

General Insurance Conditions



V

**for Insurance Against the Risk of Inability
to Fulfil an Export Contract**

These General Insurance Conditions are effective from 4 September 2009.



Export Guarantee and Insurance Corporation (EGAP)

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Registered in the Commercial Register

kept at the City Court in Prague,

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■ Article I. Basic Provisions

1. These General Insurance Conditions “V” (hereinafter the “Insurance Conditions”) regulate terms and conditions of insurance against the risk of losses resulting from inability of an Exporter to fulfil contractual obligations from an Export Contract (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. The Insurer reserves the right to request submission of an environmental impact assessment or its outright realization for projects with potential impacts on the environment. In case of a negative result of the environmental impact assessment, the Insurer has the right not to insure the risk from the Export Contract for a given project.
5. Insurance may be concluded only in connection with insurance of receivables from an Export Buyer or Supplier Credit, or from a Credit for Financing of the Production for the Export against the risk of the non-repayment. This insurance may be concluded separately only in case there is a sufficient security for the receivables from the Export Contract approved by the Insurer in advance.
6. Shall an Exporter or a person acting for the Exporter or on behalf of the Exporter violate provisions of the special law¹ when negotiating the Export Contract, the Insurer is entitled to refuse the insurance of the risk of the loss in accordance with these Insurance Conditions.
7. The insurance according to these Insurance Conditions is concluded as an insurance against loss and damage.
8. Provisions of the §15 paragraphs 3 to 5, §22 paragraphs 2 and 3, and §24 paragraph 2 of the Act No. 37/2004 Coll., on Insurance Contract and Amendments to related Acts (the Insurance Contract Act) shall not be applicable to the insurance according to these Insurance Conditions. The §24 paragraph 1, letter a) of the Insurance Contract Act shall only be applicable to answering of written inquiries by the Policyholder, Insured or Beneficiary.

■ Article II. Definition of Terms

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 an Exporter,
- 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) 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,
- f) 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,
- g) an **Importer** is a foreign entity importing from the Czech Republic pursuant to the Export Contract,
- h) the **Export** means a delivery of goods or provision of services, or a delivery of goods and provision of services to the Importer pursuant to the Export Contract for the purpose of their use outside the territory of the Czech Republic,

i) 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,

j) 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,

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

■ Article III. Subject of Insurance

1. The subject of insurance are losses suffered by the Insured exclusively as a result of an insurance loss (Article VII.).
2. For the purposes of this insurance, the losses include:
 - a) expenses for purchases of materials and raw materials except of ancillary acquisition costs (e.g. custom duties, fees, freight and such),
 - b) direct labour and operational costs,
 - c) material and production overhead costs including depreciation,
 - d) construction and design costs, or other development expenses,
 - e) costs related to preparation of a production line,
 - f) costs related to preparation of lot production,
 - g) costs of co-operation production,
 - h) costs related to development and running tests,
 - i) further pre-production and production expenses.
3. Contractual fines, losses of non-returnable advances, or similar financial performances which the Insured was obligated to give to persons other than the Importer on the basis of contracts concluded for the purposes of fulfilment of the obligations of the Insured according to the Export Contract are considered as losses only if it is so stipulated in the Insurance Contract.
4. The calculation of estimated costs prepared by the Insured in the Czech currency and itemized by classes of costs is an inseparable part of the Insurance Contract.
5. Insurance shall not cover the loss:
 - a) incurred by the Insured as a result of his breach of the Export Contract or, if the Insured has infringed domestic or foreign legal regulations in connection with the performance of the Export Contract,,
 - b) to the extent in which it exceeds the size of the insured loss stipulated in the Insurance Contract.

Insurance Promise Contract, Insurance Contract

■ Article IV. Insurance Promise Contract

1. 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.
2. The applicant for the insurance is obligated to pay a fee for the reservation of insurance, which is determined in the Insurance Promise Contract.
3. 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 Importer's or applicant's financial situation has

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



occurred, or if the risk classification of the country of destination of the export or country, which is related to execution of the Export Contract has worsened substantially.

4. 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.
5. 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 V. Insurance Contract

1. The Insurance Contract shall define, beside the usual essentials, primarily the commencement and expiration of insurance in relation to the Export Contract, the scope of the insured losses, the amount of the insurance premium and of the Self-Retention, and identification of the person of the Importer.
2. 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 insured loss, assessment of character of the Importer and his risk rating, the risk classification of the country or territory related to performance of the Export Contract, 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 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, or the classification of the country into individual risk categories.
3. The Self-Retention amounts to 15 %, 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.
4. 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 and of the amount of the indemnification, 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.
5. 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.
6. 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 VI. Duration of Insurance

1. Insurance shall commence on the day the insurance premium is paid, unless an earlier day is specified in the Insurance Contract, however not prior to the day the Insurance Contract has been concluded. The Insurance Contract may specify additional conditions precedent for the inception of the insurance.
2. Beside cases which are specified in the generally binding legal regulations, in the Insurance Contract or in other provisions of Insurance Conditions, insurance expires also by delivery of goods or by providing of services by the Exporter or, if an insurance loss has occurred, by the Insurer's Decision on Indemnification.

