

# General Insurance Conditions



**D**

**for Insurance of an Export Buyer Credit  
against the Risk of Non Payment**

These General Insurance Conditions are effective from 4 September 2009.



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Registered in the Commercial Register

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## ■ Article I. Basic Provisions

1. These General Insurance Conditions “D” (hereinafter the “Insurance Conditions”) regulate terms and conditions of insurance of receivables from an export buyer credit against the risk of non-payment resulting from political or non-marketable commercial risks (hereinafter the “insurance”). The Insurance Conditions form an inseparable part of the Insurance Contract.
2. The insurance is provided by the Export Guarantee and Insurance Corporation in accordance with the Act No. 58/1995 Coll., on Insuring and Financing of Export with State Support and on Amendment to the Act No. 166/1993 Coll., on the Supreme Audit Office, as amended, as amended.
3. Unless specified otherwise in the Insurance Contract, at least 15 % of the value of the Export has to be paid by the Importer before or, at the latest, on the date the Export has been executed.
4. Shall an Exporter or a person acting for the Exporter or on behalf of the Exporter violate provisions of the special law<sup>1</sup> when negotiating the Export Contract, the Insurer is entitled to refuse the insurance of the risk of the non-payment of the credit in accordance with these Insurance Conditions.
5. The insurance according to these Insurance Conditions is concluded as an insurance against loss and damage.
6. The provision of the §15 par. 3 through 5, of the § 22 par. 2 and 3, and § 24 par. 2 of the Act No. 37/2004 Coll., on Insurance Contract and on Amendments to Related Acts (the Insurance Contract Act) shall not be applied to the insurance according to these insurance conditions. The § 24 par. 1 letter a) of the Insurance Contract Act shall only be applicable to replying written enquiries by the Policyholder, Insured or Beneficiary.

## ■ Article II. Definition of Terms

1. For the purposes of these Insurance Conditions and the Insurance Contract, it shall be understood that:
  - a) the **Insurer** is the Export Guarantee and Insurance Corporation,
  - b) the **Insured** is a Bank, or other subject which has concluded with the Borrower a Credit Contract for the purposes of the financing of an Export Contract,
  - c) the **Policyholder** is a person who has concluded an Insurance Contract with the Insurer,
  - d) the **Beneficiary** is a person for whom the right for an indemnification payment has arisen from an insurance loss,
  - e) a **Borrower** is a foreign person with whom the Insured concluded a Credit Contract,
  - f) a **Public Borrower** is a person who has been authorised with the execution of the state power or public administration who cannot be legally declared as being incapable of fulfilling his obligations, especially the Ministry of Finance, the Central Bank, local self-governing bodies on all levels or other public institution, or a foreign entity having as a controlling entity the state, a local self-governing body or a public administration body
  - g) a **Credit Contract** is a contract concluded by and between the Insured and the Borrower for the purposes of extending financial means to the Borrower for the financing of the Export pursuant to an Export Contract (Export Buyer Credit),
  - h) an **Export Contract** is a contract concluded by and between the Exporter and the Importer on Export of goods or services, or on Export of goods and services,
  - i) an **Exporter** is a person realising the Export who is either a natural person with the permanent residence on the territory of the Czech Republic or a legal person with the registered seat on the territory of the Czech Republic, who is an entrepreneur pursuant to the Commercial Code, or a Foreign Company,
  - j) an **Importer** is a foreign entity importing from the Czech Republic pursuant to the Export Contract,
  - k) the **Export** means a delivery of goods or provision of services, or a delivery of goods and provision services to

the Importer pursuant to the Export Contract for the purpose of their use outside the territory of the Czech Republic,

**l)** a Foreign Entity is a natural person who has no permanent residence on the territory of the Czech Republic or a legal person who has no registered seat on the territory of the Czech Republic,

**m)** a Foreign Company is a legal person with the registered seat abroad who is controlled by a legal person having its registered seat on the territory of the Czech Republic and who is an entrepreneur pursuant to the Commercial Code, and who participates – directly or indirectly – in the basic capital of the Company by more than 50 %, or who controls the majority of voting rights related to the participation in the basic capital of the Company, or who can appoint a majority of members of the Board of Directors, Supervisory Board or other similar managing body of the Company,

**n)** the Self-Retention means a portion of the Beneficiary on losses, which are covered by the Insurance Contract expressed in percentage points.

