

# Guide to your credit insurance ACREDIA Easy<sup>A</sup>

This guide provides a detailed description of every step. If you have any questions or would like more details, please don't hesitate to call our Customer Relations Center on +43 (0)5 01 02-5555.

## Your guide at a glance



Since there are various technical terms used in the insurance business that may not always be self-explanatory, we have provided you with a summary of the most important terms. Here you will get to know the difference between the Discretionary Facility and your obligation to apply for credit limits to us, gain an overview of the

notification obligations and read how to make a declaration of your turnover. Our guide takes you clearly through the various stages of credit insurance and gives you a clear idea of when and how ACREDIA supports your credit management.



## Applying for credit limits

Here you can find answers to your questions about applying for credit limits.

### What does the obligation to apply for credit limits mean?

Your credit insurance policy is a framework agreement for the cover we grant you. We have jointly agreed that you will offer ACREDIA all the business with your Buyers in the stipulated countries for cover.

### What do I have to offer?

You notify new Buyers to us via ACT-Portal or using the pre-printed form "Credit limit applications" and apply for a credit limit on them.

### Who does this obligation to apply for credit limits apply to?

- All insurable Buyers with their registered office in the countries we have agreed (see the list in the Schedule to the Policy). There is no option to select only specific Buyers – in order to have a risk diversification, all Buyers (the "good" and the "bad" ones) have to be offered for cover.
- There is an exception for your "small" Buyers – those with whom your outstandings lie or fall below the Declaration Limit. You can find this in the Schedule to your Policy. These Buyers are also insured if we have agreed on a Discretionary Facility as part of your policy and if the preconditions for it are fulfilled (see "Discretionary Facility").

### Who is not insurable?

- Public Buyers, i.e., public authorities at federal, regional or municipal level, companies constituted under public law (the decisive factor is the legal form, not the ownership structure).
- Private individuals (consumers)
- Your affiliated companies in which you have directly or indirectly either the majority shareholding or are otherwise in a position to exert a material influence on management decisions.

### What does ACREDIA do with my application for a credit limit?

- ACREDIA checks the creditworthiness of the Buyers a credit limit has been applied for and sends you a credit limit notification for each requested company. This credit limit notification states, whether ACREDIA accepts the Buyer for cover and if so, to which extent (the credit limit).
- If ACREDIA sets a credit limit on the Buyer, it will monitor the creditworthiness of the Buyer on an ongoing basis.

### What should I do if ACREDIA does not accept the Buyer at all or does not grant cover for the full amount required?

Please apply again for a credit limit in the required amount after one year at the latest. If your Buyer's outstanding amount has fallen below the Declaration Limit in the meantime, of course you do not need to apply again.

### What happens if a Buyers's creditworthiness deteriorates?

- In this case, ACREDIA may either reduce the credit limit or cancel it completely.
- Of course, receivables that are already insured remain covered.





## Credit limit applications

Please promptly send us a credit limit application for each new Buyer in the agreed countries.

### How can I send a credit limit application to ACREDIA?

- The fastest and best way is via ACT-Portal.
- If you do not have ACT-Portal, please fill out the form "Credit limit application".

### What exactly happens to my credit limit application at ACREDIA?

- With your application you ask for a specified amount of insurance cover on a specified Buyer.
- ACREDIA checks the creditworthiness of the Buyer and answers your request with a credit limit notification for that Buyer.
- The credit limit is stated in the credit limit notification.

### What Buyers do I have to send an application for?

All those Buyers covered by your obligation to apply for credit limits (see "Applying for credit limits").

### How high shall I put the amount I apply for as a credit limit?

- The best thing to do is to take the maximum expected amount of outstandings and add 20%. This gives you a good safety margin!
- If your cover includes the manufacturing risk, please do not forget to notify the outstandings due at the current stage of work in progress.

### What important points should be observed when filling in the credit limit application?

- Before you fill in the application, please check very carefully exactly who your contractual partner is (i.e. who is liable to pay).
- We can only accept credit limits for legally independent companies at their registered Head Office. Receivables due from legally dependent branch offices, factories or local offices are always included in the cover for the company at its central address.
- There are compulsory fields which must be filled in at ACT-Portal – the application cannot be sent to ACREDIA unless you fill them in.
- When filling in the pre-printed form "Credit limit application" please take great care. Remember that we can only check your application if we have all the information we need.
- Please answer the questions concerning your previous payment experience with the Buyer truthfully. Thank you!

