last signature date.
- 2.2. The General Terms and Conditions are a constituent part of the Insurance Contract and regulate the rights and obligations between the contracting parties arisen from the concluded Insurance Contract.
- 2.3. The Insurance Policy is a written deed evidencing the concluded Insurance Contract, stating the company name and the headquarters of the Insurer, the company name and the headquarters or the name and the place of residence of the Insured and the Foreign Buyer, the subject matter of insurance, the Insured Risk, the Insured Sum, the Insurance Period, the Usual Payment Period, the Insurance Premium, the Retention, the signing date of the Insurance Policy and the signatures of the contracting parties.
- 2.4. In case of non-compliance between the provisions of the General Terms and Conditions and the provisions of the Insurance Policy, the provisions of the Insurance Policy shall prevail.
- 2.5. If the Insurer submits the original copies of the Insurance Policy to the Insured for signature, the Insured is obliged to return one copy of the signed original to the Insurer. The Application for Insurance, just like all other notices, consents and letters related to the Insurance Contract, must be in writing, and can be exchanged by post, delivery service, electronic mail or other means suitable for exchanging letters. The Application for Insurance must be signed by authorised representatives (legal representatives or attorneys) of the Insured.
- 2.6. The following will be considered evidence of orderly delivery of letters under the Insurance Contract:
 - in the case of sending by post, a return receipt duly completed by the recipient, i.e. a notice of receipt/delivery or post office records,
 - in the case of sending by delivery service, a confirmation or signature/stamp of the recipient confirming the receipt of the letter,
 - in the case of sending by electronic mail, a written confirmation of the other contractual party confirming that it has received the letter,
 - in the case of other means suitable for exchanging letters, a written confirmation of the other contractual party confirming that it has received the letter.

Article 3 Subject Matter of Insurance

- 3.1. The subject matter of insurance are money receivables of the Insured from the Foreign Buyer for which insurance has been contracted and which have arisen from the deliveries of goods made and/or services rendered under the Export Contract during the insurance period for which an invoice has been issued to the Foreign Buyer (hereinafter: Subject Matter of Insurance).
- 3.2. The Subject Matter of Insurance cannot be a receivable arisen from:

- Export of goods and/or services having been delivered to the Foreign Buyer after the established expiry of the insurance coverage;
- Export of goods and/or services to the Foreign Buyer who is related to the Insured in terms of management or ownership with a share of more than 20%;
- Export of goods with dual purpose pursuant to the regulations on export of goods with dual purpose for which an export licence has not been obtained;
- Export of nuclear material, special equipment and non-nuclear material* for which a consent and an export licence have not been obtained;
- Contractual interest, accrued compound interest, default interest and contractual penalties that the Insured has charged to the Foreign Buyer;
- Expenses which, pursuant to the Export Contract, have to be incurred by the Insured, regardless of whether the Foreign Buyer has fulfilled its obligations under the Export Contract,
- Export of goods delivered and/or services rendered to the Foreign Buyer contrary to the legal frameworks of the importing country and the country of the Foreign Buyer.

Article 4 Currencies of Insurance Contract

- 4.1. The Insured Sum is contracted in the currency of the Insurance Contract, unless otherwise determined in the Insurance Policy.
- 4.2. The Insurance Premium is calculated in the currency of the Insured Sum and collected in euro equivalent value at the middle exchange rate of the Croatian Bank for Reconstruction and Development on the day the Insurer issues the invoice, i.e. if the Insurance Premium is calculated in euros, it is collected in euros, unless otherwise determined in the Insurance Policy.
- 4.3. The fee for processing the application for insurance is calculated and charged to the Insured in euros based on the invoice issued by the Insurer, unless otherwise determined in the Insurance Policy. The fee for processing the application for insurance is regulated by the Ordinance on Fees for Services Performed by HBOR in effect.
- 4.4. The Indemnity is calculated in the currency of the Insured Sum and paid in euro equivalent value at the middle exchange rate of the Croatian Bank for Reconstruction and Development on the day of payment, i.e. if the Indemnity is calculated in euros, it is paid in euros, unless otherwise determined in the Insurance Policy.
- 4.5. Additional Costs are calculated in the currency of their occurrence, and are paid in euros or in euro equivalent value at the middle exchange rate of the Croatian Bank for Reconstruction and Development on the day of payment, unless otherwise determined in the Insurance Policy.
- 4.6. Amounts collected through recovery by the Insured shall be forwarded to the Insurer in the currency in which they were collected or in the equivalent value in euros at the middle exchange rate of the Croatian Bank for Reconstruction and Development on the day of payment, unless otherwise determined in the Insurance Policy.

