

## General Terms of Buyer's Credit Insurance

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## 1 Terms

- 1.1 **Buyer's Credit** is credit issued to the Debtor by the Policy Holder.
- 1.2 **Insurance Agreement** is an agreement consisting of Insurance Agreement application (named also as application), Insurance Policy, the present General Terms and annexes. According to the concluded Insurance Agreement, the Insurance Provider shall compensate for the loss occurred to the Policy Holder due to an Insurance Event.
- 1.3 **General Terms** are the present General Terms of Buyer's Credit Insurance.
- 1.4 **Policy Holder** is a credit provider (financial institution) with whom the Insurance Provider has concluded an Insurance Agreement.
- 1.5 **Insurance Policy** is a document of the Insurance Agreement, where the basic terms are provided for the Insurance Agreement during the insurance period. Insurance Policy may include terms that complement or deviate from these General Terms.
- 1.6 **Insurance Provider** is KredEx Krediidikindlustus AS.
- 1.7 **Debtor** is a party of the Credit Agreement (buyer or a financing institution), who has a payment obligation before the Policy Holder. If the payment obligations of a Debtor are under surety or other guarantee of a third person (guarantee provider), the term "Debtor" also refers to such a person.
- 1.8 **Credit Agreement** is a base agreement of the Insurance Agreement by which the Policy Holder shall issue an amount of money (credit) to the disposal of the Debtor, whereas the Debtor shall pay interest from the credit and repay the credit upon the termination of the agreement. For the avoidance of doubt, any Debtor's payment obligation under a letter of credit (in Estonian: *akreditiiiv*) and/or under a separate debt confirmation (in Estonian: *võlatunnistus*) issued by the Debtor shall be considered and accepted as Credit Agreement for the purpose of this Insurance Agreement.
- 1.9 **Minimum Premium** is the minimum amount of money payable for the insurance cover.
- 1.10 **Transaction interest** is the interest which rate is stipulated in the Insurance Policy. Transaction Interest is calculated under the Credit Agreement.
- 1.11 **Default interest** is the default interest (in Estonian: *viivis*) agreed in and calculated under the Credit Agreement.
- 1.12 **Waiting time of risk realisation** is a 90-day (ninety-day) period beginning after the due date of Debtor's payment obligation.
- 1.13 **Payment Disorder Notice** is information about a delay in fulfilment of a payment obligation by the Debtor, or other information negatively influencing the payment behaviour of the Debtor submitted by the Policy Holder in the form assigned by the Insurance Provider.
- 1.14 **Insurance Event** is a previously agreed event upon occurrence of which the Policy Holder shall have right to apply for the Insurance Compensation.
- 1.15 **Insurance Compensation** is an amount paid to the Policy Holder by the Insurance Provider according to the Insurance Agreement.
- 1.16 **State Export Insurance Cover** means export credit insurance which is backed by the Estonian Republic pursuant to the State Export Guarantees Act (in Estonian: *ekspordi riikliku tagamise seadus*).

## 2 Insurance cover

### 2.1 The content of insurance cover

- 2.1.1 The Insurance Provider shall pay compensation to the Policy Holder for loss caused due to an Insurance Event according to the procedures and terms provided in the Insurance Agreement.

## **2.2 Entry of the insurance cover into force**

- 2.2.1 The commencement and expiry dates of the Insurance Agreement shall be provided in the Insurance Policy.
- 2.2.2 Insurance cover shall enter into force after the entry of Credit Agreement into force and fulfilment of the prerequisites of disbursement of credit amounts thereunder.

## **2.3 Suspension of insurance cover**

- 2.3.1 If prior to the full disbursement of credit amount circumstances are revealed, which according to the Credit Agreement shall bring along:
  - 2.3.1.1 withdrawal from the Credit Agreement by the Policy Holder and/or
  - 2.3.1.2 a right of the Policy Holder to suspend further disbursement of credit amounts,the insurance cover shall be automatically suspended in regard to the part of the credit amount that the Policy Holder has not yet been obliged to irrevocably pay.
- 2.3.2 The Policy Holder shall immediately inform the Insurance Provider of the circumstances stipulated in subclause 2.3.1 above which shall entitle the suspension of the insurance cover. Insurance cover is restored if the Insurance Provider decides so, as of the moment when the Insurance Provider informs the Policy Holder about its decision of restoring the insurance cover.

