
GENERAL INSURANCE CONDITIONS „Z“

for Insurance of Guarantees Related to Export and Investments

These General Insurance Conditions are effective from 1. 4. 2023

Article I. – Basic Provisions

1. These General Insurance Conditions „Z“ (hereinafter referred to as the **“Insurance Conditions”**) regulate the terms and conditions of insurance of the guarantees related to the Export and investments provided in connection with the conditions for winning or performing an Export Contract or making the Investment (hereinafter referred to as the **„insurance”**). The Insurance Conditions are incorporated by reference into the contract.
2. The insurance is provided by the Export Guarantee and Insurance Company in accordance with Act No. 58/1995 Sb., to regulate insuring and financing the export with state support, as amended, and Act No. 89/2012 Sb., the Civil Code, as amended (hereinafter referred to as the **„Civil Code”**).
3. The Insurer has the right to refuse the insurance in case that during negotiating an Export Contract, another contract related to the Export or making the Investment, the Principal or a person acting in the name of the Principal breached a provision of the special law¹.
4. The insurance according to these Insurance Conditions is concluded as the insurance against loss and damage.
5. Provisions of Sections 2791, 2792 and 2805 of the Civil Code shall not be applied to the insurance according to these Insurance Conditions.

¹ Section 331 and following of Act No. 40/2009 Sb., the Criminal Code, as amended.

Article II. – Definition of Terms

For the purpose of the Insurance Conditions and the Insurance Contract, it is understood that:

- a) the **Insurer** is Exportní garanční a pojišťovací společnost, a.s. (Export Guarantee and Insurance Company);
- b) the **Insured** is a bank, an insurance company or a reinsurance company granting a guarantee for obligations of the Principal (Guarantor);
- c) the **Policyholder** is a person that has concluded an Insurance Contract with the Insurer;
- d) the **Beneficiary** is a person to whom the entitlement to an indemnity payment has arisen from an insurance loss;
- e) the **Principal** is an Exporter or an Investor for whom the Insured grants a Guarantee;
- f) the **Beneficiary of the Guarantee** is an entity for the benefit of which the Guarantee is granted (usually an Importer or a Tender Caller), or a person authorized by the Beneficiary of the Guarantee to exercise its rights arising from the Guarantee (usually a bank or another financial institution);
- g) the **Importer** is a foreign entity that performs or will perform the import from the Czech Republic;
- h) the **Investment** is the funds or other values expressed in money or property rights exerted for a period of at least three years by a legal entity having its registered office in the territory of the Czech Republic that is an entrepreneur according to the Civil Code, or by a foreign company in order to set up, acquire a legal entity, or increase a share in a legal entity having its registered office out of the territory of the Czech Republic or in order to enlarge the business of such legal entity;
- i) the **Investor** is a person that makes an investment; it is either a legal entity having its registered office in the territory of the Czech Republic that is an entrepreneur according to the Civil Code, or a foreign company;
- j) the **Guarantee** is a financial guarantee for the performance of the Principal´s obligation concerned related to the Export or making the Investment which originates by a written declaration of the Insured (drawer) in a Certificate of Guarantee undertaking to satisfy the Beneficiary of the Guarantee (creditor) up to the amount of a certain sum of money according to the content and conditions of the Certificate of Guarantee; an indirect as well as direct guarantee is also the Guarantee within the meaning of the Insurance Conditions. The insurance according to the Insurance Conditions covers the following types of Guarantees:
 - 1. **„Bid Bond“**, „Provisional Guarantee“
It is an obligation of the Insured to pay a specified amount for the Principal in case the Principal has not concluded the Export Contract or has not met the conditions of the bid selected (accepted) in a tender.
 - 2. **„Advance Payment Bond“**
It is an obligation of the Insured to return to the Beneficiary of the Guarantee payments made by the Beneficiary of the Guarantee to the Principal as an advance payment in case the Principal has not fulfilled the terms and conditions of the Export Contract, particularly from the point of view of volume parameters;

3. **„Performance Bond“**

It is an obligation of the Insured to pay a specified amount for the Principal in case that the Principal has not fulfilled the conditions of the Export Contract, particularly from the point of view of delivery dates, quality and performance parameters. As a rule, the Guarantee covers the period until a quality acceptance, or it may cover the entire duration of the technical warranty for the equipment.

