

Forms of cooperation for export credit insurers

Information, V1.1, as of 1 January, 2007

Schweizerische Exportrisikoversicherung
Assurance suisse contre les risques à l'exportation
Assicurazione svizzera contro i rischi delle esportazioni
Swiss Export Risk Insurance



Basis for cooperation

Major projects usually involve exporters from a number of different countries. Export credit insurers, too, work closely together on these projects in a variety of legal forms such as parallel insurance, coinsurance, and reinsurance agreements. Doing so enables the underlying risks to be spread across several parties and foreign content to be kept at a reasonable level. Besides actually spreading the risk, these agreements also aim to simplify project execution. The following sections describe the typical forms of cooperation.

Parallel insurance

This is the simplest form of cooperation and involves an exchange of information between the various credit insurers throughout the period of the transaction.

The contract structure consists of individual supplier or loan contracts between each supplier involved and the end customer. Thus, no contractual relationship exists between the individual suppliers. Each supplier has a direct claim for payment against the end customer.

Coinsurance

The next level of cooperation is the coinsurance agreement. A coinsurance agreement extends beyond the exchange of information featured in parallel insurance and involves more extensive coordination arrangements between the two credit insurers, in particular, when a loss is imminent.

The contractual relationships between the buyer and the principle supplier or sub-contractors do, however, differ from those in parallel insurance. In the case of coinsurance, only the principle supplier has a direct contractual relationship with the end customer, while the sub-contractors supply their goods without having any direct relationship with the end customer. The principle supplier is obliged to pay his sub-contractors "if and when" he receives payments from his end customer. The payment risk originating from the end customer is thus passed on from the principle supplier to the sub-contractors.

The principle supplier and the sub-contractors must conclude insurance policies of their own with their respective export credit insurers. The participating credit insurers enter into a coinsurance agreement with each other which at the same time protects the interests of the sub-contractors.

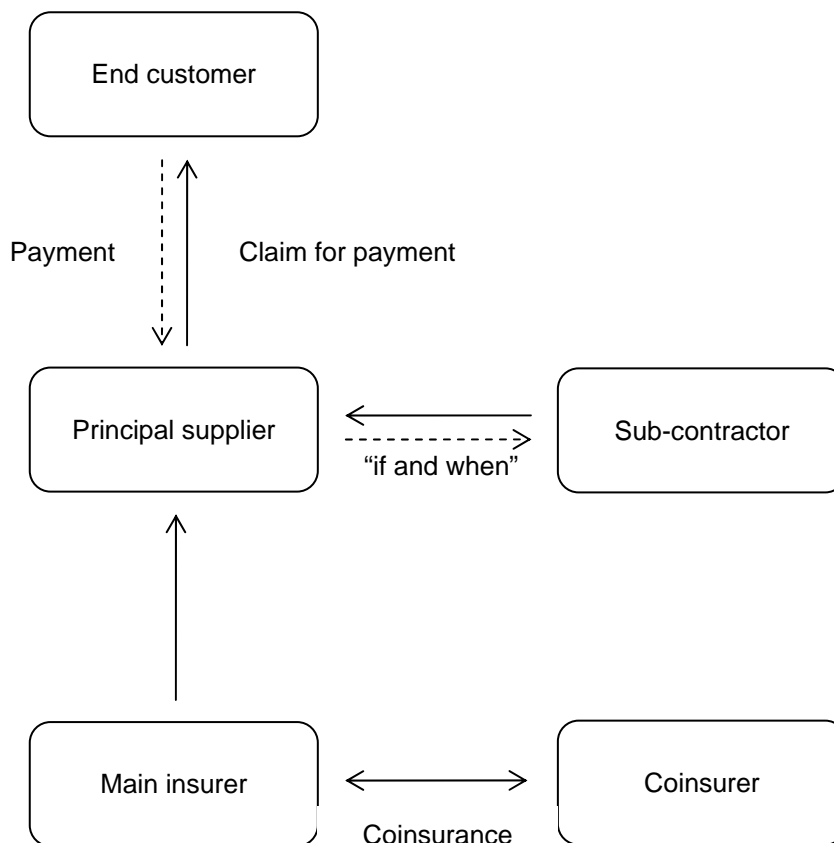
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SERV has concluded framework coinsurance agreements with the national export credit insurers of the countries shown below. Individual transactions are subject to separate approval in all cases.

Belgium, Germany, Finland, France, Great Britain, Canada, Netherlands, Norway, Austria, Poland, Sweden, Spain and USA.

Reinsurance

The cooperation form currently used most often in large projects is reinsurance.

Here, the entire project volume is covered by the principle supplier's export credit insurance policy. Any content provided by foreign suppliers or sub-contractors from third countries is covered by a reinsurance agreement concluded between the credit risk insurers of the respective third countries and the main insurer. Unlike coinsurance or parallel insurance, where the request for cover comes from the exporter, in this case it is the main insurer who approaches the reinsurer with a request for cover. As the payment terms of the principle supplier are not passed on to the sub-contractor, the latter has a direct claim for payment against the principal supplier whether the end customer pays or not.

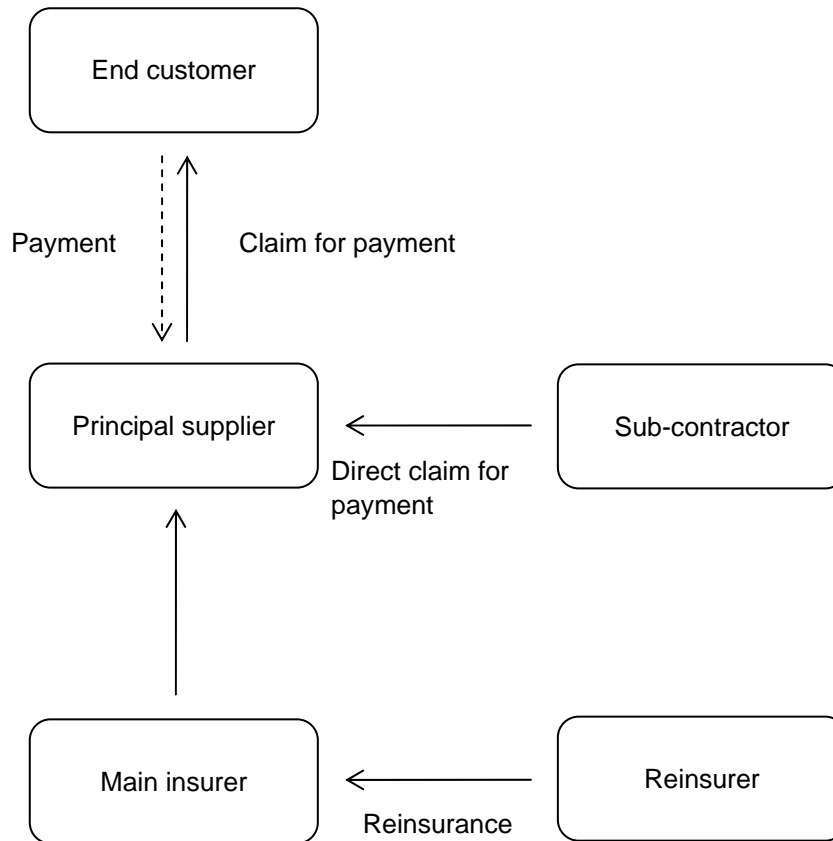
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SERV has concluded this type of framework reinsurance agreement with the national export credit insurers of the countries listed below. Germany, France, Italy, Netherlands, Austria, Poland, Sweden, Spain and Czech Republic.

Individual business transactions are always subject to mutual approval.