2. The provisions of these Insurance Conditions applicable on the Borrower shall apply accordingly on the Public Borrower with the exception of the provisions of the Article VIII., paragraph 2, letter a).

## ■ Article III. Subject of Insurance

1. The subject of insurance are receivables of the Insured vis-à-vis the Borrower from the Export Buyer Credit for the settlement of the principal of the credit, interest from the credit for each interest period and fees following from the Credit Contract and specified in an Insurance Contract (hereinafter the “Insured Receivables”). When the Borrower is obligated by the Credit Contract to pay back the extended financial means by the way of instalments, each instalment is considered for the purposes of the insurance as a separately insured receivable.
2. Depending on the conditions and the extent of cover as defined in the Insurance Contract, the insurance covers also the costs of the Insured connected with financing of the Insured Receivables during the waiting period (the “re-financing costs”).
3. The insurance additionally covers the exchange rate risk of movement of the exchange rate of the Czech crown against the currency in which the buyer credit has been extended in case of indemnification (Article IX., paragraph 11).
4. Unless specified otherwise in the Insurance Contract, the insurance does not cover the receivables from the late interest, conventional fines, claims for compensations of damages, and other receivables and claims of the Insured resulting from the Credit Contract, which have penalty character.

## ■ Article IV. Environmental Impact of the Export

1. The Insurer reserves the right to request a presentation of an environmental impact assessment of the Export in the country of its final destination (hereinafter the “environmental impact assessment”).
2. The exporter is obligated to present the environmental impact assessment before the conclusion of an Insurance Promise Contract, or not later than at the conclusion of the Insurance Contract.
3. An environmental impact assessment determining, among others, obligatory limits, which have to be respected by the Exporter, is to be understood as:
  - a) an assessment presented in English or Russian, prepared by a person authorised according to legal regulations in the country of the final destination of the export on condition the environmental impact of the export complies with international rules; the certificate of authorization of such person has to be enclosed to the assessment,

<sup>1</sup> § 160 and subsequent ones of the Act No. 140/1961 Coll., the Criminal Code



- b)** an assessment presented in English or Russian, recognized by an international financial institution in the event the Export is financed by this institution,
- c)** an assessment presented in English or Russian recognized by a foreign credit insurance company in the event the Export is a part of a project in insurance of which this foreign credit insurance company participates, or
- d)** an assessment presented in Czech and English, prepared by an executor contained in a list of expert executors of environmental assessments recognized by the Insurer.
- In the event the environmental impact assessment proves the negative impact of the export project on the environment, the Insurer has the right to refuse conclusion of the Insurance Contract even in case the Insurance Promise Contract has already been concluded.
  - The Insurer has the right to request from the Exporter submission of monitoring reports on compliance with conclusions of the environmental impact assessment; the Insurance Contract shall regulate particulars.
  - The Insured is obligated, in a contractual way:
    - to bind the Exporter to arrange for preparation of the environmental impact assessment,
    - to specify accountability of the Exporter for observance of limits specified in the environmental impact assessment during execution of an export project,
    - to specify an obligation of the Exporter to request from the executor of the environmental impact assessment an evaluation of impact of changes on the environment in the event there have been significant changes in the export project or such changes may take place,
    - to specify an obligation of the Exporter to submit to the Insurer monitoring reports on compliance with the environmental impact assessment, if specified so in the Insurance Contract,
    - to bind the Exporter to publish the assessment or its summary in the event the export has been classified in the category A in such way that this document is available to the public at least 30 days before commencement of the insurance.
  - If the insurance loss has occurred for reasons of failure to comply with conditions contained in the environmental impact assessment, the Insurer has the right of recourse against the Exporter.