Insurance Loss and Indemnification

■ Article VII. Insurance Loss

1. An insurance loss means a partial or full impossibility of the Insured to perform an Export Contract on the due date, not even during the waiting period, if the impossibility to perform has occurred after an obligation of the Insured has arisen from the Export Contract and resulted 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). As the impossibility to perform is also understood an economic impossibility where the performance of an obligation cannot be reasonably expected from the Insured from the economic point of view although this obligation is legally and factually accomplishable.
2. Causes representing the commercial risk are understood as following:
 - a) insolvency of the Importer to pay his due obligations, especially decision on insolvency or refusal of the petition for the declaration of insolvency proceedings 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) breach of the Export Contract on Importer's part, particularly refusal of the performance of the Insured or other activity or inactivity of the Importer showing that the Importer considers the Export Contract as terminated or that the Importer has no interest in its further performance.
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 performance of the Export Contract without the Importer's fault or provocation,
 - b) any measures or decisions of the government of the country of the Insurer or the Policyholder and/or of the Insured, including the measures and decisions 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 Importer'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),
 - d) other political events in the Importer's country, especially war, revolution, uprising, civil war, civil riots, general strike,
 - e) natural disaster in the Importer's country.
4. The waiting period amounts to 6 months since the day when the Insured notifies the Insurer of the existence of a cause according to paragraph 2 or 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 VIII. 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 loss 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 later than six months after the occurrence of the impossibility to perform from causes in accordance with the Article VII., paragraphs 2 or 3.
 4. Upon obtaining the Notification of a Threat of an Insurance Loss, the Insurer is obligated to initiate, without unnecessary delay, an investigation necessary for a confirmation of the Insured's claim and for determining the extent of the Insurer's obligation to indemnify. 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 loss, 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 indemnification, especially the origination of the insurance loss and reasons for it, amount and a detailed specification of incurred losses, 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. The Insurer is entitled to request from the Insured submission of an expert opinion concerning the amount of the loss prepared by a person stipulated by the Insurer; unless contracting parties agree otherwise, the Insured shall cover expenses connected with the preparation of the expert opinion.
 7. Unless specified otherwise in the Insurance Contract, for the purposes of establishing the amount of the losses, the loss made by the Exporter shall be established as the basis, reduced by:
 - a) settlements which the Insured received (or should have received) from the Importer or a third person on the basis of the Export Contract or in connection with it, if the Insured had enforced his rights properly, including the rights from securities, compensation for damages or settlements having character of property sanction,
 - b) proceeds from the sale of materials, raw materials, semi-finished and finished products the Exporter had acquired or manufactured for the purposes of the performance of the Export Contract before the payment of the indemnification; shall the Insured sell these items for prices below the normal price, the normal price is considered as the proceeds,
 - c) proceeds from the insurance of materials, raw materials, semi finished and finished products which the Insured acquired or manufactured for the purposes of the performance of the Export Contract,
 - d) value of materials, raw materials, semi finished and finished products which the Insured can utilise for own activities or otherwise.
 8. The amount of the loss according to the paragraph 7 of this Article is reduced by the amount of reciprocal creditable receivables of the Importer and the Insured, the justification of which has been acknowledged by the Insured, or which have been awarded to the Importer by an enforceable decision in legal or arbitration proceedings, unless specified otherwise in the Insurance Contract.
 9. The indemnification is set for the amount of the basis determined according to the paragraph 7 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. The indemnification is paid out in the Czech currency. For conversion from a foreign currency, the exchange rate determined according to the provision of Article V., paragraph 4 of these Insurance Conditions shall be applied.
 11. The indemnification is payable within fifteen days from the date of the issuance of the Decision on Indemnification.
- **Article IX. 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 Export 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 insurance, the Insured and the Importer 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 Importer concerning performance of the Export Contract, until an enforceable decision solving the dispute is made to the benefit of the Insured; the Insurer shall decide on the payment of an advance on the indemnification or on the payment of the indemnification within 30 days of the request of the Insured in case the dispute had been considered unjustified by the Insurer,
 - d) if the insured receivable has been 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 provided the denial of the insured receivable had been made on the basis of an evidently discriminatory decision of the insolvency receiver or of the court; in such case the Insurer shall proceed by analogy according to the Art. VII, paragraph 3, letter a),
 - e) if the Insured or a person acting for the Insured or on behalf of the Insured violates standards and practices of international law, which are binding for the Czech Republic².
 2. The Insurer has the right to refuse the indemnification:
 - a) in case the Beneficiary has knowingly stated untruthful or grossly distorted information relating to the scope of the insurance loss or has withheld essential data concerning this loss when making a claim for the indemnification,
 - b) in other cases specified in the Insurance Contract Act.
 3. The Insurer has the right to reduce the indemnification in an appropriate extent if the loss 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 Export Contract conditions or by violation of the relevant legal regulations valid in the Importer's country,
 - b) by the application of any provision of the Export Contract or related documentation concluded or issued by the Insured which restricts the rights of the Insured or possibility of their implementation and enforcement,
 - c) by any subsequent agreement between the Insured and the Importer after the date of conclusion of the Export Contract which inhibits, delays or limits the performance of the Export Contract,
 - d) 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 legal regulations related to the insurance and this violation had a significant influence on an occurrence

² 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)

of the insurance loss, its course or on an increase of its consequences, or on an ascertainment or determination of the amount of the indemnification,
e) in other cases specified in the Insurance Contract Act.



