

COFACE NOTIFICATION ADDITIONAL EXPLANATION

24 March 2020,
Vilnius

Dear Customers,

Yesterday you have received a letter from COFACE regarding the postponement of the credit terms and overdue debts. For your convenience, we provide additional explanations.

If you have information that your Buyer has been experiencing a temporary shortage of working capital, you have the right to extend the time limit to notify an overdue account specified in the insurance contract by 60 (sixty) days and accordingly extend intervention for debt collection, these extensions can be applied without additional consent of COFACE.

Example 1:

If maximum period to notify an overdue account is calculated from the time the overdue debt occurs and is 45 days:

the deadline to notify an overdue account shall be extended by 60 days from the occurrence of the overdue debt: $45 + 60 = 105$ d.

In this case, the insurance coverage stops on day 46 of delay – new sales will not be insured from this date;

If maximum period to notify an overdue account expires after 1 September 2020, you should use overdue debt notification terms as foreseen in your trade credit insurance contract.

Example 1:

If maximum period to notify an overdue account is calculated from the date of invoice and is 120 days:

the deadline to notify an overdue account shall be extended by 60 days from the date of the invoice: $120+60 = 180$ d.

In that case, the insurance coverage stops on day 121 from the date of invoice – new sales will not be insured from this date;

If maximum period to notify an overdue account expires after 1 September 2020, you should use overdue debt notification terms as foreseen in your trade credit insurance contract.

All other terms and conditions of the insurance contract shall also remain in full force and effect. All general risk management principles set forth in the insurance contract remain valid, which also means that situations with Buyers must be assessed individually and the term of notice of overdue debt is postponed only when it is necessary.

These amendments are applicable to buyers' debts (trade receivables) for which maximum time limit to notify an overdue account expires before 1 September 2020 and are valid until further Coface notice.

If you have any questions, please contact your account broker.

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CEO

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