

## **LAW 1796/1988 (GOVERNMENT GAZETTE 152 A/11.7.1988)**

**(Codified Law – May 2007)**

“Establishment of the Export Credit Insurance Organization”  
**(ECIO)**

### **Article 1: Establishment – Object – Supervision**

1. This is to establish a legal entity of Private Law under the name “The Export Credit Insurance Organization” (ECIO). ECIO is headquartered in Athens and its object is to support the export activities of Greek enterprises and to administer the regime of guarantees provided by the Greek State to domestic or foreign banks, domestic or foreign financial institutions or houses, domestic or foreign construction undertakings, domestic or foreign leasing companies and enterprises in general, to the Deposits and Loans Fund, to the Post Savings Bank and to Entities of Public Law, as well as to foreign Governments as cover for loans, letters of credit and credits in the naval architecture industry, by providing them with the services set out in the following articles.

2. ECIO is subject to State supervision, exercised by the Minister of Economy and Finance.

*(Paragraph 1 of article 1 of L.1796/1988 has been replaced as above by para. 1 Art. 35 of L.3556/2007, GG 91 A/30.4.2007).*

### **Article 2: Activities**

1. ECIO provides guarantee, insurance and re-insurance relating to the provision of short-term (i.e. up to 2 years), medium-term (i.e. 2 to 5 years) and long-term (i.e. over 5 years) credit to natural persons or legal entities of the public or private sector. Such credit may be in the form of cover for credit granted to the buyer by the supplier (supplier credit) or cover for credit granted by a financial institution to the buyer, who has repaid the supplier in cash (Buyer credit). The debtor could be either a natural person or legal entity of any form, either of public or private law, including foreign State entities.

#### **Parties eligible for ECIO cover:**

a. exports of goods or the provision of services having acquired an added value or having been produced or provided in Greece;

b. the provision of services, preparation of studies and plans, supervision of construction projects and works, undertaking the execution of construction projects and works in the EU or in non-EU countries by Greek enterprises or organizations, or by joint ventures or companies in which Greek enterprises participate;

c. the construction, modification or repair of vessels in Greek ship-building companies of ships, boats and other floating means, regardless of the ship-owner's nationality or of the flag under which the vessel is registered;

d. claims arising from the conduction of the actions set out in sections a through c;

e. exportation of Greek goods destined to be sold or to be exhibited in international fairs and shows;

f. rental of machinery, tools and transportation means for the execution of construction projects in both EU and non-EU countries ;

g. participation in international tenders for the procurement of goods or the provision of services, the preparation of studies, the undertaking of supervisory and / or contractor works or the undertaking of construction projects within or outside the EU;

h. letters of guarantee issued by financial institutions or insurance companies, relating to the activities set out in sections a through c above;

i. direct investments undertaken by Greek enterprises within or outside the EU;

j. credit granted by Greek enterprises to companies (of public or private law) established within or outside the EU, or credit granted by financial institutions operating in EU or non-EU countries to financial institutions or companies (of public or private law) operating within or outside the EU, for the conduction of the actions set out in sections a through c;

2. The actions guaranteed, insured or re-insured by the ECIO set out in sections a, b and c of para. 1 above, may be in the form of "supplier credit" or "Buyer Credit", depending on their financing. The Annex to Directive 98/29/EC of the Council dated May 7<sup>th</sup> 1998 "for the approximation of the basic provisions governing the Export Credit Insurance for actions of medium-term and long-term cover" (E.E.L 148/19.5.98), provides the following definitions and characteristics for both types of actions:

**a. "Supplier Credit" Characteristics:**

i. The term "supplier credit" applies to any commercial contract providing for the exportation of goods and / or services originating from a member-state, between one or more suppliers and one or more buyers, whereby the buyer(s) undertake(s) to pay the supplier in cash or on credit.

ii. The provisions regulating the coverage of the "supplier credit" apply when such cover is provided to enterprises established within a member-state, pursuant to Art. 48 of the Treaty (former Art. 58).

iii. If a commercial contract is financed through a “buyer credit” or under any other financing arrangement, then the cover granted to the exporter for the commercial contract, is subject to the provisions applicable to the “supplier credit”.

