

Supplier credit insurance S Facility

Who is this insurance facility for?

This facility covers the (post-delivery) lending period that follows the performance of the export commercial contract, and provides coverage to exporters (insured parties) who provide medium- or long-term supplier credit facilities to their foreign buyers in connection with the export commercial contract.

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

- taken out in respect of the export of products classified as being of at least 50% (or 25% in the case of construction, assembly, technological assembly, design and any directly related services) Hungarian origin, as certified with a certificate of origin, or
- in respect of the provision of services where the business entity certifies, with a document issued by a government office, that at least 50% of the exporter's employees are entitled to social security benefits and a pension or are in a legal relationship with it that implies social security obligations.

What cover does the insurance provide?

This insurance covers commercial and political risks.

What is the subject of the insurance?

The receivable of the insured party (the exporter) originating from an export-commercial contract due from the buyer.

This facility provides protection related to receivables originating from the sale, with deferred payment, of Hungarian goods and/or services, which insures the risks of the post-delivery lending period.

What events are insured?

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

- insolvency (e.g. bankruptcy, liquidation) of, or late payment by, the buyer or its surety/guarantor,
- 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.

When does the risk assumption start and end?

In the case of Facility S, the commencement of MEHIB's risk assumption is the day when the insured party becomes entitled to the consideration due to it on the basis of the performance of its contractual obligations, provided that the preliminary conditions stipulated in the insurance contract and export-commercial contract have been met. If according to the terms

of the exportcommercial contract the insured is entitled to a fixed and defined amount corresponding to the value of the goods delivered or services rendered, the cover provided by MEHIB shall start on the day of the specific partial performances or deliveries.

MEHIB's risk assumption ceases on the due dates for payment of the receivables as defined in the export-purpose foreign trade contract or upon the occurrence of an insured event.

How much is the deductible?

The deductibles ratio to be borne by the insured party is 5%, deviations from which are recorded in the policy.

If a lower deductible is applied compared to the above, MEHIB is obliged to conduct the relevant preliminary procedures stipulated in EU legislation.

What costs does the insurance entail?

Insurance premium:

The insurance premium depends on the risk rating of the country of the buyer's or surety's / guarantor's registered office, the rating of the buyer, surety/guarantor, the extent of the deductible, the duration of the risk assumption and the terms of repayment.

The calculation base for the insurance premium is the amount of the principal receivable resulting from the export-purpose foreign trade contract.

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.
- MEHIB settles its obligation to pay indemnification on the basis of a claim submitted by the insured party, that is supported by evidence and accepted by MEHIB, within 30 days from the expiry of the claims waiting period, whereas in the case of insolvency, within thirty days from the receipt of the final document required for the assessment of the claim.
- The basis for the indemnification is the sum of the receivable(s) outstanding at the due date(s) stipulated in the export-commercial contract, and the contractual (transaction) interest calculated with respect of any claims waiting period.
- The claims waiting period is 90 days from the occurrence of the loss.

Don't leave anything to chance...

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