### How can I identify a Buyer without any possibility of confusion?

In most countries there are specific numbers which allow a company to be identified with absolute certainty. You can mostly find such numbers on the business stationery of your Buyer. We have listed the important numbers in each country in the following table:

<b>Country</b>	<b>Identification using</b>
<b>Australia</b>	ACN, ABN
<b>Austria</b>	Commercial register no. (Firmenbuchnummer (FN))
<b>Belgium</b>	9-digit tax number (TVA in French = BTW in Flemish = VAT in English)
<b>Canada</b>	No uniform number, please always include the province when giving the address.
<b>Croatia</b>	11-digit tax number (OIB)
<b>Czech Republic</b>	8-digit registration number (ICO)
<b>Denmark</b>	8-digit CVR number
<b>Finland</b>	Trade Register HR
<b>France, Monaco</b>	9-digit SIREN number (= tax number without the first two digits)
<b>Germany</b>	Commercial register number (Handelsregisternummer) and district court (Amtsgericht) (or its postcode)
<b>Greece</b>	VAT number
<b>Hungary</b>	10-digit registration number, for sole traders: 8-digit VAT number
<b>Iceland</b>	10-digit registration number
<b>Ireland</b>	Registration number
<b>Italy</b>	Codice fiscale = income tax number (not always identical with the VAT no. = Partita IVA)
<b>Luxembourg</b>	Tax number (IBLC)
<b>Netherlands</b>	8-digit registration number at the Chamber of Commerce (KVK)
<b>Norway</b>	Registration number (RN)
<b>Poland</b>	10-digit tax number (NIP)
<b>Portugal</b>	9-digit tax number (NIP)
<b>Slovak Republic</b>	Registration number (ICO)
<b>Slovenia</b>	8-digit tax number
<b>Spain</b>	Tax number CIF or NIF (depending on the legal form of the company)
<b>Sweden</b>	Depending on the legal form, either the 10-digit registration number (Reg. No.) or organisation number (Org. No.)
<b>Switzerland</b>	Registration number (Registernummer); please always state the canton when giving the address.
<b>Turkey</b>	VAT number
<b>UK</b>	For registered companies (ltd., plc etc.): 8-digit company number For non-registered companies, please give the VAT number and telephone number.
<b>USA</b>	DUNS number (D & B); when stating the address, please include the state and telephone number.



## Credit limit notifications

**Our answer to your credit limit application is a written credit limit notification. The following decisions are possible:**

### Acceptance:

ACREDIA has accepted the amount of cover you requested in full.

### Partial acceptance:

ACREDIA has only accepted in part the amount of cover you requested. At the moment we cannot justify a higher credit limit.

### Provisional acceptance:

ACREDIA grants part of the amount of cover you requested as a provisional decision, but your request is being checked further. We will inform you in writing about our final decision.

### Refusal:

ACREDIA has refused to grant insurance cover. This decision also applies to the Discretionary Facility, unless the credit limit notification states that cover under the Discretionary Facility is not excluded. Only in this case does insurance cover remain within the scope of the Discretionary Facility.

### Decision pending:

We will be getting in touch with you shortly. Your request is still being processed.

**N.B.:** If necessary, ACREDIA may set a divergent Maximum Extension Period, self-retention or some other special condition in the credit limit notification.





## Discretionary Facility

A way to simplify your daily work – and still keep full cover for your “small” Buyers.

### What does a “Discretionary Facility” mean?

- It means that you do not need to apply for credit limits for your small Buyers with outstandings below the Declaration Limit.
- They are nevertheless insured if you have agreed a Discretionary Cover Facility in your policy and if the preconditions for it are fulfilled.
- You can find how this is regulated in detail in the clause “Discretionary Facility” in your policy.

