

MAY 2024

PRODUCT INFORMATION

Hermes cover click&cover EXPORT

EXPORT CREDIT GUARANTEES OF THE
FEDERAL REPUBLIC OF GERMANY

► **Hermes Cover**

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Hermes cover click&cover EXPORT – Cover foreign transactions up to EUR 7 million with standardised supplier credit cover efficiently and digitally

Do you want to have your export business protected by the Federal Government quickly and conveniently? Is the order value of your transaction is a maximum of EUR 7 million? Is the credit period no greater than five years? Are you interested in online processing? Is it important to you to know immediately whether your transaction is eligible for an export credit guarantee and what the costs will be? Hermes cover click&cover EXPORT is the ideal solution for this purpose.

WHAT IS COVERED?

A German exporter can use digital supplier credit cover to quickly and easily secure a receivable with a short- or medium-term payment term from a single export transaction (small tickets). Many of the product elements have been standardised and hence significantly simplified for this purpose. More complex transactions that require more intensive assessment can still be covered by traditional supplier credit cover.

Hermes cover click&cover EXPORT offers protection from payment defaults caused by

- protracted default arising within six months of payment falling due (protracted default)

As a rule, receivables from the sale of goods of partly foreign origin can also be covered.

WHO CAN APPLY FOR HERMES COVER CLICK&COVER EXPORT?

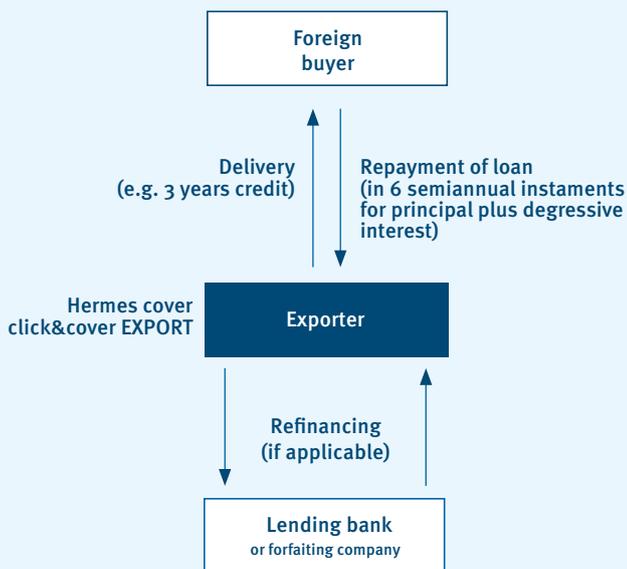
Hermes cover click&cover EXPORT is available to German exporters. In addition, foreign commercial businesses can also obtain hermes cover click&cover EXPORT for export transactions of their German branches that are entered in the commercial register. The technical prerequisite is to register with the “myAGA” online portal. As a general rule, access is required to reduce the deductible to 5%. We will be happy to tell you whether this is possible for you or you can find out for yourself in the “myAGA” online portal.

WHAT IS SUPPLIER CREDIT COVER?

With a supplier credit, the exporter grants the foreign buyer a payment term and therefore bears the risks associated with this credit. A distinction is made between short- and medium-term credit transactions. Short-term supplier credit cover, e.g. for transactions with a maximum credit period of 24 months, is principally offered by the Federal Government to cover the supply of consumer goods, raw materials, semi-finished goods or spare parts. Supplier credit cover for medium-term transactions with a longer credit period is primarily used in the capital goods, plant and equipment sectors.

The counterpart to the supplier credit is the buyer credit, in which a credit institution issues a loan to the foreign buyer that is used to pay the exporter’s receivable when the goods are delivered. The exporter can hedge against the residual risk of non-payment of the financial loan. A special standardised digital solution is also offered for this purpose (see Product Information hermes cover click&cover BANK).

CONTRACTUAL RELATIONSHIPS FOR SUPPLIER CREDIT



WHICH SALES MARKETS ARE ELIGIBLE?

As a general rule, hermes cover click&cover EXPORT is available for countries in country categories 1–7, although the maximum admissible order value is reduced for country categories 6 and 7. Countries for which a market test is required (Category 0 country or OECD or eurozone high-income country) or countries requiring more detailed examination (e.g. sustainable lending countries, countries subject to cover ceilings) are also excluded.

WHAT HORIZON OF RISK IS COVERED?

Cover begins when the goods are shipped or the service begins, and only ends when the covered receivable has been settled in full. If manufacturing risks (upstream risks that can result in production being discontinued during the manufacturing phase) are also covered, cover begins when the export contract takes effect.

HOW DO I SUBMIT AN ONLINE APPLICATION?

You can access the online application, including preliminary check and an indication of the premium, at www.exportkreditgarantien.de/en. Please first register for our “myAGA” online portal so that you can use hermes cover click&cover EXPORT.

HOW DO I GAIN ACCESS TO MYAGA?

You only have to register once for “myAGA” in a few easy steps. This will give you access to all “myAGA” functions including the digital application form, meaning that you do not have to sign any forms again. You simply submit your applications online.

WHAT PHASES IS DIGITAL SUPPLIER CREDIT COVER MADE UP OF?

1. PRELIMINARY CHECK

After you answer a few questions, you will be able to see if your transaction is eligible for the express click&cover process.

2. INDICATIVE PREMIUM

You will receive an indication of the total costs. All costs are shown en bloc or as a range of premiums. The more precise the information you give is the more accurate the expected premium will be.

3. NO-COST APPLICATION

You are guided through the application process by means of specific questions. If you require any additional assistance, you can contact our advisors by telephone on +49 40 8834-9000. Alternatively, you can write to us at info@exportkreditgarantien.de.