Article 5 Insured Risks

- 5.1. Commercial risks are:
1. Non-payment on the part of the Foreign Buyer as the Private Debtor upon maturity of the Usual Payment Period (KR-1). The occurrence day of this Insured Risk is the day after the maturity date of the Usual Payment Period;
 2. Non-payment on the part of the Foreign Buyer due to insolvency of the Foreign Buyer as the Private Debtor upon maturity of the Usual Payment Period (KR-2). The occurrence day of this Insured Risk is the day after the maturity date of the Usual Payment Period provided that the insolvency of the Foreign Buyer as the Private Debtor has occurred by that deadline.

*Goods that are used for nuclear activities for peacetime purposes pursuant to the regulations on radiological and nuclear safety

- 5.2. Political risks are:
1. War or warlike events, rebellions or revolutions (PR-1). The occurrence day of this Insured Risk is the day of the occurrence of the respective event.
 2. Non-payment on the part of the Foreign Buyer as the Debtor under Public Law upon maturity of the Usual Payment Period (PR-1). The occurrence day of this Insured Risk is the day after the maturity date of the Usual Payment Period.
 3. Third country decision, moratorium, measures preventing or delaying the transfer of funds, regulations of the Foreign Buyer's country, decision of the Republic of Croatia preventing payment upon maturity of the Usual Payment Period or Force Majeure, where the Foreign Buyer is either the Private Debtor or the Debtor under Public Law (PR-3). The occurrence day of this Insured Risk is the day of the occurrence of the respective event.

Article 6 Duration of Insurance

- 6.1. The insurance shall start at 00:00 hours on the day stated in the Insurance Policy.
- 6.2. The insurance shall end at 23:59 hours on the day stated in the Insurance Policy or it may end:
- at 00:00 hours on the day of termination of the Insurance Contract pursuant to Article 18 of the General Terms and Conditions;
 - by premature termination of insurance pursuant to Article 7 of the General Terms and Conditions;
 - pursuant to the law of the Republic of Croatia in effect.

Article 7 Premature Termination of Insurance

- 7.1. The insurance shall automatically terminate upon the occurrence of the Insured Risk defined in Article 5 of the General Terms and Conditions.
- 7.2. In the case of becoming aware of the facts that may lead to an increase in the possibility of occurrence of the Insured Risk, the Insurer has the right to request in writing from the Insured to suspend further deliveries to the Foreign Buyer or the right to make a decision on premature termination of insurance, about which the Insurer shall inform the Insured in writing. In such a case, the Insurer may consider the possibility of returning a proportionate share of the paid Insurance Premium to the Insured.
- 7.3. The continuation of insurance shall be possible only after a written approval of the Insurer.

Article 8 Insurance Premium

- 8.1. The Insurance Premium shall be calculated and collected one-off when executing the Insurance Contract. The Insured shall pay the Insurance Premium on the basis of an invoice issued by the Insurer.
- 8.2. Should the Insured pay the Insurance Premium after the payment due date, the Insurer may, for the period from the payment due date until the date of actual payment, charge the statutory default interest.

Article 9 Main Obligations of Contracting Parties

- 9.1. Obligations of the Insurer:
1. To express its opinion to the Insured on the justifiability of the Claim within one month from the date of receipt of the Claim supported with all documentation and

2. To pay the Indemnity to the Insured after the acceptance of the Claim together with the fulfilment of the terms and conditions referred to in Article 10, paragraph 10.3, item 2 of these General Terms and Conditions.

9.2. Obligations of the Insured:

1. To provide, in the Application for Insurance, to the Insurer completely, accurately and truthfully all facts and data necessary for assessing the insurance risk, which the Insured itself, applying the care of a good businessman, takes into account when concluding the Export Contract, and to immediately inform the Insurer in writing of any change in these facts before and after the conclusion of the Insurance Contract. In particular, the Insured undertakes to provide to the Insurer accurate, complete and true information when submitting the Application for Insurance and/or at the moment of signing the Insurance Contract, which it knew or should have known by applying the usual form of care in business operations, and which could lead to the rejection of the Application for Insurance or the termination of the Insurance Contract, for example as follows:
 - a) account of the Foreign Buyer has been blocked,
 - b) pre-bankruptcy, bankruptcy or liquidation proceedings have been initiated against the Exporter.