**b. “Buyer Credit” characteristics:**

i. The term “buyer credit” applies to loan agreements concluded between or more financial institutions and one or more loanees for the financing of commercial contracts pertaining to the exportation of goods or services originating from a member-state. Under the loan agreement, the creditor(s) (financial institution) undertakes to repay the supplier(s) in cash, according to the basic transaction, on behalf of the buyer(s)/ loanee(s), whereas the latter shall repay the creditor on credit.

ii. The provisions regulating the coverage of the “buyer credit” apply when such cover is provided to financial institutions regardless of the place they are established or registered, provided that the “buyer credit” is an unconditional obligation of the loanee to repay his debt, regardless of the efficiency of the commercial contract financed.

iii. The provisions regulating the coverage of the “buyer credit” apply to any cover provided to financial institutions legitimately holding negotiable securities payable by the buyer under agreements for the financing of a commercial contract.

**3.** Within the scope of its activities, ECIO provides consulting services, information and additional technical support for the collection of due and payable export claims by their beneficiaries.

**4.** ECIO undertakes to administer the regime of guarantees provided by the Greek State as cover for loans, letters of guarantee and credit in the naval architecture industry, within the scope of state financing according to the European Laws, and in particular any guarantees provided both to domestic ship-building enterprises or domestic or foreign enterprises, final buyers, provided that the ship-building works shall be entirely executed in Greece. Such administration includes:

a. The receipt of applications for guarantee by the Greek State in the naval architecture industry;

b. The establishment of the appropriate risk assessment model, customised and adjusted to the Greek framework;

c. The assessment based on the model applicable to the ship-owner, the final buyer and the ship-building company / yard or similar entities;

d. The acquisition of the appropriate infrastructure to support this activity;

e. The use of a similar or reliable financial institution evaluation method;

f. The preparation of a relevant proposal to the Sub-Committee set out in Art. 6 of L.2322/1995, based on the evaluation above;

g. Monitoring the observance of the applicable guarantee regimes;

h. The preparation of the annual reports on the evaluation of the regimes to be submitted to the Ministry of Economy and Finance on the observance of the procedures set out in the European Laws.

**5.** All implementation details of para. 4 hereof are regulated by decision of the Minister of Economy and Finance.

*(Paragraphs 1, 2 and 3 of Art. 2 L.1796/1988 have been replaced as above by para. 1 Art. 42 L.3427/2005, G.G. 312 A/27.12.2005).*

*(Paragraphs 4 and 5 were added to Art. 2 based on paragraph 2 Art. 35 L.3556/2007, G.G. 91 A/30.4.2007).*

### **Article 3: Risks covered**

**1. ECIO** may guarantee, insure or re-insure specific risks, and shall be liable to compensation only if the damage was caused directly and exclusively by the occurrence of one or more risk insured below, regardless of whether the debtor (buyer or loanee) is a natural person or legal entity of the private or public law.

#### **a. Insolvency**

Insolvency as to repayment. If the debtor is an entity of private law and provided there is a guarantor, any insolvency of the guarantor de jure or de facto.

#### **b. Delinquency**

Delay in payment or sovereign risk, provided that the debtor is an entity of private law and under State guarantee.

#### **c. Breach**

Breach on part of the debtor and his guarantor, where applicable.

#### **d. Arbitrary termination or refusal**

If the buyer decides to terminate or cancel the commercial contract, within the scope of the "supplier credit", based on section a para. 2 of Art. 2 hereof, or refuses to accept the goods or services without having this option.

#### **e. Third-country decision**

Any government measure or decision of any country other than Greece, including any measure and decision of the State Authorities, considered as state intervention hindering the execution of a loan or commercial agreement respectively or the smooth operation of the investment or modifying the original regime of the investment, such as nationalizations and expropriations.