#### **Insurance Promise Contract, Insurance Contract**

##### **■ Article V. Insurance Promise Contract**

- The Insurer undertakes in the Insurance Promise Contract to conclude an Insurance Contract upon fulfilment of agreed terms and conditions and in the time agreed, and to arrange for reservation of the necessary insurance capacity.
- The applicant for the insurance is obligated to pay a fee for the reservation of the insurance, which is determined in the Insurance Promise Contract.
- The Insurer is not obligated to conclude an Insurance Contract if, according to the Insurer's opinion, a substantial change has occurred in the conditions and circumstances, which have increased the insurance risk against the level the Insurer had assumed when concluding the Insurance Promise Contract, especially if a substantial worsening of the Borrower's or applicant's financial situation has occurred, or if the risk classification of the country of destination of the Export or country, which is related to execution of the Credit Contract or the Export Contract has worsened substantially.
- During the validity period of the Insurance Promise Contract, the applicant is bound to adhere to obligations resulting from these Insurance Conditions in a similar way as the Insured.
- Rights and obligations of contracting parties resulting from the Insurance Promise Contract are governed by provisions of the Commercial Code, especially by the provisions on an agreement on a future contract.

##### **■ Article VI. Insurance Contract**

- The Insurance Contract shall define, beside the usual essentials, primarily the commencement and expiration of the insurance in relation to the Credit Contract, the amount of the insurance premium and of the Self-Retention, and identification of the person of the Borrower.
- Unless specified otherwise in the Insurance Contract, the Policyholder is obligated to pay the agreed insurance premium in one lump sum and in the time specified in the Insurance Contract. The amount of the insurance premium shall be negotiated in accordance with the scope of the risk insured, assessment of the character of the Borrower and his risk rating, the risk classification of the country or territory related to execution of the Export Contract, the length and amount of the extended credit and the percentage of the Self-Retention. The negotiated amount of the insurance premium already contains a possible increase or decrease of the insurance risk and is unchangeable during the whole duration of the insurance. In this connection, the insurance risk is understood as the classification of the country in accordance with the extent of the export credit risk, particularly the classification of the country into individual risk categories established by the Insurer.
- The Self-Retention amounts to 5 %, unless specified otherwise in the Insurance Contract. Other insurance may not be arranged for the cover of the risk resulting from the specified Self-Retention and the Beneficiary is obligated to share the negotiated Self-Retention by a half at least.
- Mutual financial obligations between the Insurer and the Policyholder and/or the Insured are payable in Czech crowns unless specified otherwise in the Insurance Contract. For conversion from the other currency for the purposes of determination of the amount of the insurance premium, the exchange rate specified in the Insurance Contract shall be used; otherwise, the Czech National Bank's exchange rate, which is valid on the day of signing the Insurance Contract, shall be applied.
- The insurance premium, the fee for the provision of the Insurance Promise Contract, as well as other financial obligations in relation to the Insurer are to be paid on the basis of an invoice issued by the Insurer, unless specified otherwise in the Insurance Contract.
- In case of a different modification in the Insurance Contract, the wording of the Insurance Contract shall always prevail over the wording of the Insurance Conditions.

##### **■ Article VII. Duration of Insurance**

- Insurance shall commence on the day the insurance premium is paid, unless an earlier date is specified in the Insurance Contract, however not prior to the date the Insurance Contract has been concluded. The Insurance Contract may specify additional conditions precedent for the inception of the insurance.
- Beside cases which are specified in the generally binding legal regulations, in the Insurance Contract or in other provisions of Insurance Conditions, the insurance expires also by a complete repayment of the insured receivables or, if an insurance loss has occurred, by a decision of the Insurer on the indemnification for the last insured receivable.

#### **Insurance Loss and Indemnification**

##### **■ Article VIII. Insurance Loss**

- An insurance loss means a partial or full non-payment of an insured receivable on the due date, nor even during the waiting period, if the latter is specified, in the event that the Borrower's default results directly and exclusively from one or more causes stated in the paragraph 2 (the commercial risk) or paragraph 3 (the political risk) of this Article (insured peril). It is possible to agree in the Insurance Contract on limitation of the insurance to the events specified in the paragraph 3 of this Article.



