



CREDIRECT

**General Insurance Conditions
for the insurance against the risk of non-payment of receivables**

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These General Insurance Conditions shall take effect as of 1 January 2014

Capitalised terms are defined in Article 10 of the Insurance Conditions, and the meaning thereof is binding also for the interpretation of the policy.

ARTICLE 1

INTRODUCTORY PROVISIONS

- 1.1 The insurance under these General Insurance Conditions (hereinafter referred to as the “Insurance Conditions”) is insurance against the risk of non-payment of Insured Receivables due from Customers resulting from the supply of goods and/or provision of services under a Policy entered into between the Insured and the Customer.
- 1.2 The insurance risk is the risk of non-payment of an Insured Receivable as a result of Insolvency of the Customer or as a result of Protracted Default of the Customer.
- 1.3 Where the Insured and the Policyholder are two different entities, the Policyholder shall ensure that the obligations of the Insured under the Policy or the Insurance Conditions are performed.

ARTICLE 2

INSURANCE INTEREST, INSURED RECEIVABLES

- 2.1 Insured Receivables are Receivables that meet simultaneously all the following conditions
 - a) they occurred during the term of the policy and simultaneously during the term of the relevant Credit Limit defined for the Customer, provided that the conditions of the Credit Limit have been met;
 - b) at the moment of their occurrence, their due date is agreed to be no earlier than the day following the Delivery, and the due date does not exceed the longest Term of Payment specified in the policy or in the Credit Limit, if the limit contains it;
 - c) they were invoiced no later than 1 month after the day of Delivery.
- 2.2 The insurance does not apply to receivables:
 - a) occurring as late payment interest, contractual penalties or other sanction-based receivables;
 - b) occurring as damages or unjust enrichment;
 - c) resulting from financial transactions (provision of a loan, guarantee, financial bond, etc.), leases, subleases, lodging, land tenancy;
 - d) occurring when the insurance was suspended;
 - e) occurring prior to the beginning or after the expiry of the term of the relevant Credit Limit, unless otherwise agreed with the Insurer;
 - f) acquired by the Insured upon assignment, contribution to the registered capital of the Insured, or Receivables that transferred to the Insured in connection with a reorganisation or in any other similar manner;
 - g) due from a Customer that is, in regard to the Insured, the Policyholder or the Beneficiary, in any of the relationships defined in Section 78(2) of Act No. 90/2012 Coll. on corporations, as amended, or that forms a concern with any of them, or that is, along with any of them, influenced by the same influencing party or controlled by the same controlling party;
 - h) occurring after a Notification of a Threat of an Insured Event was or should have been sent to the Insurer;

- i) that are defined as such in the policy or another contractual provision.

ARTICLE 3

OCCURRENCE, DURATION AND EXPIRY OF COVERAGE; TERM OF POLICY

3.1 OCCURENCE OF THE COVERAGE

The insurance of individual Receivables shall occur on the day of Delivery of goods or services to the Customer in accordance with the agreed delivery terms and conditions.

3.2 EXPIRY OF THE COVERAGE

The insurance of Insured Receivables shall expire:

- a) upon the day of payment of the Insured Receivable; in the event of partial payment of the Insured Receivable, the unpaid part thereof shall remain insured; payment shall be deemed to include also the set-off of receivables or a similar legal institute with which the termination of a Receivable is associated;
- b) upon the day following the lapse of the time limit for the Notification of a Threat of an Insured Event; if the notification has been sent, but did not contain all the Insured Receivables, the insurance of those Insured Receivables that have not been included therein shall expire;
- c) upon the day of assignment of an Insured Receivable to a third party without the Insurer's consent;
- d) if a turnover declaration has not been sent by the agreed day or if the turnover declaration was not complete; the insurance shall expire in respect of Insured Receivables that have not been reported upon the lapse of the time limit for the turnover declaration, or
- e) upon the extension of the due date thereof without the written consent of the Insurer, if such an extended due date exceeds the longest Term of Payment specified in the policy or in the Credit Limit.

