

Product information

# Letter of credit confirmation insurance

Valid until 31 December 2011

By means of the letter of credit confirmation insurance, SERV insures letters of credit for the payment of export receivables of Swiss exporters against non-payment. This enables banks to confirm letters of credit from foreign financial institutions whose risks they would not accept without such insurance.

### Our policyholders

Our letter of credit confirmation insurance is available to domestic and, under certain circumstances, foreign banks. Policyholders must obtain a declaration of authorisation and undertaking from the Swiss exporter.

### Our product

We cover the non-payment of the bank issuing the letter of credit. Thus the letter of credit confirmation insurance enables banks to confirm letters of credit from foreign financial institutions whose risks they would not have accepted without such insurance (e.g. due to the lack of credit limits).

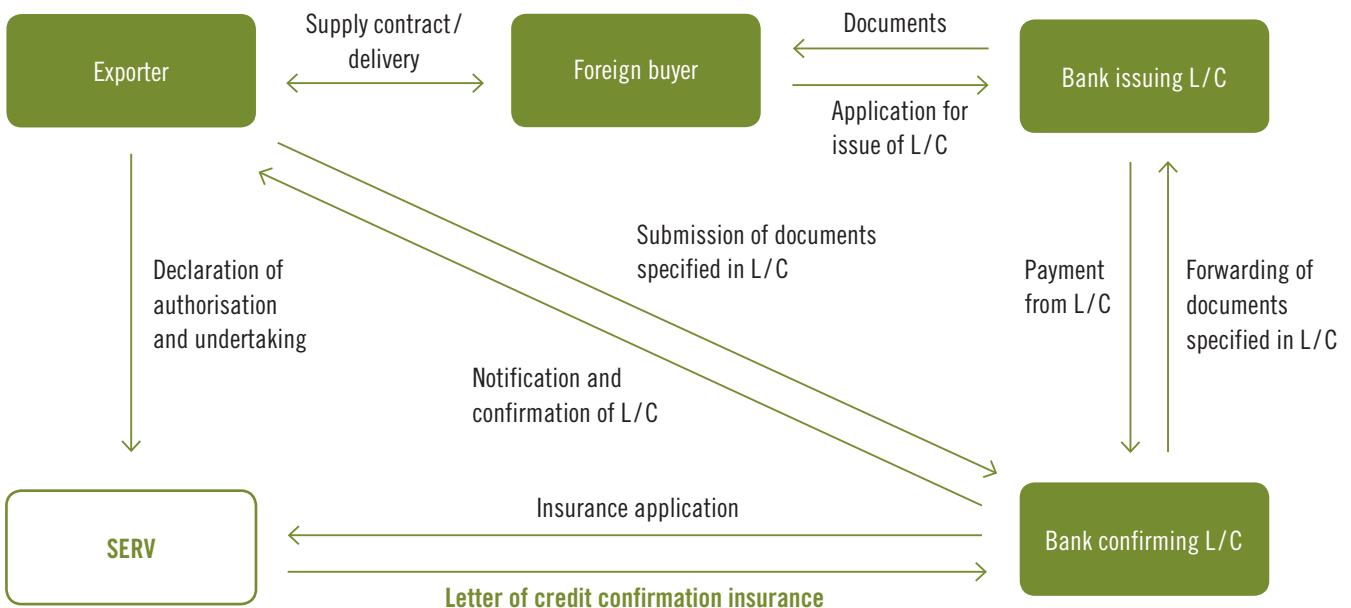
### Our services

For letters of credit insured within the scope of supplier credit insurance, SERV may prohibit deliveries in the event of risk-aggravating factors. With letter of credit confirmation insurance, SERV waives its right of intervention vis-à-vis the bank. Thus exporters are ensured that SERV will not halt deliveries in the event of risk-aggravating factors.

We set up credit limits for major foreign banks issuing letters of credit, thereby enabling the approval of individual transactions within 24 hours. In this way, the administrative procedure for issuing an insurance policy is simplified and accelerated. Thus banks can quickly confirm letters of credit to exporters.

The letter of credit confirmation insurance may also be issued in combination with pre-shipment risk cover. In such a case, a discounted premium tariff applies. However, in the event of risk-aggravating factors during production, SERV may request the exporter to interrupt or cancel production.

Regardless of their term, our insurance contracts can be concluded in Swiss francs, euros or US dollars. For transactions in other common foreign currencies, we can, upon request, cover the foreign currency contingency risk. Indemnification is paid in Swiss francs (see brochure «Information on foreign currency contingency risk»).



### Our premiums

The premium for letter of credit confirmation insurance consists of a credit period premium (from delivery) and an additional premium. The additional premium is charged due to SERV's waiver of its right to halt the delivery and the provision of risk capacity starting with the confirmation of the letter of credit. The letter of credit amount to be insured forms the basis for the calculation of the credit period premium and the additional premium.

The credit period premium is calculated according to sections 3.1 and 3.3 of the premium tariff of 1 July 2008. The relevant period for the determination of the premium rate for the additional premium is the time from the date of the confirmation to the last delivery divided by two. The period determined in this way is rounded up to the next month. The premium rate for the additional premium is also governed by section 3.1 of the premium tariff of 1 July 2008.

If pre-shipment risk cover is requested in addition to letter of credit confirmation cover, the exporter merely pays a premium for the pre-shipment risk insurance according to section 3.2 of the premium tariff of 1 July 2008 less the additional premium.

Usually, no review premium is charged for letter of credit confirmation insurance.

### Terms

Our insurance only covers letters of credit issued for the purchase of goods / services originating in Switzerland or with an adequate proportion of Swiss value added (see information brochure «Origin of goods and Swiss value added»).

The submission of the documents specified in the letter of credit is always required for SERV cover.

### Destination countries

In compliance with the principle of subsidiarity, we insure the risks of banks issuing letters of credit around the globe.

### Period of insurance

Our insurance cover usually begins upon issuance of the letter of credit and ends upon fulfilment of the insured receivable.

### Assignment options

Subject to the approval of SERV, the indemnification rights resulting from the letter of credit confirmation insurance may be assigned along with the receivable from the letter of credit.

### Indemnity payments

The insured event occurs upon expiry of a waiting period of one month from the occurrence of an insured risk. Indemnification will only be paid if the legally valid and due claim is incollectible as a result of the occurrence of an insured risk.

### Limitation

This product is offered during the period of phase II of the federal stabilisation measures from May 2009 to 31 December 2011.

---

### Insured risks at a glance

---

The letter of credit confirmation insurance provides **cover against default** due to

- political risks such as extraordinary government measures or warlike events,
  - transfer risks such as the non-conversion / non-transfer of amounts in the national currencies,
  - risks of force majeure, unless otherwise insurable at market terms,
  - del credere risks such as the insolvency of the bank issuing the letter of credit or improper non-payment of the debt from the letter of credit.
-

## Facts and figures

**Policyholders/applicants**  
Financial institutions

**Object of cover**  
Claims from openly or silently confirmed letter of credit transactions (principal or default interest during the waiting period)

**Countries eligible for cover**  
Generally all countries (in compliance with subsidiarity)

**Risks covered**  
Political and transfer risks, del credere risk (economic risks)

**Cover ratio**  
Up to 95 percent for all risks

## Period of insurance

Usually from the opening or confirming of the letter of credit to the fulfilment of the principal claims from letter of credit transactions by the bank issuing the letter of credit

## Waiting period

1 month

## Review premium

Usually none

## Credit period premium

Calculated on the basis of the credit amount, depending on the country risk category, risk period and creditworthiness rating of the bank issuing the letter of credit.

## Additional premium

Calculated on the basis of the period from the date of the letter of credit confirmation to the last delivery divided by two.

## Our specialists will be happy to advise you

SERV Swiss Export Risk Insurance  
Kirchenweg 8  
CH-8032 Zurich  
Switzerland  
T +41 44 384 47 77  
F +41 44 384 47 87  
E-mail: [info@serv-ch.com](mailto:info@serv-ch.com)  
[www.serv-ch.com](http://www.serv-ch.com)

Letter of credit confirmation insurance can be requested in writing from SERV. To do so, please use the standard application form.

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

Notwithstanding the content of this brochure, the insurance policy shall be governed exclusively by the Swiss Export Risk Insurance Act (SERVG), the Swiss Act on the Temporary Extension of the Insurance Services of Swiss Export Risk Insurance of 20 March 2009, the Swiss Export Risk Insurance Ordinance (SERV-V), the Amendment to the Swiss Export Risk Insurance Ordinance of 22 April 2009, and the General Terms and Conditions for Letter of Credit Confirmation Insurances (GT&C LC).