

# GENERAL INSURANCE CONDITIONS **F**

for Insurance of a Credit for Pre Export Financing  
of Production for Export

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by the City Court in Prague, Section B, insert 1619

These General Insurance Conditions are effective from 1 January 2014



## Article I. Basic Provisions

1. These General Insurance Conditions "F" (hereinafter the "Insurance Conditions") regulate terms and conditions of insurance of receivables from a credit for the financing of the development or production for the export or from a credit for the financing of investment into production for the export against the risk of non-payment 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 and with the Act No. 89/2012 Coll., the Civil Code as amended (hereinafter the "Civil Code").
3. In case the subsequent export credit has a maturity of up to 2 years, the credit for the financing of the production for the Export may be extended and used up to a maximum of 85 % of the value of the Export stated in the Export Contract. If the maturity of the subsequent export credit exceeds 2 years, the credit for the financing of the production for the Export may be extended and used up to a maximum of 75 % of the value of the Export stated in the Export Contract.
4. The Insurer reserves the right to request submission of an environmental impact assessment or its direct 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 of the non-payment of the credit for a given project in accordance with these Insurance Conditions.
5. 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.
6. The insurance may be concluded only in connection with the insurance of receivables from an export buyer or supplier credit, or in case of sufficient security of settlements of the receivables from the Export Contract, approved by the Insurer in advance.
7. The insurance according to these Insurance Conditions is concluded as an insurance against loss and damage.
8. Provisions of sections 2791, 2792 and 2805 of the Civil Code shall not be applied to insurance according to these Insurance Conditions.

## 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; in case the Export Contract envisages pre-export financing connected with the insurance of export credit risks negotiated with the Insurer, the Insured according to these Insurance Conditions may only be a bank extending simultaneously the export financing,
  - 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 an Exporter or a Producer of goods and/or services for the export with whom the Insured concluded a Credit Contract,
  - f) a **Credit contract** a contract concluded by and between the Insured (as a creditor) and the Borrower (as a borrower) for the purposes of extending a pre-export credit for production or for pre-export credit for investment,
  - g) a **Pre-Export Credit for Production** means financial funds provided by the Insured to the Borrower in accordance with the Credit Contract for the financing of the production for the Export,
  - h) a **Pre-Export Credit for Investment** means financial funds provided by the Insured to the Borrower in accordance with the Credit Contract for the financing of the investment into production for the Export,
  - i) a **Pre-Export Credit for Commercial Utilization of Intellectual Property** means financial funds provided by the Insured to the Borrower in accordance with the Credit Contract for the financing of the commercial utilization of intellectual property for the Export,
  - j) a **Credit** means a Pre-Export Credit for Production or a Pre-Export Credit for Investment,
  - k) 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,
  - l) an **Exporter** is a person realizing the export, who is either a natural person having the permanent residence on the territory of the Czech Republic or a legal person having the registered seat on the territory of the Czech Republic who is an entrepreneur according to the Civil Code, or a Foreign Company,
  - m) a **Producer** a person producing goods or providing services designated for the subsequent export being 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 according to the Civil Code, or a Foreign Company,

<sup>1</sup> § 331 and following of the Act No. 40/2009 Coll. Penal Code, as amended