3.3 SUSPENSION OF THE COVERAGE

- 3.3.1 The insurance shall be suspended if the premium (including any underpayment of the minimum premium and of the malus) has not been paid.
- 3.3.2 The period of suspension shall commence upon the expiry of two months after the due date of the oldest unpaid receivable in respect of the premium.
- 3.3.3 During the period of suspension
 - a) the insurance of Receivables that occurred during the period of suspension of insurance shall not occur, and simultaneously
 - b) loss occurrences occurring during the period of suspension of insurance shall not be deemed to be insured events even if they otherwise meet the definition of an insured event.
- 3.3.4 The suspension of insurance shall end on the day when all the Insurer's due receivables under the policy or relating thereto have been paid.

3.4 TERM OF POLICY

- 3.4.1 A policy shall be deemed to be for the term of insurance specified in the policy.
- 3.4.2 A policy shall expire
- a) upon the expiry of the term of insurance, unless it has been extended;
 - b) upon non-payment of the premium, specifically upon the day following the lapse of the period indicated by the Insurer in a payment reminder;
 - c) upon agreement of the parties;
 - d) upon the issuance of a decision by which the Policyholder is declared bankrupt.
- 3.4.3 The termination of the policy shall not affect the existence of the insurance of individual Insured Receivables in respect of which the coverage occurred during the term of the policy.
- 3.4.4 It has been agreed between the parties that Sections 2805 to 2808 of the Civil Code concerning the termination of insurance shall not apply.

ARTICLE 4

CREDIT LIMIT

4.1 CREDIT LIMIT

- 4.1.1 The credit limit represents the maximum balance of Insured Receivables for which indemnity may be paid in the event of the occurrence of an insured event.
- 4.1.2 The Insurer shall determine the Credit Limit upon the Policyholder's request in respect of each particular Customer by issuing the Insurer's Credit Limit Decision (hereinafter referred to as the "Decision"). The Decision shall be deemed to mean any decision issued by the Insurer with regard to the modification or termination of a credit limit.
- 4.1.3 The Insurer shall have the right to increase, reduce or terminate the Credit Limit at any time. Within an issued Decision, the Insurer shall have the right to define or modify a condition required for the occurrence of the coverage. The conditions of the Credit Limit shall take precedence over the provisions of the policy or of the Insurance Conditions, as well as over any amendments to the policy or other agreements agreed prior to the definition of the condition of the Credit Limit, unless otherwise specified in a later amendment to the policy.

4.2 TERM OF CREDIT LIMIT

- 4.2.1 The term of a Credit Limit means the specification of the period of time within which Insured Receivables from a particular Customer may occur.
- 4.2.2 The Credit Limit shall take effect from the effective date thereof until terminated, unless otherwise specified in the Decision.
- 4.2.3 When submitting a request for a new Credit Limit or for a modification of an existing Credit Limit, the Policyholder or the Insured shall inform the Insurer about all instances of non-payment of Receivables on the part of the Customer, as well as any and all circumstances that may lead to the Customer's insolvency or adverse economic situation and that are known to the Policyholder at the time of the submission of the request.

- 4.2.4 The Decisions are strictly confidential. The Policyholder and the Insured shall maintain the confidentiality of the contents thereof and refrain from disclosing the contents thereof to any third parties without the Insurer's consent.

4.3 MODIFICATIONS OF CREDIT LIMIT

- 4.3.1 A Decision that increases the Credit Limit shall be deemed to mean that as of the effective date of the increase in the Credit Limit, the previous Decision has been modified by increasing the total amount of the limit, and the new amount of the Credit Limit specified in the Decision comprises both the amount by which the limit has been increased and the original amount thereof. The increase in the Credit Limit shall take effect from the day specified in the Decision and shall apply to Insured Receivables occurring no earlier than that day.
- 4.3.2 In the event of reduction of the Credit Limit, the new amount of the Credit Limit shall apply to Insured Receivables occurring after the effective date of the Decision, and Insured Receivables occurring prior to that date shall remain insured up to the original amount of the Credit Limit. New Insured Receivables occurring after the effective date of the new amount of the Credit Limit may then be indemnified only after the Insured Receivables occurring at the time when the original amount was in effect have been paid, or if the Credit Limit has been loosened as of the date of the Notification of a Threat of an Insured Event to such an extent as to ensure that newly occurring Insured Receivables may be included thereunder.
- 4.3.3 In the event of termination of a Credit Limit, the Credit Limit shall terminate upon the day specified in the Decision concerning the termination thereof. In such a case, the Credit Limit shall apply to all Insured Receivables that occurred no later than the date of termination of the Credit Limit.
- 4.3.4 In the event that a condition of the Credit Limit has been newly defined or modified, that condition shall apply to all Insured Receivables occurring after the effective date of such newly defined or modified condition.