4. **A different type of the Guarantee**

The subject of insurance may also be a different type of the guarantee granted by the Insured for the Principal's obligations towards the Beneficiary of the Guarantee related to the performance of the obligations under the Export Contract, another contract related to the Export (e.g. subcontracts necessary for performing the Export), or a guarantee for the contractual obligations related to making the Investment (e.g. a contract for the construction of the Investment, a contract for the sale of the outputs of the Investment or a financial obligation to subcontractors for the Investment or other creditors), if it is so specified in the Insurance Contract.

The particular content and the Guarantee conditions are regulated by the Insurance Contract.

- k) the **Export Contract** is a contract entered into by and between the Principal and the Importer for the performance of or in connection with which the Insured grants the Guarantee; this contract has to regulate, including but not limited to, passing of rights, payment conditions, or method of financing;
- l) the **Export** is 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 using outside the territory of the Czech Republic;
- m) the **Exporter** is a person performing the Export that is either a natural person having the permanent residence in the territory of the Czech Republic or a legal person having the registered office in the territory of the Czech Republic that is an entrepreneur according to the Civil Code, or a Foreign Company;
- n) the **Foreign Entity** is a natural person that has no permanent residence in the territory of the Czech Republic, or a legal person that has no registered office in the territory of the Czech Republic;
- o) the **Foreign Company** is a legal person having its registered office abroad that is controlled by a legal person having its registered office in the territory of the Czech Republic and that is an entrepreneur pursuant to the Civil Code so that its direct or indirect share in the registered capital of the company is more than 50%, or manages the majority of voting rights related to an interest in the registered capital of the company, or may appoint the majority of members of the Board of Directors, the Supervisory Board or the Managing Board or another similar managing body of the company;
- p) the **Self-Insured Retention** is a share of the Beneficiary in the losses covered by the insurance expressed in percentage for which the Insured is not entitled to negotiate another insurance.

Article III. – Subject of Insurance

1. The subject of insurance is a financial guarantee granted in connection with the conditions for winning or performing the Export Contract, another contract related to the Export or making the Investment. The insurance covers the risk of an unfair calling of the Guarantee and, optionally, also the risk of a fair calling of the Guarantee. The insurance against a fair calling of the Guarantee will be decided by the Insurer based on an assessment of an export case, or the Investment, as the case may be, and proven abilities of the Principal to fulfil obligations arising from the Export Contract or the Tender conditions, or making the Investment, as the case may be. In case of a partial calling of the Guarantee, each of these partial callings is insured up to the total amount of the Guarantee.
2. The insurance also covers the exchange rate risk of the exchange rate fluctuation of the Czech crown against the currency in which the Guarantee has been granted in case of the indemnification (Article VIII (12)).
3. Depending on the conditions and the extent stated in the Insurance Contract, the subject of insurance also is the costs of the Insured related to filing a claim arising from the insured Guarantee during the waiting period (the “**re-financing costs**”).
4. The conditions for insurance include but are not limited to:
 - a) the Principal’s unequivocal obligation to ensure granting the Guarantee to the Beneficiary of the Guarantee according to the conditions of the Export Contract, another contract related to the Export, or the conditions of the Tender, or making the Investment if applicable;
 - b) the value of the Guarantee granted does not exceed the percentage share of the purchase price customary for single types of the Guarantee according to the international commercial practice;
 - c) the Guarantee is not contrary to the international commercial practice; if the Guarantee refers to the Uniform Rules for Guarantees published by the International Chamber of Commerce for single types of the guarantee, it must not contravene them.
5. The insurance value does not include the costs of granting the Guarantee, the expenses related to the following Export Credit or another insurance or financing (e.g. insurance premium for the insurance of the following Export Credit, bank and other fees), or the Investment, as the case may be, unless specified otherwise in the Insurance Contract.

Article IV. – Cover Note Contract

1. In the Cover Note Contract, the Insurer undertakes to conclude the Insurance Contract upon fulfilment of agreed terms and conditions and within the agreed period, and ensure the reservation of the necessary insurance capacity.
2. The applicant for insurance is obliged to pay a fee for providing a cover note specified in the Cover Note Contract.

3. The Insurer is not obliged to conclude the Insurance Contract if at the Insurer's opinion a substantial change increasing the insurance risk has occurred in the terms and conditions and circumstances on which the Insurer based the conclusion of the Cover Note Contract, including but not limited to substantial worsening of the financial standing of the applicant, Principal or the Beneficiary of the Guarantee, substantial changes in terms and conditions of the Export Contract, another contract related to the Export, or in terms and conditions of the Tender, or making the Investment, as the case may be, during the validity period of the Cover Note Contract, or if the risk classification of the country or territory related to the performance of the Export Contract has worsened substantially.
4. During the validity of the Cover Note Contract, the applicant is bound by the obligations resulting from the Insurance Conditions in a similar way as the Insured.
5. The rights and obligations of the contracting parties arising from the Cover Note Contract are governed by the provisions of the Civil Code, particularly by the provisions of Sections 1785 through 1788 relating to an agreement to make a contract.