## **2.4 Insurance Event**

- 2.4.1 An Insurance Event is considered as occurred on the date when the Policy Holder obtains the right to file an application for Insurance Compensation due to the realisation of commercial or political risk.

### **2.4.2 Commercial risk**

Commercial risk includes non-fulfilment of Debtor's payment obligations provided in the Credit Agreement due to insolvency of the Debtor or avoidance of payment obligation(s) by the Debtor.

#### **2.4.2.1 Insolvency of the Debtor**

Insolvency of Debtor means Debtor becoming insolvent due to circumstances that were unknown before concluding of transaction. Insolvency of Debtor within the Insurance Agreement includes a situation, where:

- 2.4.2.1.1 bankruptcy of the Debtor has been announced by the court, or
- 2.4.2.1.2 the Debtor has been liquidated, or
- 2.4.2.1.3 the court has approved a reorganisation plan against the Debtor that transforms Debtor's payment obligation, or
- 2.4.2.1.4 the court has rejected or terminated the application for insolvency proceedings due to a lack of assets, or
- 2.4.2.1.5 an extrajudicial agreement due to which the Debtor cannot fulfil its payment obligations under the Credit Agreement has been made with all creditors, or
- 2.4.2.1.6 other circumstances occur that can be interpreted as insolvency according to the legislation of the Debtor's country of location, and are in principle equal to some of the above described events.

#### **2.4.2.2 Avoidance of payment obligation by the Debtor**

Avoidance of payment obligation by the Debtor is non-fulfilment of payment obligation by the Debtor during the Waiting time of risk realisation, if

- 2.4.2.2.1 the Debtor violates the Credit Agreement; and
- 2.4.2.2.2 the Policy Holder has submitted a written request to the Debtor for fulfilment of an overdue payment obligation; and
- 2.4.2.2.3 the Policy Holder has submitted to the Insurance Provider a Payment Disorder Notice in accordance with clause 3.3.

### 2.4.3 Political risk

Political risk includes non-fulfilment of Debtor's payment obligations provided in the Credit Agreement due to:

- 2.4.3.1 a measure or decision of a foreign country, which is not the country of the Policy Holder's location, hindering the fulfilment of the Credit Agreement;
  - 2.4.3.2 a general moratorium announced by the government of the country of Debtor's location or the government of such a third country through which payments provided by the Credit Agreement are made;
  - 2.4.3.3 political events, economic difficulties and measures based on legislation or administrative arrangements in a foreign country, which hinder the transfer of amounts payable under the Credit Agreement or cause a delay in payment;
  - 2.4.3.4 legislation approved in the country of Debtor's location, according to which payments made by the Debtor in local currency are considered as fulfilment of an obligation, regardless whether due to a change in exchange rates the payments cover the amount payable under the Credit Agreement on the transfer date or not;
  - 2.4.3.5 a government measure or decision in Estonia or in the country of the Policy Holder's location, as well as measures and decisions of the European Union connected with trade relations between Estonia and other countries, if the relevant government shall not compensate for the harmful consequences of the relevant decision or measure to the Policy Holder in another way;
  - 2.4.3.6 force majeure occurring in a foreign country, if its influence is not covered by another contract;
- provided that the Waiting time of risk realisation has passed.

2.4.4 It may be provided on the Insurance Policy that one or several of the risks listed are not covered by the Insurance Agreement.

## **3 Obligations of the Policy Holder**

### **3.1 Obligation of payment of insurance premium**

- 3.1.1 The Policy Holder shall pay the insurance premium to the Insurance Provider in a manner set forth in the Insurance Policy.
- 3.1.2 The Policy Holder shall pay at least the Minimum Premium provided in the Insurance Policy.

### **3.2 Informing of Insurance Provider of disbursement of credit amount**

- 3.2.1 Before entry into force of the Credit Agreement, the Policy Holder shall submit a copy of the Credit Agreement (as well as other relevant documents related to underlying export agreement financed by the Credit Agreement) to the Insurance Provider for approval as eligible to the State Export Insurance Cover. For the avoidance of doubt, with its approval the Insurance Provider does not opine on any other issue but the eligibility of the Credit Agreement for the State Export

Insurance Cover. The Policy Holder shall submit a copy of the Credit Agreement as well as other relevant documents related to underlying export agreement financed by the Credit Agreement to the Insurance Provider also within 30 (thirty) days after entry into force.