### How can I check the creditworthiness of new Buyers myself and get cover for them?

- Case 1: you have already done business with the Buyer over the past 12 months without any payment problems and have duly received payment in full and within the Maximum Extension Period.
- Case 2: during the last 12 months you have obtained a written credit report which declares your Buyer to be sufficiently credit-worthy. The agreed credit information agencies are listed in your policy.
- In both cases the rule is that you need insurance cover for all outstanding receivables due from the Buyer, not just for the new deliveries to be made. The amount must therefore cover both old and new outstandings.

### What volume of positive previous business with the Buyer do I have to prove?

- Within the Discretionary Facility, previous business of any amount is sufficient for insurance cover.
- N.B. Important! Only payments made in due time and in full during the last 12 months count!

### Calculation example

Your Buyer bought an item for EUR 50 during the past 12 months. The agreed Declaration Limit is EUR 10,000.

You have insurance cover up to a total amount of EUR 10,000 (= Declaration Limit).

**Warning!** If the risk deteriorates, cover is automatically suspended. As long as cover is suspended, previously uninsured amounts cannot be taken under cover and newly accruing receivables are not insured.



### **Under what circumstances does the risk deteriorate?**

#### **Here are some examples:**

- Your Buyers's payment record gets significantly worse.
- You become aware of negative information concerning the Buyers's financial situation.
- Cheques or bills of exchange are dishonoured due to lack of funds.
- Bills of exchange are prolonged beyond the original term.
- Direct debits are returned for lack of funds.
- You are only willing to deliver goods or perform services against prepayment or on cash terms for reasons of creditworthiness.
- You have commissioned an attorney or a debt collection agency to collect your receivables or have taken action to secure a court judgement.
- Insolvency is threatening or has already occurred.

### **When is cover reinstated?**

When no circumstances which constitute a deterioration of the risk have existed for 12 months and there are no other reasons which would justify suspending cover.

### **Do I still have insurance cover under my Discretionary Facility if ACREDIA has refused to grant a credit limit I applied for?**

The basic rule is: when a credit limit is refused, cover is automatically suspended and only reinstated again after 12 months (unless there are any other reasons which would justify suspending cover). The exception: only when the credit limit notification (the refusal) specifically states that cover under the Discretionary Facility is still possible is there no suspension of cover.

### **How should I read a credit report?**

- If the report contains a credit recommendation ("highest credit sum"), insurance cover exists up to this amount or to the Declaration Limit as a maximum, whichever is lower.
- If the credit report contains such seriously negative information that you doubt the credibility of the credit recommendation, we suggest that you get in touch with the agency in order to clarify the contradictory information. There is no cover under the Discretionary Facility until the matter has been cleared up.

### **What is to be regarded as negative information on a credit report? Here are a few examples:**

- It is recommended not to grant credit or not the entire amount.
- Granting credit requires security instruments or is on trust.
- No credit assessment possible.
- Cheques or bills of exchange have been dishonoured or direct debits not honoured for lack of funds.
- There have been lawsuits, executory titles or insolvency proceedings against the company.

We cannot give all the possible variations on this theme here. Whenever you have the feeling that the credit report is not above all doubt, make enquiries to the credit rating agency or send us a request for a credit limit. It is better to be safe than sorry!