Article V. – Insurance Contract

1. In addition to the usual essentials, the Insurance Contract determines particularly the commencement and expiration of the insurance in relation to the terms and conditions of the Guarantee, Tender and the Export Contract, another contract related to the Export, or the Investment conditions, the amount of the insurance premium and the Self-Insured Retention, and the identification of Beneficiary of the Guarantee.
2. The Insurance Contract must be signed by the Insurer, the Insured and the Principal and is binding on all the contracting parties. By its signature, the Principal acknowledges its rights and obligations and a possibility of penalties if the Principal caused the Guarantee to be called within the meaning of Article XII.
3. Unless specified otherwise in the Insurance Contract, the Policyholder is obliged to pay the agreed insurance premium in one lump sum in the time specified in the Insurance Contract. The amount of the insurance premium will be negotiated depending on the scope of the insured risk, the assessment of the nature and risk rating of the Beneficiary of the Guarantee and the Principal, the assessment of the risk classification of the country or territory related to performance of the Export Contract, another contract related to the Export, or making the Investment, the terms and conditions of the Tender, a type of the Guarantee and the percentage of the Self-Insured Retention. The negotiated amount of the insurance premium already includes a possible increase or decrease of the insurance risk and is fixed during the entire duration of the insurance. In this connection, the insurance risk means the classification of countries according to the extent of the export credit risk, or the classification of countries into individual risk categories established by the Insurer.
4. Mutual financial obligations between the Insurer and the Insured are payable in Czech crowns unless specified otherwise in the Insurance Contract. For purpose of a conversion from another currency in order to determine the amount of the insurance premium, the exchange rate specified in the Insurance Contract will be used; otherwise, the Czech National Bank exchange rate valid on the day of signing the Insurance Contract will be applied.

5. The insurance premium, the fee for the provision of the Cover Note Contract as well as other financial obligations are to be paid on the basis of an invoice issued by the Insurer, unless specified otherwise in the Insurance Contract.
6. In the event of a deviation in the Insurance Contract, the wording of the Insurance Contract shall always prevail over the wording of the Insurance Conditions.
7. Pursuant to the Section 1740 (3) of the Civil Code, acceptance of an offer of the Insurance Contract with an addendum or a deviation although they are not substantially changing the conditions of the offer is excluded.

Article VI. – Duration of Insurance (Insurance Period)

1. The insurance will 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 of the Insurance Contract concluding. Following the terms and conditions of the Guarantee, the Insurance Contract may specify additional conditions for the insurance origin.
2. In addition to the cases defined in the generally binding legislation, the Insurance Contract or other provisions of the Insurance Conditions, the insurance also ceases to exist by the expiration of the period for which the Guarantee has been granted or by the expiration of the obligation secured by the Guarantee.
3. The insurance does not expire on the date of rejecting the indemnification (unless provided otherwise in the Insurance Contract).

Article VII. – Insurance Loss

1. Causes for an insurance loss are the unfair calling of the Guarantee and the fair calling of the Guarantee, provided it has been agreed in the Insurance Contract.
2. An unfair calling of the guarantee means:
 - a) the unfair calling of the Guarantee by the Beneficiary of the Guarantee without any Principal's breach of obligations arising from the Export Contract or from the terms and conditions of the Tender;
 - b) political and other non-commercial risks arising from political and economic events and measures in the country of the registered office of the Beneficiary of the Guarantee, or in a third country, which have a nature of Force Majeure from the point of view of the Principal and the Beneficiary of the Guarantee, and which have caused the unfair calling of the Guarantee. It is such calling of the Guarantee which has occurred as a result of any of the following causes:

1. political events in the country of the registered office of the Beneficiary of the Guarantee such as a war, a civil war, a revolution, an uprising, civil disorder, a strike, etc.;
 2. administrative decisions of authorities of the country of the Beneficiary of the Guarantee;
 3. administrative and political measures in third countries through which the Export, another contract related to the Export, the Investment, or the Tender are carried out;
 4. any measure or decision of the government of the country of the Insurer or the Policyholder, or the Insured, if applicable, including the measures and decisions of the European Community provided that if the country of the Policyholder is a Member State of the European Union, under the condition related to trading between the Member State and third countries, unless its consequences are covered in another way by the respective government;
 5. a natural disaster resulting in impossibility to perform the Export Contract, another contract related to the Export, or meet the Tender terms and conditions, or making the Investment, as the case may be.
3. The fair calling of the Guarantee is the calling caused by a failure to fulfil the terms and conditions of the Export Contract, another respective contract related to the Export or the Investment, or the Tender terms and conditions by the Principal. The insurance against the fair calling of the Guarantee excludes the calling of the Guarantee resulting from:
- a) an arbitrary decision of the Insured without any economic reasons having a direct deliberate consequence of a Principal's failure to perform the Export Contract, another respective contract related to the Export or the Investment, or meet the terms and conditions of the Tender;
 - b) material and legal defects in the insured Guarantee caused by the Insured.
4. An insurance loss will occur after expiration of a waiting period of three months from the date of a notification to the Insurer of the existence of the cause of the insurance loss pursuant to the paragraphs 2 and 3 in the Insurer's form "Notification of a Threat of an Insurance Loss".
5. During the waiting period, the Insured is obliged to take all purposeful measures in order to reach the payment of its insured claim by the Principal, or returning the unused Guarantee by the Beneficiary of the Guarantee, as the case may be.
6. The Insurer may reduce the waiting period by a unilateral declaration.

Article VIII. – Indemnification

1. The Insurer's duty to indemnify arises upon an occurrence of the insurance loss.
2. The Insurer will not indemnify if the amount of the called insured Guarantee does not exceed the amount of fifty thousand Czech Crowns, unless specified otherwise in the Insurance Contract.

3. The Insurer's duty to indemnify will not arise if the Insured delivers to the Insurer the Notification of a Threat of an Insurance Loss later than six months after the date of the calling of the Guarantee because of the causes according to Article VII., paragraph 2 or 3.
4. Upon obtaining the Notification of a Threat of an Insurance Loss without undue delay, the Insurer is obliged to commence an investigation necessary for confirming the claim of the Insured and establishing an extent of the Insurer's duty to indemnify. The Insurer concludes the investigation, if possible or unless the parties do not agree otherwise, within one month from the date of the insurance loss occurrence. The Insurer will state the results of the investigation in the Decision on Indemnification.
5. For the purposes of the investigation of the insurance loss and determination of the drawn amount, by means of respective documents, instruments and other evidence reasonably satisfactory to the Insurer, the Insured is obliged to submit to the Insurer all the facts decisive for the origin and an amount of its claim for payment of the insurance loss, including but not limited to the origination of the insurance loss and the reason of its occurrence, an amount of the calling of the Guarantee, proofs of the payment of the insurance premium. Furthermore, the Insured is obliged to present a valid Insurance Contract or Insurance Policy together with all the other documents and data that the Insurer may request. In the case of an insurance loss on ground of a fair calling of the Guarantee, the Insured is also obliged to prove the validity of the Export Contract, or another respective contract to which the Guarantee relates, or the validity of an investment contract(s) at the moment of the calling from the insured Guarantee, or in case of the insurance of a bid bond to prove that the Principal has not fulfilled the terms and conditions of the bid.
6. The Insurer reserves the right to verify the truthfulness and accuracy of the submitted documents and all the data and information provided by the Insured that the Insurer considers significant or necessary for the purposes of the investigation.
7. For the purpose of determining the amount of the indemnity, the basis will be the amount drawn from the insured Guarantee by the Beneficiary of the Guarantee reduced by all payments received by the Insured to pay or cover the drawn amount prior to the date of the Decision on Indemnification unless such payments directly reduce the amount drawn from the Guarantee. The subject of the insurance cover is not the loss of profit of the Insured.
8. The calling of the Guarantee in the amount according to paragraph 7 of this Article is reduced by the amount of mutual set-off claims of the Beneficiary of the Guarantee and the Insured the justification of which has been acknowledged by the Insured and/or which have been awarded to the Beneficiary of the Guarantee by a final decision in court or arbitration proceedings unless specified otherwise in the Insurance Contract.
9. The indemnification is set in the amount drawn from the Guarantee determined according to paragraph 7 of this Article and reduced according to paragraph 8 of this Article and further reduced by the amount of the agreed Self-Insured Retention of the Insured.
10. Unless stipulated otherwise in the Insurance Contract, the Self-Insured Retention amounts to:
 - a) at least 5 % in cases of the unfair calling of a Guarantee;

