

# GENERAL INSURANCE CONDITIONS

for Insurance of a Medium and Long Term  
Export Supplier Credit against  
the Risk of Non Payment

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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 "C" (hereinafter the "Insurance Conditions") regulate terms and conditions of insurance of receivables from an export supplier credit against the risk of non-payment resulting from political or non-marketable commercial risks (hereinafter the "insurance"). The Insurance Conditions form an inseparable part of the Insurance Contract.
2. The insurance is provided by the Export Guarantee and Insurance Corporation, in accordance with the Act No. 58/1995 Coll., on Insuring and Financing of Export with State Support and on Amendment to the Act No. 166/1993 Coll., on the Supreme Audit Office, as amended and with the Act No. 89/2012 Coll., the Civil Code as amended (hereinafter the "Civil Code").
3. The insurance covers an individual Export Contract where the length of the supplier credit extended by the Exporter to a foreign buyer is usual for a given kind of the Export Contract and the given country, and it lasts 2 and more years.
4. Unless specified otherwise in the Insurance Contract, at least 15 % of the value of the export has to be paid by the Importer before or, at the latest, on the date the Export has been executed.
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 extended in accordance with these Insurance Conditions.
6. The insurance according to these Insurance Conditions is concluded as an insurance against loss and damage.
7. 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 an Exporter, or a natural or legal person to whom the Exporter has ceded its receivable from the Export Contract by a contract in writing,
  - c) the **Policyholder** is a person who has concluded an Insurance Contract with the Insurer,
  - d) the **Beneficiary** is a person for whom the right for an indemnification payment has arisen from an insurance loss,
  - e) an **Exporter** is a person 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,
  - f) an **Importer** is a foreign entity importing from the Czech Republic pursuant to the Export Contract,
  - g) a **Public Importer** is an Importer who has been authorised with the execution of the state power or public administration, who cannot be legally declared as being incapable of fulfilling his obligations, especially the Ministry of Finance, the Central Bank, local self-governing bodies on all levels or other public institutions, or foreign entities having as a controlling entity the state, a local self-governing body or a public administration body,
  - h) an **Export Supplier Credit** is a time deferral between fulfilment of the obligation of the Exporter and the obligation of the Importer to pay to the Exporter for performance extended by the Exporter to the Importer pursuant to the Export Contract,
  - i) 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,
  - j) 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,
  - k) 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,
  - l) 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
  - m) the **Self-Retention** means a portion of the Beneficiary on losses, which are covered by the Insurance Contract expressed in percentage points.
2. The provisions of these Insurance Conditions applicable on the Importer shall apply accordingly on the Public Importer with the exception of the provisions of the Article VIII., paragraph 2, letter a).

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

### Article III. Subject of Insurance

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

### Article IV. Environmental Impact of the Export

1. The Insurer reserves the right to request from the Exporter a presentation of an environmental impact assessment of the Export in the country of its final destination if it is a project with a potential environmental impact (hereinafter the „environmental impact assessment“).
2. The exporter is obligated to present the environmental impact assessment at conclusion of the Insurance Contract at the latest.
3. An environmental impact assessment determining, among others, obligatory limits, which have to be respected by the Exporter, is to be understood as:
  - a) an assessment presented in Czech and English, prepared by a person authorised according to legal regulations in the country of the final destination of the Export on condition the environmental impact of the Export complies with international rules; the certificate of authorization of such person has to be enclosed to the assessment,
  - b) an assessment presented in English, recognized by an international financial institution in the event the Export is financed by this institution, an assessment presented in English recognized by a foreign credit insurance company in the event the Export is a part of a project in insurance of which this foreign credit insurance company participates, or
  - c) an assessment presented in Czech and English, prepared by an executor contained in a list of expert executors of environmental assessments recognized by the Insurer.
4. In the event the environmental impact assessment proves the negative impact of the export project on the environment, the Insurer has the right to refuse conclusion of the Insurance Contract even in case the Insurance Promise Contract has already been concluded.
5. The Insurer has the right to request from the Exporter submission of monitoring reports on compliance with conclusions of the environmental impact assessment, particularly during the realization of the project; the Insurance Contract shall regulate particulars.
6. The Exporter is obligated:
  - a) to arrange for preparation of the environmental impact assessment,
  - b) to observe limits specified in the environmental impact assessment during execution of an export project,
  - c) to request from the executor of the environmental impact assessment an evaluation of impact of changes on the environment in the event there have been significant changes in the export project or such changes may take place,
  - d) to submit to the Insurer monitoring reports on compliance with the environmental impact assessment, if specified so in the Insurance Contract,
  - e) to publish results of the assessment or its summary in such way that this document is available to the public at least 30 days before commencement of the insurance.
7. The Insurer has the right of recourse against the Exporter if the insurance loss has occurred for reasons of failure to comply with conditions contained in the environmental impact assessment.

