

- By means of Finnvera's Export Receivables Guarantee, exporters can insure their receivables from a foreign buyer against credit losses.

Export Receivables Guarantee – credit insurance for the exporter

The guarantee is particularly well suited to the exports of raw materials, consumables, durable consumer goods, semi-finished goods and similar products, where the payment period granted to the buyer is usually at most 180 days.

The exporter can also use the Export Receivables Guarantee as security for a credit by transferring the right to indemnity to the bank.

Risks to be covered and the guarantee coverage

The guarantee covers commercial risks arising from the buyer and political risks arising from the buyer's country. Commercial risks refer to the buyer's inability or unwillingness to pay. Political risks are risks arising from the buyer's country that are beyond the buyer's and the exporter's control, such as restrictions on currency transfers, rescheduling of debts, or war and unrest.

Depending on the buyer's country, the guarantee coverage ranges from 75 per cent to 90 per cent.

Preconditions for granting a guarantee

The guarantee is granted to a Finnish exporter. The product exported must usually be of Finnish origin or the export transaction must otherwise meet the requirement of Finnish interest. The payment terms must conform to international practices.

The guarantee may be granted for an individual transaction or for continuous exports, in which case it is valid until further notice.

The buyer's creditworthiness is determined on the basis of credit information and, whenever necessary, financial statements. The creditworthiness of countries is investigated by following their economic and political situations.

A credit limit is determined for each buyer eligible for a guarantee. The limit means the maximum amount of insured receivables outstanding at any single time.

By virtue of temporary permission given by the European Commission on 22 June 2009, Finnvera can also grant guarantees for exports to EU Member States and to the following OECD countries when the payment term is under two years: Australia, Canada, Iceland, Japan, New Zealand, Norway, Switzerland and the USA. A prerequisite is that the exporter has received a negative decision from a commercial provider of credit insurance. The permission given by the Commission applies to exports before 31 December 2010.

Premium

The premium is based on the credit period of the export transaction and on the payment category determined on the basis of a risk assessment.

For credit periods of at most 90 days, the premium is 0.40–0.75% and for credit periods of 91–180 days, 0.50–0.95%. The premium is calculated on the value of the exported goods reported by the exporter. The buyer-specific minimum premium is EUR 100 per year.

Applying for a guarantee

The application for a guarantee should be filed in good time before the delivery.

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Additional information is available from the Units of Export Financing and Financing for Growth and Internationalisation and from Regional Offices.

Application forms can be downloaded from Finnvera's website. You can also apply for Export Receivables Guarantee by filling in an online application on www.finnvera.fi Online Services. You can get advice on matters relating to financing by calling us on 020 690 784. You can also call our telephone service if you have questions about filling in applications.

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