When assessing the insurance risk, the Insurer takes into account only the information provided in the Application for Insurance and its attachments, regardless of whether the Insurer is familiar with the contents and conditions of the Export Contract and all other related documents, and the Insurer will check the documents only after receiving the Claim. The Insured cannot refer to the fact that the Insurer knew or should have known about the contents of the said documents, regardless of whether the Insured saw or commented on them;

2. To have no due receivables from the Foreign Buyer in accordance with the Usual Payment Period at the moment of the delivery of goods and/or services;
3. To pay the Insurance Premium and the fee for the processing of the application pursuant to the terms and conditions prescribed in the Insurance Contract;
4. To perform deliveries and issue invoices to the Foreign Buyer during the insurance period;
5. To report to the Insurer in writing, no later than 30 days from the expiry of the Usual Payment Period, the delay in the payment on the part of the Foreign Buyer and to report the amount of the uncollected receivables;
6. To immediately suspend further deliveries of goods and/or services to the Foreign Buyer that has not fulfilled its payment obligation within the Usual Payment Period, and for any further delivery to the Foreign Buyer, the Insured shall obtain a prior written consent of the Insurer;
7. To inform the Insurer about the existence of any other possible insurance or partial insurance of the same transaction against non-payment;
8. It must not obtain retention insurance without the prior written consent of the Insurer;
9. To comply with the terms and conditions of the OECD Anti-Bribery Recommendation.

Article 10 Special Obligations of Insured

10.1. Obligations for the duration of the Insurance Contract:

1. To inform the Insurer in writing, completely and accurately, immediately upon becoming aware of it, of any change in the data stated in the Application for Insurance, of all circumstances necessary for the assessment of risk and circumstances that might jeopardise due performance of the Export Contract as well as any change in the stated circumstances;

2. To obtain a written consent of the Insurer before any material amendments to the Export Contract, in particular the following amendments:
 - Change of the agreed period of payment,
 - Change of the collateral, if agreed;
3. To obtain a written consent of the Insurer before changing the Usual Payment Period;
4. To give consent to the Insurer, by signing the Insurance Policy, to invite the Foreign Buyer on behalf of the Insured to make a payment in the event of the occurrence of the Insured Risk;
5. To submit, at any time, at the request of the Insurer, complete documentation necessary for the assessment of the fulfilment of obligations under the Export Contract and the justifiability of the Claim;
6. To act independently as a conscientious businessman in emergency situations (e.g.: possibility of preventing the occurrence of the Insured Event, preventing or reducing the Loss, etc.) and to inform the Insurer without delay about what has been done;
7. To cooperate with the Insurer in the implementation of procedures for collecting receivables arising from the Export Contract, until their completion, by submitting to the Insurer all available information and providing the Insurer insight into all available documentation relating to the Foreign Buyer, the Export Contract and the receivables of the Insured;
8. To follow the instructions of the Insurer on taking actions aimed at reducing the potential and/or already occurred Loss and on collecting the receivables from the Foreign Buyer. The Insurer is authorised at any time to give instructions to the Insured, acting reasonably, requiring that only those actions be taken that are appropriate in view of the applicable regulations and good business practice.

10.2. Obligations in the case of the occurrence of the Insured Risk:

1. To inform the Insurer in writing about the occurrence of the Insured Risk referred to in Article 5 of the General Terms and Conditions and about any unfulfilled obligations on the part of the Foreign Buyer upon the expiry of the Usual Payment Period. The Insured shall submit to the Insurer a written notification of the delayed payment on the part of the Foreign Buyer not later than within the period of 30 days from the date of expiry of the Usual Payment Period;
2. To obtain a written consent from the Insurer before entering into an agreement on the terms and conditions for rescheduling debts under the Export Contract with the insured Foreign Buyer;
3. To activate additional collateral for the collection of receivables if provided for under the Export Contract before the submission of the Claim and to inform the Insurer on the measures taken;
4. To substitute for cash, in the most appropriate way, the goods included in the insurance at the request of, or in an agreement with, the Insurer;
5. To fulfil the obligations referred to in items 1 and 3 of this paragraph on the occasion of arranging for the first rescheduling of debt with the Foreign Buyer and if the Foreign Buyer fails to meet its obligations under the arranged rescheduling. In case of delay in payment under the first arranged rescheduling, the Insurer shall determine the new start of the Waiting Period;
6. All amounts received by the Insured under the Export Contract after the realisation of the Insured Risk, regardless of their declared purposes, shall be treated in accordance with Article 14, paragraph 14.9 of these General Terms and Conditions.

