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Dr. iur. Bernhard Madörin

Tax and Fiduciary Expert
Licensed Audit Expert RAB
Licensed Insurance Intermediary FINMA

Export risk guarantee

Dear Sir or Madam,

In this short summer's newsletter we would like to introduce the fundamentals of the Confederation's export risk guarantees.

The Swiss export risk insurance (SERV) insures export transactions by Swiss companies against economic and political risks. This insurance is an instrument introduced by the Federal Government, and offers insurances and guarantees for the whole process of an export transaction.

The insurance policies that are on offer here cover a wide range of risks. Available are, to name but a few, a manufacturing risk insurance, a supplier credit insurance, a buyer credit insurance, a refinancing guarantee or a credit confirmation insurance. The range of policies that are available will leave you spoilt for choice.

With its insurance policies SERV covers the following risks

Political risk: political events can lead to a debt default or even to a loss of goods. You can take up an insurance against this risk. However, not included are unforeseen events such as war, revolution, annexation, civil unrest, and so on. These are political events that will not fall under the insurance cover. However, **transfer risks** or a **moratorium on payments** can also be covered by an insurance. Any delays experienced in the interstate payment system will be dealt with by the insurance. Other insurance policies available will cover risks such as **force majeure** - tornadoes, floods, earthquakes, volcanic eruptions, spring tides or nuclear accidents.

Another important risk against which you can take up an insurance is formal cover requirement or the inability to pay respectively by the foreign purchaser. Other risks that can be covered via insurance are 'unfair calling' and 'fair calling'. Unfair calling is insistence on contractual guarantees in bad faith, whereas fair calling is any delay in execution that is contractually admissible due to external factors.

To summarise, it can be determined that the insurances offered by SERV cover a wide range of risks that private insurance will not cover comprehensively with their currently offered insurances.

Who can use SERV?

One prerequisite for the conclusion of an insurance policy or a guarantee is that the exporter is domiciled on domestic territory and the purchaser domiciled abroad. Target countries are all countries, including all European nations. For certain countries, insurances are only then possible if such insurances against risks cannot be found on the private market.

Another condition is that a substantial proportion of Swiss value creation in export transaction must be present. Applications can be submitted via the application portal on www.serv-ch.com/en. The maximum cover ratio is 95%.

Conclusion

It is definitely worth investigating, before major export transactions, what the Confederation has on offer via its export risk guarantee.

Kind regards

artax Fide Consult AG

Member of Morison KSi

Gartenstrasse 95, Postfach, 4002 Basel
Tel: +41 61 225 66 66, Fax: +41 61 225 66 67
info@artax.ch, www.artax.ch