

TERMS AND CONDITIONS OF SELECTIVE RISK INSURANCE ST.2.0-2023 (credit insurance for short-term transactions)

1. DEFINITIONS

- 1.1 The **insurer** is Aktsiaselts KredEx Krediidikindlustus, registry code 11948506.
- 1.2 **The policyholder** is the legal person who has concluded an insurance contract with the insurer and has insurable interest.
- 1.3 **A party** or **the parties** are the insurer and/or the policyholder.
- 1.4 **An insurance contract** is the credit insurance contract for short-term transactions. Under the conditions set out in the insurance contract, the insurer undertakes to pay an insurance benefit in the event of an insured event and the policyholder undertakes to pay the insurance premium to the insurer.
- 1.5 **Terms and conditions of insurance** are the terms and conditions that the insurer applies to a specific insurance relationship. The terms and conditions of insurance are these terms and conditions of selective risk insurance (hereinafter these terms and conditions) and the terms and conditions stated in the policy and the credit limit decision.
- 1.6 **Insurance contract documents** are the policy, these terms and conditions and the credit limit decisions.
- 1.7 **A policy** is a document issued by the insurer laying down the main terms and conditions of an insurance contract.
- 1.8 **A credit limit decision** is a decision made by the insurer on the allocation of a credit limit to the buyer and the conditions of the credit limit.
- 1.9 **Insurance risk** is the risk against which insurance is taken out.
- 1.10 **The insured person** is the legal entity in respect of which the insurance risk is insured. It is assumed that the insurance risk associated with the policyholder is insured. Insuring an insurance risk of a person other than the policyholder will be indicated in the policy.
- 1.11 **The beneficiary** is the person named in the policy who is entitled to receive the insurance benefit payable under the insurance contract in the event of an insured event.
- 1.12 **A person equivalent to the policyholder** is an insured person and a beneficiary. The insurer has the right to accept the fulfilment of an obligation of a policyholder, arising from the insurance contract, from a person equivalent to the policyholder and to provide the person equivalent to the policyholder with information about the insurance contract.
- 1.13 **A sale transaction** is a binding agreement between the policyholder and the buyer under which the policyholder sells goods or provides a service to the buyer.
- 1.14 **The buyer** is a legal person or a self-employed person who, in the course of its economic activity, buys goods or services from the policyholder.
- 1.15 **Credit** is the amount owed by the buyer to the policyholder for the sale of goods or the provision of a service on credit terms, i.e. in a way where the buyer is obliged to pay for the goods or services after the goods have been delivered or the service rendered to the buyer. The actions which give rise to an obligation of the buyer to pay the credit are referred to as granting the credit to the buyer.
- 1.16 **The credit limit** is the amount determined by the insurer with a credit limit decision, up to which the credit is covered by insurance. The insurer assigns a credit limit for each buyer individually.
- 1.17 **The uninsured credit limit** is the amount below which the policyholder is not obliged to apply for a credit limit for the buyer.
- 1.18 **The insurance premium** is the amount paid by the policyholder to the insurer for the insurance cover in each insurance period. The insurance premium is calculated on the basis of the amount of turnover insured and the rate shown in the policy.
- 1.19 **The expected insurance premium** is the amount of the insurance premium per insurance period, calculated on the basis of the expected amount of insured turnover, which the policyholder is required to pay to the insurer by the term indicated in the policy, or by the terms in the case of instalments.
- 1.20 **The final insurance premium** is the actual amount of the insurance premium per insurance period, calculated on the basis of the actual insured turnover, which the policyholder is required to pay to the insurer.
- 1.21 **The minimum insurance premium** is the minimum amount of insurance premium payable per insurance period.
- 1.22 **The insurance period** is the period on the basis of which the insurance premiums are calculated. The length of the insurance period is shown in the policy. As a general rule, the insurance period is one year.

- 1.23 **The insured turnover** is the total amount of credits issued to the buyer during a certain period.
- 1.24 **The declaration of the insured turnover** is a document in a format specified by the insurer, in which the policyholder provides the insurer with information on insured turnover for a certain period, broken down by different buyers and their countries of location.
- 1.25 **The payment term** is the time prescribed for the repayment of credit by the buyer, which may be shorter than the maximum term. The payment term is agreed upon in the terms of sale. The payment term expires on the due date.
- 1.26 **The maximum payment term** is the maximum length of the payment term specified in the policy or in the credit limit decision, granted to the buyer for the repayment of credit. If the payment term exceeds the maximum payment term, the credit is not covered by insurance.
- 1.27 **The initial collection period** is the period specified in the policy, immediately following the due date, during which the policyholder is obliged to submit to the buyer claims for payment at least in a form that can be reproduced in writing, if the buyer has failed to pay for the goods or services in full by the due date.
- 1.28 **A payment default notice** is a notice provided by the policyholder to the insurer in a form specified by the insurer, informing the insurer of the buyer's outstanding credit, payment default and/or a circumstance adversely affecting the buyer's payment behaviour.
- 1.29 **The claim waiting period** is the period specified in the policy, immediately following the due date, during which the insured event is not deemed to have occurred, unless otherwise specified in the terms and conditions of insurance.
- 1.30 **An insured event** is a sudden and unforeseeable event, specified in the policy, against the damage, arising from which, insurance is taken. In the event of an insured event, the policyholder has the right to claim and the insurer has the obligation to pay insurance benefit on conditions set out in the insurance contract.
- 1.31 **The loss amount** is the amount of damage suffered by the policyholder as a result of the insured event. The loss amount is calculated by the insurer during the process of claims handling.
- 1.32 **The insurance benefit** is the amount paid out by the insurer to compensate for the damage caused by an insured event.
- 1.33 **The rate of insurance cover** is the percentage of the loss amount that the insurer compensates to the policyholder with the payment of insurance benefit.
- 1.34 **The deductible** is the percentage of the loss amount borne by the policyholder.