### **What should I do if there is no credit recommendation in the report?**

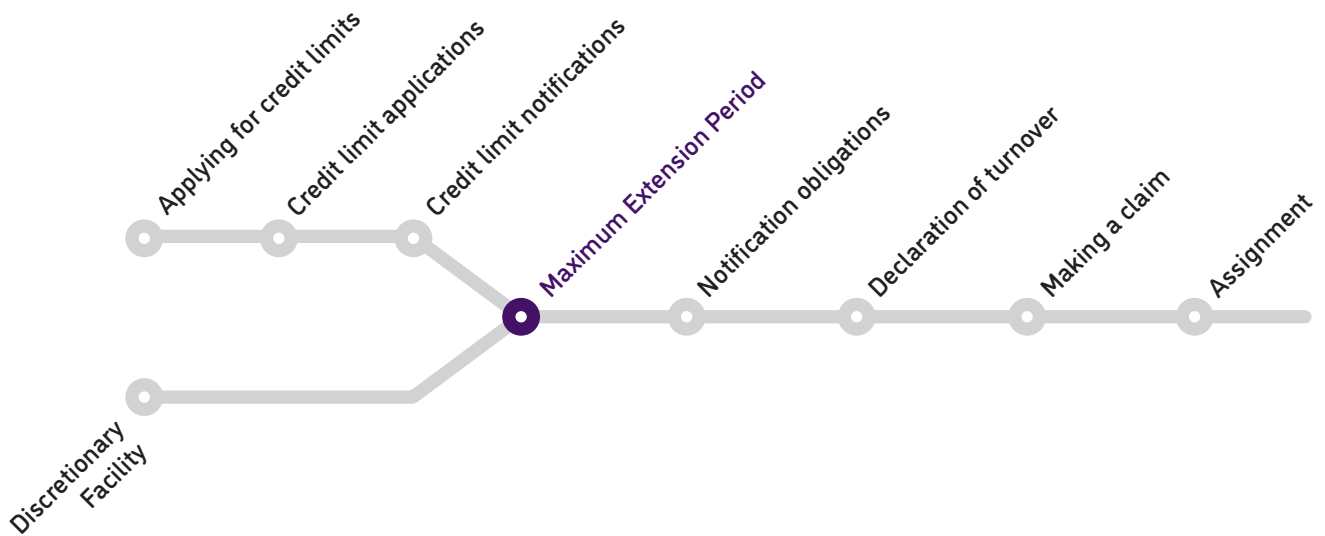
- Ask the agency concerned to give you a figure for a highest credit sum.
- If this request, unexpectedly, is turned down, use the rating given in the report as a guideline.
- Remember, the information in the report should not contain contradictions.
- In any case, the upper limit for cover is the Declaration Limit.

### **What happens when the outstandings due from the Buyer suddenly go up?**

If the sum of receivables due from a "small" Buyer exceeds the Declaration Limit, please lose no time in applying for a credit limit for that Buyer.

### **I am not sure about one of my Buyer. Can't ACREDIA take over the checking for me?**

Yes, of course we will be happy to check a "small" Buyer too. But remember that we will then charge you a credit rating fee once a year for it.



## The Maximum Extension Period

**An important milestone in a business relationship.  
Once it is passed, be careful!**

### What is the Maximum Extension Period?

- Every invoice is payable by a certain due date, e.g. 30 days net. If payment is not received by this date, you try to get your money by sending two to three reminders.
- The Maximum Extension Period means the time within which the invoice must in fact be paid in order to avoid negative effects on your insurance cover. The period begins to run from the invoice date.

### Can the Maximum Extension Period we have agreed change?

Yes. ACREDIA may stipulate a different Maximum Extension Period for individual Buyers in the credit limit notification.

### What must I be careful of in the case of bills of exchange and value-added invoices?

- If your Buyer pays with a bill of exchange, the term of the bill must end before the expiry of the Maximum Extension Period. The bill is only regarded as having been paid when it is honoured at the end of its term.
- With value-dated invoices, too, payment must be made within the Maximum Extension Period.

### What happens when the Maximum Extension Period is exceeded with a Buyer for whom I have a credit limit?

- Please send ACREDIA an overdue report immediately – whether the outstanding amount is insured or not.
- Such an overdue report is already necessary when it becomes obvious that the Maximum Extension Period is going to be exceeded (i.e. when you accept a bill of exchange).

- If you know the reason for the delay in payment (e.g. if a delivery is disputed) please give it in the overdue report.
- You can make the report via ACT-Portal or using our pre-printed form "Overdue Report".
- Cover is automatically suspended when the Maximum Extension Period is exceeded or it is obvious that it will be exceeded:
  - If you continue to deliver to this Buyer, the new receivables are not insured!
  - If you have already made deliveries or performed services in excess of the credit limit, these receivables cannot be taken under cover.
  - The suspension of cover comes into effect even if you do not make an overdue report to ACREDIA.
  - Cover is suspended until ACREDIA sends written notification that cover is reinstated.

