PRODUCT INFORMATION

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Wholeturnover Policy

EXPORT CREDIT GUARANTEES OF THE
FEDERAL REPUBLIC OF GERMANY

Hermes Cover

► Wholeturnover Policy

By taking out a Wholeturnover Policy, an exporter can protect foreign trade receivables due in respect of the supply of goods and services abroad to numerous customers in different countries with a maximum credit period of 12 months.

WHAT IS COVERED?

A Wholeturnover Policy offers protection against payment default, particularly if

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

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

Besides, receivables due to the German subsidiaries of the German exporter may also be included in the cover. Subject to certain conditions being met, this applies also to receivables due to the exporter's foreign subsidiaries.

NOT ELIGIBLE FOR COVER:

Engineering transactions involving the installation of plant and equipment and constructional works contracts are not suitable for wholeturnover cover, even if short payment terms triggered by consignments or predefined phases of construction or installation have been agreed.

Marketable risks are not eligible for cover either. Hence, the customer must be domiciled in a country outside the EU and the OECD with the exception of Chile, Israel, Mexico, South Korea and Turkey.

WHO CAN APPLY FOR A WHOLETURNOVER POLICY?

Wholeturnover Policies are available to any German exporter with an annual export turnover of at least EUR 500,000 spread over different markets.

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

A Wholeturnover Policy can be largely tailored to the individual needs of the exporter. He decides which of the coverable countries are to be covered. The only condition is that a certain minimal mix of risks must be included. Once a country is included, all amounts due from private sector customers in the country which are eligible for cover must be presented for cover as soon as the amount due from one and the same customer exceeds the declaration limit of EUR 15,000. Turnover below this limit can be optionally included. Receivables secured by letter of credit, turnover with foreign affiliates (especially subsidiaries) and amounts due from public buyers can – for each policy period and country – also be optionally included in the Wholeturnover Policy.

WHAT HORIZON OF RISK IS COVERED?

A Wholeturnover Policy runs for 1 year. Approximately 2 months before it is due to expire, the Federal Government makes an offer of renewal to the exporter. Cover for the individual amounts receivable begins as from the date of shipment or start of the service perfomance. The precondition for this is, however, that there is room for the receivables under the limit on the day of shipment or service performance or that the receivables are included in the cover at a later date. The Federal Government is liable for an insured account until it has been paid in full.

HOW MUCH DOES A WHOLETURNOVER POLICY COST?

A percentage of the monthly turnover is charged as premium. The premium rate is calculated individually based on the risks covered under the respective policy and is valid for one policy period. The average premium rate for new policies with a medium risk level is 0.60%. The loss experience per policy is taken into account for the first time after two policy years and then annually by means of a system of discounts and surcharges (Bonus/Malus-System). For this the ratio of the premiums received to claims payments made by the Federal Government will be taken into account. In the case of a switch-over from a Wholeturnover Policy to a Wholeturnover Policy Light, 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 Light can immediately benefit from the same level of discount when he switches over to a Wholeturnover Policy.

No minimum premium or 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 500 will be charged for each policy year. No insurance tax is payable.

CAN A WHOLETURNOVER POLICY BE USED FOR REFINANCING PURPOSES?

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

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 necessary documents have been submitted to the Federal Government, the claim will be processed within 2 months. The claim will then be paid within one further month. The exporter retains an uninsured percentage of the loss for his own account. As a rule, this is 10% for both political risks and commercial risks. However, subject to certain conditions it can be reduced upon application to 5% against the payment of a premium surcharge.

HOW CAN YOU APPLY FOR COVER?

Contact with the Federal Government is established via Euler Hermes Aktiengesellschaft. The Head Office in Hamburg as well as the regional branch offices all over Germany will be happy to give you details and answer any specific questions you may have. It goes without saying that you can find more detailed information also online at www.exportkreditgarantien.de/en.

The first step in concluding a Wholeturnover Policy is to submit a proposal in which the exporter gives details of the payment terms agreed and the turnover made in his previous dealings with his buyers. This forms the basis for a draft policy and quotation from Euler Hermes Aktiengesellschaft, which in turn serves as the basis for the application for a Wholeturnover Policy.

The Wholeturnover Policy is the legal basis of the contractual relationship with the Federal Government. It is valid in conjunction with the General Terms and Conditions for the Wholeturnover Policy, the confirmations of cover, the list of insured countries, as well as any special country-related provisions which may regulate the details of cover for specific countries.

At the request of the exporter, Euler Hermes Aktiengesellschaft assesses the creditworthiness of the foreign buyer. If the result is positive, 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.

Main features of a Wholeturnover Policy at a glance:

Eligible policyholders:	Any German exporter
Policy period:	1 year
Eligible countries:	Any country, except for EU and OECD member states (does not apply to Chile, Israel, South Korea, Mexico and Turkey)
Covered risks:	Buyer's failure to make payment within 6 month after due date (protracted default), other commercial risks (e.g. insolvency), as well as political risks (e.g. warlike events)
Payment terms:	12 months max.
Uninsured portion:	Uniformly 10% for political and commercial risks; however, the uninsured portion can be reduced to 5% on request subject to certain conditions; for this a supplement on the premium will be charged
Handling fees:	Normally none, only in respect of temporarily not marketable countries a contract fee of EUR 500 will be charged for each policy year
Premium:	Individually calculated as a percentage of monthly turnover and valid for the entire policy period; loss experience is factored in from third policy year on (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 Light to a Wholeturnover Policy
Handling:	Online via the Internet, option of paying premium by SEPA direct debit

HOW IS A WHOLETURNOVER POLICY HANDLED?

The hallmark of the Wholeturnover Policy 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. For this, each exporter signs an Online Service Agreement with Euler Hermes Aktiengesellschaft. You can also choose to pay your premium by SEPA direct debit.

www.exportkreditgarantien.de/en

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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