10.3. Obligations of the Insured after the acceptance of the Claim and the transfer of rights

1. At the moment of payment of Indemnity and/or Additional Costs to the Insured, all receivables under the Export Contract together with ancillary rights shall be transferred to the Insurer, including collateral to the extent possible, up to the amount of the total paid Indemnity and Additional Costs increased by

statutory default interest that belongs to the Insurer and accrues from payment to settlement of receivables,

2. The Insured shall, prior to the payment of the Indemnity, execute a Recovery Contract with the Insurer by which the Insurer will assign for the purpose of settlement the receivables referred to in item 1 of this paragraph to the Insured, all increased by the appropriate statutory default interest, authorising the Insured to conduct all necessary actions and payment collection procedures and regulating other rights and obligations of the Insurer and the Insured in relation to the collection of all receivables under the Export Contract after the payment of the Indemnity,
3. The Insured shall be authorised and obliged to undertake all actions independently and conduct all procedures for the purpose of collecting the receivable referred to in item 1 of this paragraph, including also the activation of collateral, and acting in pre-bankruptcy and bankruptcy proceedings and to immediately inform the Insurer of all actions undertaken. Without a consent of the Insurer, the Insured is not authorised to independently make a decision either on the write-off of the said receivables, the suspension of collection procedures or non-initiation of further actions for the purpose of collecting the said receivables,
4. The Insured undertakes to follow the written instructions of the Insurer and obtain the written consent of the Insurer before taking any actions that may cause Additional Costs,
5. Upon receipt of the Indemnity, the Insured shall, without delay, forward to the Insurer, in accordance with the share of the Indemnity in the total amount of receivables on the date of the calculation of the Indemnity, all payments received by the Insured from the Foreign Buyer regardless of the declared purpose, up to the amount of receivables referred to in item 1 of this paragraph, all increased by statutory default interest due to the Insurer,
6. The Insurer shall be entitled at any time unilaterally by a written statement sent to the Insured to take back from the Insured the unsettled portion of the receivable referred to in item 1 of this paragraph, all increased by appropriate statutory default interest, and inform the Insured that from that moment onwards the Insurer shall take all necessary actions and all collection procedures on its own. The Insured shall also undertake all permitted legal actions to transfer to the Insurer all rights under the Export Contract in proportion to the amount of receivables taken back by the Insurer.

10.4. Obligations of the Insured after the payment of the Indemnity:

1. To accept the deadlines and the terms and conditions of rescheduling the debt under the Export Contract that the Insurer, after having paid the Indemnity to the Insured, has agreed with the Foreign Buyer or its successor relating to the collection of receivables. This obligation of the Insured exists also in relation to the rescheduling of the receivables of the Insured remaining after the payment of the Indemnity;
2. If the Claim relates to the insured goods that are at the disposal of the Insured (e.g. on the basis of the right of retention), the Insured shall immediately at the request of the Insurer substitute them for cash (in the most appropriate way), and assign the received income to the Insurer in accordance with the share of the Indemnity in the total amount of receivables on the date of the calculation of the Indemnity up to the amount of the Indemnity. At the Insurer's request, these goods shall be pledged to the Insurer;
3. Should, after the payment of the Indemnity, the Insurer establish that the Insured was not entitled to the Indemnity or was not entitled to the Indemnity in the amount paid, the Insured shall refund the Indemnity in the whole amount, or its disputable portion, respectively. The Insured shall refund also the Additional Costs paid by the Insurer increased by the default interest accruing from the day of Indemnity payment until the day of Indemnity refund or the day of the refund of the disputable portion

of the Indemnity, respectively. This refund shall be made within 14 days from the date of the receipt of the Insurer's written notice.