- b) at least 10 % in case of the fair calling of a Bid Bond, Advance Payment Bond and a different type of the Guarantee related to the Export or making the Investment, unless it has a nature of a Performance Bond;
 - c) at least 20 % in case of the fair calling of a Performance Bond for the Export Contract, or another respective contract related to the Export or making the Investment.
11. If, after payment of the indemnity, a fact giving rise to a cause of the insurance loss in accordance with Article VII(2) or (3) other than the one that resulted in awarding the claim is proved, the relevant Self-Insured Retention will be settled between the Insured and the Insurer provided that this does not give rise to a claim for returning the indemnity by the Insurer in accordance with Article XIII(1)(f).
12. The indemnity is paid out in the Czech currency. Regarding Article III(2), the exchange rate of the Czech National Bank valid on the date of the Decision on Indemnification will be used for the conversion from another currency.
13. The indemnity is payable within fifteen days from the date of the issuance of the Decision on Indemnification.

Article IX. – Exclusions from Insurance, Rejection and Reduction of Indemnification

1. The Insurer's duty to indemnify will not arise (exclusions from insurance):
- a) if the rights resulting from the Guarantee have been transferred to a third party 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 Principal have become economically or personally related persons when one person participates, directly or indirectly, in the management, the control, or the registered capital of the other person. An interest in the registered capital means holding shares or an interest representing at least 10 % of the registered capital of the person concerned.
2. The Insurer has the right to reject to indemnify:
- a) if the Beneficiary has knowingly stated untruthful or grossly distorted details relating to the scope of the insurance loss or has concealed essential details concerning such loss when exercising the right to the indemnity;
 - b) in other cases stipulated by the Civil Code.
3. The Insurer has the right to reduce the indemnification to the appropriate extent if the calling of the Guarantee has been caused, directly or indirectly:

- a) by the Insured or its representatives, including but not limited to by breaching the terms and conditions of the Guarantee or breaching the relevant legislation in force in the country of the Beneficiary of the Guarantee or in the country through which the payment was (or should have been) made;
- b) by application of any provision of the Guarantee or related documentation concluded or provided by the Insured which restrict the rights of the Insured or a possibility of their implementation and enforcement;
- c) by any subsequent agreement between the Insured and the Beneficiary of the Guarantee made after the date of granting the Guarantee which extends the calling from the Guarantee;
- d) if the Insured has breached the obligations towards the Insurer specified in the Insurance Contract, the Insurance Conditions, and respective provisions of the generally binding legislation related to the insurance and such breach has significantly affected an occurrence of an insurance loss, its course or an increase of its consequences, and/or the ascertainment or determination of the amount of indemnification;
- e) in other cases stipulated by the Civil Code.

Article X. – Transfer of Rights

1. At the same time with the partial or full payment of indemnity, the Insurer is entitled to request that the Insured transfer, assign and/or otherwise convey to it, in a manner effective against the Principal and/or Beneficiary of the Guarantee monetary claims against the Principal and/or the Beneficiary of the Guarantee. At the same time, upon the Insurer's request, the Insured is obliged to transfer, assign and/or otherwise convey all rights associated with such claims, including but not limited to the rights arising from guarantees or other forms of security.
2. Regardless of the assignment of claims, the Insured is obliged to allow the Insurer to recover the insured claims from the called Guarantee. For this purpose, the Insured is obliged to submit to the Insurer all the documents related to the Guarantee without undue delay and provide the Insurer with the necessary co-operation.
3. For the reason of expediency of recovery of the insured claim or simplification of the legal procedure, the Insurer may authorize the Insured or a person designated by the Insured to recover the insured claims from the called Guarantee. The Insurer undertakes to reimburse the Insured for the costs reasonably incurred for the recovery of the insured claim on the basis of their proper accounting and evidencing by the Insured.
4. The payments provided by the Principal, Beneficiary of the Guarantee or a third party to pay the insured claim after the Insurer has provided the insurance loss belongs to the Insurer and the Insured is obliged to promptly inform the Insurer of such payment and to assign such payments to the Insurer within five days of their receipt.

5. If the rights of the Insured are not transferred to the Insurer by a deed of claim assignment according to paragraph 1 for the reason of expediency of recovery of the insured claim, the Insurer and the Insured will conclude an agreement on rights and obligations in which the mutual rights and obligations in the recovery of the insured claim will be regulated.

