

# Guarantee for trade receivables

Credit period not exceeding 12 months

## *Guarantee holder: exporter*

The guarantee for trade receivables covers the risk of a foreign buyer failing to pay amounts due under the contract. The guarantee protects against events that occur from the date on which the claim arises, which is normally the delivery date.

With an EKN guarantee, you know that you will receive compensation if your customer does not pay. This makes it easier for you to offer your customer credit.

You can also use the guarantee as security if you decide to get a bank or other credit institution to finance the transaction. You then assign the claim and rights under the guarantee to the financier.

### **TRANSACTIONS THAT CAN BE GUARANTEED**

You can apply for guarantee for trade receivables for different types of export transactions: export of goods, export of services, and leasing. EKN can guarantee both small and large transactions with this guarantee.

A prerequisite for EKN's participation is that the transaction promotes Swedish interests and is connected to Swedish export. This means the export transaction will normally relate to Swedish products. It could also be a transaction that indirectly leads to Swedish exports.

In order for EKN to be able to guarantee a transaction, there must be a legally binding written agreement between you as a seller and your buyer. EKN's guarantee never covers more than what has been agreed between you and your buyer, as described in your guarantee application to EKN.

Due to EU regulations, this guarantee cannot be used in transactions with EU countries, Australia, Iceland, Japan, Canada, Norway, New Zealand, Switzerland and USA.

### **RISKS COVERED BY THE GUARANTEE**

The guarantee for trade receivables provides cover when your customer fails to repay credits you have granted. The guarantee protects against events that occur from the date on which the claim arises, which is normally the delivery/invoicing date. You can choose either insurance against political events only or insurance against both political and commercial events.

### **HOW DOES THE GUARANTEE WORK?**

You apply for an offer for a limit on your buyer in one of the following currencies: Swedish kronor, euros, US dollars, Swiss francs or Japanese yen. The limit is the maximum amount, including any interest, which you estimate may be outstanding from the buyer at any given time over the next 12 months, taking into account payment terms and frequency of delivery.

The limit may relate to an individual transaction or several transactions during the period.

When delivery or equivalent performance under the contract has taken place, you send EKN a request to have the guarantee issued under the offer.

The guarantee normally covers 95 per cent of your claim, which means your excess is five per cent. You can also opt for a higher excess, which will lower the premium for the guarantee.

The excess does not necessarily mean a definite loss in the event of a claim. Any recoveries by EKN are shared pro rata between you and EKN.

EKN will only compensate you for non-payment of a

conclusively established and due claim. “Conclusively established” means your customer has not contested the claim.

### WHAT ARE THE FEES?

EKN charges a premium, which reflects the risk and payment terms in the specific transaction. The premium is expressed as a percentage of the guaranteed amount.

On [ekn.se](http://ekn.se) you can get an idea of the premium for a guarantee for trade receivables.

There is no fee for applying for a guarantee and receiving an offer. You pay the premium when EKN issues the guarantee.

The minimum premium is SEK 1,500.

### WHEN DOES EKN PAY COMPENSATION?

EKN pays compensation after a three-month waiting period, which begins on the due date of the trade receivables. We do not apply a waiting period if the buyer is declared bankrupt.

### CURRENCY

The currency indicated in your contract determines the currency in which EKN issues the guarantee. If your contract currency is Swedish kronor, euros, US dollars, Swiss francs or Japanese yen, EKN will issue the guarantee, invoice the premium and pay compensation in this currency. For other contract currencies, EKN issues the guarantee, invoices the premium and pays compensation in Swedish kronor.

You can request a guarantee for different currencies under the same limit. In this case, you should monitor exchange rate movements which may affect your scope for compensation from EKN. If you invoice in different currencies, you can apply for a limit for each guarantee currency.

### PAYMENT TERMS IN THE EXPORT TRANSACTION

EKN applies internationally approved guidelines for acceptable credit periods for different types of products.

For the export of raw materials, semi-finished products and consumer durables, the maximum recommended credit period is six months.

### PAYMENT SECURITY

EKN does not have any general requirements regarding provision of security. However, in certain cases it is a prerequisite for the issuance of our guarantee for a transaction.

Examples of security include payment guarantees provided by a third party and pledged equipment.

## CORPORATE RESPONSIBILITY IN THE ISSUING OF GUARANTEES

EKN promotes corporate responsibility. In its guarantee operation EKN's considerations include the environment, human rights and labour rights, anti-corruption and the promotion of sustainable lending to poor countries.

### EKN'S GENERAL CONDITIONS

The guarantee is governed by EKN's General Conditions for trade receivables, credit period not exceeding 12 months, (September, 2010). If the guarantee only covers political events it is also governed by the Supplementary Conditions defining political events, (September 2010).

### HOW TO OBTAIN A GUARANTEE

You can apply for an offer and request a guarantee via EKN Online or by sending in forms on [ekn.se](http://ekn.se)

#### Apply

Send your application well in advance before the claim arises, which is usually at delivery.

EKN orders a credit report on the buyer and on any guarantors. You will normally need to provide supplementary information on the buyer such as an annual report.

EKN makes a risk assessment, and if the result is satisfactory, we make an offer.

#### Request for guarantee

When delivery or equivalent performance under the contract has taken place and you want the guarantee to be issued, submit a *Request for guarantee for trade receivables* either via EKN Online or by sending form 8.02. EKN needs to have received your guarantee request no later than 30 days after the claim arises, unless otherwise agreed.

#### Pay the premium

EKN will send a premium invoice with the guarantee. The premium must be paid within 30 days of the invoice date.

### FRAMEWORK GUARANTEE FOR TRADE RECEIVABLES

Companies with frequent exports to the same buyers during a longer period of time can apply for a framework guarantee, which is an administratively simple solution for the guarantee for trade receivables with a credit period not exceeding 12 months. The solution is available in EKN Online and consists of a number of quotas for which the guarantee holder applies for a limit. A quota is either a buyer, or, in the case of political risk cover only, a country.



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