Article 11 Insured Event

- 11.1. The Insured Event, in terms of commercial risks, occurs:
1. By the expiry of the Waiting Period during which the Foreign Buyer has not paid the debt upon the occurrence of the Insured Risk KR-1,
 2. By the occurrence of the Insured Risk KR-2. Any other event shall be deemed to be the Insured Event that may, in accordance with the governing regulations of the Foreign Buyer's country, be considered identical to the Insured Events referred to in this item.
- 11.2. In terms of political risks, the Insured Event occurs at the expiry of the Waiting Period during which the Foreign Buyer has not paid the debt upon the occurrence of the Insured Risk.
- 11.3. If the Insured has issued several invoices to the Foreign Buyer with different due dates, it is considered that, upon the occurrence of the Insured Event for the invoice that is due first in accordance with the Usual Payment Period, the Insured Event has also occurred for the remaining invoices, so the Insured has the right to submit a Claim for all issued invoices regardless of the due dates of the remaining invoices.
- 11.4. The Insured may submit a Claim upon the occurrence of the Insured Event. The Insured may submit a Claim also in the case described in Article 11, paragraph 11.3 of these General Terms and Conditions.

Article 12 Claim

- 12.1. The Claim is submitted in writing after the occurrence of the Insured Event and can be submitted no later than one year after the occurrence of the Insured Event, otherwise the Insured loses the right to submit the Claim and the Insurer will reject it.
- 12.2. The Claim must be accompanied by documents necessary for the assessment of the Claim, which prove the existence, indisputability and maturity of the Subject Matter of Insurance, the realisation of the Insured Risk, the occurrence of the Loss, the performance of the Insured's obligations under the Insurance Contract, and other documents that the Insurer deems necessary for the assessment of the justifiability of the Claim, for example: Export Contract, invoices, single customs declarations, international bill of lading, handover records, bookkeeping records, written correspondence between the Insured and the Foreign Buyer, calculation of production costs, decision of third country or decision of the Government of the Republic of Croatia preventing payment upon maturity of the Usual Payment Period, etc.
- 12.3. The existence and indisputability of the Subject Matter of Insurance is proven:
- By recognition of the debt in the corresponding amount by the Foreign Buyer, or
 - By valid recognition of the Insured's receivables in pre-bankruptcy, bankruptcy or liquidation proceedings against the Foreign Buyer, or
 - By a final decision of a court or arbitration which determines the indisputability and amount of the Insured's receivables against the Foreign Buyer.
- 12.4. Documents submitted enclosed with the Claim may be submitted in the original copy or a photo-copy, and, at the Insurer's request, the Insured is obliged to provide the Insurer with access to the original copies of those documents that it submitted in a photo-copy. Documents required for the assessment

of the Claim that are not in Croatian or English shall also be submitted, at the Insurer's request, in a certified translation. The cost of translation is borne by the Insured.

- 12.5. The Insurer may, for the purpose of determining the accuracy of the information related to the Claim, request the Insured to obtain an opinion from an authorised auditor and/or a permanent expert witness at its own expense.
- 12.6. The Insurer has the right to request subsequent explanations and evidence from the Insured, the Foreign Buyer or any other legal entity or natural person, as well as to undertake actions at its own expense in order to determine important circumstances related to the reported Insured Event and the assessment of the justifiability of the Claim.
- 12.7. If the Insurer determines that the submitted Claim does not contain the documentation requested by the Insurer in accordance with this Article and/or that additional documentation is required for the assessment of the Claim, the Insurer will, within 30 days from the date of receipt of such an incomplete Claim, invite the Insured to complete it.
- 12.8. If the Insurer does not invite the Insured to complete the Claim within the specified period, the Claim will be considered complete.
- 12.9. The Insurer shall issue a statement on the justifiability of the Claim within the period of one month from the date of receipt of the complete Claim in accordance with this Article.
- 12.10. If the Insured does not submit the requested documents within 30 days of the invitation to supplement the Claim, the Insurer will complete the assessment of the Claim on the basis of the available (incomplete) documentation and will make a corresponding statement within an additional period of 30 days.
- 12.11. In the case of non-payment on the part of the Foreign Buyer due to disputed receivables (the Foreign Buyer contests part or all of the receivables in writing), commercial complaints (disputing the quality of the contracted goods or services) or in other cases of disputed receivables under the Export Contract, the Insured may submit a Claim only on the prior condition of initiating court, arbitration or other appropriate proceedings for collection, about which it must inform the Insurer.
- 12.12. The Insured may initiate court proceedings to protect its rights under the Insurance Contract if the Insurer does not respond to the Claim within 30 days from the date of receipt of the complete Claim in accordance with this Article or within the period specified in paragraph 12.10. of this Article or in the case that the Insurer refuses or revokes the acceptance of the Claim in accordance with these General Terms and Conditions.