Article XI. – Rights and Obligations of the Insured

1. The Insured:

- a) is entitled to indemnification resulting from the occurrence of an insurance loss provided that at the same time the Insured is a Beneficiary;
- b) has the right to assign the insured claims with a prior written consent of the Insurer to a third party, to create a security interest in the insured claims or to encumber such insured claims in any other way;
- c) has the right to request that the Insurer perform the proper investigation necessary to ascertain an extent of the Insurer's obligation to indemnify, state the results of the investigation in the Decision on Indemnification and inform the Insured on its content;
- d) is entitled to the payment of awarded indemnification within the period of fifteen days from the date of the Decision on Indemnification.

2. The Insured is obliged to:

- a) proceed with due care and caution in the process of providing the Guarantee while taking into account international rules for guarantees;
- b) negotiate with the Principal a method of submission of relevant documents for the purpose of checking the performance of the Export Contract, another contract related to the Export, or the terms and conditions of the Tender, or making the Investment, as the case may be; in doing so, the Insurer is not responsible for the content and form of these contracts and documents;
- c) to state, when insuring the fair calling of the Guarantee and if the Guarantee Certificate (Guarantee Policy) refers to the Uniform Rules for Demand Guarantees, publication No. 758, issued by the International Chamber of Commerce in Paris, in the Guarantee Certificate as a condition for the calling of the Guarantee an obligation of the Beneficiary of the Guarantee to submit a written statement on the reason of the calling from the Guarantee, in case of a bid bond a statement of the Beneficiary of the Guarantee that the Principal has not concluded the Export Contract or it has not complied with the conditions of the bid selected in the Tender, or another statement given in the Insurance Contract; other details may be regulated in the Insurance Contract;
- d) when insuring the risk of the fair calling of the Guarantee not covered under letter c), to inform, in co-operation with the Principal, on the reason of the calling of the Guarantee and to prove

that the Export Contract, or another contract related to the Export or the Investment with which the Guarantee is associated was valid at the moment of the calling of the Guarantee, or in case of the Bid Bond insurance to prove that the Principal has not fulfilled the terms and conditions of the bid;

- e) inform the Insurer without undue delay on all the requirements of the Beneficiary of the Guarantee to amend the Guarantee known to the Insured that could affect its calling;
- f) provide the Insurer with true and accurate information about the own economic situation, financial and legal status, and all the information known to the Insured about the economic situation, financial and legal status of the Principal, even without being requested to do so by the Insurer;
- g) issue the Guarantee corresponding to the terms and conditions of the Export Contract, another respective contract related to the Export, or the terms and conditions of the Tender, or making (duration) of the Investment, as the case may be;
- h) inform the Insurer promptly on all the circumstances known to the Insured which may result in occurrence of an insurance loss or an increase of its extent, or affect the Insurer's obligations resulting from the Insurance Contract;
- i) refrain from concluding any subsequent insurance with the Self-Insured Retention;
- j) inform the Insurer in writing without undue delay, no later than 5 working days from discovery of an occurrence of a threat of an insurance loss and subsequently submit a report on causes, circumstances and an extent of the actual or imminent insurance loss;
- k) co-ordinate with the Insurer the procedure taken in order to prevent a threat of an insurance loss or reduce its consequences, and take all steps against the Beneficiary of the Guarantee or the Principal with a prior Insurer's consent; if the Insurer fails to communicate its opinion on the proposed procedure to the Insured within 10 business days from the receipt of the request of the Insured or does not agree with the Insured on another time limit for providing its opinion, the Insurer is deemed to have consented to the proposed procedure;
- l) verify feasibility and profitability of the cost calculation for the performance of the Export, another contract related to the Export, or making the Investment, and securing a sufficient scope of resources for financing the production for the Export, or verify also other risks related to the performance of the Export, another contract related to the Export or the Investment, if requested by the Insurer; the Insured may contract such verification with a third party the selection of which is approved by the Insurer; other details are specified by the Insurance Contract; if the Insured contracts this obligation with a third party, the Insured is obliged to ensure the responsibility of such third party for proper performance of its obligation;
- m) check purposefulness of the drawing and utilization of the advance payment by the Principal in case of the insurance of an Advance Payment Bond;
- n) conclude a deed of claim assignment simultaneously with the indemnity payment and at the Insurer's suggestion, for which the Insurer will provide the indemnity, or conclude a contract on rights and obligations in compliance with Article X (4);

- o) return to the Insurer the paid-out indemnity if the Insured made it impossible to exercise the rights assigned to the Insurer or the assignment of which to the Insurer was rejected by the Insured or the Insured prevented the Insurer from their proper exercising or made collecting of the insured claims for which the Insurer paid out the indemnity difficult;
 - p) return to the Insurer the paid-out indemnity without a claim of the Insured to the payment of the indemnity or such claim ceased to exist subsequently;
 - q) return to the Insurer the paid-out indemnity or damages which the Insurer incurred in case that the indemnification has been provided on the basis of incomplete and untruthful information, or if it had come out that circumstances mentioned in Article IX. had occurred.
3. Without the Insurer´s prior written consent the Insured may not:
- a) agree with the Beneficiary of the Guarantee on a change in the terms and conditions of the Guarantee;
 - b) assign the claims arising from the Insurance Contract to a third party.

