

Guide to your credit insurance ACREDIA Global^A

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 or outstandings. 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 customers in the stipulated countries for cover.

What do I have to offer?

You notify new customers 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 customers 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 customers – in order to have a risk diversification, all customers (the "good" and the "bad" ones) have to be offered for cover.
- There is an exception for your "small" customers – those with whom your outstandings lie or fall below the Declaration Limit. You can find this in the Schedule to your policy. These customers 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?

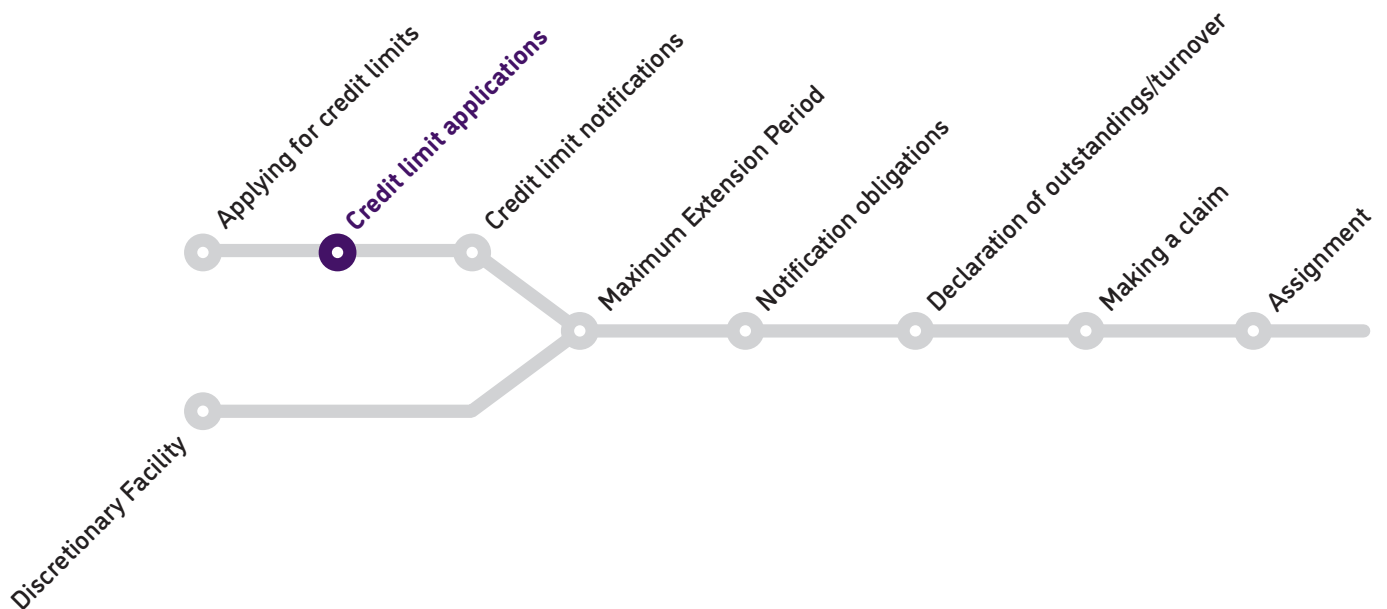
- ACREDIA checks the creditworthiness of the customers a credit limit has been applied for and sends you a credit limit notification for each requested company. This credit limit notification states, whether ACREDIA accepts the customer for cover and if so, to which extent (the credit limit).
- If ACREDIA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

What should I do if ACREDIA does not accept the customer 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 customer'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 customer'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 customer 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 access to 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 customer.
- ACREDIA checks the creditworthiness of the customer and answers your request with a credit limit notification for that customer.
- The credit limit is stated in the credit limit notification.

What customers do I have to send an application for?

All those customers 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 customer truthfully. Thank you!

How can I identify a customer 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 customer. We have listed the important numbers in each country in the following table:

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

What does a “Discretionary Facility” mean?

- It means that you do not need to apply for credit limits for your small customers 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 customers myself and get cover for them?

- Case 1: you have already done business with the customer over the past 12 months without any payment problems and have duly received payment in full and within the Maximum Extension Period (see the calculation in Fig. 1).
- Case 2: during the last 12 months you have obtained a written credit report which declares your customer to be sufficiently creditworthy. 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 customer, 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 customer do I have to prove?

- Up to a total sum of outstandings of EUR 10,000, positive previous business of any amount is sufficient.
- If the Declaration Limit agreed with us exceeds EUR 10,000, the clause “Discretionary Facility” in your policy specifies the sum of positive previous business necessary to justify insurance cover in excess of EUR 10,000.

