

PRODUCT INFORMATION



WHOLE-TURN-OVER POLICY LIGHT **JANUARY 2011**

EXPORT CREDIT GUARANTEES OF THE
FEDERAL REPUBLIC OF GERMANY

► **Hermes Cover**

► WHOLETURNOVER POLICY LIGHT

The Wholeturnover Policy Light is a cost-effective and easily manageable tool, designed specifically to protect German exporters, especially SMEs, against the non-payment of foreign trade receivables with credit terms of up to 4 months.

WHAT IS COVERED?

A Wholeturnover Policy Light offers protection against payment default if

- the foreign buyer fails to make payment within 6 months after due date (protracted default)

Cover includes also receivables due for the sale of goods of foreign origin.

The debtor must be domiciled in a country outside the EU and the OECD. Cover is also available, however, for Chile, Israel, Mexico, South Korea and Turkey. The buyers involved may be private or public, and it is irrelevant whether the exporter exercises a decisive influence on the buyer (as in the case of affiliated companies).

WHO CAN APPLY FOR A WHOLETURNOVER POLICY LIGHT?

A Wholeturnover Policy Light is available to **EVERY GERMAN EXPORTER** who generates a coverable export turnover not exceeding EUR 1 million per year. The Wholeturnover Policy Light was primarily designed for **SMALL AND MEDIUM ENTERPRISES** (SMEs), which do not (yet) generate sufficient export turnover to be eligible for cover under a Wholeturnover Policy (see Product Information **WHOLETURNOVER POLICY**). It may also be of interest for larger companies which generate only a relatively small coverable export turnover.

DO ALL TRADE RECEIVABLES FROM FOREIGN BUYERS HAVE TO BE INCLUDED?

All trade receivables eligible for cover must be included in the Wholeturnover Policy Light (compulsory inclusion). In the interest of making this cover program as easy to handle as possible, there are no options or possibilities of inclusion as in the Wholeturnover Policy.

WHAT HORIZON OF RISK IS COVERED?

The Wholeturnover Policy Light has a policy period of one year and is automatically renewed by the same period if notice of termination is not given in time. Cover for the individual amounts receivable begins as from the date of shipment. The Federal Government is liable for an insured account until it has been paid in full, irrespective of whether the Wholeturnover Policy Light is renewed or not.

HOW MUCH DOES A WHOLETURNOVER POLICY LIGHT COST?

In the **FIRST AND SECOND POLICY YEARS**, a uniform premium of **0.80 %** is charged on the monthly turnover. In the subsequent years, the claims record will be taken into account using a system of discounts and surcharges (Bonus/Malus-System): If the Federal Government has to indemnify claims in the course of one contract period exceeding the premium income, the premium will be increased by 0.10 % for the following policy year. If no claims payments have to be made during that same period, the premium will be reduced accordingly in the following year. By this method, the premium rate can drop to a minimum of 0.60 % or rise to a maximum of 1.05 % over the years.

Irrespective of the covered turnover, the minimum annual premium is EUR 1,000. **NO APPLICATION OR ANY OTHER PROCESSING FEES** are charged. Insurance tax is not payable.

CAN A WHOLETURNOVER POLICY LIGHT BE USED FOR REFINANCING?

The benefit of a Wholeturnover Policy Light can be assigned – either alone or together with the export receivables – to banks and forfaiting houses for refinancing purposes.



WHEN AND HOW IS A CLAIM PAID?

Before a claim can be filed, the legally valid claim to payment of the covered amount receivable must remain unfulfilled for 6 months following the contractual due date. The amount receivable must have been duly reported to the Federal Government. The reason of the default is irrelevant. It may have, for example, economic or political causes.

When all the necessary documents have been submitted to the Federal Government, the claim will be processed within one month's time. The claim will then be paid within 5 bank working days. The exporter retains an **UNINSURED PERCENTAGE** of the loss, which as a rule is **10 %**, for his own account.

HOW CAN YOU APPLY FOR COVER?

Contact with the Federal Government can be established via **EULER HERMES KREDITVERSICHERUNGS-AG**. Our Head Office in Hamburg and the regional branch offices all over Germany will be happy to give you details and answer any specific questions you may have.

Cover under a Wholeturnover Policy Light is provided following the conclusion of a **GLOBAL AGREEMENT**, which is the legal basis of the contractual relationship with the Federal Government. It is valid in conjunction with the **GENERAL CONDITIONS** for Wholeturnover Policies Light. For each foreign buyer, the exporter submits a credit limit request. If the assessment of the buyer's creditworthiness has a positive result, a **CONFIRMATION OF COVER** is issued, which specifies the maximum cover amount (credit limit), the accepted payment terms and other important details of cover. The cover limit accepted by the Federal Government is a revolving one, i.e. after payment of insured receivables has been made, the amount of cover thus freed up is available for other deliveries.

HOW IS A WHOLETURNOVER POLICY LIGHT HANDLED?

The hallmark of the Wholeturnover Policy Light is easy, efficient and convenient handling for the exporter. All the transactions you need to manage your cover, such as making requests for credit limits or declaration of turnover, are done online via the Internet. For this, each exporter signs an Online Service Agreement with Euler Hermes Kreditversicherungs-AG. Premium is collected exclusively by means of the direct debiting.

MAIN FEATURES OF WHOLETURNOVER POLICY LIGHT AT A GLANCE:

Eligible Policyholders:	German exporters with a coverable export turnover not exceeding EUR 1 million per year
Policy period:	1 year
Eligible countries:	Any non-EU and non-OECD country (subject to certain conditions and limited in time until the end of 2011, Bulgaria, Iceland, Latvia, Lithuania and Romania, in principle classified as marketable risks, may qualify for cover), as well as Chile, Israel, South Korea, Mexico and Turkey
Covered risks:	Buyer's failure to make payment within 6 months after due date (protracted default)
Payment terms:	4 months maximum (no receivables secured by a letter of credit)
Uninsured portion:	10 %
Processing fees:	None
Premium:	Initial premium rate of 0.80 % of monthly turnover; starting in the third policy year, the claims record is taken into account (system of discounts and surcharges) Minimum and maximum premium: 0.60 % and 1.05 % Minimum premium for one policy year: EUR 1,000.00
Handling:	Online via the Internet Direct debiting system

Cover from the Federal Republic of Germany for business transactions abroad

The German Government supports German business ventures abroad with its Export Credit and Investment Guarantee Schemes as well as the Untied Loan Guarantee Scheme, thus securing economic growth and safeguarding jobs. To this end, the Federal Republic of Germany provides guarantees against commercial and political risks in connection with export transactions as well as against the political risks of foreign direct investments. In addition to this framework, it is also possible to cover the commercial and the political risks of untied loans relating to projects which are in the overriding national interests of Germany.

The German Government has mandated a consortium formed by Euler Hermes Kreditversicherungs-AG and PricewaterhouseCoopers Aktiengesellschaft Wirtschaftsprüfungsgesellschaft to manage these promotion schemes.



Federal Ministry
of Economics
and Technology

OUR PARTNERS



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