- 1.35 **A non-qualifying loss amount** is the amount of loss below which the insurer is not obliged to pay the insurance benefit.
- 1.36 **The sum insured** is the maximum payout amount the insurer will make payments under the insurance contract.
- 1.37 **The currency of the insurance contract** is the euro.
- 1.38 **Country group** is a breakdown based on the country of location of the buyer, which may result in different rates.

2. CONCLUSION OF THE INSURANCE CONTRACT, INSURANCE PERIOD AND START OF INSURANCE COVER

- 2.1 The insurance contract is concluded when both, the policyholder and the person authorised to represent the insurer have signed the policy and these terms and conditions.
- 2.2 The start and end of the insurance period are specified in the policy.
- 2.3 The credit insurance cover provided by the insurance contract starts from the effective date of the credit limit decision, but not earlier than the beginning of the insurance period.

3. CREDIT LIMITS

- 3.1 The policyholder is obliged to apply for a credit limit for the buyers located in the countries belonging to the country groups specified in the policy, with the policyholder wishing to obtain insurance cover for the credits issued to them. If the policy states that the policyholder is obliged to apply for a credit limit for each buyer in a certain country of location or, for each buyer whose issued credit is not insured by another insurer, a credit limit must be applied for each such buyer. There is no obligation to apply for a credit limit in the case set out in clause 3.8.
- 3.2 When applying for a credit limit for a buyer, the policyholder is obliged to inform the insurer of the circumstances necessary for the assessment of the insurance risks related to the buyer.
- 3.3 On the basis of the policyholder's request, the insurer shall make a credit limit decision, by either assigning a credit limit to the buyer (incl. showing the amount and conditions of the credit limit) or refusing the credit limit. The credit limit shall be deemed to be valid from the date of the assigning the credit limit specified in the credit limit decision, unless a different starting date is indicated in the credit limit decision.
- 3.4 The insurer has the right to terminate and reinstate the credit limit, as well as the right to amend the terms and conditions of the credit limit. The exercise of these rights is subject to a respective credit limit decision by the insurer. Such a decision shall enter

into force on the date of the decision, unless otherwise stated in the credit limit decision.

- 3.5 The insurer shall communicate the credit limit decision to the policyholder by e-mail.
- 3.6 The credit limit remains valid until the end of the insurance period or, until the due date indicated in the credit limit decision, unless the credit limit has expired prematurely.
- 3.7 The policyholder undertakes to keep confidential information about the credit limit decision and its content, incl. information about refusing the assignment of a credit limit.
- 3.8 If an uninsured credit limit is indicated in the policy and the credit (including VAT, where applicable) does not exceed this limit, the policyholder is not obliged to request a credit limit for the buyer. If the credit exceeds the uninsured credit limit, a credit limit must be applied for the buyer immediately. If the insurer assigns a credit limit for the buyer, the insurance cover shall be valid up to the amount of the credit limit from the date of the assigning the credit limit, even if the amount of the buyer's credit subsequently falls below the limit of the uninsured credit limit.

4. INSURANCE RISK AND INSURANCE COVER

- 4.1 The insurance risk is the risk that the buyer fails to fulfil the clear (uncontested) pay the credit after the sale transaction. If the claim waiting period applies under the terms and conditions of the policy, the insurance risk is the risk that the buyer fails to meet the above obligation throughout the claim waiting period.
- 4.2 The insurance covers the credit resulting from a sale transaction carried out during the insurance period, provided that the credit limit assigned to the buyer by the insurer was valid at the time of the sale transaction.
- 4.3 The credit covered is the credit for which the terms and conditions laid down in the policy and in the credit limit decision (buyer, payment term, collateral, etc.) are met. If pursuant to the credit limit decision, the validity of the credit limit is subject to the existence of valid collateral, the policyholder shall be responsible for ensuring that the collateral is valid (i.e. legally established, of sufficient duration and scope).

5. INSURING THE RISK OF A PERSON OTHER THAN THE POLICYHOLDER

- 5.1 The policyholder may request the insuring of credit issued to the buyer by an insured person other than the policyholder, if the policyholder has an insurable interest for that. An insurable interest is presumed

to exist if there is an economic relationship between the policyholder and the person insured other than the policyholder (e.g. parent and subsidiary, etc.). The details of the person insured other than the policyholder are shown in the policy.

- 5.2 If the insurance has been taken to cover the risk of a person other than the policyholder, the insurer is only obliged to fulfil its obligation to the policyholder if the policyholder proves that the person insured consented to the conclusion of the insurance contract. The policyholder shall prove the existence of the consent of the person insured at the latest when submitting the application for insurance benefit.
- 5.3 The person insured has the right to claim insurance benefit from the insurer upon the consent of the policyholder.