## INSURANCE PROMISE CONTRACT, INSURANCE CONTRACT

### Article V. 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 Importer'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 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 VI. Insurance Contract

1. The Insurance Contract shall define, beside the usual essentials, primarily the commencement and expiration of the insurance in relation to the Export Contract, the amount of the insurance premium and of the Self-Retention, and identification of the person of the Importer.
2. The Insurance Contract may be concluded with the natural person or with the legal person to whom the Exporter has ceded his receivable from the Export Contract by a contract in writing.
3. Unless specified otherwise in the Insurance Contract, the Policyholder is obligated to pay the agreed insurance premium in one lump sum and in the time specified in the Insurance Contract. The amount of the insurance premium shall be negotiated in accordance with the scope of the risk insured (volume of the export), agreed payment terms, methods of securing payments, assessment of the character of the Importer and his risk rating, the risk classification of the country or territory related to execution of the Export Contract and the percentage of the Self-Retention. The negotiated amount of the insurance premium already contains a possible increase or decrease of the insurance risk and is unchangeable during the whole duration of the insurance. In this connection, the insurance risk is understood as the classification of the country in accordance with the extent of the export credit risk, particularly the classification of the country into individual risk categories established by the Insurer.
4. The Self-Retention amounts to 10 %, 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.
5. 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.
6. 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.
7. The Insurance Contract may also be concluded to the benefit of a third person (Beneficiary), particularly to a bank.
8. 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.
9. 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 section 1740, par. 3 of the Civil Code, is excluded.

## Article VII. Duration of Insurance (Insurance Period)

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 these Insurance Conditions, the insurance expires also by a complete repayment of the insured receivables or, if an insurance loss has occurred, by a decision of the Insurer on the indemnification for the last insured receivable.
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 VIII. Insurance Loss

1. An insurance loss means a partial or full non-payment of an insured receivable on the due date, nor even during the waiting period, if the latter is specified, in the event that the Importer's default results directly and exclusively from one or more causes stated in the paragraph 2 (the commercial risk) or paragraph 3 (the political risk) of this Article (insured peril). It is possible to agree in the Insurance Contract on limitation of the insurance to the events specified in the paragraph 3 of this Article.
2. Causes representing the commercial risk are understood as following:
  - a) insolvency of the Importer, especially declaration of insolvency or refusal of the petition for the declaration of insolvency for the lack of the Importer's assets, or other circumstances, which are established by the law of the Importer's country as having the same or similar legal consequences as insolvency (financial insolvency),
  - b) refusal of payment of the insured receivable by the Importer without any legal reason (protracted default).
3. Causes representing the political risk are understood as following:
  - a) administrative decisions or legal measures or interventions of authorities of a foreign country, which prevent the payment of the insured receivable by the Importer without the Importer's fault or provocation,
  - b) any measures or decisions of the government of the country of the Insurer or the Policyholder and/or the Insured, including the measures and decisions of the European Community related to trade between the member state and third countries unless its consequences are covered in other way by the respective government,
  - c) impossibility, delay or restriction of the transfer or conversion of payments as a result of political events, legislative or administrative measures or serious economic difficulties in the Importer's country or in the country through which the payments are to be executed (especially declaration of insolvency of the country, declaration of the payments moratorium or introduction of a foreign exchange regime disallowing the conversion of the domestic currency or limiting in any other way the transfer of payments abroad or conversion of the currency) provided the Importer has deposited an appropriate counter-value of the due amount in the domestic currency and has taken all necessary steps for the transfer of the payments or for the conversion of the currency,
  - d) other political events in the Importer's country, especially war, revolution, uprising, civil war, civil riots, general strike,
  - e) natural disaster in the Importer's country,
  - f) non-payment of a receivable by a Public Importer.
4. In case of an insolvency, the insurance loss occurs on the day when the Insured notifies the Insurer of the existence of a cause according to the paragraph 2, letter a) by means of delivering to the Insurer a filled-in Insurer's form of the Notification of a Threat of an Insurance Loss, and also by providing evidence that the Insured has duly and in timely manner registered his insured receivables in the bankruptcy proceedings or in the proceedings according to the paragraph 2, letter a). The Insured has the right to request from the Insurer consultation regarding steps necessary for the proper registration of the insured receivable.
5. In case of a protracted default and of political risk, the insurance loss occurs after expiration of a waiting period of six months from the day the Insured had notified the Insurer of the existence of a cause according to the paragraph 2, letter b) or the paragraph 3, by means of delivering to the Insurer a filled-in Insurer's form of the Notification of a Threat of an Insurance Loss. The Insurer may reduce the waiting period by a unilateral decision.



