

PRODUCT INFORMATION

JULY 2017



Wholeturnover Policy Light

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, but not foreign companies affiliated with the exporter.

WHO CAN APPLY FOR A WHOLETURNOVER POLICY LIGHT?

A Wholeturnover Policy Light is available to **every German exporter** who generates coverable export turnover. It was primarily designed for **small and medium enterprises (SMEs)**¹, which want to protect their export turnover in as simple a way as possible and either do not need the specific features and/or options offered by a Wholeturnover Policy or 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**). However, receivables secured by a letter of credit, receivables due from affiliated foreign companies or claims for payment resulting from services rendered cannot be covered. In the interest of making this cover programme 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 percentage points 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. In the case of a switchover from a Wholeturnover Policy Light to a Wholeturnover Policy the level of premium adjustment according to claims experience reached will be transferred to the new policy. Thus a policyholder who, for example, was granted a premium discount for no claims under a Wholeturnover Policy can immediately benefit from the same level of discount when he switches over to a Wholeturnover Policy Light.

Irrespective of the covered turnover, the minimum annual premium is EUR 1,000. **no application or any other handling fees** are charged. Only in respect of countries which are temporarily classified as not marketable a **contract fee** amounting to EUR 250 will be charged for each policy year. 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 forfeiting houses for refinancing purposes.

¹ number of employees <500

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 Aktiengesellschaft**. 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 Terms and 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 Aktiengesellschaft. Premium is collected exclusively by means of the direct debiting.

Main features of a Wholeturnover Policy Light at a glance:

Eligible Policyholders:	German exporters
Policy period:	1 year
Eligible countries:	Any non-EU and non-OECD country, 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), receivables secured by a letter of credit, receivables due from affiliated foreign companies and claims resulting from services rendered are excluded from cover
Payment terms:	4 months maximum
Uninsured portion:	10%
Handling fees:	Normally none, only in respect of temporarily not marketable countries a contract fee of EUR 250 will be charged for each policy year
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); transfer of the discount/surcharge level reached to the new policy in the case of a switchover from a Wholeturnover Policy to a Wholeturnover Policy Light 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 debit system

Export Credit Guarantees and Untied Loan Guarantees:
instruments to promote foreign trade and investment
provided by the



Federal Ministry
for Economic Affairs
and Climate Action

Commissioned to implement the federal
funding instruments Export Credit Guarantees
and Untied Loan Guarantees:



EULER HERMES

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 (so-called Hermes Cover) protect German exporters and banks financing exports 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. Federal Government commissioned Euler Hermes Aktiengesellschaft to manage the federal funding instruments Export Credit Guarantees and Untied Loan Guarantees.

Information on other foreign trade promotion instruments of the Federal Government can be found at www.bmwk.de/en under the heading Promotion of Foreign Trade and Investment.

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