- 3.2.2 Within 5 (five) business days as of the last disbursement of the credit amount, the Policy Holder shall submit a loan repayment schedule to the Insurance Provider.
- 3.2.3 The Policy Holder shall inform the Insurance Provider in writing of deviations from the credit amount repayment schedule, if the payments differ from the terms provided in the above schedule by more than 30 (thirty) days.

### **3.3 Informing of payment disorders**

- 3.3.1 The Policy Holder shall inform the Insurance Provider of non-fulfilment of Debtor's payment obligation by submitting a Payment Disorder Notice. A Payment Disorder Notice shall be submitted if the payment has not been received in full amount within 30 (thirty) days from the payment term.
- 3.3.2 A Payment Disorder Notice shall be submitted latest within 14 (fourteen) days from the term provided in subclause 3.3.1, and it shall include the due amount and the payment term.

### **3.4 Obligation to inform**

- 3.4.1 The Credit Agreement may be amended or terminated ahead of time only upon a previous written consent of the Insurance Provider, but such written consent of the Insurance Provider shall not be unreasonably withheld. The Insurance Provider acknowledges that timely early termination of the Credit Agreement by the Policy Holder may case-by-case be in the interest of Insurance Provider.
- 3.4.2 A credit amount disbursement may not be made and the Insurance Provider shall immediately be informed of whether the credit amount has been fully or partially paid, if one or several following circumstances occur:
  - 3.4.2.1 the Debtor does not fulfil the obligations under the Credit Agreement (and if such breach of obligation is capable of remedy, is not remedied within reasonable remedy or cure period), and/or
  - 3.4.2.2 the Policy Holder withdraws from or the Credit Agreement or has right to do so and/or
  - 3.4.2.3 the Debtor informs Policy Holder that a loan repayment under the Credit Agreement cannot be made.

### **3.5 Collection of an insured debt obligation**

- 3.5.1 During the cure period as provided in clause 3.3.1 and until submitting a Payment Disorder Notice to the Insurance Provider, the Policy Holder shall make reasonable efforts to preserve and collect the payment obligations from the Debtor, in particular to submit a payment notice to the Debtor(s) for voluntary performance of its payment obligation pursuant to the Credit Agreement and/or as otherwise due and payable (e.g. request a payment pursuant to a guarantee if applicable). The Policy Holder shall keep the Insurance Provider informed of the course of debt collection process and of measures to be applied, and shall reasonably cooperate with the Insurance Provider.
- 3.5.2 After receiving a Payment Disorder Notice from the Policy Holder, the Insurance Provider shall take over the coordination of collection with regard to the debt insured under the Insurance Agreement. For the avoidance of doubt, the Insurance Provider shall also have the right to take over the collection activities. For facilitating collection activities by the Insurance Provider, the Policy Holder shall provide the Insurance Provider with an authorisation to collect the debt with all additional documents.

- 3.5.3 Costs connected with debt collection and made by the Policy Holder shall be previously agreed with the Insurance Provider.

### **3.6 Debt restructuring agreement between governments**

- 3.6.1 The Policy Holder shall follow all debt restructuring agreements between governments according to the value of such a guaranteed payment obligation to which the given agreements are applied. The Policy Holder shall provide assistance to the Insurance Provider required by the latter for fulfilment of debt restructuring agreement. That shall not bring along delays in payment of Insurance Compensation.
- 3.6.2 If the insured payment obligations are included in a debt restructuring agreement between governments, in connection with the bilateral debt restructuring agreement between governments the Insurance Provider may make a purchase offer to the Policy Holder regarding the self-risk amount.

### **3.7 Other obligations**

- 3.7.1 The Policy Holder shall apply all reasonable, relevant and lawful measures to avoid or minimise loss.
- 3.7.2 The payment obligations of the Debtor under the Credit Agreement must be unconditional and irrevocable from the underlying export agreement.
- 3.7.3 The Policy Holder shall fulfil all relevant, reasonable and lawful precepts made by the Insurance Provider in connection to the Credit Agreement in relation with minimizing or avoiding loss. The same applies, if the Insurance Provider has made the Insurance Compensation payment.
- 3.7.4 The Policy Holder submits all its notices provided in the Insurance Agreement in a format which can be reproduced in writing.