## Article IX. Indemnification

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

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

1. The obligation of the Insurer to indemnify shall not arise (exclusions from insurance):
  - a) if the rights resulting from the Export Contract have been transferred to a third person without a prior written consent of the Insurer,
  - b) if, without a prior written consent of the Insurer and during the validity period of the insurance, the Insured and the Importer have become economically or personally related persons, when one person participates, directly or indirectly, in management, control, or capital stock of the other. Participation in the capital stock of the other person means holding of shares or of a portion representing at least 10 % of the capital stock of the person in question,
  - c) in case of a dispute between the Insured and the Importer concerning performance of the Export Contract 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 receivable was denied by the insolvency receiver and if it was not subsequently approved by the insolvency receiver, or if the denied insured receivable was not accepted by a court decision when the denial of the insured receivable had been made on the basis of an evidently discriminatory action of the insolvency receiver or of the court; in such case the Insurer shall proceed by analogy according to the Art. VIII, paragraph 3, letter a),
  - e) if the Insured or a person acting for the Insured or on behalf of the Insured violates standards and practices of international law, which are binding for the Czech Republic<sup>2</sup>.
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 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 non-payment of the insured receivable has been caused, directly or indirectly:
    - a) by the Insured or a person acting for the Insured or on behalf of the Insured, especially by violation of Export Contract conditions or by violation of the relevant legal regulations valid in the Importer's country or in the country through which the payment has been (or should have been) executed,
    - b) by the application of any provision of the Export Contract or related documentation, or by negotiation of terms and conditions of the Export Contract which depart from international business conventions and practices, which restrict the rights of the Insured or possibility of their implementation and enforcement,
    - c) by an erroneous financial concept of the Export Contract,
    - d) by a subsequent agreement between the Insured and the Importer made after the date of conclusion of the Export Contract which inhibits, delays or limits the repayment of the insured receivable,
    - e) if the Insured has violated the obligations towards the Insurer as specified in the Insurance Contract, Insurance Conditions, and in respective provisions of the generally binding regulations related to the insurance, and this violation had a significant influence on an occurrence of an insurance loss, its course or on an increase of its consequences, or on the ascertainment or determination of the amount of the indemnification,
    - f) in other cases stipulated by the Civil Code.