2. Causes representing the commercial risk are understood as following:
  - a) insolvency of the Importer, especially declaration of insolvency or refusal of the petition for the declaration of insolvency for the lack of the Importer's assets, or other circumstances, which are established by the law of the Importer's country as having the same or similar legal consequences as insolvency (financial insolvency),
  - b) refusal of payment of the insured receivable by the Borrower without any legal reason (protracted default).
3. Causes representing the political risk are understood as following:
  - a) Administrative decisions or legal measures or interventions of authorities of a foreign country, which prevent the payment of the insured receivable by the Importer without the Borrower's fault or provocation,
  - b) any measures or decisions of the government of the country of the Insurer or the Policyholder or the Insured, including the measures and decisions of the European Community, provided the country of the Policyholder or of the Insured is a member state of the European Community, related to trade between the member state and third countries unless its consequences are covered in other way by the respective government,
  - c) impossibility, delay or restriction of the transfer or conversion of payments as a result of political events, legislative or administrative measures or serious economic difficulties in the Borrower's country or in the country through which the payments are to be executed (especially declaration of insolvency of the country, declaration of the payments moratorium or introduction of a foreign exchange regime disallowing the conversion of the domestic currency or limiting in any other way the transfer of payments abroad or conversion of the currency) provided the Borrower has deposited an appropriate counter-value of the due amount in the domestic currency and has taken all necessary steps for the transfer of the payments or for the conversion of the currency,
  - d) other political events in the Borrower's country, especially war, revolution, uprising, civil war, civil riots, general strike,
  - e) natural disaster in the Borrower's country,
  - f) non-payment of a receivable by a Public Borrower.
4. In case of an insolvency, the insurance loss occurs on the day when the Insured notifies the Insurer of the existence of a cause according to the paragraph 2, letter a) by means of delivering to the Insurer a filled-in Insurer's form of the Notification of a Threat of an Insurance Loss and also by providing evidence that the Insured had duly and in a timely manner registered his insured receivables in the insolvency proceedings or in the proceedings according to the paragraph 2, letter a). The Insured has the right to request consultations from the Insurer in respect of steps necessary for the proper registration of the insured receivable.
5. In case of a protracted default and of political risk, the insurance loss occurs after expiration of a waiting period of six months from the day the Insured had notified the Insurer on the existence of a cause according to paragraph 2, letter b) or paragraph 3, by means of delivering to the Insurer a filled-in Insurer's form of the Notification of a Threat of an Insurance Loss. The Insurer may reduce the waiting period by a unilateral declaration.

#### ■ Article IX. Indemnification

1. The obligation of the Insurer to indemnify arises upon an occurrence of the insurance loss.
2. The Insurer shall not indemnify in case the amount of the unpaid insured receivable does not exceed the amount of two hundred thousand Czech Crowns, unless specified otherwise in the Insurance Contract.
3. The obligation of the Insurer to indemnify shall not arise in case the Insured delivers to the Insurer the Notification of a Threat of an Insurance Loss with a delay of more than six months after the default of the Borrower has occurred from causes in accordance with the Article VIII., paragraphs 2 or 3. In case the Insured had extended the tenor of the insured receivable to the Borrower with the prior written approval of the Insurer, the newly agreed tenor is considered as decisive for the purposes of submitting the Notification of a Threat of an Insurance Loss.
4. Upon obtaining the Notification of a Threat of an Insurance Loss, the Insurer is obligated to initiate an investigation necessary for a confirmation of the Insured's claim and for determining the extent of the Insurer's obligation to indemnify without unnecessary delay. The Insurer concludes the investigation, if possible or unless the parties do not agree otherwise, within one month from the date the insurance loss had occurred. The Insurer shall mention results of the investigation in the Decision on Indemnification.
5. For the purposes of the investigation of the insurance loss and determination of the amount of the unpaid insured receivable, the Insured is obligated to submit to the Insurer appropriate documentation, records, and other evidence reasonably satisfactory for the Insurer which are decisive for the origination and the amount of the claim for the payment of an indemnification, especially the origination of the insurance loss and reasons for it, justification of the claim against the Borrower, the amount of the unpaid insured receivable, and documentation of the payment of the insurance premium. Furthermore, the Insured is obligated to present a valid Insurance Contract or Insurance Certificate (Insurance Policy) together with all other documents and information, which the Insurer may request.
6. The Insurer reserves the right to verify the truthfulness and accuracy of submitted documents, and of all data and information provided by the Insured, which the Insurer considers significant or necessary for the purposes of the investigation.
7. For the purposes of establishing the amount of the unpaid insured receivable, the outstanding unpaid amount of the insured receivable as at the date of the Decision on Indemnification is determined as the basis for the indemnification payment increased by re-financing costs mentioned in the Article III., par. 2 in the scope determined in the Insurance Contract and decreased by all payments received by the Insured as a settlement or as a cover of the loss from the unpaid insured receivable before the day of Decision on Indemnification provided these settlements do not directly reduce the unpaid part of the insured receivable. The lost profit of the Insured is not covered.
8. The amount of the unpaid insured receivable according to the paragraph 7 of this Article is reduced by the amount of reciprocal creditable receivables of the Borrower and the Insured, the justification of which has been acknowledged by the Insured, or which have been awarded to the Borrower by an enforceable decision in legal or arbitration proceedings unless specified otherwise in the Insurance Contract.
9. The indemnification is set in the amount of the unpaid insured receivable determined according to the paragraph 8 of this Article, and reduced according to the paragraph 8 of this Article, and further reduced by the amount of the agreed Self-Retention.
10. Unless agreed otherwise between the Insured and the Insurer, the Insurer always starts from the original due date of individual insured receivables when determining the amount and date of the indemnification payment. If, based on the appropriate provision of the Credit Contract, the Insured makes the insured receivables or their parts payable prematurely (credit acceleration) or they become prematurely due from other reason, these changes have no effect on the Insurer and the Insurer does not consider them when determining the amount and date of the indemnification payment.
11. The indemnification is paid out in the Czech currency. Regarding the wording of the Article III. par. 3, the exchange rate of the Czech National Bank valid on the day of the Decision on Indemnification shall be applied for the conversion from other currency.

