

PRODUCT INFORMATION

JANUARY 2020



Export credit cover for service providers

EXPORT CREDIT GUARANTEES OF THE
FEDERAL REPUBLIC OF GERMANY

► **Hermes Cover**

► Export credit cover for service providers

Export credit cover for service providers safeguards the trade receivables due to a German exporter/contractor under a single export transaction for the performance of services (no constructional works!) which are not related to the export of goods.

Constructional works can be insured under constructional works cover (see Product Information "Constructional works cover").

WHAT IS COVERED?

Export credit cover for service providers offers protection against payment default if

- ▶ the foreign principal fails to make payment of the amount receivable within 6 months after due date (protracted default)
- ▶ the foreign principal becomes insolvent
- ▶ adverse measures are taken by foreign governments or warlike events arise
- ▶ local currency amounts are not converted or transferred
- ▶ contract performance becomes impossible due to political circumstances

WHO CAN APPLY FOR EXPORT CREDIT COVER FOR SERVICE PROVIDERS?

Export credit cover for service providers is available to every German exporter/contractor who has undertaken to perform services to a foreign principal which are effective in the foreign principal's country.

WHAT HORIZON OF RISK IS COVERED?

Cover takes effect with the commencement of the services and ends with full payment of the covered amount owing.

CAN EXPORT CREDIT COVER FOR SERVICE PROVIDERS BE COMBINED WITH OTHER FORMS OF COVER?

Export credit cover for service providers can be combined with other forms of cover, e.g. with contract bond cover (with or without an additional Counter-Guarantee from the Federal Government) to protect the exporter against the risks in connection with the calling of contract bonds (bid bonds, advance payment bonds, performance bonds or maintenance bonds) which he may have to provide (see Product Information leaflets [Contract bond cover](#) and [Counter-Guarantee](#)).

CAN EXPORT CREDIT COVER FOR SERVICE PROVIDERS BE USED FOR REFINANCING PURPOSES?

The claim arising under the Export Credit Guarantee for Service Providers may – together with the title to the amounts receivable under the export contract – be assigned to banks and forfaiting houses for refinancing purposes.

HOW MUCH DOES EXPORT CREDIT COVER FOR SERVICE PROVIDERS COST?

The costs consist of the processing fee and the cover premium. The processing fee depends on the size of the transaction. A certain percentage of the claim to remuneration to be covered is charged as cover premium.

The premium level is determined mainly by the buyer's rating, the country risk and the horizon of risk.

No insurance tax is charged for export credit cover for service providers.

To give you an estimate of the premium applicable in your specific case, an interactive premium calculator is available on the Internet. Further details are given in the information leaflet [Fees and premium rates](#).

WHEN AND HOW IS A CLAIM PAID?

Before a claim can be filed, the legally valid and matured claim to payment of the amount owing must have become uncollectible due to the occurrence of a covered risk. When all the necessary documents have been submitted to the Federal Government, the claim will be processed within two months' time. Claims payment will then be effected within the space of one further month.

The policyholder participates in every loss with an **uninsured portion**, which as a rule is 5% for political risks and 15% for commercial risks. Subject to certain conditions the uninsured portion for commercial risks can be reduced to 5% on request and against the payment of a supplement on the premium for a limited period of time until the end of 2022.

HOW CAN YOU APPLY FOR COVER?

Contact with the Federal Government is established via **Euler Hermes Aktiengesellschaft**.

The company's head office in Hamburg as well as its numerous branch offices in Germany offer competent advice on general and specific questions. Extensive information material, application forms and the General Terms and Conditions are also available for study and download at www.agaportal.de, partly only in German.

Main features of export credit cover for service providers at a glance:

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|--------------------------------|--|
| Eligible policyholders: | German exporters/contractors |
| Object of cover: | Amounts owing under contracts for the export of services |
| Eligible markets: | As a rule: all countries Exception: Exports with repayment terms not exceeding two years to EU member states and the OECD core countries (i.e. EU member states, Iceland, Japan, Canada, New Zealand, Norway, Switzerland and USA) |
| Covered risks: | Principal's failure to make payment within 6 months after due date (protracted default), other commercial risks (e.g. insolvency), as well as political risks (e.g. warlike events) |
| Uninsured portion: | 5% for political risks and 15% for commercial risks; Limited in time until the end of 2022 the uninsured portion of commercial risks can be reduced to 5% on request subject to certain conditions; for this a supplement on the premium will be charged |
| Processing fees: | Application and, if necessary, renewal and issuing fees, calculated as a percentage of the order value |
| Premium: | A certain percentage of the order value (see premium calculator under www.agaportal.de) |

Cover from the Federal Republic of Germany for foreign business

Export Credit Guarantees and Untied Loan Guarantees have been established and effective foreign trade promotion instruments of the Federal Government for decades. Export Credit Guarantees (“Hermes Cover”) protect German exporters and the banks financing them against political and commercial risks. Untied Loan Guarantees are to support raw material projects abroad regarded as eligible for promotion by the Federal Government. Both promotion instruments play an important role in fostering economic growth as well as in protecting and creating jobs.

They are managed on behalf of the Federal Republic of Germany by Euler Hermes Aktiengesellschaft as mandatary of the Federal Government.

Information on other foreign trade promotion instruments of the Federal Government can be found at www.bmwi.de under the search term “Promotion of foreign trade and investment”.



Federal Ministry
for Economic Affairs
and Energy

OUR PARTNER



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