- n) an **Importer** is a foreign entity importing from the Czech Republic pursuant to the Export Contract,
- o) 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,
- p) **Subject of Intellectual Property** is an output in the form of patented discoveries or inventions, utility models or industrial designs and related know-how which are a result of research, development or project work,
- q) **Commercial Utilization of Intellectual Property** represents development activities necessary for utilization of intellectual property in the domestic production from which at least 50 % share of products or services is subsequently exported for the purpose of fulfilment of obligations from the Export Contract or development activities necessary for fulfilment of obligations from the Export Contract having as its subject the sale of intellectual property or providing a licence to the subject of intellectual property,
- r) an **Export Receivable** is a receivable arising from an Export Contract;
- s) 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,
- t) 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 Civil 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 Managing Board or other similar managing body of the Company,
- u) 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 receivables of the Insured from the Borrower from a Credit, for the settlement of the principal, of interest from the Credit for each interest period, and fees arising from the Credit Contract as specified in the Insurance Contract (hereinafter the "insured receivables"). In case the Borrower is obligated to return provided financial sums in instalments in accordance with the credit contract, each of these instalments is considered for the purposes of the insurance to be a stand-alone insured receivable.
2. The insurance additionally covers the exchange rate risk of movement of the exchange rate of the Czech crown against the currency in which the supplier credit has been extended in case of indemnification (Article VIII., paragraph 11).
3. Under conditions and in the extent of the Insurance contract, the subject of insurance are also expenses of the Insured related to financing of the insured receivables during the waiting period (hereinafter the "refinancing expenses").
4. Unless specified otherwise in the Insurance Contract, the insurance shall not cover receivables for the settlement of the late interest, conventional fines, claims for compensation of damages and other receivables and claims of the Insured arising from the Credit Contract having penalty character.

## 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 the 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 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 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 from the Insurance Promise Contract are governed by the provisions of the Civil Code, particularly by the provisions of sections 1785 through 1788 relating to the agreement on a future contract.

## Article V. Insurance Contract (Insurance Period)

1. The Insurance Contract shall define, beside the usual essentials, primarily the commencement and expiration of the insurance, amount of the insurance premium and of the Self-Retention, and identification of the person of the Borrower.
2. 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 risk, the length and amount of the extended credit.
3. The Self-Retention amounts to at least 20%, 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.
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, 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.
7. Acceptance of an offer of the Insurance Contract with an addendum or with a deviation, although they are not substantially changing conditions of the offer, pursuant to the § 1740, par. 3 of the Civil Code, is excluded.

## Article VI. Duration of Insurance

1. 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.
2. 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) origination of an export receivable,
  - b) Insurer's Decision on Indemnification for the last insured receivable,
  - c) repayment of the Credit by the Borrower.
3. Insurance shall not expire on the day of refusal of the indemnification (unless stipulated otherwise in the Insurance Contract).

# INSURANCE LOSS AND INDEMNIFICATION

## Article VII. Insurance Loss

1. An insurance loss means a partial or full non-repayment of the Credit on the due date, nor even during the waiting period, if determined, for the reason of non-fulfilment of terms and conditions of the Export Contract on Exporter's or Producer's part for reasons stated in the paragraph 2 (insured peril). The origination of an Export Receivable is also understood as the repayment for the purposes of these Insurance Conditions.
2. The non-fulfilment of the terms and conditions of the Export Contract is understood as the inability of the Exporter to execute the Export Contract or the inability of the Producer to manufacture goods and/or provide services determined for the subsequent Export or an unsuccessful course of commercial utilization of intellectual property which has been found and confirmed by an expert designated by the Insurance Contract.
3. In case of the non-fulfilment of the terms and conditions of the Export Contract, an insurance loss arises after expiration of a waiting period in the duration of 3 months since the day when the Insured notifies the Insurer of the existence of a cause according to the paragraph 2 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 unpaid 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 later than six months after the Borrower's default has arisen. 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 part of the Credit, 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, amount of the unpaid insured receivable, 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 losses, the amount of the unpaid insured receivable on the day of the Decision on Indemnification shall be established as the basis, reduced by all settlements which the Insured received for the cover of the damage from the unpaid part of the Credit before the day of the Decision on Indemnification unless these settlements directly reduce the unpaid part of the insured receivable. The lost profit of the Insured is not covered. The origination of an Export Receivable shall also be considered as the received settlement.
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 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 for the unpaid part of the Credit 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 of the Insured.
10. Unless agreed otherwise between the Insured and the Insurer, the Insurer always starts from the original due date of individual credit instalments when determining the amount and date of the indemnification payment. If, based on the appropriate provision of the Credit Contract and for the reason of the Borrower's default, the Insured makes the Credit or its part payable prematurely (credit acceleration) or if they become prematurely due from other reason, these changes have no effect on the Insurer and the Insurer does not take them into account when determining the amount and date of the indemnification payment.
11. The indemnification is paid out in the Czech currency. For conversion from a foreign currency, the exchange rate determined according to the provision of the Article V., paragraph 4 of these Insurance Conditions shall be applied. Regarding the Article III. Par. 2, the exchange rate of the Czech National Bank valid on the day of the Decision on Indemnification shall be applied for conversion from another currency.
12. 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 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 Exporter or the Producer 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 has been 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 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,
  - e) if the insurance loss has occurred as a result of:
    - a wilful decision of the Insured without any economic reason having as a deliberate direct result impossibility for the Borrower to execute the Export Contract or leading to the non-fulfilment of the Credit Contract,
    - unjustified termination of the Export Contract on Importer's part or unjustified refusal of the Exporter's execution by the Importer,
    - circumstances covered by the insurance from subsequent Export Credit related to the Export Contract,
    - circumstances covered by the insurance according to the Insurance Conditions "V" for insurance against risk of losses resulting from inability of the Exporter to fulfil contractual obligations from an Export Contract (insurance of manufacturing risk).
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 stipulated by the Civil Code.
3. The Insurer has the right to reduce the indemnification in an appropriate extent if the insurance 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 Borrower's country,
    - b) by application of any provision of the Credit Contract or related documentation concluded or issued by the Insured 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,
    - 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 of an insurance loss, its course or on an increase of its consequences, or on the ascertainment or determination of the amount of the indemnification,
    - e) in other cases specified by law.