#### **f. Moratorium**

General moratorium established by the Government, either by the country of the debtor or by a third country, through which payment shall be effected within the scope of the loan or commercial agreement.

#### **g. Obstruction or delay of fund transfers**

Political developments and financial difficulties that come up and legislative or administrative measures adopted outside Greece, which hinder or delay the transfer of funds payable under the loan or commercial agreement.

#### **h. Legal provisions applicable in the debtor's country**

Legal provisions established in the debtor's country, whereby all payments in the national currency made by the debtor are considered as legal, even if they no longer cover the amount of debt as at the date of the fund transfer, - when converted to the currency of the loan or commercial agreement - due to fluctuations in the exchange rate.

#### **i. Decision of the country of the insurer or the insured**

Any measure or decision adopted by the government of the country of the insurer or the insured, including any measure and decision of the European Community, relating to the commerce between a state-member and third countries, such as the prohibition of exports, provided that their implications are not otherwise covered by the interested government.

#### **j. Force majeure**

Event of force majeure occurring outside the insurer's country, such as war, including civil war, revolution, riots, civil commotion, cyclones, flooding, earthquake, volcanic explosions, tidal waves and nuclear accidents, provided that their implications are not covered by other insurance.

### **2. General exception from the insurer's liability**

ECIO shall not be liable for any damage directly or indirectly attributable to:

- a. An action or omission of the insured or any party acting on account of the insured;
- b. A restriction of the rights of the insured included in the loan agreement, in the commercial agreement or in any relevant documentation, including any document relating to the relevant guarantee or security arrangements;
- c. Any further agreement between the insured and the debtor following conclusion of the loan or commercial agreement, which hinders or delays debt repayment;

d. As regards the “supplier credit”, based on section a para. 2 Article 2, to a potential failure by the sub-contractors, or joint- contractors or other suppliers to perform their obligations, provided that such failure was not caused by political developments, as set out in Article 3 para. 1 sections e, f, g, h, i and j.

3. By means of Presidential Decrees issued and proposed by the Minister of Economy and Finance, ECIO may expand its activities towards covering additional risks related to its mission, not quoted in para 1 above, in compliance with the Directives and Decisions of the Council of the European Union.

*(Article 3 of L.1796/1988 was replaced as above by paragraph 2 of Art. 42 of L.3427/2005, G.G. 312 A/27.12.2005).*

#### **Article 4 : Re – insurance**

1. With regard to the risks described in article 3 hereof, ECIO may:

- cover same as primary insurer or co-insurer or re-insurer;
- assign or re-assign, or re-insure them to other insurance or re-insurance companies or other financial institutions or to the State.

2. ECIO may enter into agreements with the respective National Organizations of other countries, for matters pertaining to reciprocal co-insurance, re-insurance of medium and long-term export credits, for the execution of the actions set out in Article 2 para. 1 sections a, b, and c hereof.

*(Article 4 of L.1796/1988 was replaced as above by Art. 42 para. 3 of L.3427/2005, G.G. 312 A/27.12.2005).*

#### **Article 5: Rate of cover.**

The guarantee, insurance or re-insurance cover provided by ECIO may not exceed 95% of the liability or damage covered.

*(Article 5 of L..1796/1988 was replaced as above by Art. 42 para. 4 of L.3427/2005, G.G. 312 A/27.12.2005).*

#### **Article 6 Administration**

1. ECIO is managed by a 9-member Board of Directors.
2. The members of the Board, the General Manager and the Deputy General Manager are appointed amongst persons availing specific knowledge or experience related to ECIO’s activities.
3. The President, the members of the Board, and the General Manager of ECIO are nominated by Resolution of the Minister of Economy and Finance which is published in the Government Gazette.

The compensation of the members of the Board and of the General Manager paid by ECIO is decided in the same way.

