

# Credit Risk Guarantee

– insurance against risks for the exporter



## Risks covered and guarantee coverage

The guarantee can be used to insure risks involving receivables due from a foreign buyer and risks arising from cancellation of a contract prior to delivery.

The guarantee covers commercial and/or political risks.

### Commercial risks

Commercial risks mean the buyer's inability or unwillingness to pay. The coverage for commercial risks is maximum of 95%.

### Political risks

Political risks are risks connected with the buyer's country. These risks are beyond the buyer's and the exporter's control. Political risks include restrictions on transfer of currency, rescheduling of debts, war and insurrection. The guarantee coverage for political risks is maximum 100%.

### Conditions for granting the guarantee

The guarantee is granted to the exporter. The export transaction must meet the requirement of Finnish interest. The terms of payment must conform to accepted international practice.

The buyer's creditworthiness is generally assessed on the basis of credit reports and the buyer's financial statements. The creditworthiness of the buyer's country is assessed by following the economic and political developments in the country.

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**Finnvera's Credit Risk Guarantee provides the exporter with cover against credit losses in export trade.**

## Credit Risk Guarantee



For exports to the EU Member States and to other Western industrialised countries, Finnvera can normally grant guarantees only if the payment period is two years or longer.

### **Application for a guarantee**

The application for a post-delivery guarantee must be submitted before the delivery, and the application for a pre-delivery guarantee must be submitted before the contract is signed.

Regulations concerning bribery and environmental assessment are taken into consideration when handling the guarantee applications.

### **Terms of payment/OECD Export Credit Arrangement**

Finnvera complies with the regulations of the OECD Export Credit Arrangement. The OECD member countries have agreed on the terms of officially supported export credits with a repayment period of two years or more. The OECD Arrangement defines interest rates, credit periods, cash payment requirements and the starting point of repayment.

Cash payment must be at least 15% of the export contract value, and the credit may not exceed 85%. The credit period is determined by the type of goods, the contract value and the category of the buyer's country. The credit must be repaid in equal and regular instalments not less frequently than every six months, without any grace period.

Buyer countries are classified in two categories according to their GNP. The acceptable credit periods are based on these categories.

### **The maximum credit periods**


- relatively rich countries: 5 years (in exceptional cases 8.5 years)
- relatively poor countries: 10 years.


### **Guarantee costs**

The guarantee premium is determined separately in each case, and it depends on the creditworthiness of the buyer and the buyer's country, the terms of payment and the securities provided.

Finnvera charges handling fees for the processing of the guarantee application and the subsequent guarantee.

**For further information, please contact the Large Corporates Unit or one of Finnvera's Branch Offices.**

 You can apply for Finnvera's financing, loans and guarantees online at [www.finnvera.fi](http://www.finnvera.fi) - Online Services.

 Telephone Service  
029 460 2582 – advice on financing and on how to fill in applications.

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