

COVID-19 | Preservation of Credit Limits – Request for Information from Customers

Due to current developments, all enterprises are exposed to various known and unknown risks and their outcome, e.g. disruptions of supply chains, loss of revenues, fall in manpower, liquidity restrictions and total or partial shut-downs dictated by official measures.

In a situation like this, it is important for a credit insurer to have information that is as up-to-date as possible. As a supplier, you play an important role in providing this information. You enjoy the trust and proximity to your clients that makes research considerably easier and faster.

We have prepared a sample text which you may use in your communication to customers. Even if we have taken into account suggestions for various levels of customer relationships, your message to a customer should be tailored to your individual relationship with him. An advance, explanatory phone call can also be useful.

Your customer is also a supplier and, in this situation, should understand your need for information.

Dear Sir or Madam,

We realise that just like us, you are very busy planning how to keep your company's business going in this very difficult time. But we believe that with increased joint communication, we can manage this crisis better. Therefore we also want to help our credit insurer [name of the insurer] with whom we protect ourselves against payment defaults, to maintain the credit limit for [name of customer] [*Suggestions/Ideas: "so that we can continue to credit our supplies to you", "so that we can continue to supply you under the same terms.", "and so that risk assumption by our insurer is not limited", "and we do not have to discuss changes to our terms of delivery and payment", "...".*]

We therefore ask you to answer the following questions as fully as possible, insofar as they apply to your business. You can either send your answers directly to us or to our insurer (Acredia: financials@acredia.at / Coface: creditline-austria@coface.com / Atradius: csc.austria@atradius.com / R+V: kredit@ruv.at). If you contact our insurer directly, please mention our name and tell us briefly about the contact.

- 1) **If you have not already done so, please make your latest annual financial statements publicly available or send us the draft thereof.**

- 2) **Financing:**
 - Do you have sufficient free credit lines/liquidity for the next 12-16 weeks? Have you already contacted your bank about deferments of payment and the bridging of potential/existing liquidity restrictions? Are there any credit lines/credits repayable within the next 6 months?

- Do you have any alternative sources of finance available, such as factoring, extensions of payment deadlines to suppliers or bridging loans from public funds, or are you already negotiating these with financiers, suppliers or government authorities?

3) Government Support

Have any state grants, subsidies, funds etc. which you applied for been approved yet?

4) Sales Development:

Please tell us how your sales have developed month by month since the start of the year, as well as year-on-year, together with a monthly sales forecast for the next 6 months.

It may be useful to consider scenarios, depending on the extent to which you are affected by Covid-19:

For example: Complete lock-down until DD.MM.YYYY and thereafter gradual sales expansion until full capacity achieved on DD.MM.YYYY.

5) Actual Business Development:

- Has a lock down been imposed on your company by a governmental directive?
- If yes, when do you expect to resume operations?

Situation of your clients:

- Has a lock down been imposed on your clients by a governmental directive?
if yes, please state them by dividing into domestic clients and export clients:

- domestic clients:

number of clients	share in total turnover in %	Lock-Down yes/no	lock-down relief expected
<i>e.g. 3</i>	<i>e.g. 25%</i>	<i>e.g. yes</i>	<i>e.g. 15.05.2020</i>

- export clients:

country	number of clients	share in total turnover in %	lock-down yes/no	lock-down relief expected
<i>e.g. CAN</i>	<i>e.g. 3</i>	<i>e.g. 25%</i>	<i>e.g. yes</i>	<i>e.g. 15.05.2020</i>
...

- Are distributors affected by this lock-down?
- If yes, have you been succeeding in replacing them by new distribution channels?

- 6) What measures have you been able to take to secure your supply chains?**
- 7) What is the percentage share of deliveries from abroad? From what countries?**
- 8) Inventory:**

What is your average inventory coverage of goods/materials, especially from foreign suppliers, and when do you reach a critical size or critical point in time?

According to the scenario you have chosen under point 4, if appropriate.

- 9) What alternative sources of supply to current suppliers can you dispose of , and how would this affect delivery times, quality and costs?**

According to the scenario you have chosen under point 4, if appropriate.

- 10) What measures/restrictions do you face regarding your workforce?**
- 11) Can you already provide a 12-month forecast or interim figures?**

We would very much appreciate it if you could find the time to answer these questions. In this way you are rendering our credit insurer valuable support in its assessment of risks. Ideally, this assessment will result in the preservation of our credit limit, so that we can continue our cooperation in the usual manner.

If you have any questions, please do not hesitate to contact us.

Yours sincerely,

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