6. EXCLUSIONS

- 6.1 The insurance cover does not extend to such buyer's debt which is not a debt for the goods or services purchased on credit terms from the policyholder under a sale transaction. For example, the insurance does not cover the obligation to pay fines for delay, contractual penalties, bank service fees, customs duties, translation costs of documents and costs resulting from exchange rate differences.
- 6.2 Credit arising from a sale transaction between the policyholder and the buyer is not covered if the policyholder and the buyer are related: the policyholder has the power to exercise influence over the buyer through a holding, beneficial owners or members of management bodies or otherwise, or *vice versa*.
- 6.3 The insurance does not cover credit issued at a time when the buyer had no valid credit limit, incl. at a time when the insurance cover was suspended (see clause 7), unless otherwise provided for in the terms and conditions of insurance, or credit for which the terms and conditions set out in the insurance conditions for the insured credit (buyer, payment term, collateral, etc.) have not been fulfilled.

7. SUSPENSION AND RECOVERY OF INSURANCE COVER

- 7.1 Insurance cover is suspended in case of any of the below events, whichever occurs first:
 - 7.1.1 the expiry of the initial collection period, whether or not the policyholder has informed the insurer thereof;
 - 7.1.2 the policyholder has issued a payment default notice against the buyer;
 - 7.1.3 the buyer has become insolvent;
 - 7.1.4 the insurer has terminated the validity of the credit limit assigned to the buyer.

7.2 In the case of payment of all overdue credits within 30 days as of the expiry of the initial collection period, the insurance cover shall be reinstated retroactively, but only if the insurer has not made a decision to terminate the credit limit assigned to the buyer. If the insurer has decided to terminate the credit limit, the policyholder can apply for a new credit limit to be assigned to the buyer, but only if the buyer does not have an overdue debt to the policyholder.

8. REPORTING INSURED TURNOVER

8.1 The policyholder is obliged to submit declarations of the insured turnover to the insurer for the periods and by the deadlines as specified in the policy. For the submission of the declarations of the insured turnover, the form provided by the insurer must be used, which is available on the insurer's website www.krediidikindlustus.ee.

8.2 All credits issued during the relevant period to a buyer whose assigned credit limit was effective (incl., if the credit limit was assigned within the period or if it was suspended or expired during or after the period) must be shown on the declaration of the insured turnover.

8.3 If the policyholder adds VAT to the credit, the amount of the credit including VAT must be shown on the declaration of the insured turnover.

8.4 When filing the declaration of the insured turnover, it is not permitted to deduct the following from the total amount of credit granted to the buyer:

- 8.4.1 credits that exceed the credit limit;
- 8.4.2 credits that have been paid by the buyer, regardless of the method of payment (incl., cash payment, payment by set-off, etc.);
- 8.4.3 claims which the buyer has against the policyholder;
- 8.4.4 credits that have been disputed by the buyer.

8.5 The amount of the credit invoice issued to the buyer may be deducted from the total amount of credit issued to the buyer only in cases where:

- 8.5.1 the policyholder issued the credit invoice immediately after the invoice was issued because the invoice was issued in error;
- 8.5.2 the policyholder issued a credit invoice immediately after delivery of the goods or provision of the service to the buyer because the invoice originally presented to the buyer overstated the value of the goods or service.

8.6 Data on the insured turnover must be provided in the currency of the insurance contract. If the policyholder has issued credit in a currency other than the euro, the turnover must be reported using the official exchange rate of the European Central Bank on the last working day of the month in which the credit was issued.

8.7 The insurer may provide the policyholder with a pre-filled declaration of the insured turnover, showing the details of the buyers who had a valid credit limit during the relevant period. Notwithstanding the foregoing, it is the responsibility of the policyholder to ensure that the information in the declaration of the insured turnover is correct. Failure to submit a pre-filled declaration does not release the policyholder from the obligation to submit the declaration of the insured turnover on time. Failure to submit the declaration of the insured turnover or providing incorrect information in the declaration is a material breach of the insurance contract.

9. PREVENTION OF DAMAGES, NOTIFICATION OF PAYMENT DEFAULT

9.1 When granting credit, the policyholder is obliged to take the usual care in economic activities. The policyholder is obliged to make every effort to duly fulfil the policyholder's obligations arising from the sale transaction and to oblige the buyer to fulfil its obligations, with a view to prevent damage.

9.2 The policyholder may not increase the insurance risk. An increase in the insurance risk is an increase in the probability of an insured event occurring, or in the potential damage. If the policyholder deliberately increases the insurance risk, the insurer is released from its obligation to pay insurance benefit to the extent that the increase in the insurance risk contributed to the incurring of damage. The policyholder is obliged to notify the insurer immediately of any circumstance that leads or may lead to an increase in the insurance risk.

9.3 The policyholder must inform the insurer of the buyer's default by means of a payment default notice. When submitting a payment default notice, the form provided by the insurer must be used, which is available on the insurer's website www.krediidikindlustus.ee.

9.4 The payment default notice must be submitted no later than 30 days after the end of the initial collection period, unless the credit has been fully repaid by that time. The payment default notice must show complete and accurate information on the total debt owed by the buyer to the policyholder (incl. overdue credits and those, the payment term of which arrives in the future, as well as the debt that is not covered by insurance (see clause 6)).

9.5 If the insured credit is secured by collateral (guarantee, surety, etc.), information to this effect must be provided in the payment default notice, regardless of whether or not the collateral was required by the insurer.

9.6 After the arrival of the due date and until the submission of a notice of payment default, the

policyholder is obliged to submit the claims for payment to the buyer independently, at least in a form that can be reproduced in writing. Following the payment default notice, the insurer may instruct the policyholder to take enforcement measures against the buyer, which the policyholder must follow, or to take the enforcement measures itself.