■ Article X. Cession of Rights

1. Concurrently with the 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 Importer in a way effective towards the Importer. 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 loss from the Importer. For these purposes, the Insured is obligated to submit to the Insurer all documents and to provide the Insurer with the necessary co-operation without unnecessary delay.
3. For the reasons of expediency, the Insurer may authorise the Insured or a person appointed by the Insured with the recovery of the loss from the Importer, or as the case may be, from persons guaranteeing these claims. The Insurer shall undertake to reimburse the Insured for purposefully spent expenses of recovery of the insured receivable on the basis of their proper accounting and evidencing on Insured's part.
4. Payments made by the Importer or by a third person as settlements of the losses 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. When rights of the Insured have not been transferred to the Insurer by a contract on cession of receivable in accordance with the par. 1 for a reason of purposefulness of recovery of the insured receivable, the Insurer and the Insured shall conclude a contract on arrangement of rights and obligations where reciprocal rights and obligations in recovery of insured receivables shall be regulated.

Rights and Obligations of Contracting Parties

■ Article XI. 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,
 - b)** cede the financial claims with a prior written consent of the Insurer to a third person, to establish a lien on these claims or to encumber these claims 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 negotiating the Export 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 Export Contract and with respective legal regulation valid in the country of the Importer,
 - c)** refrain from application of any provision of the Export Contract or related documentation, which restricts the rights of the Insured or possibility of their implementation and enforcement,

- d)** refrain, after conclusion of the Export Contract, from concluding any subsequent contract with the Importer which would prevent, delay or restrict the performance of the Export Contract,
- e)** secure, in an appropriate way, own rights towards the Importer, Importer's guarantors and third persons and to take care that the Export Contract or other agreements with the Importer or a third person do not restrict pertinent claims of the Insurer or that they do not make their enforcement more difficult,
- f)** ensure that the subject of the production and individual parts of semi-finished production including warehouse and production area are properly and efficiently insured (against theft, destruction, loss, and such),
- g)** 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 Importer, even without being requested to do so by the Insurer,
- h)** 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,
- i)** inform the Insurer without delay on an agreement on a concurrent insurance with another Insurer against the same or similar risk,
- j)** participate in the insured risk in the extent of the agreed Self-Retention and not to conclude another insurance for the Self-Retention,
- k)** inform the Insurer without delay on circumstances evidencing possibility of an occurrence of an insurance loss,
- l)** take individually, or by an 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; the Insured is liable for reduced recoverability or legal enforceability of the claims caused by their late presentation to court or to other relevant authority,
- m)** 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 Importer or a third person with a prior consent of the Insurer only; in case the Insurer does not inform the Insured on his opinion to the proposed procedure within 10 working days since receiving the request of the Insured, or does not agree with the Insured any other deadline for the giving his opinion, it is considered as if the Insurer gave his consent to the proposed procedure,
- n)** conclude, simultaneously with the indemnification payment and on suggestion of the Insurer, a contract on cession of financial claims which the Insurer has indemnified, or to conclude, in compliance with the Article X., a contract on arrangement of rights and obligations,
- o)** enable the Insurer assertion of claims, especially the claims for the compensation of damages, which belong to the Insured,
- p)** return to the Insurer the paid-out indemnification if the Insured prevented the Insurer to carry out the rights ceded to him, or if 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 ability to collect the financial claims from the Importer,
- q)** 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 IX. had occurred,
- r)** register duly and in a timely manner the insured receivables into insolvency proceedings in case of the insolvency; this applies in an appropriate way for other proceedings in the sense of the Article VII., paragraph 2, letter a). The Insured has the right to request from the Insurer consultations regarding steps necessary for the proper registration of the insured receivable,



s) request a prior consent of the Insurer with an amendment of the Export Contract,

t) in selling the items which the Exporter cannot utilize, to proceed properly and with due care in order to reach the highest possible proceeds from the sale of these items.

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

a) agree with the Importer on a change in conditions of the Export Contract (especially the change in due dates or amounts of individual instalments),

b) to establish the right of lien on the financial claims against the Importer or to encumber these claims in any other way,

c) cede the insured claims against the Importer to a third person.

■ Article XII. 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 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 this contract and documents,

c) increase the insurance premium rate and the Self-Retention in case that the Export Contract 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 regulations on the banking and business secrecy,

e) request from the Insured a proper enforcement of the claims against the Importer or third persons,

f) 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 IX. had occurred.

■ Article XIII. 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 authorisation for entrepreneurial activities 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.