## 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 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 indemnification from the insured receivable from the Borrower. For these purposes, 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 extending security for the insured receivable or relevant financial 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 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. When 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 Insurer and the Insured shall conclude a contract on arrangement of rights and obligations where reciprocal rights and obligations in recovery of the insured receivable shall be regulated.

# RIGHTS AND OBLIGATIONS OF PARTICIPANTS IN INSURANCE

## 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 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 awarded 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 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) specify in connection with the terms and conditions of the Export Contract a schedule of drawdown of the Credit with regard to the apportionment of financial needs of the Borrower in individual phases of the production cycle and precisely specify volumes and purpose of each drawdown,
  - c) open a separate account serving for carrying out of all payment operations related to the financing of the production for the Export or for the investment into the production for the Export,
  - d) condition the drawdown of the Credit by evidencing by the Borrower of purposefulness of drawdown of the given amount of the Credit and take all necessary measures for excluding the possibility of the drawdown of the Credit by the Borrower for other than specified purposes,
  - e) 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,
  - f) refrain, after conclusion of the Credit Contract, from concluding any subsequent contract with the Borrower which would prevent, delay or restrict the settlement of the insured receivable,
  - g) secure, in an appropriate way, own rights towards the Borrower, Borrower's guarantors and third persons 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,
  - 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) in case the expenses related to the Insurance Contract are transferred on the Borrower, it is necessary to observe the condition to meet these expenses in advance in one lump sum and not to include them into the drawdown of the Credit Contract,
  - 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) send to the Borrower in case of the non-payment of the insured receivable within 5 working days from the due date a written reminder and inform the Insurer without delay on the non-payment of the insured receivable,
  - 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 recover, in a consistent way due insured receivables. 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; 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,
  - 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 X., 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 ability to collect the insured receivables,

- 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 IX. had occurred,
- s) to register duly and in a timely manner the insured receivables into insolvency proceedings in case of the insolvency proceedings,
- t) verify feasibility and profitability of the costing for the execution of the Export Contract and ensure a sufficient amount of resources for the financing of the production for the Export or for the financing of the investment into the production for the Export or to arrange contractually for this verification with a third party, its selection shall be approved by the Insurer; further details shall be defined in the Insurance Contract; in case the Insured has arranged for this obligation with a third party, the Insured is obligated to ensure by contractual means accountability of this third person for proper performance of its obligations.

## Article XII.

### Rights and Obligations of the Borrower

1. The Borrower is obligated to make drawdown of the Credit in compliance with the Credit Contract for the financing of the production for the Export or of the investment into the production for the Export.
2. The Borrower is obligated to extend to the Insurer all co-operation and information regarding the Export Contract and to inform the Insurer without unnecessary delay on origination of all Export Receivables and on all requests from the Importer for changes in the Export Contract which could have influence on the subject of the Insurance Contract.
3. The Borrower is obligated to arrange in an adequate scope the insurance of industrial risks covering particularly natural risks, liability for damages risk, interruption risk and lost profit.