ARTICLE 5

INSURED EVENT

5.1 NOTIFICATION OF A THREAT OF AN INSURED EVENT

- 5.1.1 In the event that the Customer has failed to pay any of the Receivables of the Insured by the due date, the Insured shall send to the Insurer a Notification of a Threat of an Insured Event in respect of the Customer, and shall do so no later than the last day of the time limit for the Notification of a Threat of an Insured Event, as specified in the policy.
- 5.1.2 The time limit shall commence on the day following the due date indicated on the invoice for the unpaid Receivable the due date of which is the earliest, and shall end upon the lapse thereof or upon the delivery of the Notification of a Threat of an Insured Event to the Insurer. The extension of the due date, if any, shall have no impact on the commencement of the time limit.
- 5.1.3 In the event of insolvency, the Insured shall deliver the Notification of a Threat of an Insured Event to the Insurer within 1 month of the day following the day on which the Insured learned or should have learnt about the insolvency, unless the time limit for the Notification of a Threat of an Insured Event, as specified in paragraphs 5.1.1 and 5.1.2 of this Article, has expired on an earlier

date.

- 5.1.4 In the Notification of a Threat of an Insured Event, the Insured shall indicate any and all Receivables due from the Customer in respect of whom the Notification of a Threat of an Insured Event is being submitted and any other receivables, which are not Receivables under the definition referred to in Article 10.

5.2 INSURED EVENT

- 5.2.1 An insured event is a loss occurrence where all the conditions laid down by the policy, the Insurance Conditions, the Credit Limit, and the applicable legislation have been met.

- 5.2.2 A loss occurrence is the non-payment of the Receivables by the due date or
- a) within the waiting period commencing on the day following the day of delivery of a Notification of a Threat of an Insured Event to the Insurer in the case of Protracted Default, or
 - b) by the date of the Notification of a Threat of an Insured Event on the grounds of the Customer's Insolvency.

- 5.2.3 A loss occurrence occurs

- a) in the event of Insolvency, on the day of delivery of the Notification of a Threat of an Insured Event,
- b) in the event of Protracted Default, upon expiry of the waiting period commencing on the day following the day on which the Insurer receives the Notification of a Threat of an Insured Event, or on the first day following the due date of the Insured Event with the earliest due date that was the subject of the Notification of a Threat of an Insured Event if that due date is after the expiry of the waiting period

In the event that the Insolvency occurs during the waiting period, the loss occurrence shall occur on the day when the Insurer learns about the Insolvency if that day is before the date of expiry of the waiting period.

- 5.2.4 In the event that all or any of the Receivables have been identified as Disputed Debts, a loss occurrence concerning such Disputed Debts shall be deemed to have occurred

- a) on the day on which the decision of the relevant authority (court or arbitration tribunal) became final and conclusive, or
- b) on the effective date of a settlement agreement or any other similar agreement entered into between the Insured and the Customer under which the Insured Receivables have been recognised by the Customer,

in relation to those Disputed Debts that have been recognised.

- 5.2.5 The Insured shall notify the Insurer of the outcome of the dispute within 1 month of the day on which the decision became final and conclusive or of the effective date of a settlement agreement or any other similar agreement.

- 5.2.6 The Insured shall deliver to the Insurer any and all documents required for insurance investigation no later than 1 month after the occurrence of the loss occurrence.

5.3 INDEMNIFICATION DECISION

- 5.3.1 Depending on the outcome of the insurance investigation, the Insurer shall issue an indemnification decision, in which the Insurer shall decide on the

amount of the entitlement to indemnification.

- 5.3.2 The indemnification decision shall be issued by the Insurer within 1 month after the occurrence of the loss occurrence or after the delivery of all documents required for the termination of the insurance investigation, if delivered after the occurrence of the loss occurrence.

