
Insuring foreign currency receivables

SERV insures foreign currency receivables when export deals or related financings are transacted in a foreign, freely convertible currency. Usually the insurance contract is denominated in Swiss francs. However, it can be issued in EURO (5 percent surcharge on the insurance premium) or US-Dollar (10 percent surcharge on the insurance premium) as well. In case of an export contract denominated in other currencies, the insurance contract will be issued in Swiss francs. Conversion rates have to be set for the calculation of insurance premiums (premium conversion rate), for the conversion of the insured foreign currency receivables when an insured event occurs (indemnity conversion rate), as well as for debt rescheduling and recoveries.

Exchange rate fluctuations cannot be insured as a primary risk.

Premium conversion rate

The premium conversion rate applicable for the calculation of the insurance premium is the Swiss National Bank's reference rate on the day before SERV reaches a definitive decision on whether to accept the insurance application. The insurance policy is issued directly after the decision is taken, thus ensuring the use of a timely rate for the calculation of the insurance premium.

Conversion rate for insured events with limit on premium conversion rate

Insured receivables in a foreign currency are usually converted to Swiss francs at the Swiss National Bank's reference rate on the date of the occurrence of the insured event (indemnity conversion rate). This ensures that the policyholder receives an indemnity payment converted at a rate as close as possible to the date of the occurrence of loss.

Generally, the indemnity conversion rate is limited to the level of the premium conversion rate. However, this does not apply if SERV approves the policyholder's request to lift the rate limitation, and if this is noted in the insurance policy against payment of a premium surcharge.

Lifting the exchange rate limitation

In the case of export or financing transactions denominated in a common foreign currency (e.g. GBP, YEN) and with a risk period of more than 24 months, the policyholder may request that the limitation of the indemnity conversion rate to a level no higher than the premium conversion rate is lifted. A premium surcharge of 5 percent (in case of a EURO-transaction) or 10 percent (all other accepted currencies) is applied.

Lifting the rate limitation guarantees that the policyholder receives an indemnity in Swiss francs which is equivalent to the value of the foreign currency at the time the insured event occurs. So even if the insured foreign currency appreciates against the Swiss franc, the policyholder will not have to pay the difference between the premium conversion rate and the exchange rate on the date of the insured event.

By contrast, all currency risks relating to short-term transactions with a risk period of up to 24 months, as well as the primary exchange rate risks incurred when the insured receivable depreciates in relation to the Swiss franc, can only be hedged on the private market.

Foreign currency contingency risk

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



Conversion rate for recoveries

Recoveries in foreign currencies are converted at the Swiss National Bank's reference rate on the date payment is received by the policyholder and must be paid immediately to SERV in a proportion as determined by the cover ratio.

In case of insurance policies in Swiss francs (CHF), EURO or US, recoveries in the corresponding currency do not have to be converted.

Debt rescheduling and restructuring

Recoveries in foreign currencies stemming from debt rescheduling and restructuring are converted at the Swiss National Bank's reference rate on the date payment is received by SERV.

In case of debt rescheduling or similar restructuring involving private borrowers, SERV can also accept currencies different to the ones agreed in the export or financing contract. The policyholder is bound by this as well as by the underlying conversion rates.