## Article XI. Cession of Rights

1. Concurrently with the partial or full payment of the indemnification, the Insurer is entitled to request the Insured to transfer, cede or otherwise surrender financial claims the Insured has on the Importer in a way effective towards the Importer. Upon the Insurer's request, the Insured is obligated to transfer, cede, or otherwise convey at the same time, all rights connected with these claims, especially the rights from guarantees or other forms of security.
2. Notwithstanding the cession of claims, the Insured is always obligated to enable the Insurer to recover the insured receivable from the Importer. For this purpose, the Insured is obligated to submit to the Insurer all documents related to the insured receivable, and to provide the Insurer with the necessary co-operation, without unnecessary delay.
3. For reasons of expediency of the recovery of the insured receivables or for simplification of the legal procedures against the Importer, the Insurer may authorise the Insured or a person appointed by the Insured with the recovery of the insured receivables from the Importer or as the case may be, from persons guaranteeing the insured receivable or pertinent 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 Importer 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 Art. 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.

<sup>2</sup> Convention on Combating Bribery of Foreign Public Officials in International Business Transactions (Communication of the Ministry of Foreign Affairs Nr. 25/2000, Collection of International Agreements)

## RIGHTS AND OBLIGATIONS OF CONTRACTING PARTIES

### Article XII.

#### 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 the indemnification within the time limit of fifteen days from the date of the Decision on Indemnification.
2. The Insured is obligated to:
  - a) proceed in the process of negotiation of the Export Contract with due care and caution while taking into account international business conventions and practices, especially to pay regard to an exact and legally binding identification of contracting parties, to agree upon a suitable clause on selection of the applicable law, and to regulate the way of solution of disputes,
  - b) comply with terms and conditions of the Export Contract and with respective legal regulations valid in the country of the Importer or in the country through which the payment is to be (or should have been) executed,
  - c) refrain from application of any provision of the Export Contract or related documentation, or from negotiation of such terms and conditions of the Export Contract which differ from international business conventions and practices, which restrict the rights of the Insured or possibility of their implementation and enforcement,
  - d) refrain, after conclusion of the Export Contract, from concluding any subsequent contract with the Importer which would prevent, delay or restrict the settlement of an insured receivable,
  - e) secure, in an appropriate way, own rights towards the Importer, Importer's guarantors and third persons and to take care that the Export Contract or other agreements with the Importer or a third person do not restrict pertinent claims of the Insurer or that they do not make their enforcement more difficult,
  - f) ensure that the subject of export is insured properly (against theft, destruction, loss, and such) until the time of acceptance of the delivery by the Importer in relation to terms of delivery negotiated between the Exporter and the Importer in the Export Contract,
  - g) provide the Insurer with an exact and true information on own economic situation, financial and legal status, and all information known to the Insured on economic situation, financial and legal status of the Importer, even without being requested to do so by the Insurer,
  - h) inform the Insurer without delay and to refuse performance from of the Export Contract upon occurrence of circumstances known to the Insured which might lead to an origination of an insurance loss or to an increase in its extent, or which may affect obligations of the Insurer resulting from the Insurance Contract,
  - i) inform the Insurer without delay on an agreement on a concurrent insurance with another Insurer against the same or similar risk,
  - j) participate in the insured risk in the extent of the agreed Self-Retention and not to conclude another insurance for the Self-Retention,
  - k) in case of a non-payment of an insured receivable, to send to the Importer a written reminder for the payment, not later than five working days from the due day and to inform the Insurer on the non-payment of the insured receivable without delay,
  - l) take individually, or by agreement with the Insurer, all reasonable steps aimed at preventing the occurrence of an insurance loss or the increase in its extent, especially to demand his claims properly and in time, and to enforce consistently repayment of the due insured receivable. The Insured is liable for reduced recoverability or legal enforceability of the insured receivables caused by their late presentation to court or to other relevant authority,
  - m) co-ordinate with the Insurer any steps taken in order to prevent a threat of an insurance loss to occur or to reduce its consequences; to take all necessary steps against the Importer or a third person with a prior consent of the Insurer only; in case the Insurer does not inform the Insured on his opinion to the proposed procedure within 10 working days since receiving the request of the Insured, or does not agree with the Insured any other deadline for the giving his opinion, it is considered as if the Insurer gave his consent to the proposed procedure,
  - n) conclude, simultaneously with the indemnification payment and on suggestion of the Insurer, a contract on cession of receivables which the Insurer indemnifies, or to conclude, in compliance with the Article XI., a contract on arrangement of rights and obligations,
  - o) enable the Insurer assertion of claims, especially the claims for the compensation of damages, which belong to the Insured,
  - p) return to the Insurer the paid-out indemnification if the Insured prevented the Insurer to carry out the rights ceded to him, or their cession was refused by the Insurer, or the Insured has not enabled the Insurer to carry them out properly, or if the Insured has complicated the recovery of the receivables for which the Insurer had paid the indemnification,
  - q) return to the Insurer the indemnification if it had been paid out on the basis of incomplete or untruthful information, or without the rightful title for the payment of the indemnification, or if such claim later ceased to exist