## Article XIII.

### Rights and Obligations of the Insurer

1. The Insurer has the particular right to:
  - a) the insurance premium for the whole period of duration of the insurance,
  - b) request from the Insured submission of the Credit Contract and the Export Contract, including their 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) 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,
  - d) request from the Insured the proper enforcement of the claims against the Borrower or third persons,
  - e) negotiate with the Borrower the follow-up procedures in recovery and collection of the insured receivable independently from the assumption of the unpaid insured receivable,
  - 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,
2. The Insurer is obligated to:
  - a) perform, on the basis of a Notice of a Threat of an Insurance Loss, a proper investigation connected with ascertainment of origin, cause and 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 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.

## Article XIV.

### Insurance of Receivables from Pre Export Credit for Investment

1. The Insurer shall decide on the insurance of the receivables from the Pre-Export Credit for Investment on the basis of a request of the Insured after assessing the economic situation of the Borrower and export deal and of proven abilities of the Borrower to fulfil obligation from the Export Contract(s) and of the proof to the Insurer of return of the investment.
2. The Pre-Export Credit for Investment may be extended, provided the repayment of at least 75 % of the Pre-Export Credit for Investment is secured by the concluded Export Contracts and, simultaneously, the conditions is met that at least 75 % of the total production of the Borrower is designated for the Export.

3. In case of the insurance of the receivables from the Pre-Export Credit for Investment, the Insured is obligated, further to obligations mentioned in other provisions of these Insurance Conditions, to:
  - a) confirm, before granting a Credit, that the Borrower has secured the repayment of the Credit either by the Export Credits from which the Export Receivables will originate no later than on the due date of the Pre-Export Credit for Investment for at least 75 % of the amount of the Credit, or it is secured in other way acceptable for the Insured and the Insurer,
  - b) confirm, before granting the Credit, that the production for the Export will enable a sufficient formation of resources necessary for the repayment of the Credit for the financing of the investment into the production for the Export,
  - c) verify whether the receivables from the Pre-Export Credit for Investment are secured by further contracts, so their execution will mean for the Borrower such formation of the resources, that it shall secure the financial means for the usual operation of the company together with the Pre-Export Credit for Investment,
  - d) provide the Insurer with further data requested by him for the analysis.
4. In case of the insurance of the receivables from the Pre-Export Credit for Investment, the Borrower is obligated, in addition to obligations mentioned in other provisions of these Insurance Conditions, to:
  - a) ensure, sufficiently ahead of time, that a subsequent insurance of the Export Receivables is negotiated for the whole duration of the insurance according to these Insurance Conditions,
  - b) submit to the Insured and to the Insurer the business plan, liquidity plan, plan statements for the period of the duration of the Credit as well as other documentation requested by the Insurer,
  - c) have the repayment of the Pre-Export Credit for Investment ensured either by the Export Contracts from which the Export Receivables will originate no later than on the due date of the Pre-Export Credit for Investment for at least 75 % of the amount of the Credit, or by other way acceptable for the Insured and the Insurer,
  - d) ensure that the production for the Export will enable a sufficient formation of the resources necessary for the repayment of the Pre-Export Credit for Investment,
  - e) provide the Insurer with further data requested by him for the analysis.

