Subsidiarity

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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

Principle of subsidiarity

According to art. 6 par. 1 d) of the Act on Swiss Export Risk Insurance, SERV may only offer insurance cover to supplement the cover offered in the private sector. The Ordinance on Swiss Export Risk Insurance (hereinafter SERV-V) details these requirements in art. 5 par. 3. According to art. 5 par. 3 of the SERV-V, SERV is supposed to follow the practice adopted by the European Union when differentiating between marketable and non-marketable risks. This practice is described in particular in the European Commission's announcement concerning short-term export credit insurance[1].

Publication of the differentiation criteria

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

Marketable/non-marketable risks

Commercial and political risks involving debtors from countries within the EU and some OECD high-income countries[2] are regarded as marketable, provided that the risk period (manufacturing period plus credit period) is of less than 24 months.

The list of countries in which transactions are regarded as marketable may be altered by the Commission, either independently or on application by member states under certain preconditions (for instance if there is a significant decline in private credit insurance capacity). These alterations are adopted in SERV's country cover policy. Greece for instance had been removed from that list from 2012 to 2014.

Export transactions to countries that are not on the list of the EU Commission are generally regarded as non-marketable. In the case of medium and long-term transactions with the listed countries, it must be ensured that an adequate premium is calculated for the market in question. SERV's pre-mium model as anchored in its premium tariff ensures that an insurance premium in line with the market will be calculated for these transactions.

If an exporter wishes SERV to insure a short-term transaction in a country on the list of the EU Commission, **two refusals from private export credit insurers** must be submitted. If these two refusals have been submitted, SERV may recognise this risk as a temporarily non-marketable risk. A premium in line with the market will be calculated.

Differentiation criteria

The differentiation criteria can thus be summarised as follows:

1. The export transaction is taking place in a country that is **not on the list of the EU Commission**.
   → non-marketable transaction; an insurance offer from SERV is possible.

[1] Communication from the Commission of 19 Dec. 2012 (2012/C 392/01).
[2] Inclusive list of the European Commitions: all EU member states as well as Australia, Canada, Iceland, Japan, New Zealand, Norway, Switzerland, the United Kingdom and the USA.

2. The export transaction is taking place in a country **on the list of the EU Commission** and the **risk period is of 24 months or more**.
   → non-marketable transaction, an insurance offer from SERV at market premiums is possible.
3. The export transaction is taking place in a country **on the list of the EU Commission** and the **risk period is of less than 24 months**.
   → marketable risk; an insurance offer from SERV is not generally possible.

   → If the policyholder can submit two refusals from private export credit insurers, an insurance offer from SERV with premiums in line with the market is possible on an exceptional basis.

SERV verification procedure

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