ARTICLE 6

DEBT COLLECTION

6.1 GENERAL PROVISIONS

- 6.1.1 The Insured shall exercise due professional care of the Receivables, in particular ensure that they are recoverable and enforceable, appear in a due manner at judicial and other proceedings that have been or will be initiated with a view to recovering Receivables, and do anything the Insured is required to do as a creditor.
- 6.1.2 The Insured shall appear at insolvency and liquidation proceedings concerning the Customer, and register his Receivables for such proceedings in a due and timely manner with a view to maintaining their recoverability and enforceability.
- 6.1.3 The Insured shall, without undue delay, inform the Insurer about any and all circumstances concerning judicial and other proceedings, the current status of the Receivables, the entity of the Customer, and any entities providing the security of the Receivables.
- 6.1.4 The Insured shall exercise the same due professional care of all Receivables (both insured and uninsured) due from the relevant Customer.

6.2 COLLECTION

- 6.2.1 After the sending of the Notification of a Threat of an Insured Event and at any time during the waiting period, the Insured shall have the right to ask the Insurer to take over the collection of Receivables. In the event that the Insurer has requested this, the Insured shall hand the collection of Receivables over to the Insurer.
- 6.2.2 If this is agreed in the policy, the Insured shall pay to the Insurer remuneration for the collection of Receivables in the amount and under the conditions agreed in the policy.
- 6.2.3 In the event that the Receivables are going to be collected by the Insurer, the Insured shall allow the Insurer to collect such Receivables and to provide any and all assistance to the Insurer.
- 6.2.4 The assistance provided by the Insured means in particular
- a) taking any and all necessary steps, as instructed by the Insurer, that cannot be taken by the Insurer himself (the filing of petitions, insolvency motions and applications for insolvency proceedings, conclusion of instalment schedules, etc.) and
 - b) granting the Insurer a power of attorney for specific legal conduct, or proving the Insurer's authority to collect the Receivables, if requested to do so by the Insurer.
- 6.2.5 The method of collecting the Receivables, in particular the conclusion of instalment schedules, the filing of petitions or motions for enforcement, the assignment of Receivables to third parties for a consideration, the initiation of insolvency proceedings, or authorising a third party to collect the Receivables,

or the refraining from certain actions, collection or termination of collection of Receivables, shall be subject to agreement between the Insurer and the Insured. In the event that no such agreement is possible, the Insurer shall decide on the method of collection.

6.2.6 The Insured shall

- a) follow the agreed method of debt collection or the Insurer's instructions where no agreement has been reached;
- b) refrain from taking any measures, without the Insurer's consent, that would make it impossible or more difficult to collect the Receivables, limit or reduce the recoverability and enforceability thereof, or limit the rights of the Insured towards the Customer in any manner;
- c) notify the Insurer, during the course of the collection of the Receivables, of any and all information that may have an impact on the occurrence or extent of the loss occurrence or on the method of collection of the Receivables.

6.3 COSTS

6.3.1 The Insurer shall share previously agreed and actually and purposefully spent costs of the collection of Receivables in the amount corresponding to the proportion of the Covered Loss in the Receivables indicated in the Notification of a Threat of an Insured Event. The Insurer shall pay the costs determined in that manner in the amount excluding the self-retention.

6.3.2 The Insurer shall not share costs that have been spent without the Insurer's consent. The Insurer shall not share the costs

- a) of registration of Receivables for insolvency proceedings (or for analogous foreign proceedings);
- b) spend on the performance of obligations under the policy and the Insurance Conditions or on the meeting of a condition of the Credit Limit;
- c) the own costs of the Insured; own costs are the costs of actions that have been carried out directly by the Insured without the cooperation of third parties.

6.3.3 In the event that the costs are paid by the Insured on a continuous basis, the Insurer shall pay the costs to the Insured in accordance with paragraph 6.3.1 after the Insured has proven the amount thereof that has been actually spent.

6.3.4 In the event that the costs are paid by the Insurer on a continuous basis, the Insured shall pay to the Insurer the part of the costs which the Insurer does not share.