12. The indemnification is payable within fifteen days from the date of the issuance of the Decision on Indemnification.

#### ■ Article X. Exclusions from Insurance, Refusal and Reduction of Indemnification



1. The obligation of the Insurer to indemnify shall not arise (exclusions from insurance):
  - a) If the rights resulting from the Credit Contract have been transferred to a third person without a prior written consent of the Insurer,
  - b) if, without a prior written consent of the Insurer and during the validity period of the insurance, the Insured and the Borrower have become economically or personally related persons, when one person participates, directly or indirectly, in management, control, or capital stock of the other. Participation in the capital stock of the other person means holding of shares or of a portion representing at least 10 % of the capital stock of the person in question,
  - c) in case of a dispute between the Insured and the Borrower concerning performance of the Credit Contract or justification of the Insured's insured receivable, and before an enforceable decision solving the dispute is made to the benefit of the Insured, the Insurer shall decide on payment of an advance on the indemnification or on payment of an indemnification within 30 days since Insured's request provided the Insurer has evaluated the dispute as unwarranted,
  - d) if the insured receivable was denied by the insolvency receiver and if it was not subsequently approved by the insolvency receiver, or if the denied insured receivable was not accepted by a court decision when the denial of the insured receivable was a result of an apparently discriminating action of the insolvency administrator or a court; in such case, the Insurer shall proceed by analogy with the Article VIII. par. 3, letter a),
2. The Insurer has the right to refuse the indemnification:
  - a) In case the Beneficiary when making a claim for the indemnification has knowingly stated untruthful or grossly distorted information relating to the scope of the insurance loss or has withheld essential data concerning this loss,
  - b) in all other cases specified in the Insurance Contract Act.
3. The Insurer has the right to reduce the indemnification in an appropriate extent if the non-payment of the insured receivable has been caused, directly or indirectly:
  - a) By the Insured or a person acting for the Insured or on behalf of the Insured, especially by violation of Credit Contract conditions or by violation of the relevant legal regulations valid in the Borrower's country or in the country through which the payment has been (or should have been) executed,
  - b) by application of any provision of the Credit Contract or related documentation which restrict the rights of the Insured or possibility of their implementation and enforcement,
  - c) by any subsequent agreement between the Insured and the Borrower made after the date of conclusion of the Credit Contract which inhibits, delays or limits the repayment of the insured receivable,
  - e) if the Insured has violated the obligations towards the Insurer as specified in the Insurance Contract, Insurance Conditions, and in respective provisions of the generally binding regulations related to the insurance, and this violation had a significant influence on an occurrence of an insurance loss, its course or on an increase of its consequences, or on the ascertainment or determination of an amount of an indemnification,
  - f) in other cases specified in the Insurance Contract Act.