Article XII. – Obligations of the Principal

1. The Principal is obliged to provide the Insurer with full co-operation and information in the matter of the insured Guarantee and the Export Contract, another contract related to the Export, or the Investment, as the case may be, in relation to which the Guarantee is granted and inform the Insurer without undue delay on all the requirements of the Beneficiary of the Guarantee for changes in the Export Contract, another respective contract related to the Export, or making the Investment, as the case may be, which could affect the calling of the insured Guarantee.
2. In case the Bank Guarantee is called by the Beneficiary of the Guarantee, the Principal is obliged to:
 - a) provide the Insurer with an opinion on the reasons and fair calling of the Guarantee and support it with the relevant documentation on Insurer´s request;
 - b) in the event of an unfair calling, to take all actions against the Beneficiary of the Guarantee, or a third party that caused the calling of the guarantee by its decision in accordance with the Insurer´s instructions, leading to the recovery of the called amount;
 - c) on the request of the Insurer take legal steps against the Beneficiary of the Guarantee resulting in proving the unfair calling of the Guarantee and the obligation of the Beneficiary of the Guarantee to return the drawn amount.
3. In the event of the fair calling of the Guarantee, the Principal undertakes to make to the Insured any payments from the Guarantee provided by the Insured and the costs incurred by the Insured in relation to the calling of the Guarantee by the Beneficiary of the Guarantee.

4. After payment of the indemnity to the Insured in the event of a fair calling of the Guarantee, the Insurer may claim against the principal or its legal successor for damages (hereinafter referred to as „Recourse“) caused by the Principal or the person to whom the Principal has transferred the rights and obligations under the Export Contract, any other contract related to the Export, or making the Investment. The Insurer´s right to take recourse against the Principal is governed by the recourse declaration of the Principal and appropriate provisions of the generally binding legislation.
5. The recourse shall be applied in particular:
 - a) in the event of a failure to comply with of the terms and conditions of the Tender or in the event of failure to conclude the Export Contract although the bid was successful in the Tender;
 - b) in the event of a faulty technical and financial conception of the Export Contract, another contract related to the Export, of the Investment financial conception, incorrect assessment of the costs connected with its implementation;
 - c) in the event of a breach of the conditions of the Export Contract, another contract related to the Export or the conditions of making the Investment by the Principal, particularly by a failure to meet the delivery date, type, quantity and quality of the exported goods or services, by a failure to comply with the performance parameters of the delivered product or equipment, a failure to comply with the terms of the warranty for the delivered products;
 - d) in the event of acceptance of such conditions of the Export Contract, another contract related to the Export, the Investment conditions that substantially deviate from the international trade practice and constitute extraordinary restriction of the Principal´s rights in case of an insurance loss (e.g. unusual recourse, unjustified possibility of withdrawal from the Export Contract by the Beneficiary of the Guarantee, etc.);
 - e) in the insurance of a Performance Bond for the Export Contract or another contract related to the Export or making the Investment, in case of a breach of standards and custom of the international law regarding the bribe-giving to foreign public officials in international business transactions by which the Czech Republic is bound², by fault of the Principal or a person acting on behalf of the Principal when negotiating the Export Contract or another contract related to the Export, or making the Investment.
 - f) in the event of an unfair calling of the Guarantee by the Beneficiary of the Guarantee, if the Principal does not file a motion to commence court or other proceedings against the Beneficiary of the Guarantee with regard to the payment of the amount corresponding to the amount of the unfair calling of the Guarantee;
 - g) if, within the framework of its obligation to co-operate with the Insured in fulfilling the obligations of the Insured under Article XI. (2) (d) and Article VIII. (5) of the Insurance Conditions, the Principal does not report on reasons for the calling of the Guarantee and does not provide further information necessary to prove that the Export Contract or a respective contract related to the Export or making the Investment was valid at the moment of the calling of the Guarantee, or does not report that the Principal had not fulfilled the terms and conditions of the bid in case of the insurance of a Bid Bond, or if such information provided by the Principal is untruthful.