Article 13 **Acceptance of Claim**

- 13.1. The Claim shall be accepted if:
- The Insured Risk has occurred and
 - The Insured Event has occurred and
 - The Loss has occurred under the contracted Subject Matter of Insurance and
 - The Insured has submitted the Claim and the appropriate documentation in accordance with the provisions of Article 12 of these General Terms and Conditions and
 - The Insured has paid the Insurance Premium no later than within a reasonable period after the maturity date indicated on the Insurance Premium invoice and

- The Insured has, in the Application for Insurance, fully and accurately provided the information necessary for the Insurer to assess the insurance risk to the extent described in paragraph 13.3. of this Article and
 - The Insured has fulfilled other obligations under the Insurance Contract to the extent described in paragraph 13.3. of this Article.
- 13.2. If there is no evidence referred to in Article 12, paragraph 12.3 for a particular Subject Matter of Insurance for which a Claim has been submitted, and all other conditions referred to in the previous paragraph of this Article are met, the Insurer shall, in accordance with its assessment, on the basis of the submitted documentation, pay the Indemnity to the Insured for the particular Subject Matter of Insurance, subject to revocation and if the Insured, at the Insurer's request, submits to the Insurer collateral as security for the refund of Indemnity that is acceptable to the Insurer, provided that the Insurer establishes as follows:
- The Insured has performed the obligations under the Export Contract in relation to the specified Subject Matter of Insurance, and
 - The Insured has initiated appropriate court, arbitration or other appropriate proceedings against the Foreign Buyer in order to determine and collect the debt under the Export Contract.
- 13.3. The Insurer shall accept the Claim and pay the Indemnity, in part or in full, if it finds the failure to fulfil certain obligations by the Insured to be immaterial, i.e. if such failure in the Insurer's assessment did not have a significant impact on the assumption of risk, the scope and amount of the Loss and the possibility of recovery.

Article 14 **Calculation of Indemnity**

- 14.1. In the case of the occurrence of the Insured Event that is caused by the Insured Risk, the Insurer shall pay Indemnity (O) in the total amount that may not exceed the Insured Sum minus the Retention (S) as stated in the Insurance Policy.
- 14.2. The calculation of the Indemnity (O) that the Insurer has to pay to the Insured shall be based on the amount of the Total Receivables (UP) at the moment of the occurrence of the Insured Risk minus:
- Receivables arisen before the start of the duration of insurance under the Insurance Contract,
 - Receivables that are not subject matter of insurance in accordance with Article 3 of these General Terms and Conditions.
- 14.3. In the case of default on the part of the Foreign Buyer due to complaints under the Export Contract, or in other cases of dispute of the insured receivables, the calculation of Indemnity (O) shall be based on the amount decided in favour of the Insured in court, arbitration or other proceedings after these proceedings become final.
- 14.4. In the case of pre-bankruptcy, bankruptcy or liquidation proceedings against the Foreign Buyer, the calculation of Indemnity (O) shall be based on the amount of receivables recognised in pre-bankruptcy, bankruptcy or liquidation proceedings.
- 14.5. Indemnities already paid under the same insured Export Contract shall be taken into account.
- 14.6. The amount of the unpaid receivables obtained in this way shall, if necessary (i.e. if it is higher than the Insured Sum), be reduced to the Insured Sum stated in the Insurance Policy, which results in the insured amount of receivables (OIP).
- 14.7. The insured amount of receivables (OIP) minus the percentage of Retention (S) shall result in the potential Indemnity (PO).

- 14.8. The potential Indemnity (PO) shall be divided by the amount of Total Receivables (UP) at the moment of the occurrence of the Insured Risk, and the resulting fraction, converted into a percentage, shall result in the Coverage Percentage (PP).
- 14.9. Any payment amounts (I) under the Export Contract received after the occurrence of the Insured Risk, regardless of their declared purpose, should be multiplied by the Coverage Percentage (PP). The potential Indemnity (PO) should be reduced by the result thus obtained, which results in the Indemnity (O).
- 14.10. All possible deliveries that are invoiced to the Foreign Buyer after the occurrence of the Insured Risk (uninsured deliveries invoiced after the occurrence of the Insured Risk) represent a special risk that the Insurer, protecting its interests, shall consider separately by taking into account its impact on the amount of the Indemnity, compensation of Additional Costs and possible subsequent collection of payment from the Foreign Buyer.