9.7 The policyholder is obliged to inform the insurer if it continues the sale transactions (incl. the sale transactions on prepayment terms) with a buyer on whom the policyholder has submitted a payment default notice to the insurer. The policyholder is aware that the amounts received from the buyer under such sales transactions will reduce the amount of loss and the possible insurance benefit (see clauses 12.2 and 12.3), unless the parties agree otherwise. A different agreement between the parties is only possible if the insurer considers it justified with the aim of minimising the potential loss, and this must be set out in the documents of the insurance contract.

9.8 The policyholder is also obliged to notify the insurer immediately of the following:

- 9.8.1 the buyer requests an extension of the payment term, whereas the new payment term is later than the expiry of the maximum payment term;
- 9.8.2 the buyer has become insolvent or is at risk of becoming insolvent;
- 9.8.3 there are any other circumstances giving reason to believe that the buyer is not duly fulfilling his payment obligations.

10. INSURED EVENT

10.1 An insured event is the event listed below which occurs first:

- 10.1.1 insolvency of the buyer (clause 10.3);
- 10.1.2 long-term payment default by the buyer (clause 10.4);
- 10.1.3 payment default by the buyer due to materialisation of a political risk (clause 10.5).

10.2 The insured events, for which the policyholder has been granted insurance cover, are shown on the policy.

10.3 The buyer's insolvency is a situation where the buyer has been declared bankrupt by a court, or has been liquidated, or the court has approved a reorganisation plan for the buyer, or has terminated or dismissed insolvency proceedings due to lack of assets, or an out-of-court arrangement has been signed with all creditors of the buyer which prevents the satisfaction of a claim of the policyholder, or there are other circumstances which, according to the legislation of the country of location of the buyer would be regarded as an insolvency and which are substantially equivalent to any of the foregoing situations.

10.4 Long-term payment default by the buyer is a situation where the buyer has not paid the credit to the policyholder during the entire claim waiting period. In case the buyer has not paid several credits, the aforesaid situation occurs on the moment when the claim waiting period following the due date of the outstanding credit that became callable chronologically at the earliest, has passed. A long-term payment default on the part of the buyer shall not be deemed to be the event where the buyer justifiably refuses to fulfil its payment obligation and/or has contested the claim.

10.5 Non-performance of a buyer's payment obligation due to the materialisation of a political risk is a situation where the non-performance of the payment obligation by the buyer is caused by:

- 10.5.1 a measure or decision of a foreign government that prevents the buyer from completing the sale transaction;
 - 10.5.2 a moratorium, declared by the government of the buyer's country of location or by the government of the third country through which payments are made under the export contract;
 - 10.5.3 political events, economic difficulties and measures arising from legislation or administrative measures in a foreign country, which prevent transfer of payments under the sale transaction or cause delays in such payments;
 - 10.5.4 legislation adopted in the buyer's country of location, according to which payments made by the buyer in the local currency are considered fulfilment of the obligation regardless of whether or not these payments cover the debt amount under the sale transaction on the transfer date as a result of changes in exchange rates;
 - 10.5.5 a measure or decision of the government of Estonia as well as the European Union, which is related to trade relations between Estonia and other countries, if the government concerned does not compensate for the damage incurred by the policyholder as a result of such a measure or decision in any other way;
 - 10.5.6 Force majeure in a foreign country, if its impact is not covered with some other agreement.
- 10.6 The policyholder has the obligation to inform the insurer immediately of the occurrence of an insured event.

11. APPLYING FOR AN INSURANCE BENEFIT

11.1 After the occurrence of an insured event, the policyholder has the right to claim from the insurer compensation for the damage suffered by the policyholder as a result of the insured event (insurance benefit).

11.2 An application for insurance benefit shall be submitted to the insurer no later than within six months after the occurrence of the insured event. If the policyholder fails to submit an application for insurance benefit within the above term, the insurer shall be released from the obligation to pay the insurance benefit.

11.3 Also, if the buyer has contested its obligation to pay the credit but the policyholder does not accept the buyer's challenge, the application for insurance benefit must be submitted within the time limit mentioned in clause 11.2. In this case, an overview of the circumstances and the current status of the dispute must be submitted together with the application. The insurer is under no obligation to process such application for insurance benefit until the dispute is resolved. The dispute is deemed to be resolved when the policyholder submits to the insurer a court judgment or arbitration award that has entered into force or another enforcement document. The policyholder is obliged to inform the insurer without delay also if, as a result of the dispute, the buyer is not obliged to pay the credit.

11.4 The application for insurance benefit must be accompanied by documents proving the occurrence of the insured event and the damage suffered as a result of it, as well as the documents needed to determine the amount of damage. Such documents may, depending on the circumstances of the insured event, include (but are not limited to) the following: the sales contract, delivery documents, payment documents, accounting statements, bank account statements, documents confirming the buyer's insolvency, evidence of the realisation of additional collateral, evidence of the measures taken by the policyholder for minimising the damage, incl. on the payment claims filed against the buyer. The documents must be submitted to the insurer in Estonian or English; in the case of a document in a language other than the above-mentioned, the insurer has the right to request a translation.

11.5 The policyholder is obliged to provide the insurer with all the information necessary to establish the occurrence of the insured event and the amount of the loss or damage. The insurer has the right to ask the policyholder for explanations about the circumstances of the damage and the information and documents provided, as well as the right to check the policyholder's accounting documents, accounting information systems and printouts of these systems, if necessary, in order to determine the amount of loss.