## Article XV.

### Insurance of Receivables from Pre Export Credit for Commercial Utilization of Intellectual Property

1. The Insurer shall decide on the insurance of the receivables from the Pre-Export Credit for Commercial Utilization of Intellectual Property on the basis of a request of the Insured after assessing the economic situation of the Borrower and export deal and of proven restorability of expenses for commercial utilization of intellectual property from receipts from the export of technology.
2. The Pre-Export Credit for Commercial Utilization of Intellectual Property may be extended, provided the concluded Export Contract ensures repayment of the Pre-Export Credit for Commercial Utilization of Intellectual Property or by other way acceptable for the Insured and the Insurer.
3. In case of the insurance of the receivables from the Pre-Export Credit for Commercial Utilization of Intellectual Property, the Insured is obligated, additionally to obligations mentioned in other provisions of these Insurance Conditions (with the exception of the Art. XIV), to:
  - a) prove before granting a Credit that the Borrower is the holder of rights to intellectual property by e.g. an excerpt from the relevant register of industrial rights also in the country of the final destination of the Export,
  - b) confirm, before granting the Credit, that the Borrower has secured repayment of the credit either by an Export Contract from which export receivables arise not later than the repayment date of the Pre-Export Credit for Commercial Utilization of Intellectual property or by other way acceptable by the Insured and Insurer,
  - c) request before granting a Credit an expert opinion on expected application utilization of the intellectual property,
  - d) request before granting a Credit an expert opinion on scope of rights to intellectual property,
  - e) confirm before granting a Credit that commercial utilization of intellectual property for the Export ensures sufficient creation of resources necessary for the repayment of the Credit for Commercial Utilization of Intellectual Property,
  - f) verify whether the receivables of the Insured from the Pre-Export Credit for Commercial Utilization of Intellectual Property are secured by contracts, execution of which will mean for the Borrower such formation of the resources that it shall secure sufficient financial means for the usual operation of the company of the Borrower together with own resources of the Borrower and with the Pre-Export Credit for Commercial Utilization of Intellectual Property.
  - g) provide the Insurer with further data requested by him for the analysis
4. In case of the insurance of the receivables from the Pre-Export Credit for Commercial Utilization of Intellectual Property, the Borrower is obligated, in addition to obligations mentioned in other provisions of these Insurance Conditions, to:
  - a) ensure sufficiently legal protection of the subject of intellectual property also in the country of the final destination of the Export,
  - b) ensure, sufficiently ahead of time, that a subsequent insurance of the Export Receivables is negotiated for the whole duration of the insurance according to these Insurance Conditions or collection from utilization of intellectual property is ensured in other way,

- c) submit to the Insured and to the Insurer the business plan, liquidity plan, plan statements for the duration of the Credit as well as other documentation requested by the Insurer,
- d) have the repayment of the Credit ensured either by the Export Contracts from which the Export Receivables will originate no later than on the due date of the Pre-Export Credit for Commercial Utilization of Intellectual Property or by other way acceptable for the Insured and the Insurer,
- e) ensure that the commercial utilization of intellectual property for the Export will enable a sufficient formation of the resources necessary for the repayment of the Pre-Export Credit for Commercial Utilization of Intellectual Property,
- f) provide the Insurer with further data requested by him for the analysis.

## Article XVI. Final Provisions

1. Relations not regulated by the Insurance Contract or Insurance Conditions are governed by the relevant provisions 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 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 some provisions of Insurance Conditions or Insurance Contract become even at least partially invalid, ineffective, apparent or non-applicable as a result of changes in legal regulation, this shall not make remaining provisions invalid, ineffective, or apparent.
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.
9. In compliance with provisions of section 1801 of the Civil Code, the Insurer, the Policyholder and the Borrower who are entrepreneurs depart from relevant provisions of sections 1799 and 1800 of the Civil Code on adhesion contracts. In this way, the potential invalidity of provisions of these Insurance Conditions or Insurance Contract for contradiction with the mentioned provisions on adhesion contracts is excluded, particularly, invalidity of:
  - i. clauses referring to conditions outside the wording of the Insurance Contract as such where the Policyholder and/or the Borrower were not made acquainted with their content and also knowledge of the Policyholder and/or the Borrower of their meaning will not be proven;
  - ii. clauses which can be read with extraordinary difficulties only or clauses which are unintelligible for a person of average intellect even in the case when it causes detriment to the Policyholder and/or the Borrower and its meaning has not been sufficiently explained to the Policyholder and/or the Borrower; and
  - iii. clauses which are particularly disadvantageous for the Policyholder and/or the Borrower without any reasonable ground, particularly when the Insurance Contract or Insurance Conditions differ substantially and without any particular reason from usual conditions negotiated in similar cases.