## **4 Application for Insurance Compensation and compensation for the loss**

### **4.1 Application for Insurance Compensation**

- 4.1.1 The Policy Holder may submit a written Insurance Compensation application if :
- 4.1.1.1 realisation of commercial risk stipulated in clause 2.4.2.1 has occurred or;
  - 4.1.1.2 realisation of commercial risk stipulated in clause 2.4.2.2 has occurred and the Waiting time of risk realisation has passed or;
  - 4.1.1.3 realisation of political risk stipulated in clause 2.4.3 has occurred and the Waiting time of risk realisation has passed.
- 4.1.2 The Insurance Provider shall reserve a right to claim the submission of an Insurance Compensation application also sooner.
- 4.1.3 The Insurance Compensation application shall include the amount applied for in the currency of the Insurance Agreement, and required documents proving the claim under the Credit Agreement shall be annexed to it. Upon a request of the Insurance Provider, the Policy Holder shall submit additional documents proving the claim.
- 4.1.4 The Insurance Compensation application with other required additional documents shall reach the Insurance Provider latest within 6 (six) months from the arising of the right to submit an Insurance Compensation application. If the Insurance Provider has not received the application within the time limits, it shall be released from the liability to pay the Insurance Compensation.

### **4.2 Calculation of the loss amount**

- 4.2.1 The loss that the Insurance Compensation is based on includes:

- 4.2.1.1 Debtor's overdue payment obligations (including overdue Transaction interest);
  - 4.2.1.2 Default interest calculated only from the overdue insured principal amount from the due date until the Insurance Compensation payment, but not more than for 120 (one hundred and twenty) days and not with a higher rate than the rate of the Transaction interest;
  - 4.2.1.3 the costs of collection of claims covered by the Insurance Agreement and approved by the Insurance Provider
- 4.2.2 The loss amount shall be calculated and the Insurance Compensation paid in the currency shown in the Insurance Agreement. If the currency of the Credit Agreement differs from the currency of the Insurance Agreement, the loss amount shall be calculated according to the official currency exchange rates of the currency shown in the Insurance Agreement and the respective foreign currency established by the European Central Bank on the date of the payment obligation provided in the Credit Agreement.

### **4.3 Payment of Insurance Compensation**

- 4.3.1 The amount of Insurance Compensation shall be calculated in accordance with the applicable insurance cover percentage set forth in the Insurance Policy. The payment of Insurance Compensation is based on the risk that materialises first.
- 4.3.2 The Insurance Compensation shall be paid to the Policy Holder within 30 calendar days from the submission of Insurance Compensation application with all required information, documents and certificates regarding the overdue claims. In case if the claim, which is a basis for Insurance Compensation application, has been disputed by the Debtor, the Insurance Indemnification shall not be calculated and paid until a competent court or arbitration has identified the presence of a right of claim of the Policy Holder through an enforced decision.
- 4.3.3 If the Insurance Compensation application refers to the whole amount of any outstanding insured payment obligations, the Insurance Provider shall have the right to pay the Insurance Compensation either in a lump sum promptly after the decision on the Insurance Compensation has been made or in arrears following the repayment schedule agreed in the Credit Agreement. The lump sum of Insurance Compensation shall include the accrued Transaction interest to the date of Insurance Compensation payment by the Insurance Provider and shall not include any interest not yet accrued (unless interest is not linked to period of time for the repayment of credit).
- 4.3.4 If sureties or other guarantees of Debtor's payment obligation turn out to be invalid (in Estonian: *tühine*), the Insurance Provider may deduct from the Insurance Compensation the amount that would have been covered with such sureties or other guarantees. The Insurance Provider may also deduct from the Insurance Compensation amounts that correspond to sureties or other guarantees that the Insurance Provider cannot use due to the Policy Holder. If after the payment of the Insurance Compensation it appears that the actual loss covered by the Insurance Agreement is smaller than the amount on which the payment of the Insurance Compensation was based, the Policy Holder shall return the part of the received Insurance Compensation to which he had no right under the Insurance Agreement.
- 4.3.5 By payment of the Insurance Compensation, the Insurance Provider shall automatically acquire a right of claim (right of recourse) against the Debtor in the amount of the paid Insurance Compensation. Also, the rights ensuring the relevant right shall pass on to the Insurance Provider. The Insurance Provider may request the issuing of a confirmation letter regarding the assignment of the claim from the Policy Holder.