12. AMOUNT OF THE INSURANCE BENEFIT

12.1 The insurer calculates the amount of insurance benefit by first calculating the amount of the loss.

12.2 The amount of loss is calculated on the basis of the total amount of the buyer's outstanding credits at the time of the suspension of cover, less the amounts paid by the buyer or on behalf of the buyer after the suspension of cover (incl. amounts paid based on sale transactions on prepayment terms), the buyer's financial counterclaims, the amounts of credit invoices issued to the buyer and the sales proceeds of goods recovered from the buyer sold to a third party.

12.3 Pending payment of the insurance benefit, the policyholder's claims against the buyer arising from the sale transactions (starting chronologically from the earliest) are deemed to have been settled upon the receipt of the payment from the buyer or any other person who made the payment on behalf of the buyer. The above accounting for receipts applies irrespective of the agreements between the policyholder and the buyer and the size of the amounts received and whether the payment is made to settle a credit covered by insurance or any other debt. If receipts are in a currency other than the euro, the official exchange rate of the European Central Bank on the date of the receipt is used.

12.4 The amount of the loss shall be limited to the credit limit of the buyer to whom the credit-related loss relates and shall in no case exceed the credit limit.

12.5 If the amount of loss exceeds the non-qualifying loss amount, the insurer shall calculate the amount of insurance benefit by multiplying the loss amount by the cover rate of insurance cover.

12.6 If the buyer is obliged to pay to the policyholder the price of the goods or services together with VAT, the insurer will take as basis when calculating the loss amount the amount of the credit, including VAT.

12.7 If there are any exclusions and/or circumstances that lead to a refusal to pay the insurance benefit (see clauses 6, 15 and 16), the insurer will take these into account when determining the amount of the insurance benefit.

13. REIMBURSEMENT OF COLLECTION COSTS

13.1 In addition to the payment of the insurance benefit, the insurer will reimburse the policyholder for the necessary collection costs incurred in the collection of the insured credit from the buyer, the incurrance of which has been approved in advance by the insurer. The insurer shall reimburse the

collection costs if the buyer has not reimbursed these to the policyholder.

- 13.2 Legal costs relating to a dispute between the policyholder and the buyer, the policyholder's staff and administrative costs and costs that cannot be recovered from the buyer under the law or an agreement between the policyholder and the buyer, are not considered as collection costs.
- 13.3 The collection costs are reimbursed by the insurer up to the amount corresponding to the rate of insurance cover. If VAT was added to the collection costs, which must be reimbursed to the policyholder under the Value Added Tax Act, the insurer will base the reimbursement of the collection costs on the amount of the collection costs net of VAT.
- 13.4 Collection costs shall be reimbursed together with the payment of the insurance benefit. If the buyer has paid the credit as a result of the collection acts and the insurance benefit is therefore not paid, the policyholder is still entitled to claim reimbursement of the collection costs if the buyer has not reimbursed the collection costs to the policyholder within 6 (six) months as of the date of filing the respective claim against the buyer.

14. PAYMENT OF INSURANCE BENEFIT

- 14.1 The insurer shall determine the amount of the insurance benefit and, where applicable, the amount of the reimbursement for the collection costs (hereinafter jointly or severally referred to also as the 'benefit') by its decision no later than within one month after the date of receipt of the application for the insurance benefit and all the supporting documents and information required. The insurer will forward the decision to the policyholder by e-mail.
- 14.2 For good reason, the insurer may extend the time limit specified in clause 14.1. A good reason may be, for example, the proceedings against the policyholder and/or the buyer, if the amount of benefit depends on it.
- 14.3 The insurer pays the benefit within 15 calendar days as of making the decision. The total benefit payable for an insurance period cannot exceed the amount shown in the policy.
- 14.4 The insurer pays the benefit in the currency of the insurance contract. If pursuant to the sale transaction, the buyer had to pay the policyholder in a currency other than the euro, the insurer shall calculate the amount of benefit on the basis of the official exchange rate set by the European Central Bank for the euro and the currency concerned on the last working day of the month in which the credit was granted.
- 14.5 Upon payment of the benefit, the insurer has the right to deduct from the amount of the benefit payable the amount owed by the policyholder to the insurer (insurance premiums that have become due, fee for credit limit), even if the insurer is obliged to pay the benefit to a person equivalent to the policyholder.
- 14.6 Upon payment of the benefit, the claim against the buyer (recourse claim) is transferred to the insurer within the same extent as the benefit paid. The rights securing the claim are also transferred to the insurer. At the request of the insurer, the policyholder is obliged to provide the insurer with a confirmation on the transfer of the right of claim and documents proving the claim, as well as to inform the buyer of the transfer of the right of claim.
- 14.7 After the payment of the insurance benefit, the parties shall jointly, severally or by mutual agreement continue the collection of the insured credit from the buyer. The collection costs involved are divided between the parties pursuant to how the right of claim is divided.
- 14.8 Unless otherwise agreed by the parties, the policyholder has no preferential right to the settlement of the part of the claim due to the policyholder, and the sums received from the buyer or any other person after the payment of the benefit to settle the buyer's debt are to be divided between the policyholder and the insurer in proportion to the deductible and the rate of insurance cover. After the settlement of the insurer's recourse claim, the policyholder shall retain the rest of the amounts received.
- 14.9 Upon receipt of a payment from the buyer or any other person for the settlement of the buyer's debt, the party who received the payment is obliged to notify the other party within three working days as of the receipt and transfer the amount due to the other party within five working days as of receipt at the latest. If the receipts are in a currency other than the euro, the official exchange rate of the European Central Bank on the date of the receipt is used.
- 14.10 If, after the payment of the benefit, it turns out that the actual loss suffered by the policyholder is less than the amount on the basis of which the benefit was paid, the policyholder is obliged to return immediately the part of the insurance benefit to which it was not entitled under the terms and conditions of the insurance.
- 14.11 If the policyholder disagrees with the insurer's decision on the determination of the insurance benefit, the policyholder has the right to file a challenge with the insurer. The insurer will review the objection lodged by the policyholder and inform the policyholder of the outcome of the review.
- 14.12 If the policyholder does not agree with the insurer's decision in which the insurer dismisses the policyholder's objection, the policyholder shall be entitled to turn to a court.
- 14.13 If the insurer has informed the policyholder of dismissing the application for the insurance benefit