4. The duty of the members of the Board is for a period of three years and may be renewed.
5. The Board of Directors of ECIO assigns one of its members to be the Vice-President, the Deputy General Manager and its secretary and decides on their remuneration.
6. The Board of Directors is in quorum when there is presence of at least five of its members.
7. The Board of Directors' decisions are based on the absolute majority of its present members. In the event of equal votes, the vote of the Chairman or of the acting chairman prevails. The unexcused absence of a member from the meetings of the Board over a period in excess of three months, is deemed to be his resignation.
8. In the event of termination, death, resignation, or withdrawal for any reason of any member of the Board prior to concluding the tenor of his appointment, a new member is appointed in line with the procedure set in para 3 for the remaining time period. Till the nomination of the new member of the Board, last may function by shorter composition for a period of no more than three months. In that case the remaining members should be enough to form the quorum indicated in para 7.

## **Article 7 Authorities of the Board of Directors**

1. ECIO' s Board of Directors is responsible for about any matter which refers to its management and representation, the administration of its assets and in general the accomplishment of its mission.

More specifically, the Board of Directors:

**a.** Prepares the budget of ECIO, formulates the annual action plan and submits same until the 15th day of October of each year for approval before the Minister of Economy and Finance. ECIO' s annual action plan describes the risks which are undertaken by category of risk, category of exported products, country of destination, currency in which obligations are undertaken and settled, the percentages of cover by category of risks, the timing odd indemnity disbursements, ECIO' s investment plans, network expansion plans and the plans for the amelioration of its infrastructure and the improvement of the terms and conditions of rendering its services.

**b.** Determines by means of regulations, approved by the supervising Minister, the procedures, the terms and the prerequisites under which the ECIO:

**ba.** offers, in general or by category of risks and instances, its insurance, guarantee and other services,

**bb.** confirms in general and/or by category of risks and instances the insurance of the risks that are undertaken,

**bc.** disburses the indemnities in general or by category of risks and instances.

**c.** In line with the approved action plan and budget of ECIO as well as with the regulations set in point b. above, determines by regulations the insurance premiums and commissions charged, the percentages of cover by category of risk as the approved maximum limit set, the currencies in which the payments are effected, the timing of payments and any other essential term and condition in the judgement of the Board of Directors.

**d.** Decides on guarantee, insurance or re-insurance applications.

**e.** Decides on the amendment of the original terms and conditions of the insurances and of the re-insurances offered.

**f.** Decides on settlements and authorizes the insurance enterprises, if re-insurance is involved, to freely proceed to well justified compromises binding ECIO.

**g.** Decides on measures ensuring its interests as well as the interests of the State and cares to maintain ECIO' s obligations within the limits set by the articles 12 and 15.

**h.** Decides on the re-insurance of private insurance companies either individually or in syndication.

**i.** Monitors the level of the risks which are undertaken and of its obligations so that not exceed the limits set either on aggregate or by case.

**j.** Submits proposals to the supervising Minister on any subject relating to ECIO .

**k.** Decides on raising loans. The relevant resolutions are to be approved by the supervising Minister.

**l.** Administers ECIO' s assets.

**m.** Decides on any expenditure incurred by ECIO.

**n.** Decides on personnel issues.

**o.** Decides on any other subject pertinent to the accomplishment of ECIO' s mission.

**2.** The Board of Directors may totally or partially and under the terms defined in this resolution delegate to the General Manager the responsibilities included points c, d, e, f, g, l, m, n, o, of para 1.

3. The President of the Board of Directors represents ECIO before any authority and against any third party, represents ECIO judicially and extra judicially, and supervises the correct implementation of Board' s decisions, the correct implementation of ECIO' s action plan, of its budget, its organizational and operational regulations the rules of operations of the Board of Directors and the regulations specified in para 1 point b. He initiates the meetings of the Board of Directors, chairs them and decides on the agenda, following the proposal of the General Manager of ECIO. In case the chairman does not exist or he is absent or impeded his duties are exercised by the vice-chairman. Based on the approval of the Board the President may delegate the representation of ECIO before the authorities and any third party also the judicial or the extra judicial attendance and representation to the Managing Director.
4. The General Manager is the Senior Executive Officer of ECIO. The General Manager is the supervisor of all the services and the personnel, directs their operations and makes the decisions relating to the operations and the activities of ECIO within the limits of its organizational, operational and personnel regulations, the action plan, the budget, the regulations set in para 1 point b and the decisions made by the Board of Directors. Furthermore, he introduces in the meetings of the Board of Directors the issues which are under consideration. When the General Manager is absent or impeded, his duties are taken over by the Deputy General Manager.
5. Following Board' s approval, the General Manager may delegate the judicial and the extra-judicial attendance and representation of ECIO entrusted to him, to a member of the Board of Directors, a member of ECIO's personnel, or a third party.
6. The General Manager may decide to partially or totally delegate to one or more than one employees of ECIO the responsibilities which are given to him in line with the provisions of para 2.