#### ■ Article XI. Cession of Rights

1. Upon partial or full payment of the indemnification, the Insurer is entitled to request the Insured to transfer, cede or otherwise surrender financial claims the Insured has on the Borrower in a way effective towards the Borrower. Upon the Insurer's request, the Insured is obligated to transfer, cede, or otherwise convey at the same time,

- all rights connected with these claims, especially the rights from guarantees or other forms of security.
2. Notwithstanding the cession of claims, the Insured is always obligated to enable the Insurer to recover the insured receivable from the Borrower. For this purpose, the Insured is obligated to submit to the Insurer all documents related to the insured receivable, and to provide the Insurer with the necessary co-operation without unnecessary delay.
  3. For the reasons of expediency of the recovery of the insured receivables or for simplification of the legal procedures against the Borrower, the Insurer may authorise the Insured or a person appointed by the Insured with the recovery of the insured receivables from the Borrower or as the case may be, from persons guaranteeing the insured receivable or pertinent financial claims. The Insurer is obligated to reimburse the Insured for reasonable costs related to the recovery of the insured receivable on the basis of their duly inclusion into accounting and substantiating on Insured's part.
  4. Payments made by the Borrower or by a third person as settlements of the insured receivable after the Insurer had paid out the indemnification shall belong to the Insurer and the Insured is obligated to inform the Insurer on such payments without delay and to cede these payments to the Insurer within five days upon their receipt.
  5. If rights of the Insured have not been transferred to the Insurer by a contract on cession of the insured receivable in accordance with the par. 1 for a reason of purposefulness of recovery of the insured receivable, the Insured and the Insurer shall conclude a contract on arrangement of rights and obligations where reciprocal rights and obligations in recovery of the insured receivable shall be regulated.

#### ■ Article XII. Recourse Against the Exporter

1. In case an insurance loss was caused by the Exporter, the right for the recourse against the Exporter is governed by relevant provisions of the generally binding legal regulations.
2. Upon payment of an indemnification to the Insured, the Insurer shall take recourse against the Exporter for damages caused by the Exporter or by a person to whom the Exporter has ceded rights and obligations from an Export Contract, resulting in obligation of the Insurer to indemnify the Insured and that up to the amount of the paid indemnification.
3. The recourse shall be applied, particularly in cases of:
  - a) negotiation of conditions of an Export Contract which differ substantially from international business conventions and restrict the rights of the Insured in case of an insurance loss,
  - b) violation of respective laws and regulations valid in the Czech Republic or in the Borrower's country or in the country through which performance of the Credit Contract or the Export Contract was (or should have been) executed,
  - c) by violation of norms and practices of the international law binding for the Czech Republic<sup>2</sup>,
  - d) non-compliance with conditions stipulated in the environmental impact assessment.
4. The Insurer requires that the Exporter confirms to the Insurer in writing before conclusion of an Insurance Contract that the Exporter takes notice and agrees with the possibility of this recourse.

#### Rights and Obligations of Contracting Parties

#### ■ Article XIII. Rights and Obligations of the Insured

1. The Insured has the right to:
  - a) Indemnification resulting from the occurrence of an insurance loss provided the Insured is simultaneously a Beneficiary,

<sup>2</sup> For example the Convention on Combating Bribery of Foreign Public Officials in International Business Transactions (Communication of the Ministry of Foreign Affairs No. 25/2000, Collection of International Agreements)



**b)** cede the insured receivables with a prior written consent of the Insurer to a third person, to establish a lien to the insured receivables or to encumber these receivables in any other way,  
**c)** request the Insurer to perform the proper investigation necessary to determine the extent of the Insurer's obligation to provide the indemnification, to state the results of investigation in the Decision on Indemnification and to inform the Insured on its contents,  
**d)** the payment of the indemnification within the time limit of fifteen days from the date of the Decision on Indemnification.