or the objection lodged by the policyholder, and the policyholder does not bring an action against the insurer within one year as of receiving such information, the insurer shall be released from the obligation to pay the insurance benefit.

15. DAMAGE NOT SUBJECT TO REIMBURSEMENT

- 15.1 The damage caused by the following is not reimbursed:
 - 15.1.1 credit which is not covered by insurance (see exclusions in clause 6);
 - 15.1.2 disputed credit (pending a decision confirming the buyer's payment obligation);
 - 15.1.3 a claim against the buyer which the policyholder has waived (incl. in the case referred to in clause 23.1);
 - 15.1.4 a claim against the buyer where the insurer cannot acquire a right of recourse against the buyer;
 - 15.1.5 a cyber incident or fraud (e.g., identity theft of the buyer), or the materialisation of any other risk not covered by the insurance contract;
 - 15.1.6 fulfilment of claims against the policyholder.

16. GROUNDS FOR REFUSING TO PAY THE BENEFIT

- 16.1 The insurer has the right to refuse to pay the benefit if:
 - 16.1.1 the policyholder has failed to pay the insurance premium, submit a declaration of the insured turnover, submit a notice of payment default, submit a claim for payment to the buyer or carry out any other collection act, or has otherwise committed a material breach of the insurance contract;
 - 16.1.2 the time limit for applying for the insurance benefit has expired and no application has been submitted;
 - 16.1.3 the loss or damage was caused intentionally or through gross negligence on the part of the policyholder;
 - 16.1.4 at the time of taking out the insurance contract or applying for a credit limit for the buyer, the policyholder was or should have been aware of the circumstances giving rise to the loss or damage, or the policyholder has concluded a sale transaction with the buyer or delivered goods to the buyer when the policyholder was or should have been aware that the buyer is unable to pay the credit;
 - 16.1.5 the policyholder provided incomplete or false information to the insurer upon conclusion of the insurance contract and, if the insurer had known the complete and true information, the insurer would not have concluded the insurance

contract or would have done so under different conditions;

- 16.1.6 the policyholder provided incomplete or false information to the buyer when applying for a credit limit and, if the insurer had known the complete and true information, the insurer would not have assigned the buyer a credit limit or would have done so under different conditions;
 - 16.1.7 the policyholder has provided the insurer with false or misleading information about the insured event or loss or has otherwise attempted to deceive the insurer;
 - 16.1.8 the policyholder has entered into a contract with the buyer which constitutes a waiver of the right to pay the insured credit, limits the right to demand payment of the insured credit from the buyer, or complicates or precludes the recovery of a recourse claim;
 - 16.1.9 the policyholder's confirmation of not being related to a bribe turns out to be incorrect.
- 16.2 The extent to which payment of the benefit is refused is decided by the insurer.

17. BENEFICIARY

- 17.1 The beneficiary is appointed and amended on the proposal of the policyholder. The beneficiary's information is shown in the policy.
- 17.2 The replacement of a beneficiary by another person requires the consent of the person who loses the rights of the beneficiary as a result of the replacement.
- 17.3 An amendment to an insurance contract that removes the beneficiary's information from the policy requires the consent of the person who will lose the beneficiary's rights as a result of the amendment.

18. INSURANCE PREMIUM

- 18.1 The policyholder shall make timely payments of the insurance premium to the insurer.
- 18.2 The policy sets out the expected insurance premium, calculated as the product of the expected amount of insured turnover and the rate, and which is payable by the due date stated in the policy or, in the case of instalments, by due dates.
- 18.3 At the end of the insurance period, after receiving the declarations of the insured turnover for all the periods indicated in the policy, the insurer will calculate the final insurance premium according to the actual amount of insured turnover indicated in the declarations of the insured turnover. If the final insurance premium exceeds the expected insurance premium, the policyholder shall be obliged to pay the difference. If the final insurance premium is lower than the expected insurance premium, the insurer will refund the difference to the

policyholder, taking into account the provisions of clause 18.5.