#### **Article 8 Regular audit**

The regular audit of the financial administration of ECIO and of its balance sheet, as well as other audits, are performed by two registered chartered accountants.

#### **Article 9 Balance sheet**

1. The financial year lasts for twelve months, commencing each year on January first and ending on December thirty first.
2. The first financial year starts upon the publication of this law in the Government Gazette and is conclude on December 31st of the subsequent year.
3. At the end of each financial year, the Board closes the accounts, compiles a detailed report on ECIO' s assets and proceeds to the compilation of the annual balance sheet according to the law.

4. The balance sheet, the annual report on activities and the allocation of any financial surpluses in alternate uses, are presented for approval to the Minister of Economy and Finance.
5. The balance sheet and the certificate of the chartered accountants are published within at least twenty days prior to their submission for approval according to the provisions set by article 43b para 5 of the Cod. Law 2190/1920 as amended by article 36 of Presidential Decree 409/1986 Gazette Iss.No 191.

#### **Article 10 ECIO' s Personnel**

1. ECIO' s organizational, operational and personnel regulations as well as the Board of Directors Operating Procedure are compiled by ECIO' s Board and approved by the Minister of Economy and Finance. ECIO' s first Board of Directors prepares the organization and personnel policies and procedures and Board's internal Operating Procedures within three months from the date of the publication of its appointment in the Government Gazette.
2. Detachment of specialists in ECIO' s activities of personnel employed by other state entities in private law is possible subject to the approval of the relevant proposal of ECIO' s Board by the Minister of Economy and Finance and the consensus of the legal entity in which the employee is employed

#### **Article 11 ECIO' s sources of funds**

1. ECIO' s revenues consist of:
  - a. insurance premiums.
  - b. commissions on letters of guarantee.
  - c. fees on commercial information, advice and other similar services provided.
  - d. profits from the collection or the transfer of overdue claims in foreign currency which had been endorsed to the ECIO.
  - e. profits from portfolio management and investments.
  - f. income from its assets.
  - g. possible state or third party contributions
2. Management surpluses of ECIO are allocated to following purposes:
  - a. generation of capital reserves.

- b. investments.
- c. improvement of services' terms and conditions.
- d. return to the State.

## **Article 12: State Guarantee**

1. ECIO' s obligations arising from guarantees, insurance and re-insurance of non-marketable risks, as same are defined by the competent bodies of the European Commission, are ipso jure guaranteed by the Greek State up to the limit ad hoc decided by Presidential Decrees proposed and issued by the Minister of Economy and Finance.

2. Any payment effected by the Greek State to ECIO under its guarantee, shall equally decrease the limit of liability set out in the previous paragraph.

3. By order of the Minister of Economy and Finance to the Bank where the State accounts are held, given following a documented proposal of ECIO's Board of Directors, the Bank shall transfer the amount of order from the State's account to ECIO's account and shall instantly notify the transfer to the competent department of the General Accounting Office. The amounts transferred as above may not exceed the limit set by the decrees set out in para 1

*(Paragraph 1 of Article 12 of L.1796/1988 was replaced as above by para 5 Art. 42 of L.3427/2005, G.G. 312 A/27.12.2005).*

*(Paragraph 3 του άρθρου 12 του Ν.1796/1988 was replaced as above by Article 12 of L..2227/1994, G.G. 129 A/11.8.1994).*

## **Article 13 Beneficiaries of ECIO' s grants**

Beneficiaries of the grants provided in article 2 are the physical persons or the legal entities, which are involved in anyone of the activities, detailed in the same article.

