

Product information

# Pre-shipment risk cover



SERV pre-shipment risk cover insures the production costs of an export transaction.

### Our policyholders

As a Swiss exporter listed in the Commercial Register and domiciled in Switzerland, you – or a third party authorised by you – are entitled to apply for pre-shipment risk cover.

### Our services/object of the insurance

Pre-shipment risk insurance covers the production costs for goods and services agreed with the foreign buyer in the supply contract, up to a maximum of the contract value. The insured production costs include all direct costs and overheads incurred in an economic production process in order to supply the agreed goods and services and which can be attributed directly to the insured export transaction.

The insured production costs do not include:

- the exporter’s imputed profit,
- SERV’s expense premium and insurance premium,
- claims for damages and contract penalties.

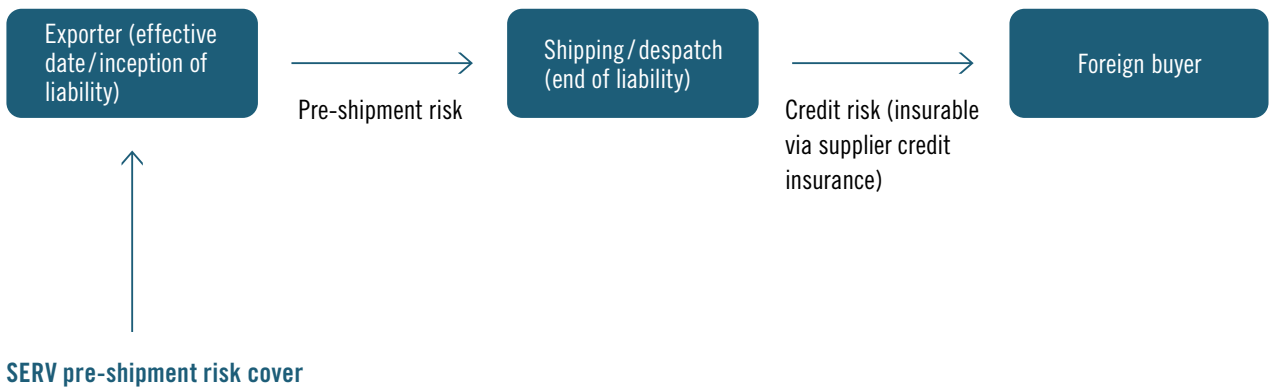
You can determine the amount of production costs to be insured yourself, taking into account your actual risk experience (i.e. the peak risk of your production costs). When calculating the amount of your peak risk, the production costs for standardised products – that in the event of an insured loss may be sellable elsewhere at cost price – can be deducted.

It is advisable to insure your maximum production costs, particularly in the case of special products that, in the event of a production stop, cannot be sold elsewhere at a price that would recover production costs. Pre-shipment risk cover is not really suitable for consumer goods, on the other hand, because in the event of an insured loss these goods can generally be sold elsewhere.

The cover ratio for all risks is generally 95 percent.

### Our premiums

We charge a certain percentage of the production costs as an insurance premium. Here, the premium rate depends on the length of the production time and the country risk category (see also “SERV premium tariff”). No expense premiums (review and extension premiums) are incurred.



### Countries of destination

In compliance with the principle of subsidiarity, we offer pre-shipment risk cover policies worldwide. For contracts with credit terms of up to two years, however, it is a prerequisite that the buyer be based in a country that does not belong to the EU or the OECD (with the exception of South Korea, Mexico and Turkey).

### Combination possibilities

Besides covering your production costs during the production phase, in order to avoid gaps in cover you can also insure against payment risks (see also “Supplier credit insurance” product information).

Where the foreign buyer requires contract bonds (e.g. advance payment or performance bonds), these can largely be covered jointly with the pre-shipment risks by means of contract bond insurance (see also “Contract bond insurance” product information).

The exception to this is the advance payment bond: the risk of a claim under an advance payment bond is included in the pre-shipment risk cover. Where a claim is made under the advance payment bond, the advance payment amount is no longer deductible as an asset in the event of an insured loss, and all incurred and insured production costs can be indemnified in full. Given this situation, it is not possible to take out pre-shipment risk cover and contract bond insurance for the advance payment bond at the same time.

### Period of insurance

Our insurance cover commences once the export contract comes into force and generally ends with the last delivery or despatch of the goods, the reason for this being the loss of power of disposal over the goods. In the case of combined manufacturing and supplier credit insurance, cover applies without interruption from commencement of the risk up to complete payment of all the insured claims.

### Assignment possibilities

You may assign your rights to benefits under a pre-shipment risk policy, with SERV’s consent, to financial institutions or to other finance companies.

### Indemnity payments

The prerequisites for the payment of an indemnity are an effective export contract, any other legally valid security, and the occurrence of an insured risk. Cover is triggered if you halt production due to circumstances leading to an increase in risk or the occurrence of an insured risk and SERV has not ordered production to resume within 3 months following written notification of the production stop. The same applies where SERV itself orders a production stop and has not cancelled it within 3 months.

In the event of a loss occurrence, you will be required to prove, at your own expense, the amount of the indemnifiable production costs. Any payments you have received from the foreign buyer, sales proceeds or other assets obtained in connection with the occurrence of the loss, are deducted from these production costs.

As soon as we have all necessary documents and evidence in our possession, we will acknowledge the loss on expiry of the waiting period (usually 3 months). We then effect payment of the indemnity. As the policyholder, you are required to bear part of the loss yourself in the form of a percentage share, which generally amounts to 5 percent for all risks.

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### Insured risks at a glance

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Pre-shipment risk **cover offers protection against a production stop**, in particular due to

- government measures and warlike events within the meaning of political risks abroad,
  - embargo measures imposed by Switzerland or other third countries involved in the export transaction,
  - the insolvency of the foreign buyer,
  - withdrawal from the contract and non-payment of cancellation costs or serious breaches of contract by the foreign debtor.
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## Facts and figures

### Policyholders

Swiss exporters listed in the Commercial Register and domiciled in Switzerland

### Object of insurance

Production costs incurred in supplying goods and services, up to a maximum of the contract value

### Countries eligible for cover

Generally all

Exception: exports with risk periods of up to two years in core EU and OECD countries (i.e. EU member states, Iceland, Japan, Canada, New Zealand, Norway and the USA)

### Risks covered

Political risks such as warlike events and extraordinary government measures abroad

Subsequent export bans, embargo measures by third countries involved

Economic risks of the foreign buyer, such as insolvency, withdrawal from the contract and non-payment of cancellation costs

### Cover ratio

Generally 95 percent for all risks

### Waiting period

3 months

### Expense premiums

None

### Insurance premium

Payable as a single premium, dependent on the insured production costs/period of the insurance (production period)/country risk category

## Our specialists will be happy to advise you

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You can apply for pre-shipment risk cover from SERV in writing. Please use the application form provided for this purpose.

Further information, as well as application forms and general terms and conditions, is available at [www.serv-ch.com](http://www.serv-ch.com).

For the insurance policy, the Swiss export risk insurance act, the Swiss export risk insurance ordinance and the general terms and conditions for pre-shipment risk cover (GT&C PS) apply exclusively and independently of the contents of this brochure.