6.3.5 In the event of disputed debts, the Insurer shall share the costs of the collection of only those disputed debts, in respect of which a loss occurrence has occurred in accordance with Article 5.2.4. The Insurer shall pay his share of those costs only after the occurrence of the loss occurrence. This provision shall be without prejudice to the obligation of the Insured to request the Insurer to provide the Insurer's consent to the payment of such costs prior to the spending thereof.

6.3.6 In the event that the Receivables of the Insured are, during the course of a judicial proceeding or any other similar proceeding, finally and conclusively denied in part or in full, or if the claim of the Insured for the Receivables are finally and conclusively dismissed in part or in full, the Insured shall, within 10

days after the Insurer's request, return to the Insurer the costs paid by the Insurer or a part thereof corresponding to the amount of the denied Receivables or to the amount of the dismissed claim for Receivables.

6.4 RECOVERY

- 6.4.1 Recovery is distributed between the Insurer and the Insured. The Insurer's share in the Recovery is determined in the same amount as the proportion of the Covered Loss in the Receivables indicated in the Notification of a Threat of an Insured Event.
- a) In the case of Recovery acquired before the payment of indemnity, the Covered Loss shall be reduced by the above proportion. The Insured shall notify the Insurer of the Recovery no later than 10 days after the acquisition thereof.
- b) In the case of Recovery acquired after the payment of indemnity, the Insured shall send the above share in the Recovery, reduced by the percentage of self-retention, to the Insurer no later than 10 days after the acquisition thereof.
- 6.4.2 The Insurer shall be entitled to a proportional part of the Recovery up to the amount of the indemnity paid and the costs of the collection of the Receivables, including any other costs purposefully spent by the Insurer in relation to the insured event and to the payment of the indemnity.
- 6.4.3 The Insurer shall have the right to require the assignment of Receivables in the amount corresponding to the indemnity, and the Insured shall be required to assign such Receivables to the Insurer. Upon the assignment of such Receivables, the rights and obligations of the Insurer and of the Insured concerning the collection of Receivables, costs and the distribution of Recovery shall terminate.

ARTICLE 7

INDEMNIFICATION

7.1 INDEMNIFICATION

- 7.1.1 The Insurer shall pay the indemnity within 15 days of the date of issue of the indemnification decision
- 7.1.2 Upon payment of the indemnity to the Beneficiary, the Receivables shall not be deemed to have been paid or reduced or terminated. Upon payment of the indemnity, the Receivables shall not be deemed to have passed to the Insurer. The Insured shall remain the creditor of the Receivables.
- 7.1.3 The Receivables in respect of which the insured event occurred or in respect of which the indemnity has been paid may transfer to the Insurer only under an assignment agreement. In the event that the applicable legislation provide or will provide for the possibility of transferring receivables as a result of the payment of indemnity by the operation of law, such provisions shall not apply.
- 7.1.4 A receivable for indemnity may be assigned only with the previous written consent of the Insurer.
- 7.1.5 In the event that a security interest is attached to the Receivables that have been indicated in a Notification of a Threat of an Insured Event, the Insurer shall not be required to pay the indemnity until the pledgee waives the security interest in such Receivables.

7.2 AMOUNT OF INDEMNIFICATION

- 7.2.1 Indemnity shall be paid in the event of an insured event in the amount of the Covered Loss at the moment of the occurrence of the Loss Occurrence, minus the self-retention and other agreed deductibles, if any.

7.3 MAXIMUM LIABILITY

- 7.3.1 The maximum liability for a term of insurance shall be the maximum amount of all indemnities relating to the relevant term of insurance that may be paid.
- 7.3.2 Indemnification relates to the term of insurance during which occurred the oldest insured receivable that was the subject of the Notification of a Threat of an Insured Event.

ARTICLE 8

EXCLUSIONS, REDUCTION OF INDEMNIFICATION

8.1 EXCLUSIONS

Loss occurrences shall not be deemed to be an insured event:

- a) if the loss occurrence has been caused in full or in part by the Policyholder, by the Insured, by the Beneficiary, or by a person acting on their behalf,
- b) if the Receivables result from a Contract that is invalid in part or in full and such invalidity has an impact on the occurrence or extent of the loss occurrence;
- c) resulting from the Delivery of goods or from the provision of services without the required necessary authorisations or in consequence of violation of the applicable legislation or in consequence of violation of the terms and conditions of the Contract by the Insured;
- d) concerning the Receivables indicated in the Notification of a Threat of an Insured Event that have not been accompanied by all the necessary documents proving the existence thereof and the occurrence and extent of the insured event, even within an additional period specified in the Insurer's written request to provide the documents, and the additional period was no shorter than 1 month;
- e) that were directly or indirectly caused or that occurred in relation to
 - nuclear, toxic or any other contamination or explosion, or
 - a war, whether declared or undeclared, at least between two of the following countries: France, China, Russia, United Kingdom of Great Britain and Northern Ireland, USA.

8.2 REDUCTION OF INDEMNIFICATION

The Insurer shall have the right to reduce the indemnification:

- a) by up to 100% if the Policyholder or the Insured provided the Insurer with untrue or incomplete information, in particular while negotiating or modifying the policy;
- b) up to 100% if the Policyholder has failed to perform any obligation under the policy or under the Insurance Conditions, or if the Policyholder has deliberately provided untrue or incomplete information concerning the insured event or the extent thereof or the causes of the occurrence thereof; this shall be without prejudice to other consequences of the violation of the Policyholder's obligations;

- c) in the same percentage in which the coverage of Receivables was reduced during the period for which the Covered Loss is claimed if the Insured has failed to report all his Insured Receivables in the turnover declaration.

ARTICLE 9

OBLIGATIONS OF THE INSURED

9.1 GENERAL PROVISIONS

- 9.1.1 During his commercial activities with his Customers, the Insured shall act with due diligence.
- 9.1.2 For that purpose, the Insured shall in particular:
 - a) carry out all of his transactions from which Insured Receivables result for the Insured with the same extent of care and diligence that is exercised while negotiating uninsured transactions;
 - b) ensure that his rights are maintained against a Customer or a third party;
 - c) bear a part of the risk in the amount of the self-retention for which no indemnification is provided, unless the Insurer has granted the Insured his written consent to other form of risk insurance;
 - d) report, as part of turnover declaration, the summary of all Insured Receivables to which the coverage specified in paragraph 2.1 of this Insurance Conditions applies in the relevant term of insurance;
 - e) provide the Insurer with any and all assistance required for insurance investigation;
 - f) apply, according to instructions received from the Insurer, any and all security instruments, in particular bonds, guarantees, negotiable instruments, etc.;
 - g) take, at all times, any and all steps and all purposeful measures that may be taken to prevent the occurrence of loss or to reduce the threatening amount thereof.
- 9.1.3 The Insured shall, throughout the term of the policy, immediately notify the Insurer of any and all significant changes in the information provided in the application for a policy, in particular changes in the objects clause and legal form, mergers, etc. and in the bank account, but no later than 10 days of the date of that change.

9.2 PROVING THE RECEIVABLES

- 9.2.1 The Policyholder and the Insured, or the Beneficiary, shall prove the existence of the Receivables indicated in the Notification of a Threat of an Insurance Loss, including the existence of the supply of goods or the provision of services, as well as the overall progress of the transaction from which the Receivables resulted.
- 9.2.2 At the Insurer's request, the Insured shall submit to the Insurer any and all documents that are necessary to prove the meeting of the conditions of the insurance, the existence of the Receivables including the existence of the actual Delivery of the goods or provision of services, the occurrence of the insured event, and the entitlement to indemnification.
- 9.2.3 The Policyholder and the Insured shall make it possible for the Insurer to exercise the right of inspection, in particular provide the Insurer with any and all documents or certified copies of Contracts including any alterations and

amendments thereof, as well as any underlying documentation. The Insurer shall have the right to verify the completeness, accuracy and truthfulness of the information and documentation provided.

9.3 ASSIGNING AN INSURED RECEIVABLE

- 9.3.1 Insured Receivables and Receivables indicated in a Notification of a Threat of an Insurance Loss may be assigned only with the previous written consent of the Insurer. In the written consent to the assignment, the Insurer shall have the right to lay down conditions under which the insurance of the assigned Insured Receivables will remain maintained.

