

Extended risk cover for assignee

Guarantee holder: **Exporter**

Large order volumes and long payment terms often place pressure on the liquidity of exporting companies. Exporters can use EKN's Supplier credit guarantee as collateral to finance their export transactions by transferring the receivables and the rights under the guarantee to an assignee. To improve the conditions for financing, you as the exporter can apply for extended risk cover in favour of the assignee holding the rights.

The purpose of the extended risk cover is to facilitate financing for exporters by providing greater protection for the assignee. The extended cover enables the assignee to be indemnified even if the exporter's receivables become subject to dispute.

TRANSACTIONS ELIGIBLE FOR COVERAGE

You may apply for the extended risk cover within the framework of EKN's supplier credit guarantees for short or long credit terms. As part of the application process, you will be asked to provide additional information to enable EKN to assess the possibility of granting the extended risk cover.

RISKS COVERED UNDER THE EXTENDED RISK COVER

Under the extended risk cover, the assignee is entitled to indemnification regardless of disputed claims. The risk relating to the fulfilment of the export transaction, as well as the exporter's compliance with EKN's guarantee terms and conditions, remains with the exporter.

If it is subsequently determined that the exporter was not entitled to the indemnity paid, they will be liable to reimburse EKN for the amount disbursed to the assignee, in accordance with the recourse commitment made when the guarantee was issued.

PRECONDITIONS

Export companies that have been in business for at least two years may apply for extended risk cover. Export sales should primarily concern goods, and the exporter must be able to demonstrate previous sales of the product.

EKN always conducts an assessment of new guarantee holders, as well as those who have not been active guarantee holders recently, in order to evaluate their ability to carry out the export transaction.

When applying for extended risk cover, EKN will assess the exporter's creditworthiness and delivery capability. Consideration will be given to the exporter's previous experience, the size of the transaction in relation to turnover, and financial strength.

EKN may request additional information in order to assess the possibility of granting the extended cover.

For exporters with a large number of existing applications and guarantees, EKN may instead conduct a general, annual assessment of the company's financial strength and performance in export transactions.

COSTS

If EKN offers extended risk cover, a premium surcharge will apply.

The surcharge is based on the exporter's prior experience, financial strength, and ability to fulfil the export transaction. The additional premium will be specified in EKN's offer.

WHEN DOES EKN PAY COMPENSATION?

If the buyer fails to pay on the due date, the assignee is entitled to indemnification from EKN once the waiting period specified in the guarantee has elapsed.

CLAIM PROCEDURE

If payment is not received after due date, the assignee may apply for indemnification from EKN once the waiting period specified in the guarantee has elapsed. EKN will then make payment to the party holding the rights under your guarantee.

Once EKN has paid indemnification to the assignee, it will initiate an investigation into the cause of the non-payment. As part of this process, EKN will contact you to assess whether you have fulfilled all your obligations under the terms of the guarantee.

If it is subsequently determined that you were not entitled to the indemnification, EKN will invoke the recourse undertaking you have entered into under the guarantee. The amount EKN may claim from you will be equal to the amount paid to the assignee.

LOSS PREVENTION MEASURES

An exporter's obligations as the guarantee holder remain unaffected by the outcome of the assessment of a recourse claim. These obligations include cooperating with EKN to minimise the loss to the greatest extent possible.

WHO CAN BE AN ASSIGNEE?

The assignee may be a bank or other supervised financial institution.

All prospective assignees who have not previously been approved by EKN as guarantee holder will need to undergo evaluation.

EKN'S GENERAL CONDITIONS

The guarantee is governed by EKN's General Conditions, supplemented where applicable. For the extended risk cover, additional supplementary conditions to the General Conditions apply.

HOW TO OBTAIN THE EXTENDED PROTECTION

1. Application

When applying for EKN's Supplier credit guarantee, you may indicate your interest in the extended risk cover. To enable EKN to assess the possibility of providing this cover, a supplementary form with additional information must be attached to your application.

If EKN has agreed to provide the extended risk cover, a premium surcharge will apply. The offer will show both the premium rate for the underlying export transaction and the premium rate including cover for the extended risk.

2. Declaration

When applying for EKN's Supplier credit guarantee, you may indicate your interest in the extended risk cover. To enable EKN to assess the possibility of providing this cover, a supplementary form with additional information must be attached to your application.

In some cases, EKN may require shipping documents as proof of delivery. The offer will state whether this requirement applies to your transaction.

The guarantee will then be issued to you as the guarantee holder, specifying the assignee. The supplementary conditions to the General conditions will be attached.

3. Premium payment

EKN will send you the guarantee together with an invoice that includes the premium for the extended cover. The premium must be paid within 30 days of the invoice date.

4. Reporting payment delays

If the buyer fails to pay on the due date, this must be reported to EKN after 30 days. Under the extended risk cover, you and the assignee are jointly and severally liable for reporting any delays or knowledge of increased risk. Make sure to agree on the reporting procedures – the key is to ensure that the information is communicated to EKN.