² For example, 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)

6. The provisions concerning the recourse against the Principal in no way restrict the rights towards the Principal which have passed to the Insurer or which have been transferred to the Insurer in connection with the payment of the indemnity.

Article XIII. – Rights and Obligations of the Insurer

1. The Insurer:

- a) is entitled to the insurance premium for the period of duration of the insurance;
- b) has the right to negotiate with the Principal a method of submission of relevant documents for the purpose of checking the performance of the Export Contract, another contract related to the Export, or the terms and conditions of the Tender, or making the Investment, as the case may be; in doing so, the Insurer is not responsible for the content and form of these contracts and documents;
- c) has the right to verify the truthfulness and accuracy of the submitted documents and all the data and information given by the Insured, while respecting the generally binding legislation on the banking and business secret;
- d) has the right to request from the Insured proper asserting of claims against the Beneficiary of the Guarantee, the Principal or third parties;
- e) has the right to request from the Principal proper asserting of claims against the Beneficiary of the Guarantee or third parties;
- f) has the right to claim the repayment by the Insured of the paid-out indemnity or damages in case that the indemnity has been provided on the basis of the false information, or without actual entitlement to payment of the indemnity or this has subsequently ceased to exist;
- g) has the right to claim the repayment by the Insured of the paid indemnity and damages which the Insurer incurred in case that the indemnity has been provided on the basis of incomplete and false information, or if it had come out that circumstances mentioned in Article IX. had occurred.

2. The Insurer is obliged to:

- a) perform, on the basis of a Notice of a Threat of an Insurance Loss, a proper investigation connected with ascertainment of an origin, a cause and an extent of the insurance loss and discuss them with the Insured;
- b) state the results of the investigation in the Decision on Indemnification and to inform the Insured on its content;

- c) pay the awarded indemnity within the time limit of fifteen days from the date of the Decision on Indemnification;
- d) keep the documents entrusted and provided to the Insurer with due care.

Article XIV. – Final Provisions

1. Relations not regulated by the Insurance Contract or the Insurance Conditions are governed by the relevant provisions of the Civil Code, unless provided otherwise by the special legislation.
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 banking licence of the Insured has been revoked, the authorization to the activity of the insurance company or another authorization of the Insured necessary for the activity of the financial institution have been withdrawn, official receivership has been imposed on the Insured, or if the court has decided on the insolvency of the Insured or dismissal of the insolvency petition for the lack of the property of the Insured;
 - b) it is so stated in the Insurance Contract;
 - c) it is so provided in the Civil Code or in other legislation
4. The notice of termination must be in writing. The notice period starts on the date of the delivery of the notice of termination to the other party and lasts 6 weeks, unless the law provides otherwise.
5. If any of the provisions of the Insurance Conditions or the Insurance Contract becomes, even at least partially, invalid, ineffective, putative or non-applicable as a result of changes in the legislation, this shall not render remaining provisions invalid, ineffective, or putative.
6. Information provided by the contracting parties to each other in any form in connection with the conclusion of the Insurance Contract and the performance of their obligations resulting therefrom are confidential. The party to whom this information has been provided may not disclose it to a third party without the consent of the other party, nor use it for any purpose other than that for which it was provided, unless otherwise provided by law (e.g. the Act on Insurance, etc.).
7. The courts of the Czech Republic are competent to resolve any disputes arising from or related to the Insurance Contract.
8. The insurance under these Insurance Conditions is governed by the legal order of the Czech Republic.

9. In compliance with provisions of Section 1801 of the Civil Code, the Insurer, the Policyholder and the Principal that are entrepreneurs deviate from the relevant provisions of Sections 1799 and 1800 of the Civil Code on adhesion contracts. In this way, the potential invalidity of the provisions of these Insurance Conditions or the Insurance Contract for contradiction with the mentioned provisions on adhesion contracts is excluded, including but not limited to the invalidity of:
- (i) clauses referring the terms and conditions outside the actual Insurance Contract the meaning of which has not been communicated to the Policyholder and/or the Principal, nor will the Policyholder and/or the Principal be shown to have knowledge of their meaning;
 - (ii) clauses which can only be read with special difficulty or clauses which are incomprehensible to a person of average intelligence, even if this causes harm to the Policyholder and/or the Principal and their meaning has not been sufficiently explained to the Policyholder; and
 - (iii) clauses which are particularly disadvantageous for the Policyholder and/or the Principal without any reasonable ground particularly when the Insurance Contract and Insurance Conditions deviate substantially and without any particular reason from usual conditions negotiated in similar cases.