



PRODUCT DESCRIPTION	Facility
Insurance for deferred-payment, short-term export receivables	C

Who is this insurance facility for?

This short-term facility is recommended for businesses registered in Hungary that are engaged in the export of goods/services of Hungarian origin to the countries listed in MEHIB's prevailing List of Conditions (www.exim.hu), and which make an agreement with their buyers on a deferred payment deadline of less than two years.

Benefits for the insured party:

MEHIB rates debtors using a risk assessment system based on comprehensive analyses and relieves the insured party of the task of performing the risk analysis, and with its receivables collection service, it also removes the burden of a lengthy collection procedure from the insured's shoulders.

This insurance is backed by an absolute suretyship from the state budget, and therefore it can only be

- concluded for the export of products classified as being of at least 50% Hungarian origin, which have been certified with a certificate of Hungarian origin, or
- concluded for the provision of services where the business entity certifies, with a document issued by a government office, that at least 50% of its employees are entitled to social security benefits and a pension or are in a legal relationship with it that implies social security obligations.

What coverage does the insurance provide?

The insurance offers coverage for losses arising from export receivables that are unpaid due to commercial and political risks.

What is the subject of the insurance?

Deferred-payment, valid receivable not disputed by the debtor, arising from a foreign trade contract and due from a foreign debtor, with a maximum credit period of 23 months.

By default, the facility insures the risks of the post-delivery lending period, but if so requested, it provides supplementary coverage for the manufacturing period in exchange for additional premium payment.

What events are insured?

Indemnification by MEHIB applies to losses incurred as a result of the below insured events:

- insolvency (e.g. bankruptcy, liquidation, out-of-court settlement with creditors) of the buyer or its surety/guarantor; non-payment by the buyer or its surety/guarantor within 60 days following the due date;
- political risks (e.g. embargo, freeze on transfers, war, strike, etc.) and natural disasters that lead to a default on the part of the buyer or its surety/guarantor.

When does the risk assumption start and end?

For Facility C, the cover applies in respect of the lending period following delivery; the risk assumption commences on the day of fulfilment of the trade contract and lasts either until full payment by the foreign buyer (or the surety/guarantor), or until the occurrence of the insured event.

If the exporter takes out the Facility C insurance with supplementary cover for manufacturing risk, then the manufacturing period is also insured along with the risk of the lending period. In this case, the insurer's assumption of risk commences on the day of signing the trade contract, but the combined duration of the manufacturing and the lending periods may not exceed 23 months (18 months in the case of agricultural products).

How much is the deductible?

Different deductibles can be selected: 1%; 5%; 10%; 15%; 20%; 25%

Its precise extent is set out in the Policy. In the event of a deterioration of risk, however, MEHIB is entitled to determine, in respect of a given buyer, a deductible different from the one determined in the policy. In the event that the insured party refuses to accept the modified deductible, MEHIB is entitled to withdraw the credit limit or issue a notice specifying a reduced credit limit.

What costs does the insurance entail?*Insurance premium:*

A premium that is payable monthly and depends on the rating of the buyer or the surety/guarantor, the payment terms, the term and the extent of the deductible, and which is based on the turnover achieved in the given month, and, if supplementary coverage for manufacturing risk is also provided, on the value of trade contracts concluded in the given month. The lower limit of the insurance premium is defined in MEHIB's latest effective List of Conditions. The minimum fee is for one insurance year, and is deducted by the insurer from the insurance premium payments. An additional fee is payable in the event of supplementary cover for manufacturing risk.

The table of insurance premiums and other terms are contained in MEHIB's latest effective List of Conditions.

Other fees:

MEHIB also charges other fees in addition to the insurance premium, the latest applicable rates of which are included in MEHIB's List of Terms and Conditions.

How can indemnity claims be made?

- The insured becomes entitled to file an indemnity claim upon the occurrence of an insured event, with a deadline of 15 days.
- The insurer prepares the claim settlement within 30 days following receipt of the necessary documentary evidence in the event of insolvency, or, in the event of other insured events, no sooner than after expiry of the claims waiting period.
- The claims waiting period is 90 days counted from the occurrence of the loss sustained as a result of the insured event.

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