**2.** The Insured is obligated to:

**a)** proceed in the process of negotiation of the Credit Contract with due care and caution while taking into account international business conventions and practices, especially to pay regard to an exact and legally binding identification of contracting parties, to agree upon a suitable clause on selection of the applicable law, and to regulate the way of solution of disputes,  
**b)** comply with terms and conditions of the Credit Contract and with respective legal regulations valid in the country of the Borrower or in the country through which the payment is to be (or should have been) executed,  
**c)** refrain from application of any provision of the Credit Contract or related documentation, which restrict the rights of the Insured or possibility of their implementation and enforcement,  
**d)** refrain, after conclusion of the Credit Contract, from concluding any subsequent contract with the Borrower which would prevent, delay or restrict the settlement of an insured receivable,  
**e)** bind the Borrower in the Credit Contract, provided it is allowed by the agreed governing law, to meet obligations from the Credit Contract without regard to the state of the fulfilment of the obligations from the Export Contract,  
**f)** secure own rights towards the Borrower, Borrower's guarantors and third persons in an appropriate way and to take care that the Credit Contract or other agreements with the Borrower or a third person do not restrict pertinent claims of the Insurer or that they do not make their enforcement more difficult,  
**g)** ensure in a contractual way, that the Exporter arranges for the proper insurance of the subject of the export (against theft, destruction, loss, and such) until the time of acceptance of the delivery by the Importer in relation to terms of delivery negotiated between the Exporter and the Importer in the Export Contract,  
**h)** provide the Insurer with an exact and true information on own economic situation, financial and legal status, and all information known to the Insured on economic situation, financial and legal status of the Borrower, even without being requested to do so by the Insurer,  
**i)** inform the Insurer without delay on all circumstances known to the Insured which might lead to an origination of an insurance loss or to an increase in its extent, or which may affect obligations of the Insurer resulting from the Insurance Contract,  
**j)** inform the Insurer without delay on an agreement on a concurrent insurance with another Insurer against the same or similar risk,  
**k)** participate in the insured risk in the extent of the agreed Self-Retention and not to conclude another insurance for the Self-Retention,  
**l)** in case of a non-payment of an insured receivable, to send to the Borrower a written reminder for the payment, not later than five working days from the due day and to inform the Insurer of the non-payment of the insured receivable without delay,  
**m)** take individually, or by agreement with the Insurer, all reasonable steps aimed at preventing the occurrence of an insurance loss or the increase in its extent, especially to demand his claims properly and in time, and to enforce consistently repayment of the due insured receivable. The Insured is liable for reduced recoverability

or legal enforceability of the insured receivables caused by their late presentation to court or to other relevant authority,

**n)** co-ordinate with the Insurer procedures taken in order to prevent a threat of an insurance loss to occur or to reduce its consequences, and to take all necessary steps against the Borrower or a third person with a prior consent of the Insurer only; provided the Insurer had not informed the Insured on his opinion to the proposed action within the period of 10 working days since receiving the request of the Insured, or if the Insurer has not agreed with the Insured a different period of time in which to give his opinion, it is assumed that the Insurer consented to the proposed action.

**o)** conclude, simultaneously with the indemnification payment and on suggestion of the Insurer, a contract on cession of receivables which the Insurer has indemnified, or to conclude, in compliance with the Article XI., a contract on arrangement of rights and obligations,  
**p)** enable the Insurer assertion of claims, especially the claims for the compensation of damages, which belong to the Insured,

**q)** return to the Insurer the paid-out indemnification if the Insured prevented the Insurer to carry out the rights ceded to him, or their cession was refused by the Insurer, or the Insured has not enabled the Insurer to carry them out properly, or if the Insured has complicated the recovery of the receivables for which the Insurer had paid the indemnification,

**r)** return to the Insurer the already paid-out indemnification if it had been paid out on the basis of incomplete or untruthful information, or without the rightful title for the payment of the indemnification, or if such claim later ceased to exist or if it had come out that facts mentioned in the Article X. had occurred,  
**s)** to register duly and in a timely manner the insured receivables into insolvency proceedings in case of the insolvency proceedings (and/or similar proceedings which are established by the law of the Importer's country); the Insured has the right to request from the Insurer consultations regarding steps necessary for the proper registration of the insured receivable.

**3.** The Insured may not, without a prior written consent of the Insurer:

**a)** Agree with the Borrower on a change in conditions of the Credit Contract (especially the change in due dates or amounts of individual instalments),  
**b)** make use of his right based on the Credit Contract enabling him to make due insured receivables from the Borrower which are not yet due (acceleration of the debt) in case the Borrower is in delay with the fulfilment of his obligations,  
**c)** cede the insured receivables to a third person, to establish the right of lien on the insured receivables or to encumber these receivables in any other way.