- 18.4 If the insurer is unable to determine the amount of the final insurance premium because the policyholder has failed to duly fulfil the obligation to submit the declarations of the insured turnover, the insurer shall be entitled to demand from the policyholder the payment of the estimated insurance premium or the payment of the final insurance premium estimated by the insurer on the basis of the declarations of the insured turnover submitted by the policyholder so far, while considering the provisions of clause 18.5. The policyholder cannot claim reimbursement of the difference between the final insurance premium and the expected insurance premium if the policyholder has failed to duly comply with the obligation to submit the declarations of the insured turnover.
- 18.5 The policyholder is obliged to pay at least the minimum insurance premium indicated in the policy for each insurance period.
- 18.6 The insurer will issue the policyholder a payment notice (invoice) for the payable insurance premium. Failure to submit or to receive a payment notice does not release the policyholder from the obligation to pay the insurance premium. The insurance premium is deemed to have been paid when the insurer has received the full amount due.
- 18.7 The insurance premium becomes due on the due date of the insurance premium indicated in the policy, or on the due dates in the case of instalments. If the insurer pays the benefit at a time when the due date of the insurance premium or any instalment of the premium stated in the policy has not yet arrived, the insurance premium or any instalment of the premium will become payable when the benefit is paid, but not more than the amount of the benefit payable.
- 18.8 If the policyholder fails to pay the insurance premium or an instalment thereof within 14 calendar days as of the agreed due date, the insurer shall be entitled to withdraw from the insurance contract until the premium is paid. If the insurance premium has not been paid by the time of the insured event, the insurer shall be released from its obligation to pay the benefit. In the event of cancellation of the insurance contract, the insurer is entitled to charge the policyholder 20% of the minimum premium for administrative costs.
- 18.9 If the policyholder fails to pay the second or any subsequent instalment of the premium on time and fails to do so within the additional term granted by the insurer, the insurer may cancel the insurance contract without notice. The insurer may state in the notice sent to the policyholder on granting an additional term for the payment of the premium that it will deem the insurance contract to be cancelled if the policyholder fails to pay the premium within the additional term. If the insured event occurs after the

additional term has expired and the policyholder has not paid the insurance premium by that time, the insurer shall be released from its obligation to pay the benefit. Premiums already paid up to the date of cancellation will not be refunded to the policyholder, and the insurer is entitled to charge an administration fee of 20% of the minimum premium.

19. FEE FOR THE CREDIT LIMIT

- 19.1 The policyholder is obliged to pay the insurer a fee for the credit limit in each insurance period in the amount specified in the policy for each buyer for whom the policyholder applies a credit limit. The policyholder pays the fee for the credit limit on the basis of an invoice issued by the insurer by the term specified in the invoice.
- 19.2 If the policyholder requests an increase in the amount of the credit limit during the insurance period, the policyholder undertakes to pay the insurer an additional fee for the credit limit. This does not apply only to the first request for an increase in the amount of the credit limit.
- 19.3 If the policyholder fails to pay the credit limit fee on time, the insurer shall be entitled to annul the credit limit assigned to the buyer. An annulled credit limit is invalid from the start.

20. POLICYHOLDER'S CONFIRMATION ON NOT BEING RELATED TO A BRIBE

- 20.1 The policyholder declares that:
- 20.1.1 it is aware that pursuant to the Penal Code, both public and private sector bribery offences are punishable, including bribery offences committed in a foreign country, and that penalties for such offences include fines or imprisonment and the confiscation of assets obtained with such offences;
- 20.1.2 it behaves responsibly in international business transactions and takes reasonable care to recognise and prevent situations that may be a source of corruption and to avoid involvement in bribery, receiving or facilitating bribes in connection with a sale transaction;
- 20.1.3 it complies with the legislation prohibiting bribery and ensures that the policyholder's activities comply with the legislation of all countries that have a bearing on the sale transaction;
- 20.1.4 it agrees to provide the insurer with complete and true information about the sale transaction, incl. information on all the persons involved in the sale transaction (incl. parties to the sale transaction, financiers, agents, etc.) and all fees payable in connection with the sale;

- 20.1.5 neither the policyholder nor any person involved in concluding and executing the sale transaction on behalf of the policyholder has taken, offered or mediated a bribe in connection with the sale transaction or other related agreements and does not intend to take, offer or mediate a bribe;
- 20.1.6 neither the policyholder nor any person representing the policyholder is accused of, suspected of or otherwise under investigation for public or private bribery offences in Estonia or abroad;
- 20.1.7 if a person is accused, suspected or otherwise under investigation, the policyholder shall disclose truthful information to the insurer about that;
- 20.1.8 neither the policyholder nor any person acting on behalf of the policyholder has been convicted by a court of a bribery offence, whether public or private, nor has been involved in the giving, receiving or mediating of bribes, as determined by arbitration, within five years before submitting an insurance application to the insurer;
- 20.1.9 if any person has been convicted of or involved in the giving, receiving or mediating of bribes within five years prior to applying for an insurance contract, the policyholder shall disclose truthful information to the insurer about it;
- 20.1.10 the fees related to the sale transaction are lawful;
- 20.1.11 it is aware that the involvement of a person involved in a sales transaction in bribery may mean that the insurer will not conclude or renew the insurance contract, will suspend the payment of the insurance benefit, will terminate a previously concluded insurance contract or will reclaim the insurance benefit already paid;
- 20.1.12 it undertakes to inform the insurer without delay if any of the confirmations given in the above clauses prove to be incorrect.

21. FINANCIAL SANCTION

- 21.1 A financial sanction is an international sanction that prevents, in whole or in part, the use or disposal of funds and economic resources of the subject of a financial sanction, or prohibits certain types of transactions.
- 21.2 The policyholder is aware that every person has an obligation to implement a financial sanction.
- 21.3 The policyholder is aware that the insurer applies financial sanctions upon conclusion and performance of insurance contracts. The insurer will not provide insurance cover or compensate for a loss if this is in conflict with a legislation imposing financial sanctions.