- or if it had come out that facts mentioned in the Article X had occurred,
- r) to register duly and in timely manner the insured receivables into insolvency proceedings in case of the insolvency proceedings (and/or similar proceedings which are established by the law of the Importer's country as having similar consequences). The Insured is entitled to request from the Insurer consultations regarding steps necessary for the proper registration of the insured receivable.
2. The Insured may not, without a prior written consent of the Insurer:
    - a) agree with the Importer on a change in conditions of the Export Contract (especially the change in due dates or amounts of individual instalments),
    - b) establish the right of lien on the insured receivables or to encumber these receivables in any other way,
    - c) cede the insured receivables to a third person.

### **Article XIII. Rights and Obligations of the Insurer**

1. The Insurer is obligated to:
  - a) perform a proper investigation necessary to determine the extent of the Insurer's obligation to provide the indemnification,
  - b) state the results of the investigation in the Decision on Indemnification and to inform the Insured on its contents,
  - c) pay the indemnification within the time limit of fifteen days from the date of the Decision on Indemnification,
  - d) preserve the documents entrusted and provided to the Insurer with due care.
2. The Insurer has the particular right to:
  - a) request payment of the insurance premium for the whole period of validity of the insurance,
  - b) request from the Insured submission of the Export Contract, including its modifications and supplements and documentation related thereto; in doing so, the Insurer does not become responsible for the content and form of this contract and documents,
  - c) increase the insurance premium rate and the Self-Retention in case that the export contract and related documents concluded or issued by the Insured had been modified without a prior consent of the Insurer,
  - d) verify the truthfulness and exactness of the submitted documents and of all data and information given by the Insured, while respecting the generally binding regulation on the banking and business secrecy,
  - e) request from the Insured the proper enforcement of the claims against the Importer or third persons,
  - f) agree with the Insured subsequent steps in recovery and collection of the insured receivable independently from acquiring the unpaid insured receivable and after payment of the indemnification,
  - g) claim from the Insured the repayment of the paid-out indemnification or compensation of damages in case that the indemnification has been provided on the basis of untruthful information, or without the rightful title for payment of the indemnification, or if such a claim later ceased to exist or if it had come out that facts mentioned in the Article X. had occurred.

### **Article XIV. Cession of Receivable**

1. The Insured has the right to cede the insured receivables to a bank, or to other subject who has provided financing of the Export Contract (Cessionary), only with a prior written consent of the Insurer. Further terms and conditions for the cession of the insured receivables, including the obligations of the Insured, shall be specified in the Insurance Contract. The cession of the insured receivables shall cease to exist when it has been carried out without a prior written consent of the Insurer. After the cession of the insured receivable, the Cessionary is the Insured and the Assignor is the Policyholder in the sense of the Civil Code.
2. The Cessionary is not entitled to more rights than the Insured and the rights of the Insurer from the Insurance Contract and from these Insurance Conditions remain enforceable notwithstanding the above-mentioned cession of the rights.

## Article XV. 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 authorisation for entrepreneurial activities, 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 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 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 and the Policyholder who is an entrepreneur 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 was not made acquainted with their content and the knowledge of the Policyholder 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 its meaning has not been sufficiently explained to the Policyholder;
  - iii. clauses which are particularly disadvantageous for the Policyholder without any reasonable ground, particularly, when the Insurance Contract or these Insurance Conditions differ substantially and without any particular reason from usual conditions negotiated in similar cases.