- N.B. Important! Only payments made in due time and in full during the last 12 months count!

Fig. 1: Calculation examples

Example 1: Your customer bought an item for EUR 50 during the past 12 months.

a) The agreed Declaration Limit is EUR 12,000.

According to the policy conditions, you have insurance cover up to a total amount of EUR 10,000.

b) The agreed Declaration Limit is EUR 5,000.

You have insurance cover up to a total amount of EUR 5,000 (= Declaration Limit).

Example 2: Agreed Declaration Limit EUR 15,000; insurance cover according to your Discretionary Facility clause is twice the amount of payment received.

a) You have had 3 previous positive business transactions with the customer in the last 12 months totalling EUR 4,000.

According to the policy conditions, you have insurance cover up to a total amount of EUR 8,000 (EUR 8,000 = twice EUR 4,000).

b) You have had 5 positive business transactions with your customer in the last 12 months totalling EUR 9,000.

According to the policy conditions, you have insurance cover up to a total amount of EUR 15,000 (= Declaration Limit!).

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

Under what circumstances does the risk deteriorate?

Here are some examples:

- Your customer's payment record gets significantly worse.
- You become aware of negative information concerning the customer'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"), the credit report can be considered as positive only up to this amount, subject to it not exceeding the agreed Declaration Limit as an absolute maximum, and it forms the basis for cover.
- If the credit report you have received contains such seriously negative information that you doubt the credibility of the credit recommendation from the agency, 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?

- 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 customer suddenly go up?

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

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

Yes, of course we will be happy to check a "small" customer 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.
- The Maximum Extension Period is specified in the Schedule to your policy. It may differ from country to country.

Can the Maximum Extension Period we have agreed change?

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

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

- If your customer 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 customer 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 customer, 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 3,000, 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 customer 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 customer under your Discretionary Facility:

Obligation to notify	Credit Limit	Discretionary Facility
Maximum Extension Period exceeded	Yes	No
When Maximum Extension Period has been exceeded or it is obvious that it will be (see Maximum Extension Period)	(if outstandings over EUR 3,000)	
You are obliged to notify the following even if the Maximum Extension Period is not exceeded		
Imminent or actual insolvency	Yes	Yes
Adverse information on customer	Yes	No
Serious deterioration of payment discipline	Yes	No
Delivery only on prepayment or cash terms due to lack of creditworthiness of customer	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
Customer 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 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 customer?

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 customer 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 "Invoice amount".

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 customer. 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 customer'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 customers 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).
- 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 customers insured under your Discretionary Facility.



Declaration of outstandings/turnover

The premium you pay is calculated on the basis of your monthly declarations. Please read here how this works.

Why do I have to keep on notifying my outstandings/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 outstandings/turnover be declared?

- The Schedule to your policy stipulates a day for this.
- Please retain the documentation for your declaration for 12 months.

Do I have to declare the outstandings/turnover for each customer separately?

- No, please just give us a single amount. Separate sums for domestic and foreign business should always be given, however.
- Exception: Do you have more than one premium category? Then please give the sum for each category separately. Thank you!

What else do I have to remember?

- Depending on the agreement in your insurance contract - please declare your outstandings/turnover either with or without VAT.
- N.B. Bills of exchange are only considered to have been paid when they have been honoured.
- Do you have additional cover for work in progress? The stage of manufacture already commenced may be important for calculation here or a fixed surcharge for pre-shipment risk may have been agreed.

What customers must I include in the declaration?

Please declare all your outstandings/turnover with customers in the insured countries.

What items can I deduct?

- Agreed exclusions from cover (e.g. business on letter of credit terms)
- Outstandings/turnover with customers for whom cover has been refused
- For premium on outstandings, amounts in excess of the credit limit, if an increase of the existing credit limit has been requested but was refused
- For premium on turnover, the value of goods returned if the invoice has been cancelled by a reversing entry
- Outstandings/turnover with non-insurable companies (see "Applying for credit limits")

How long should I keep declaring an outstanding amount?

- Either until it is paid or
- until an insured event occurs (see "Making a claim").

What should I do about co-insured companies?

- Please make separate declarations for the principal insured and co-insured companies.
- The declaration should always be net of receivables due from or turnover with own group companies.
- If you have co-insured Austrian and foreign subsidiaries, please take care to observe in which case the amounts are net of VAT and in which it is included.



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 customer: 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 customer 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 customer 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.