Article 15 Compensation for Additional Costs

- 15.1. Additional Costs, resulting from the actions taken to minimise or avoid the occurrence of the Loss, incurred before the payment of the Indemnity shall be restored to the Insured after having been claimed in accordance with the percentage of coverage as defined in Article 14, paragraph 14.8 of the General Terms and Conditions, provided that the actions were taken after having received the instructions or with the prior or subsequent consent of the Insurer and provided that the conditions for the acceptance of the Claim are met.
- 15.2. Additional Costs, resulting from the actions taken to collect the receivables, incurred after the payment of the Indemnity shall be restored to the Insured after having been claimed in accordance with the share of the Indemnity in the Total Receivables at the day of Indemnity calculation, provided that the actions were taken after having received the instructions or with the prior or subsequent consent of the Insurer.
- 15.3. If the Insurer is not obliged to pay the Indemnity, due to the fact that the receivables from the Foreign Buyer have been collected in full, the Additional Costs resulting from collection can be compensated on the basis of a written request of the Insured in accordance with the percentage of coverage referred to in Article 14, paragraph 14.8 of the General Terms and Conditions and with the adequate application of the provisions of Article 14 of these General Terms and Conditions.
- 15.4. The usual costs incurred during an export transaction within the business operations of the Insured as well as the costs relating to the costs of establishing the justifiability of the Claim shall not be compensated.

Article 16 Maturity of Indemnity and Compensation for Additional Costs

Provided that the Insured acted in accordance with the Insurer's instructions and requirements in line with the Insurance Contract, in particular related to the obligation to conclude the Recovery Contract pursuant to Article 10, paragraph 10.3 of these General Terms and Conditions:

- Indemnity and compensation for Additional Costs referred to in Article 15, paragraph 15.1 shall mature no later than 15 days after the acceptance of the Claim provided that the Recovery Contract has been concluded during that period,
- Compensation for Additional Costs referred to in Article 15, paragraph 15.2 shall mature no later than 10 days after the submission of the claim of the Insured,
- Compensation for Additional Costs referred to in Article 15, paragraph 15.3 shall mature no later than 10 days after the acceptance of the claim of the Insured.

Article 17 Exclusion of Obligation to Pay Indemnity

- 17.1. The Insurer shall not be liable to pay the Indemnity if the Insured violates, by any action and/or omission, any of the provisions of the Insurance Contract, in particular:

1. If the Insurance Premium is not paid on time and in full;
 2. For deliveries of goods and/or services which were not performed and for which invoices were not issued within the duration period of insurance;
 3. If, at the moment of delivery of goods and/or services, the Insured had due receivables against the Foreign Buyer in accordance with the Usual Payment Period;
 4. If the Insured, without a written consent of the Insurer, performed further deliveries of goods and/or services to the Foreign Buyer who did not fulfil an obligation within the agreed Usual Payment Period;
 5. If the Insured failed, within no later than 30 days from the expiry of the Usual Payment Period, to report to the Insurer its uncollected receivables arisen from the performed and invoiced deliveries of goods and/or services to the Foreign Buyer;
 6. In cases of disputed receivables under the Export Contract in accordance with Article 12, paragraph 12.11 of these General Terms and Conditions;
 7. If the Insured is co-responsible for the occurrence of the Loss;
 8. If prepayment contracted by the parties under the Export Contract, and which was the condition for contracting of the insurance, has not been paid;
 9. If the Insured violates the provisions of the Export Contract or local or foreign regulations;
 10. If the Insured, at the moment of submitting an Application for Insurance and/or at the moment of entering into Insurance Contract, knew or should have known:
 - That it was impossible for the Foreign Buyer to fulfil the Export Contract,
 - That the Foreign Buyer was insolvent or that pre-bankruptcy, bankruptcy or liquidation proceedings were instituted against the Foreign Buyer;
 11. If the Insured has given false or incomplete information to the Insurer, in particular if such information has been given in the Application for Insurance, or if the Insured has suppressed any circumstance whose significance is such that the Insurer would not have entered into the Insurance Contract had that circumstance been known to the Insurer;
 12. If the Insured does not submit a Claim in accordance with the provisions of Article 12 of these General Terms and Conditions.
- 17.2. The Insurer retains the right to reject the Claim if the Insurer establishes that the non-collection or the partial collection of the receivables through the additional collateral referred to in Article 10, paragraph 10.2, item 3 of these General Terms and Conditions was a result of a fault on the part of the Insured.
- 17.3. Should the Insurer accept the Claim, but should subsequently any circumstances occur that cause the exclusion of the Insurer's liability in accordance with paragraph 17.1 of this Article or should the Insured, by any action and/or omission, prevent and/or significantly complicate the exercise of rights for the Insurer contained in the Recovery Contract referred to in Article 10, paragraph 10.3 of these General Terms and Conditions, the initial acceptance shall be revoked. In such cases, the Insured is obliged to refund to the Insurer the amount already received as Indemnity and compensated Additional Costs together with default interest in the amount prescribed by the law within 14 days from the Insurer's written notice. If the Recovery Contract provides for the instruments referred to in Article 13, paragraph 13.2 of these General Terms and Conditions, the Insurer is entitled to collect payments in accordance with the contracted collateral.
- 17.4. In case a decision made in favour of the Foreign Buyer becomes final, in the event of court, arbitration or other proceedings between the Insured and the Foreign Buyer relating to the Export Contract, the Insured shall refund to the Insurer the amount of paid Indemnity and compensated Additional Costs together with default interest in the amount prescribed by the law from the date of payment until the date of refund. The refund deadline is 14 days from the date when the decision made in favour of the Foreign Buyer becomes final.
If the Recovery Contract provides for the instruments referred to in Article 13, paragraph 13.2 of these General Terms and Conditions, the Insurer is entitled to collect payments in accordance with the contracted collateral. The Insured is not obliged to refund the paid Indemnity if the decision made in favour of the Foreign Buyer has been caused by a fault on the part of the Insurer.
- 17.5. Notwithstanding the provisions of this Article, the Insurer may decide to pay Indemnity, in part or in full, if non-fulfilment of the obligations under the Insurance Contract by the Insured is not material, i.e. if it has not/would not affect the decision of the Insurer about the risk taking, has not affected the realisation of the Insured Risks and has not affected the possibility of collection from the Foreign Buyer.