**4.** In case of a cession of an insured receivable with a prior written consent of the Insurer, the Cedant becomes the Insured and the Cessionary becomes the Policyholder in the sense of the Insurance Contract Act after the execution of the cession of the insured receivable. The insurance shall become void when there is no prior written consent of the Insurer.

**■ Article XIV. Rights and Obligations of the Insurer**

**1.** The Insurer is obligated to:

**a)** Perform a proper investigation necessary to determine the extent of the Insurer's obligation to provide the indemnification,  
**b)** state the results of the investigation in the Decision on Indemnification and to inform the Insured on its contents,  
**c)** pay the indemnification within the time limit of fifteen days from the date of the Decision on Indemnification,  
**d)** preserve the documents entrusted and provided to the Insurer with due care.



2. The Insurer has the particular right to:
  - a) request payment of the insurance premium for the whole period of validity of the insurance,
  - b) request from the Insured submission of the Credit Contract and of the Export Contract, including its modifications and supplements and documentation related thereto; in doing so, the Insurer does not become responsible for the content and form of these contracts and documents,
  - c) increase the insurance premium rate and the Self-Retention in case that the credit contracts or related documents concluded or issued by the Insured had been modified without a prior consent of the Insurer,
  - d) verify the truthfulness and exactness of the submitted documents and of all data and information given by the Insured, while respecting the generally binding regulation on the banking and business secrecy,
  - e) request from the Insured a proper enforcement of the claims against the Borrower or third persons,
  - f) agree with the Insured subsequent steps in recovery and collection of the insured receivable independently from acquiring the unpaid insured receivable and after payment of the indemnification,,
  - g) claim from the Insured the repayment of the paid-out indemnification or compensation of damages in case that the indemnification has been provided on the basis of untruthful information, or without the rightful title for payment of the indemnification, or if such a claim later ceased to exist or if it had come out that facts mentioned in the Article X. had occurred.

#### ■ Article XV. Final Provisions

1. Relations unregulated by the Insurance Contract or by the Insurance Conditions, are governed by the appropriate provisions of the Insurance Contract Act and of the Civil Code.
2. Wordings of the Insurance Conditions and of the Insurance Contract in the Czech language are decisive.
3. The Insurer is entitled to terminate the Insurance Contract if:
  - a) The Insured has been withdrawn the banking licence if forced administration has been imposed on the Insured, the court has decided on insolvency of the Insured, or if the petition for declaration of the insolvency proceedings has been refused for the lack of assets of the Insured,
  - b) it is so stated in the Insurance Contract,
  - c) it is so stated in the Insurance Contract Act, Civil Code or in other legal regulations.
4. The notice of termination must be in writing. The term of notice starts on the day of delivery of the notice of termination to the other party and it lasts 6 weeks, unless stipulated otherwise by law.
5. If any provision of the Insurance Conditions or the Insurance Contract becomes at least partially inefficient or non-applicable as a result of a change in legal regulations, this does not make the remaining provisions invalid or void.
6. Information provided in any form by the contracting parties to each other, which is related to the conclusion of the Insurance Contract and to the fulfilment of obligations resulting from it, is confidential. The party, which has received such information may not provide it to a third person without consent of the other party, nor may it use such information for a purpose different from the one for which it has been provided unless stipulated otherwise by law (e.g. the Act on Insurance, etc.).
7. Unless agreed otherwise by the contracting parties in the Insurance Contract, any possible disputes arising between them from legal relations established by this Insurance Contract or related to it (including issues of validity or invalidity of the Insurance Contract), which cannot be resolved by an amicable settlement with exclusion of jurisdiction of ordinary courts in a reasonable time, shall be finally decided in arbitration proceedings at the Arbitration Court at the Economic Chamber of the Czech Republic and the Agrarian Chamber of the Czech Republic in accordance with its Order by 3 arbitrators appointed pursuant to this Order. Parties undertake to meet all obligations imposed on them in the arbitration decision within the time prescribed therein.
8. Insurance under these Insurance Conditions shall be governed by the rule of law of the Czech Republic.