



# HOW TO FILL OUT YOUR TURNOVER DECLARATION

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Your insurance premium is based on the estimate you provide us for the value of insurable sales over 12 months.

However, at the end of the policy period it's likely that your predicted and your actual insurable sales are two different numbers. In a Turnover Declaration, you tell us the true value of your insurable sales and we use this to calculate the exact premium due for the previous year.

## WHY IS IT IMPORTANT?

At the beginning of your Policy, we charge a premium based on your expectations for business in the coming year. But your actual sales could be more or less, depending on how the business has performed in that time.

If your sales are higher than expected, we will have covered a greater value than forecasted and we will send you an invoice for additional premium. If your sales are lower, then we will have covered less than expected and will reimburse part of your premium, capped at the minimum premium specified in your Policy Schedule (usually 80% of expected premium).

## Example

Let's say your expectations for business next year are €20 million and your premium rate is 0.2%, so your premium is €40,000. Your minimum premium would be:  $€40,000 \times 80\% = €32,000$ .

SCENARIO A	SCENARIO B	SCENARIO C
<p><b>Sales higher than expected</b></p> <p>You end the year with a turnover of <b>€25 MILLION</b></p>	<p><b>Sales lower than expected and above minimum premium</b></p> <p>You end the year with a turnover of <b>€19 MILLION</b></p>	<p><b>Sales lower than expected and below minimum premium</b></p> <p>You end the year with a turnover of <b>€15 MILLION</b></p>
<p><b>€25 MILLION X 0.2% = €50,000</b></p> <p>€50,000 is higher than your premium of €40,000 so you will <b>pay additional premium.</b></p>	<p><b>€19 MILLION X 0.2% = €38,000</b></p> <p>€38,000 is below your premium of €40,000 but higher than your minimum premium of €32,000 so we will reimburse <math>€40,000 - €38,000 =</math> <b>€2,000.</b></p>	<p><b>€15 MILLION X 0.2% = €30,000</b></p> <p>€30,000 is lower than €32,000 so we will reimburse <math>€40,000 - €32,000 =</math> <b>€8,000.</b></p>

A Turnover Declaration is important because it helps us calculate the true value of your Policy, so you pay a fair price for cover. Because of this we must receive completed declarations in order to continue providing credit limits and settling any claims.

#### **WHAT DO I HAVE TO DO?**

According to your Policy, you need to declare your turnover on EOLIS within the timeframe specified in the Special Terms. For each declaration period, your turnover should be broken down between Insured Turnover and uninsured turnover and your Insured Turnover should be broken down semi-annually for domestic and export.

You just need to enter the insured turnover you have achieved against countries you do business with. Insured turnover refers to sales covered by your premium. It's not necessary to include uninsured sales such as cleared funds on or before delivery, government contracts or business with organisations we haven't covered.

#### **WHAT INFORMATION SHOULD I INCLUDE?**

##### **The value of goods and/or services supplied**

This should be for any business conducted between the dates of declaration period shown on EOLIS (inclusive). It should be the full insurable turnover of your company and joint insureds on your Policy. Please don't reduce the figure by adding credit notes or rebates as we covered the full amount when the invoice was raised.

##### **Currency**

You need to write the amounts in the currency shown on EOLIS.

##### **Countries**

You should declare turnover for every country that is endorsed to your Policy. Conversely, please don't add countries that are not covered by your Policy with us.

#### **WHAT DO I LEAVE OUT?**

##### **Sales not covered by us**

That's any sales not falling under your Policy; for example non-credit transactions, sales to your subsidiary or associate companies, business with the governments and sales to other public customers (unless we have expressly covered these).

You can also leave out sales made to an insured customer after your cover has been refused or withdrawn.

GST/VAT should not be included unless specifically covered under your Policy, and you can leave out sales secured by a Confirmed Irrevocable Letter of Credit. If your Policy does not include political risk cover, you may also omit unconfirmed Irrevocable Letter of Credit business.

## COMMON MISTAKES

We all make mistakes, and while we have taken great pains to make our Turnover Declaration on EOLIS as simple as possible, there's always a margin for error.

To help you avoid mistakes, here's a list of the most common errors :

### The wrong kind of turnover

Probably the most regular error we see is when total turnover is quoted instead of insured turnover. Remember that your declaration should only include sales covered under your Policy.

### Missing figures

When you complete the declaration, check that you haven't added a zero off your insurable turnover, for example, or forgot to input the total sales figure on the final part.

### Unendorsed countries

Only include countries that are endorsed to your Policy.

**Please contact your account manager if you have any questions.**

This guide is merely for guidance and should be read in conjunction with the Policy documents issued to you. It does not constitute or form part of the terms and conditions on which Euler Hermes would insure you ("Policy T&Cs"). This guide is not legally binding and does not amend, change or override in any way the Policy T&Cs. Capitalised terms indicate that there is a full definition of this word or phrase in the Policy T&Cs. The Policy T&Cs alone govern the relationship between the respective parties and if there is any conflict between this guide and the Policy T&Cs, the Policy T&Cs will prevail and determine rights, duties and obligations of the parties under your Policy with Euler Hermes. This guide may be subject to change at any time and at our sole discretion.