### **4.4 Division of collected debt obligations**

- 4.4.1 Upon fulfilment of an insured Credit Agreement by the Debtor, regardless of agreements and the amounts paid and whether the obligation is covered by the Insurance Agreement or not, claims that arose earlier shall be considered as fulfilled first.

- 4.4.2 After the payment of Insurance Compensation, collected debt obligations insured by the Insurance Agreement shall be divided between the Insurance Provider and the Policy Holder according to the insurance cover percentage provided in the Insurance Policy, regardless of the amounts and whether the collected debt obligations exceed the paid Insurance Compensation amount or not, if the parties have not agreed otherwise. Before the division of the collected debt obligations the costs connected with collection approved by the Insurance Provider shall be deducted from the amount. By the same principle, the above costs approved by the Insurance Provider shall also be divided if they exceed the received amount.
- 4.4.3 Amounts obtained in a currency different from the one provided in the Insurance Agreement shall be converted into the currency provided in the Insurance Agreement according to the official exchange rate established by the European Central Bank as of the date when the amounts were received by the Policy Holder.
- 4.4.4 The share of the Insurance Provider from the received amounts, as provided in section 4.4.2 above, shall be paid to the Insurance Provider immediately after the amounts have been received by the Policy Holder.

## **5 Other terms**

### **5.1 Self-risk amount**

- 5.1.1 Without a previous written consent of the Insurance Provider, the Policy Holder must not additionally guarantee or insure the self-risk amount or use the right of recourse against the exporter regarding the self-risk amount.

### **5.2 Invalidity of the Insurance cover**

- 5.2.1 The Insurance cover shall become invalid and the total paid Insurance Compensation amount with Transaction interest shall be refunded, if:
- 5.2.1.1 the Policy Holder wrongfully fails to fulfil his material obligations under the Insurance Agreement (and if such breach of material obligation is capable of remedy, is not remedied within reasonable remedy or cure period) and the reasonable and lawful precepts of the Insurance Provider, and/or
- 5.2.1.2 the Policy Holder or a person acting on its behalf has intentionally submitted false information in the Insurance application or otherwise, whereas that information is important and material to the purposes of the Insurance Agreement, or has intentionally not revealed relevant information in regard to circumstances he was aware of.
- 5.2.2 The Insurance Provider shall not be responsible for loss due to violation of the Credit Agreement by the Policy Holder or wrongful activity or inactivity of the Policy Holder or a person acting on its behalf.
- 5.2.3 In case the Insurance cover shall become invalid in accordance with clause 5.2.1, all claims acquired under clause 4.3.5 by the Insurance Provider shall be re-assigned and any proceeds received by the Insurance Provider under clause 4.4.2 shall be re-paid. The Insurance Provider has the right to suspend the re-assignment of claims and repayment of the aforementioned proceeds till the Policy Holder has refunded the paid Insurance Compensation amount and applicable default interest. The Parties may agree on set-off of the claim of refunding the Insurance Compensation amount and applicable default interest and the claim of re-paying the proceeds that the Insurance Provider has received under clause 4.4.2.

### **5.3 Cancellation of or withdrawal from the Insurance Agreement and refund of the insurance premium**

- 5.3.1 The Policy Holder may always cancel or withdraw from the Insurance Agreement, except for the event that the Insurance Provider has paid Insurance Compensation.



5.3.2 If the Policy Holder cancels the Insurance Agreement or withdraws from it after the entry of insurance cover into force, 85% (eighty five per cent) of the paid insurance premium from which the Minimum Premium has been deducted and which corresponds to the period following the withdrawal shall be refunded.

**5.4 Assignment of the right of claim of Insurance Compensation**

5.4.1 The right of claim of Insurance Compensation under the Insurance Agreement may not be assigned without a written consent of the Insurance Provider.

**5.5 Applicable legislation and jurisdiction**

5.5.1 The present Insurance Agreement is governed by the legislation and jurisdiction of the Republic of Estonia.

**5.6 Translation of documents**

5.6.1 Upon a relevant request of the Insurance Provider, the Policy Holder shall submit translations of documents that are notarised or confirmed by a sworn translator. If the relevant request is made in connection with unpaid debt obligation, the costs connected with translation shall be regarded as costs under subclause 4.2.1.3.