### What else do I have to do?

- Commission an attorney or a debt collection agency to collect the debt no later than one month after the Maximum Extension Period has been exceeded. Please inform us when you do this – thank you! If, in an individual case, you wish to refrain from action to collect the debt, please get in touch with us beforehand.
- Exception: If the receivables for which the Maximum Extension Period has been exceeded are no higher than EUR 750,- there is no obligation to send an overdue report. There will then be no suspension of cover and no obligation to initiate debt collection. This sum refers to each individual invoice.





## Notification obligations

**The risk is constantly changing. Please take these obligations to notify us seriously – in your own interest!**

We all know that the risk in the market is constantly changing. In order to ensure that your insurance cover can be maintained, please observe the following obligations to notify us. They vary, depending on whether your Buyer has been checked by ACREDIA or by you.

**Here is an overview of your obligations to notify when ACREDIA has given a credit limit or you have checked the Buyer under your Discretionary Facility:**

Obligation to notify	Credit Limit	Discretionary Facility
Maximum Extension Period exceeded When Maximum Extension Period has been exceeded or it is obvious that it will be (see Maximum Extension Period)	Yes (if outstandings over EUR 750,-)	No
<b>You are obliged to notify the following even if the Maximum Extension Period is not exceeded</b>		
Imminent or actual insolvency	Yes	Yes
Adverse information on Buyer	Yes	No
Serious deterioration of payment discipline	Yes	No
Delivery only on prepayment or cash terms due to lack of creditworthiness of Buyer	Yes	No
Prolongation of bills of exchange beyond the original term, cheques, bills or direct debits not honoured for lack of funds	Yes	No
Commencement of action to collect debt (commissioning attorney or collection agency) – please inform ACREDIA before doing so!	Yes	Yes (only if you have Protracted Default)
Commencement of legal action	Yes	Yes (only if you have Protracted Default)
Occurrence of an insured event	Yes	Yes
Buyer asks for payment in instalments or payment deferral, out-of-court settlement	Yes	Yes

**N.B.:** You must obtain the approval of ACREDIA before agreeing any such plan!

### What happens if I forget to notify something?

You are placing your insurance cover in jeopardy.

#### a) Overdue report

##### How can I make an overdue report?

- Via ACT-Portal or
- using the form "Overdue Report".

Please do not send us lists of open accounts or statements of account! Neither of these can replace the overdue report or notification of commencement of collection activities.

##### What do I have to remember when filling out the report?

- Please read through carefully the explanations on the form "Overdue Report" and give detailed answers to all the questions. Otherwise we are unable to process your information.
- The date of the notification is deemed to be the date on which the form was filled in.

##### What should I do if I have several different accounts for one Buyer?

Please collate the figures of the individual accounts and report one figure to us. There is only one credit limit on the registered office of the company. This includes all other legally dependent branch offices, factories, administrative offices and so on.

##### Can I report several overdue invoices from one Buyer together?

If several invoices exceed the Maximum Extension Period within a few days, enter the date, the due date and the original payment term of the oldest invoice to be notified in the form, but collate the total amount of the outstanding invoices under "Total amount outstanding".

##### What information will I receive from ACREDIA after I make an overdue report?

- You will receive a written notice giving our comments on your report.
- Our answer will contain only your notification date and the company name of your Buyer. The individual invoice dates notified by you will not be listed individually any more.
- If you have assigned the indemnification claims under your policy to a bank, the assignee will automatically receive a copy of our answer.

##### Why does ACREDIA sometimes set further deadlines for notification?

- When the Buyer's financial situation requires it, further deadlines may be set.
- In the event of an increased risk, this helps us to find out more quickly whether the receivables are still being paid or we already have to take precautions for a claim.
- Due to the payment record we are able to advise you more effectively in tense situations.

#### b) Instalment plans

##### What must I remember when agreeing payment on instalments?

It is essential that you obtain our approval before agreeing any plan for payment in instalments! This also applies to Buyers insured under your Discretionary Facility.

##### What are our criteria for approving an instalment plan?

- The agreement must be in written form.
- It should apply for a period as short as possible – but one that can be fulfilled.
- It should have regular payment dates (weekly, monthly on the last day of the month).
- It must contain a maximum payment term (respite) after due date of 14 days and
- an acceleration clause. If the debtor is in arrears of more than 14 days with any one instalment, the entire debt immediately falls due.
- Do not agree any new due date, but only deferral of payment.

