

The EKF Agreement

Reinsurance agreement in cooperation with EKF

Helping you to weather the crisis

The reinsurance agreement can facilitate exports that are affected by the private credit insurance companies' withdrawal from a number of countries and markets in the wake of the economic crisis.

By reinsuring the risks with EKF, the agreement will help companies to continue to obtain credit insurance for their exports to high-risk markets. With the backing of an EKF guarantee the companies' risk will be reduced and will therefore become insurable.

The reinsurance agreement is not intended to cover export transactions that are not sound. The intention is to support sound export activities that would otherwise fail.

Who, what and how

To be able to apply for reinsurance your company must be a customer of a private credit insurance company- eg. Euler Hermes.

Reinsurance solely applies to export transactions with credit terms of up to 180 days, and in principle only to countries outside the OECD. EU has given a dispensation so EKF can reinsure countries within the EU and OECD. A complete list of covered countries can be downloaded at www.eulerhermes.dk.

Higher risk equals higher premium and own risk

Credit insurance is normally based on spreading the risk widely, but under the reinsurance agreement the risk is concentrated on relatively few exposures subject to extraordinarily high risk. Therefore both the premium and the own risk are higher than for your company's normal credit insurance facility.

Not at any price

The global economy has changed, so that previously sound buyers are no longer creditworthy. EKF and the private credit insurance companies are ready to accept extraordinary risks, but not bad risks, so it is important that your company is realistic.

The reinsurance agreement is an opportunity made available by EKF. How effective the agreement is depends on how well it is utilized by companies and credit insurance companies.

Terms of reinsurance

In order to minimize the risk of losses the agreement includes a number of criterias.

Requirements of the exporter:

- The exporter must be the customer of a private credit insurance company.
- To obtain credit insurance under the reinsurance agreement the exporter must sign a general declaration concerning anti-bribery, environmental sustainability and a Danish economic interest. This is among other things to ensure compliance with international rules and obligations.

Criteria for credit assessment

- The credit assessment is undertaken by the credit insurance company.
- There must be no registered delayed payments by the buyer in the course of the last six months.
- It must be highly probable that the buyer can fulfill the payment obligation.
- Weighting can be given to a sound trade history.

Price

- The own risk is 15%.
- The premium is fixed by country category and is respectively 0,9% of revenue for the best countries, 1,2% for the intermediate category, and 1,4% for group III.
- The premium and own risk reflect the extraordinary risk.

Premium for reinsurance	Country category I	Country category II	Country category III
Premium (percentage of contract value)	0,9	1,2	1,4

Top Up cover

A Top Up cover has been introduced in addition to the existing agreement. The purpose of this new facility is to create additional insurance capacity in those cases where we provide partial coverage through the usual credit insurance policy. The premium rate for coverage through the Top Up Cover is 0.5%. The premium rate is, however, as minimum the same as the one in your usual credit insurance policy. The rate is the same for all country categories, and the insured percentage is the same as applies for your usual policy.

How to apply

Please contact us and we will provide advice and guidance, as well as assessing concrete applications. Euler Hermes also undertakes the credit assessment, which means that exporters should not apply to EKF, but via the Euler Hermes.

If you have questions regarding the EKF Agreement, please contact us at +45 88 33 33 88.