

Principle of subsidiarity

In accordance with Article 5 of the Ordinance on Swiss Export Risk Insurance (SERV-V), SERV does generally not provide insurance cover for "marketable" risks. SERV's differentiation between marketable and non-marketable risks is based on the European Union's practice. SERV can insure "marketable" risks if no sufficient insurance cover is available to the applicant.

Publication of differentiation criteria

The criteria described below for differentiating between marketable and non-marketable risks are published here in accordance with Article 5, Paragraph 4 of the SERV-V.

Marketable / non-marketable risks

At the present time, economic and political risks involving debtors from countries within the EU and from the other OECD core countries¹ are regarded as generally marketable provided that the maximum risk period (that is, manufacturing period plus loan repayment period) does not exceed 2 years.² While this definition of marketability was extended to those member states which joined the EU on 1 May 2004 and 1 January 2007 respectively, the remaining OECD countries Mexico, South Korea and Turkey continue to be regarded as non-marketable.

The matrix below summarises the differences between marketable and non-marketable risks:

	Maximum risk period	
	< 2 years	> 2 years
Non-OECD core countries	Non-marketable: ensure risk-adjusted premium	Non-marketable: ensure risk-adjusted premium
OECD core countries	Generally marketable, exceptions possible	Partially marketable: ensure risk-adjusted premium in line with market

Export transactions to non-OECD core countries are generally regarded as non-marketable. In the case of medium to long-term export credit risks involving OECD core countries, an adequate premium must be calculated for the market in question. SERV's premium model as anchored in its premium tariff ensures that an insurance premium in line with the market will be calculated for countries in categories 0 and 1.

State export credit insurance for short-term export transactions involving OECD core countries are subject to certain restrictions, i.e. cover can only be granted on an exceptional basis.³

¹ So-called high-income OECD countries besides the EU member states, these are Australia, Iceland, Japan, Canada, New Zealand, Norway, Switzerland and the USA.

² Communication no. II 1 (2001/C 217/02) of the EU Commission of 2 August 2001

³ SERV considers cover only if the applicant's regular private insurer refuses cover or, in case of the applicant not having a regular private insurer, if the applicant can provide refusals from two private insurers.

Differentiation criteria

The differentiation criteria can thus be summarised as follows:

1. The export transaction is taking place in a **non-OECD core country**
→ No restrictions
2. The export transaction is taking place in an OECD core country and the risk period is greater than 2 years
→ Condition: A risk-adjusted premium is calculated for the market in question
3. The export transaction is taking place in an OECD core country and the risk period is shorter than 2 years
→ Condition: Refusal by private insurer / A risk-adjusted premium is calculated for the market in question

SERV verification procedure

The graphic below illustrates SERV's standard verification procedure for safeguarding subsidiarity:

