

Supplier credit insurance

SERV provides insurance to mitigate the risks of default for Swiss exporters who grant foreign buyers supplier credits. Exporters can insure cash or credit receivables with short- or long-term credit periods. The risk of non-disbursement from despatch until disbursement of a buyer credit can be insured in cases where the export transaction is being financed by a tied buyer credit.

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 supplier credit insurance cover.

Our product

With a supplier credit, you grant the foreign buyer a credit term and thus bear the associated risks. With supplier credit insurance, you can insure yourself against the risk of non-payment.

We provide supplier credit insurance cover for cash transactions (payment against delivery, open accounts) and credit transactions on a short-, medium- or long-term basis. SERV offers short-term covers for transactions with a credit period of less than 24 months primarily to insure deliveries of consumer goods, raw materials, semi-manufactures or spare parts. Individual covers for medium- and long-term transactions are primarily for exports of capital goods and plants.

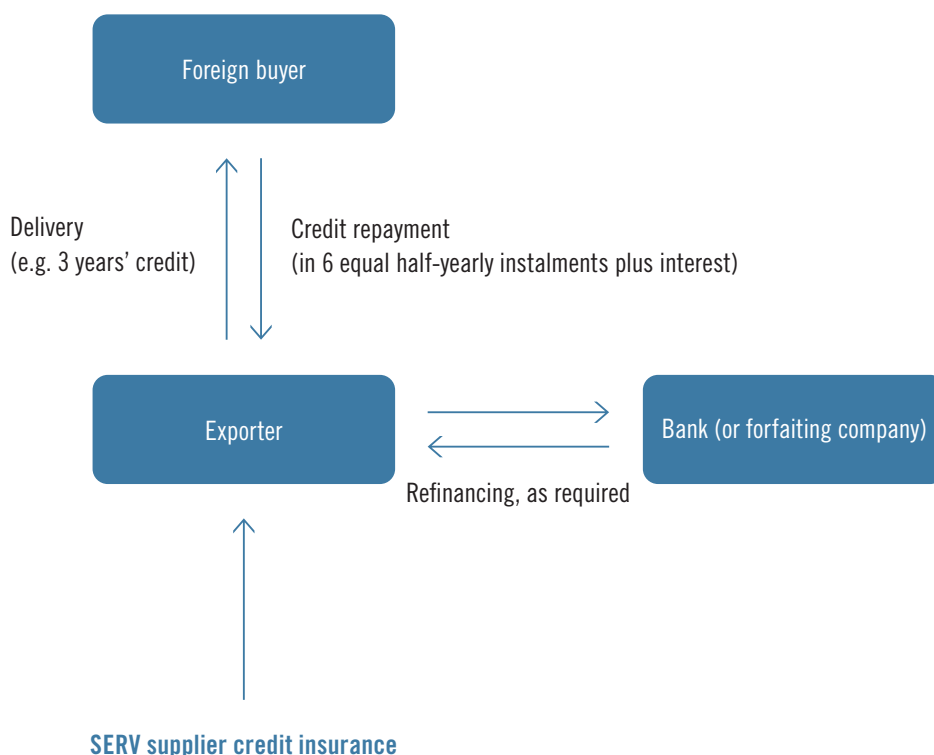
The alternative to the supplier credit is the buyer credit. With this, a bank grants the foreign buyer a credit from which your claims are paid upon delivery of the goods. As an exporter, you can take out supplier credit insurance to protect yourself against the residual risk of non-disbursement from the buyer credit, which is likewise insured (see also "Buyer credit insurance" product information).

Our services/object of the insurance

SERV insures your receivables from the individual export transaction. You can insure cash or credit receivables for goods and services provided, contractual interest up to maturity of the credit, and also default interest up to expiry of the waiting period (occurrence of the insured event). Ancillary financing costs, especially SERV premiums, can also be covered in cases where the foreign debtor is contractually obliged to reimburse these costs. Generally, you can also insure receivables from the sale of goods containing foreign components (see also "Origin of goods and Swiss value added content" information).

Our insurance contracts can be denoted in Swiss francs, Euros or US-Dollars. Upon request, we can cover foreign currency claims in other prevalent currencies. In the event of an insured loss, the conversion of the foreign currency amount is limited to the premium conversion rate defined in the insurance policy. For medium- and long-term transactions with a risk period of at least 24 months, this rate limitation can be removed against payment of a 10 percent surcharge on the premium. (See also „Foreign currency contingency risk“ information.)

The cover ratio is generally 95 percent for political and transfer risks, and between 85 and 95 percent for credit risks.



Our premiums

The costs consist of expense premiums (review, extension and special review premiums) and risk premiums (see also "SERV premium tariff").

The review premium is dependent on the contract value and/or credit amount and is charged in particular on transactions with private buyers. For transactions not involving any special review work, such as bank-collateralised transactions, a review premium is generally not charged.

For extensions of insurance commitments in principle, an extension premium may be charged, amounting to 25 percent of the review premium.

The risk-dependent insurance premium is based on the buyer's creditworthiness, the country risk, the risk period and the insured credit amount. In the case of medium- and long-term supplier credits, we apply OECD minimum premiums.

Countries of destination

In compliance with the principle of subsidiarity, we underwrite supplier credit insurance worldwide. However, in the case of contracts with credit periods of up to two years, it is a prerequisite that the buyers are not based in a EU and/or core OECD country (i.e. EU member states, Iceland, Japan, Canada, New Zealand, Norway and the United States).

Period of insurance

Our insurance cover commences with the relevant despatch/delivery of the goods or the start of the services and ends with the complete payment of the insured debt.

Pre-shipment risks that can lead to a production stop during manufacturing are insurable by means of a pre-shipment risk policy (see also "Pre-shipment risk cover" product information).

Refinancing possibilities

Subject to approval by SERV, your rights to indemnification under a supplier credit insurance policy may be assigned to banks or other financial institutions, along with the receivable from the underlying transaction.

Indemnity payments

The prerequisite for the payment of indemnity is the uncollectibility of the debt due to an insured risk. As soon as we have all necessary documents and evidence available, we will acknowledge the loss on expiry of the waiting period (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 deductible, which generally amounts to 5 percent for political and transfer risks, and between 5 and 15 percent for credit risks.

Insured risks at a glance

Supplier credit insurance provides **cover against default** resulting from

- political risks such as extraordinary government measures or warlike events,
- transfer risks such as the non-conversion / non-transfer of amounts in national currencies,
- force majeure, where not insurable on acceptable market terms,
- credit risks such as insolvency of the buyer or non-payment of the debt within 3 months of its maturity (protracted default).

Regardless of the legal existence of a due debt, the insurance covers the risk of

- the contract being frustrated by political causes, with the result that the exporter is not entitled to any receivables for goods/services provided,
 - despatched goods being seized, damaged or destroyed for political reasons before the risk has passed to the buyer, insofar as this risk was not insurable on reasonable market terms.
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Facts and figures

Policyholders

Swiss exporters registered in the Commercial Register and domiciled in Switzerland

Object of insurance

Receivables from an individual export contract

- Cash or credit receivables for goods/services provided
- Contractual interest up to maturity
- Default interest up to the end of the waiting period
- Ancillary financing costs

Countries eligible for cover

Generally all

Exception: exports with credit terms of up to 2 years in core EU and OECD countries (i.e. EU member states, Iceland, Japan, Canada, New Zealand, Norway and the United States)

Risks covered

Political and transfer risks, risks of force majeure (subsidiarity), credit risk (economic risks)

Cover ratio

For political and transfer risks, generally 95 percent; for credit risks between 85 and 95 percent

Waiting period

3 months

Review premium

Selectively, depending on the contract value

Extension premium

Selectively, depending on the review premium

Risk premium

Calculated on the contract value/credit amount, depending on the country risk category, risk period and credit rating of the buyer/orderer/guarantor

Our specialists will be happy to advise you

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You can apply for supplier credit insurance 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.

For the insurance policy, the Swiss export risk insurance act, the Swiss export risk insurance ordinance and the general terms and conditions for supplier credit insurance (GT&C S) apply exclusively and independently of the contents of this brochure.