22. AMENDMENT, TERMINATION AND RENEWAL THE INSURANCE CONTRACT

- 22.1 The insurance contract can be amended by agreement between the parties. Amendments to the insurance contract enter into force if the parties have signed a policy containing the amendments.
- 22.2 The insurance contract has been concluded for a specified term. The insurance contract ends at the end of the insurance period indicated in the policy. However, after the termination of the insurance contract, the parties are still obliged to fulfil the obligations arising from the insurance contract prior to its termination, as well as the obligations relating to the credits granted to the buyer during the insurance period, unless the insurance contract provides otherwise.
- 22.3 Unless the policyholder has expressed a different wish, the insurer may make the policyholder an offer to renew the insurance contract for the next insurance period following the expired insurance period. If the policyholder agrees, a new insurance contract will be concluded for a new insurance period.
- 22.4 The insurance contract shall terminate prematurely upon the conclusion of an agreement to this effect by the parties, as well as upon withdrawal from or termination of the insurance contract. Withdrawal from and termination of the insurance contract are possible only on the grounds and in accordance with the procedure laid down in the insurance contract or by law.
- 22.5 The insurer has the right to withdraw from or cancel the insurance contract if the policyholder has not paid the insurance premium (see clauses 18.8 and 18.9).
- 22.6 The insurer has the right to withdraw from the insurance contract if the policyholder, has upon conclusion of the insurance contract failed to inform the insurer of a circumstance materially affecting the insurance risk or has provided the insurer with incomplete or false information which influenced the insurer's decision to conclude the insurance contract and, if the insurer had known the complete and correct information, the insurer would not have concluded the insurance contract or would have done so under different conditions. The insurer can withdraw from the insurance contract within one month of the insurer becoming aware of the above-mentioned circumstance. In the event of cancellation of the insurance contract on such grounds, the insurer is entitled to charge the policyholder 20% of the minimum premium for administrative costs.
- 22.7 The provisions of clause 22.6 do not preclude the right of the insurer to terminate the insurance contract due to fraud.

22.8 The insurer has the right to terminate the insurance contract if the policyholder has deceived or attempted to deceive the insurer about the circumstances of the insurance contract or the insured event. In the event of termination of the insurance contract on the above grounds, the policyholder is entitled to a refund of the insurance premium already paid for the period until the end of the insurance period, less 20% of the minimum premium for the insurer's administrative costs.

23. OTHER PROVISIONS

23.1 The parties have agreed that the insurer has the right to represent the policyholder in the collection of the insured credit from the buyer, if this is reasonable and necessary under the circumstances, for example, if the policyholder fails to carry out the collection act itself in a timely manner. The parties shall be deemed to have given the insurer a respective authorisation by the conclusion of the insurance contract, but the insurer may, if necessary, require the policyholder to provide a separate power of attorney, and the policyholder shall be obliged to provide this to the insurer without delay. If the policyholder fails to give a power of attorney to the insurer and the collection action is therefore prevented, the insurer shall be entitled to consider the policyholder to have waived the claim against the buyer.

23.2 Notices relating to the insurance contract must be given at least in a format that can be reproduced in writing at the party's e-mail address specified in the policy. Notices of payment default and applications for insurance benefit, as well as the related information and documents, should be sent by e-mail to kahjud@kredex.ee.

23.3 The policyholder is obliged to notify the insurer immediately of its merger, division or transformation, as well as of any other circumstances that may affect the performance of the insurance contract or sale transaction.

23.4 The policyholder is not entitled to transfer the policyholder's rights and obligations under the insurance contract to a third party without the consent of the insurer.

23.5 Upon request of the policyholder, the insurer shall issue to the policyholder an insurance contract signed digitally by the parties or a copy of an insurance policy on paper or of a statement of will presented by the policyholder at least in a format which can be reproduced in writing, as well as the data and copies of documents in the possession of the insurer, which influence the rights and obligations of the policyholder, arising from the insurance contract, unless such activity would be in conflict with the requirements arising from the legislation.

23.6 The parties are obliged to keep in secret all the circumstances which they have learned during the conclusion and performance of the insurance contract and which concern the financial situation of the other party, a person equivalent to the policyholder and the buyer, as well as trade and professional secrets. A party has the right to disclose such data if the obligation to disclose arises from the law, if the party has the consent of the other party, a person equivalent to the policyholder or the buyer for disclosing the data, or, if the data originates from publicly available sources.

23.7 In the event of any conflict between these terms and conditions and the terms and conditions set out in the policy or the credit limit decision, the provisions of the policy or credit limit decision shall prevail. In the event of a conflict between the terms and conditions set out in the policy and those set out in the credit limit decision, the credit limit decision shall prevail.

23.8 The insurance contract is governed by Estonian law. The insurance contract replaces the parties' previous agreements on the subject of the insurance contract. In matters not regulated by the insurance contract, the parties shall proceed from the Law of Obligations Act.

23.9 Any disputes and disagreements relating to the insurance contract will be settled by negotiation between the parties. If this fails, the party has the right to refer the dispute to the Harju County Court.

23.10 Supervision over the insurer's activities is carried out by the Financial Supervision Authority (Sakala 4, Tallinn 15030, info@fi.ee).