



FAQ | Frequently asked questions

**Exclusive bad-debts insurance with
credit check for freight forwarding and logistics
companies**



For FIATA-Members only

FAQ | Frequently asked questions EFFECTS

Bad-debt loss insurance (Globalliance Contract)

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Bad-debt loss insurance (Globalliance Contract)

1. What is covered by the insurance?

The insured is covered for the risk of non-payment of legally substantiated and insured claims occurring by reason of

- ▶ a customer's (business partner's) inability to pay in consequence of his financial collapse
- ▶ protracted default of a customer/business partner who has not paid the entire outstanding amount within the maximum payment period, insofar as this protracted default is not due to a disputed claim.

The insurance coverage for non-payment of claims includes debt collection services by the insurer.

2. What is deemed to be the maximum payment period?

A term of payment of up to 90 days from the date of invoice for the deliveries and performances can be allowed.

3. What is the maximum coverage?

The maximum compensation sum within one insurance year amounts to thirty times the actually paid premiums of this same insurance year.

Example

With a premium of EUR 10,000.00, losses of up to EUR 300,000 will be compensated. Taking into account the insurance ratio of 90 percent respectively the deductible of 10 percent (see below), the single limit can reach EUR 333,000.00.

4. Up to which maximum amount will a bad debt be compensated?

The so called insurance ratio, that is the maximum compensation paid in case of a bad-debt loss, comes to 90 percent of the loss for those customers for whom the insurance company has fixed an individual credit limit.

The compensation paid per customer can reach a maximum of 90 percent of this limit. If the insured claims are within this limit, the compensation paid amounts to 90 percent of the claim.

5. Are there additional deductibles?

No, there is merely a minor-loss limit of EUR 1,500.00. This means that the claim towards a customer must exceed this amount to be eligible for compensation.

6. What is the receivables amount above which the insurer will carry out a credit check?

On principle, the insurer offers the financial status check service for all insurable customers. Up to a receivables amount of EUR 10,000.00, this check can be accomplished by the insured himself, for example with the help of a credit reference agency. In this case the insurance ratio is 80 percent. For a receivables amount exceeding EUR 10,000.00, the insurer will carry out the credit check.

7. What does the bad-debt loss insurance coverage cost?

With respect to coverage content and worldwide availability, the bad-debt loss insurance coverage, in combination with a credit information/check system, can be adapted to very varied customer structures. Consequently we need to determine the premium/price individually in accordance with your specific requirements.

Based on a number of key data, the price/premium for the desired insurance coverage including credit check facility can be calculated quickly and conveniently in cooperation with the insurance company.

Thus we will be able to tell you within a very short delay what the desired coverage contract will cost.

The insurance company has agreed to a bonus/malus system, providing maximum flexibility of the contractual arrangements.

This means that in case of a favourable loss experience in the insurance year concerned, you will profit immediately from the resulting surplus of your contract. On the other hand you will contribute to balancing the negative loss development for those insurance years in which your insurance contract runs to a deficit.

Premium calculation example

The premium to be paid by a freight forwarding company amounts to 0.2 percent of turnover under the following conditions:

- annual turnover of EUR 10 million
- mixed risk structure, i.e. the business partners are located mainly in Germany or OECD countries and are active in different economic sectors
- no bad-debt losses incurred in the last years.

8. What other fees are incurred

a) Financial status check

For the financial status check in the framework of the bad-debt loss insurance, a so-called checking fee is due per customer and year. The exact amount depends on the risk to be insured and the complexity of the check, ranging from EUR 10.00 (flat rate for inquiries in Germany) to EUR 56.00 (individual credit limit).

b) Debt collection

In combination with the bad-debt loss insurance, the insurer offers debt collection services. A flat rate of one percent of the premium is charged for this service.

9. For which countries is the bad-debt loss insurance available?

We will be pleased to send you, on request, the corresponding list of countries, preferably by e-mail.

10. What data are made available to me and what data do I have to provide?

The insurer's decision is communicated in the form of a credit limit statement. More information, e.g. an explanation, can be retrieved by means of a code.

Effective bad-debt loss insurance relies on reliable mutual information and early warning. Therefore the insured has to notify the insurer on a permanent basis of any new information relating to the customer's financial status so that the credit limit can be adapted accordingly.

Financial status check (@rating)

1. What does the credit/financial status check consist of?

The @rating facility provided by the Coface Group is an information system that enables a prompt and reliable check/monitoring of your customer's (business partner's) creditworthiness.

This tool offers access to up-to-date customer ratings including continuous monitoring options (= @rating Monitoring)

or

a "snapshot" of the customer's current financial strength (= @rating Check).

2. How much does a credit/financial status check cost?

You can choose between several "volume packages". The price depends on the number of customers/business partners to be checked/monitored.

In general: the higher the number of customers, the lower the price per individual check/monitoring.

The following price categories, based on framework agreements and the number of checks determined by the insured, can be selected:

Germany

| Variant | Up to inquiries | Yearly advance payment | Corresponds to a price per check of |
|---------|----------------------|------------------------|-------------------------------------|
| V1 | 10 | EUR 220.00 | EUR 22.00 |
| V2 | 20 | EUR 500.00 | EUR 20.00 |
| V3 | 60 | EUR 950.00 | EUR 19.00 |
| V4 | 100 | EUR 1,800.00 | EUR 18.00 |
| V5 | 200 | EUR 3,400.00 | EUR 17.00 |

Europe / North America

| Variant | Up to inquiries | Yearly advance payment | Corresponds to a price per check of |
|---------|------------------------------------|------------------------|-------------------------------------|
| EU/NA1 | Currently in the development phase | | EUR 32.00 |

Other countries (see the "List of insurable countries", p. 9 and following)

| Variant | Up to inquiries | Yearly advance payment | Corresponds to a price per check of |
|---------|------------------------------------|------------------------|-------------------------------------|
| O1 | Currently in the development phase | | EUR 84.00 |

These prices are exclusive of the statutory VAT for the respective country.

3. Is it possible to insure business relations with and/or have foreign customers (business partners) rated?

Yes, the insurer's worldwide network makes it possible to access credit information in most countries worldwide also for foreign customers.

4. How does the @rating Service work?

After concluding an @rating user contract you will be granted online access to "COFANET". By means of the user identification and password that Coface will send you following the contract conclusion, you will be able to log into COFANET via the Coface homepage.

Then you can start database queries on the creditworthiness/financial status of your business partners all over the world.

For more details and individual quotations, please contact one of our experts:

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