#### c) Bills of exchange, cheques

##### When do I have to make an overdue report for bills of exchange and cheques?

- When bills are prolonged beyond the original term (even if the term does not exceed the Maximum Extension Period).
- When bills are protested.
- When cheques are dishonoured.
- Exception: there is no obligation to notify bills of exchange for Buyers insured under your Discretionary Facility.



## Declaration of turnover

The premium you pay is calculated on the basis of your yearly turnover declaration. Please read here how this works.

### Why do I have to keep on notifying my turnover to ACREDIA?

- We need this information, since it is the basis for calculating your premium.
- Only declaration of these figures without undue delay can guarantee your insurance cover.

### When must turnover be declared?

- The Schedule to your Policy stipulates, that the declaration must be made one month before the start of the insurance year.
- Please retain the documentation for your declaration for 12 months.

### Which Buyers do I have to include in the declaration?

Please declare the turnover with your commercial Buyers in the insured countries in the last completed business year.

### Do I have to declare the turnover for each Buyer separately?

No, please just give us the sum of all Buyers – however, a separation of domestic and foreign business is always required.

### What else do I have to remember?

Please note whether or not any VAT you have invoiced is included in the insurance cover as agreed in your insurance contract. Depending on the agreement, you have to declare your turnover either with or without VAT.

### What items can I deduct?

- Agreed exclusions from cover (e.g. business on letter of credit terms)
- Turnover with non-insurable companies (see “Applying for credit limits”).

### What should I do about co-insured companies?

- Please make separate declarations for the Insured and co-insured companies.
- The declaration should always exclude turnover with own group companies.

### What happens if I don't declare the turnover to ACREDIA in time?

- ACREDIA can then estimate the turnover (see “Additional condition”) and the annual premium amount will be calculated based on this estimate.
- If you submit the declaration within 6 months, ACREDIA will correct the premium amount.





## Making a claim

**If an insured event occurs, you need to act swiftly. You can read here what you have to do exactly.**

### What should I do when an insured event occurs?

- Please inform us of the occurrence of an insured event immediately.
- Please send a claim notification as soon as possible – either via ACT-Portal or using the appropriate form.
- Enforce your rights against your Buyer: register your claims in any insolvency procedure. Please get in touch with us if you assert your rights under retention of title agreements or if your Buyer makes an offer to pay in another form.
- Important! Your right to claim indemnification of your loss expires if you have not notified it to ACREDIA within 12 months.

### What kinds of insured event are there? (Art. 20 of the GCI)

- Opening of bankruptcy proceedings or rejection of bankruptcy proceedings for lack of sufficient assets.
- An out-of-court settlement with all the creditors generally (with the exception of an agreement for payment deferral).
- If the execution of a judgement title has failed to bring full satisfaction of the debt.
- If there is evidence of unfavourable circumstances, which make it appear unlikely that measures to collect the debt from the customer (e.g. the execution of a judgement title, a petition to open bankruptcy proceedings) have any chance of success.
- Any event corresponding to any of the cases above in any of the insured countries.

### What should I do if I also have cover for Protracted Default?

- Please inform us before commissioning a collection agency or an attorney to collect the debt.
- Decide on measures to collect the debt in consultation with us. This guarantees that the steps taken make sense economically.
- The insured event is deemed to have occurred when six months have passed since the involvement of the collection agency or the attorney without payment of the debt in full.

### The insured event must occur within the policy period!







## Assignment

**If you want to assign the indemnification claims from your insurance contract to a bank as collateral, please read these points carefully.**

### **What should I do if I have assigned the indemnification claims under my policy to a bank?**

Please inform us using the form "Notice of Assignment". We can then only pay the indemnification to the assignee (the bank).

### **Have you also assigned the claims against your Buyer under your supply contract to the bank?**

In this case we also need the signature of your bank (as the assignee) on any claims notification you may make. Only in this way can ACREDIA acquire the receivables it has indemnified to the extent of the indemnification payment.