## **Article 14 Substitution**

In the event of indemnity payment ECIO is de jure substituted into the rights and the obligations of the insured, in accordance with the law and the terms and conditions included in the insurance policy.

## **Article 15 Currency Regulations**

1. Foreign currency contracts, Guarantee, insurance and re-insurance contracts as described herein may be denominated in foreign currency.
2. Financial institutions, when considering the issuance of letters of guarantee, credit facilities or financing for the undertaking and the execution of works by Greek enterprises overseas or the undertaking and

execution of Shipping construction or repair works as detailed in point of para 1, article 2, request and accept in Greece also encumbrances and other security in order to cover their corresponding claims deviating legally existing national currency protection regulations.

3. When ECIO disburses indemnity due to insurance or re-insurance is ipso jure substituted as secured lender as described in para 2 in accordance with the terms and conditions specified more specifically in the insurance policy.
4. Upon decision of the Minister of Economy and Finance, further to relevant proposal by ECIO' s Board of Directors, the section of the maximum limit of guarantees, insurance, and re-insurance that are covered by the Greek State, and which may be undertaken by ECIO in foreign currency.
5. Contracting in foreign currency of guarantees, insurance, re-insurance and of other acts as provided by this law it is possible only in currencies included in the Bulletin of Exchange Rates which is issued in accordance with article 4 of Law 1083/1980 (Gov. Gaz. 252)

#### **Article 16: Tax Provisions**

1. Any insurance policies signed by ECIO and any rights arising from them, the insurance premiums and the indemnity payments are exempted from any tax or other duty in favour of the State or third parties, excluding the Value Added Tax, as long as it is mandatory according to current legislation.

2. Any contributions and third party grants to ECIO are exempted from tax, any other levy in favour of the State or third parties and are deemed to be expenditures of the party making the contribution or the grant in line with applicable income tax laws and regulations.

*(By paragraph 54 of Art. 4 of L.2459/1997, G.G. 17 A/18.2.1997, all exemptions from stamp duty set out in Art. 16 of L.179 6/1988 were abolished).*

#### **Article 17 Implementation of insurance legislation**

1. The legislation governing private insurance enterprises apply also to the insurance activities of ECIO, as long as it complies with the provisions of this law. Generation of technical reserves on the part of ECIO is optional.
2. The obligation of insurance companies which are re-insured with the ECIO to create technical reserves is limited to the proportion of their own insurance retention.

#### **Article 18 Information**

Civil services, legal entities in public law, Banks, insurance companies and social utilities furnish ECIO with any information requested by it necessary to the accomplishment of its purposes, provided such information does not violate bank and taxation confidentiality regulations.

### **Article 19 Transition**

As of the date this law is published, the assets, the rights and the liabilities of KAPE (Capital for the Insurance of Export Credits) are de jure undertaken by ECIO in its capacity of total successor. The trials which are pending continue and thus no abrupt interruption of the results there of.

### **Article 20 Abolished and maintained Regulations**

1. Law 225/1975 (Gazette Iss No 268) is abolished.
2. Presidential Decree 275/1986 (Iss No 123) is maintained in force. (Articles 21 and 22 do not refer to ECIO).

### **Article 23 Validity**

This legislation is effective as of the date of its publication in the Government Gazette.

We order that this is to be published in the Government Gazette and its execution as Law of the State.

Athens, July 4, 1988  
The President of the Republic  
**Christos A. Sartzetakis**  
THE MINISTERS

of Prime Minister's Office  
**Ap. Kaklamanis**  
of Finance  
**D. Tsovolas**

of National Economy  
**P. Roumeliotis**  
of Commerce  
**N. Acritides**

Viewed and State's Grand Seal placed on  
in Athens July 7, 1968  
The Minister for Justice  
**Agamemnon Koutsoyiorgas**