Article 18
Termination of Insurance Contract

- 18.1. The Insurance Contract may be terminated by a written agreement between the Insurer and the Insured determining the date of termination of the Insurance Contract.
- 18.2. The Insurer may cancel the Insurance Contract with immediate effect if the Insured fails to obey the provisions of the Insurance Contract, particularly - but not exclusively - if:
- The information supplied in the Application for Insurance or any other information provided by the Insured to the Insurer is inaccurate and/or incomplete or if the Insured has concealed any circumstance whose significance is such that the Insurer would not have entered into the Insurance Contract had that circumstance been known to the Insurer or
 - The Insured fails to fulfil its main obligations referred to in Article 9, paragraph 9.2 of these General Terms and Conditions.
 - The Insured fails to fulfil its obligations under the Insurance Contract, and such non-fulfilment of obligations or terms and conditions represents in the opinion of the Insurer:
 - o Material breach of the Insurance Contract in terms of the occurrence of the Insured Risk or the Loss,
 - o Or it has prevented or has significantly hindered the actions aimed at preventing or reducing the occurrence of the Loss and the possibility of recovery.
- 18.3. The Insured may cancel the Insurance Contract in writing if the Insurer fails to obey the provisions of the Insurance Contract. The Insurer shall refund the paid Insurance Premium to the Insured if the Insured proves the justifiability of Insurance Contract cancellation.

Article 19
Transfer of Rights under Insurance Contract

- 19.1. The Insurer and the Insured cannot transfer the rights and obligations under the Insurance Contract without the prior written consent of the other party.
- 19.2. The Insured may by contract transfer the right to another person to receive the Indemnity under the Insurance Contract with the prior written consent of the Insurer. The prior written consent of the Insurer is also required for each subsequent transfer of the right to receive the Indemnity.
- 19.3. The transfer referred to in the preceding paragraph shall not affect the existence of the obligations of the Insured towards the Insurer under the Insurance Contract.

Article 20
Exclusion of Right to Abandonment

Without the Insurer's consent, the Insured shall have no right to abandon the rights and property relating to the Export Contract in favour of the Insurer after the occurrence of the Insured Risk, and in turn to request the payment of the Indemnity from the Insurer.

Article 21
Resolution of Disputes and Governing Law

- 21.1. The parties to the contract mutually agree that the laws of the Republic of Croatia in effect shall apply to the Insurance Contract.
- 20.2. The parties to the contract agree that they will strive to resolve all possible misunderstandings and/or disputes arisen from the Insurance Contract primarily through negotiations during the entire lifetime of the Insurance Contract. Should such negotiations fail, the parties can agree to resolve the disputes out of court or, otherwise, the competent court in Zagreb shall have jurisdiction.

In effect as of 1 January 2025