4. OFFER OF COVER

If you are still in negotiations with your foreign customer, it is a good idea to request an offer of cover. This will provide an important basis for your plans as you will already know whether the Federal Government is able to offer cover for the transaction.

5. FIRM COMMITMENT

Once the contract has been signed, you can apply for a firm commitment. It is not necessary for this to be preceded by an offer of cover.

CAN THE COVER ALSO BE USED FOR REFINANCING OPERATIONS?

Together with the export receivable, receivables arising from hermes cover click&cover EXPORT can be assigned to banks or forfaiting companies for the purpose of refinancing. You will find the relevant provisions governing assignment in the General Terms and Conditions (G/CCE).

WHAT DOES HERMES COVER CLICK&COVER EXPORT COST?

The premium is an all-in premium based on the loan receivable to be covered (excluding interest). This premium includes all fees and the cover charge for covering the risk, including the country risk, the creditworthiness of the buyer, the risk period and, if applicable, the foreign currency surcharge. No separate application fee is charged. No insurance tax is payable. If the manufacturing risks are also covered, an additional premium for this is included in the all-in premium. You can use an interactive calculation tool to calculate the individual premium as part of the application process. You can find further information in the brochure **“Fees and premium rates”**.

WHEN AND HOW IS CLAIMS PAYMENT MADE?

Claims payment is made in the event of protracted default of the legally valid receivable six months after it falls for due for payment. Once all necessary documents have been submitted to the Federal Government, the claim statement of indemnification is issued within two months. Claims payment will then be paid out within another month.

The policyholder participates in every loss with an **uninsured portion** of 5% (for all risks) of the default.

HOW CAN YOU APPLY FOR COVER?

Contact with the Federal Government is established via **Euler Hermes Aktiengesellschaft**. **The application can only be submitted online.**

Further information can be obtained from the head office in Hamburg as well as the numerous regional offices. Detailed information material, the online application form and the General Terms and Conditions of cover can be found at www.exportkreditgarantien.de/en.

MAIN FEATURES OF HERMES COVER CLICK&COVER EXPORT AT A GLANCE

Policyholder:	German exporters who meet the conditions for accessing a reduced deductible in supplier credit cover. We will be happy to tell you if you qualify for this.
Object of cover:	Receivables from cross-border deliveries and services (cover for a single export receivable). On request, additional (not stand-alone) manufacturing risk cover may also be available to cover risks prior to shipping.
Order value:	Maximum EUR 7 million (except for country categories 6 and 7: maximum EUR 3.5 million). The covered order value represents the upper limit for the maximum cost price eligible for manufacturing risk cover.
Terms of payment:	Only selected standard repayment profiles. Especially in the medium-term segment, only monthly, bi-monthly, quarterly and semi-annual instalments can be covered.
Credit period:	maximum 5 years (if appropriate for the type of goods)
Countries:	Category 1–7 countries; as well as countries for which a market test is required (Category 0 country or OECD-high-income-country or eurozone), this does not include countries that would require more detailed examination for other reasons (e.g. sustainable lending countries, country ceilings). The question of whether a country is eligible is already indicated in the preliminary check in the online application.
Premium:	The online tool will calculate the premium or range of premiums in EUR for you when you have entered all the data. This includes all premium components (in particular fees, premium for country risk, premium for buyer risk, foreign currency surcharge, surcharge for reducing the deductible to a standardised 5%). No application fee is charged. The fee is payable in advance with the invoice.
Permissible foreign content:	maximum of 49% (allowable without any explanation)
This includes local costs:	11.5% of total order value (instead of 28.6% in the case of OECD highincome countries and 33.3% in all other countries in the case of conventional supplier credit cover)
Risks covered:	only non-payment of the receivable within 6 months of falling due (protracted default)
Uninsured portion:	Standard 5%
Permissible foreign currencies:	In addition to EUR, policies denominated in AUD, CAD, CHF, DKK, GBP, ISK, JPY, SEK and USD are also available. The compensation is then paid in the same currency that the export contact is agreed. However, the premium is always paid in EUR for all foreign currency transactions.
Price escalation clause:	Contracts with a price escalation clause can be covered. The percentage method is used. This means that an increase in the contract value of up to 10% is possible on the basis of a price escalation clause. The upper limit for the contract value (EUR 7 million or EUR 3.5 million for country categories 6 and 7) remains the same. This reduces the amount of the allowable actual contract value accordingly, which must be reduced by the amount of the requested value due to the price escalation clause. The exporter must report the actual increase in the amount resulting from the price escalation clause without undue delay, but in any event no later than 6 months after the last delivery or service provision. The increase resulting from the price escalation clause must be documented in an amendment to the cover policy; at the same time, the premium attributable to the increase will be charged.
Permitted collateral::	Collateral security, increased advance payments and collateral from banks generally recognised by the Federal Government are permitted.
Exclusions:	The following contractual arrangements in particular are not permitted for simplification reasons: <ul style="list-style-type: none"> • Contracts entered into by third-party or affiliated companies abroad (or assignment model) • Non-standard contract arrangements (e.g. finetrading, supply chains) • Drop shipments • Transactions in goods that require an export licence • Transactions with sensitive (e.g. military) buyers • Transactions with serious environmental impacts (e.g. critical sectors [e.g. dams, nuclear], sensitive areas) • Transactions that require international notification
Processing and documentation procedures:	The settlement and documentation procedures used for other types of cover are essentially applied here as well. This means that both an offer of cover (valid for 6 months, if necessary automatic extension up to 1 year, but no option to extend thereafter) as well as final cover is available. Your obligations as an exporter remain unchanged compared with other export credit guarantees.

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



Federal Ministry
for Economic Affairs
and Energy

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



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.bundeswirtschaftsministerium.de/en under the heading Promotion of Foreign Trade and Investment.

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