9.4 RETURN OF INDEMNITY

- 9.4.1 In the event that it has been ascertained after the payment of indemnity that circumstances causing that the Insurer would not have been obligated to provide the indemnity existed prior to or occurred after the payment of the indemnity, the Insured shall return the indemnity received to the Insurer.
- 9.4.2 The Insured shall return the indemnity no later than 10 days after the delivery of the Insurer's request, unless a longer period has been defined in that request.

ARTICLE 10

DEFINITION OF TERMS

Beneficiary - a person that has become entitled to indemnification as a result of an insured event.

Civil Code - Act No. 89/2012, the Civil Code, as amended.

Contract - any legally binding contract entered into between the Insured and his Customer, the subject matter of which is the purchase of goods or the provision of services for a consideration, with the exception of trial purchase and obligations under consignment contracts.

Covered Loss - the total amount of unpaid Insured Receivables (either due or overdue) in respect of which the insurance existed at the time of the Notification of a Threat of an Insured Event, but not exceeding the amount of the Credit Limit.

Credit Limit - the maximum balance of Receivables for which indemnity may be in the event of the occurrence of an insured event.

Customer - a legal entity or an individual that has entered into a Contract with the Insured as part of the Customer's business activity and from which the Insured has Receivables and in respect of which a valid Credit Limit has been defined.

Delivery - the moment at which it was made possible, in accordance with the Contract, for the Customer or for an individual authorised by the Customer to handle the goods or at which the Customer was provided services in a location and in a manner specified in the Contract. In the case of documentary collection, Delivery means the moment at which the goods and proof of ownership of the goods are delivered to the place of destination.

Disputed Debt - an Insured Receivable unpaid as a result of the denial of the amount or justification thereof or due to disagreement with the settlement of the debts of the Insured towards the Customer or due to disagreement with the rights of the Insured. However, a Disputed Debt is not an Insured Receivable the amount and justification or the reason for the

occurrence of which has been recognised on the grounds of any of the facts specified below:

- a) a written statement of the Customer, unless the Customer has not submitted a counterclaim against the Insured;
- b) a final and conclusive decision rendered by a court or another authority having the jurisdiction to resolve the relevant case, unless vacated, or
- c) recognition of the Receivable by an insolvency administrator or by a court in the case of insolvency proceedings.

Insolvency - the adjudication of bankruptcy of the Customer by the relevant authority under the applicable legislation regulating insolvency proceedings, or an analogous institute in a foreign law that is given the same or similar effects by that law as those given to the adjudication of bankruptcy by Czech law. The term Insolvent shall be interpreted analogously.

Insured - a person the assets of whom are covered by the insurance.

Insured Receivable - a Receivable in respect of which coverage occurred in accordance with the policy.

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Notification of a Threat of an Insured Event - a written notification provided by the Insured or by the Beneficiary or by the Policyholder of the non-payment of Receivables or of Insolvency or of information about a Customer's adverse economic situation, delivered to the Insurer no later than within the time limit for the Notification of a Threat of an Insured Event. The date of Notification of a Threat of an Insured Event means the date of delivery to the Insurer.

Policyholder - a person that has entered into a policy with the Insurer.

Protracted Default - failure to pay a Receivable by the due date for reasons other than Insolvency.

Receivable - any pecuniary claim of the Insured towards a Customer under the Contract, except receivables referred to in point 2.2. a), b), c), f), g) and h) of these conditions.

Recovery - performances received by the Policyholder or by the Insured after the date of the Notification of a Threat of an Insured Event, including set-offs, from the Customer or from a third party. Recovery also means the payment (price) for the Assignment of Receivables to a third party, if the Insurer has granted his consent to such assignment; in the event of assignment of Receivables without the Insurer's consent, Recovery means the nominal value of the assigned Receivables. Recovery is also deemed to mean the refund of or the possibility of correcting VAT on the grounds of insolvency under the applicable legislation.

Self-retention - the amount or percentage of the share of the Insured in the Covered Loss, in costs related to the collection of Receivables not exceeding the Covered Loss, and in the Recovery.

Term of Payment - the maximum time limit within which a Receivable is to be paid after the date of delivery of the goods.