



## Electrical scrap – the waste-disposal obligation

### The problem area and the laws

The EU (Waste Electrical and Electronic Equipment) Directive requires manufacturers and importers of electrical and electronic equipment to take back old products and ensure that they are disposed of properly and without harming the environment. This directive has been incorporated into German law in the form of the Electrical and Electronic Equipment Act. Since 24 November 2005 it has additionally been necessary for all manufacturers and importers to show evidence of a guarantee that the recycling costs will be borne; otherwise they are no longer allowed to market their products. This guarantee can be given in the form of a performance bond from a bank, a cash deposit, or an insurance policy. The whole process is policed by the EAR (the Waste Electrical Equipment Register). Only those companies that have registered their products with this organisation are allowed to bring them into circulation. The prerequisite condition for this registration (for which a fee has to be paid) is the submission of the relevant guarantee.

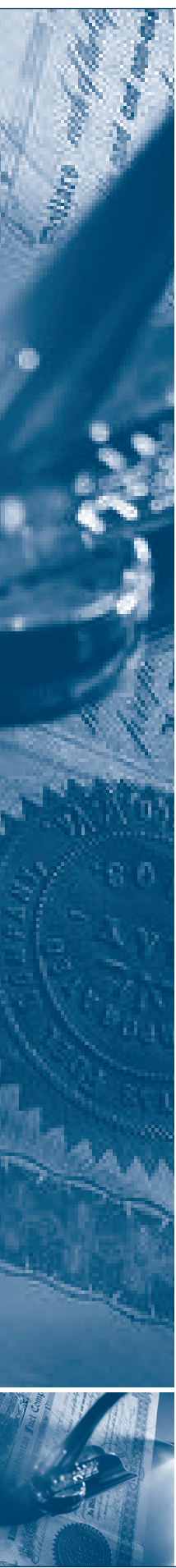
### Alternative solutions

Manufacturers and importers are now faced with the problem as to how they can best provide this guarantee, and how to do it as quickly as possible, with an awareness of costs, and without any great expense. A performance bond from a bank requires a detailed credit rating check, and this is no simple matter when the time horizon that has to be guaranteed can be as long as ten years; some banks will even refuse to provide the cover. A cash deposit ties up resources and also makes little commercial sense. Moreover, both alternatives require a trustee who will guarantee to handle the recycling if the insured event occurs.

All that remains is an insurance policy. For this purpose Aon Credit International and the German Electrical and Electronic Manufacturers' Association (ZVEI) have developed a product that did not previously exist in this way.

### The highlight at Aon Credit International

Manufacturers and importers of electrical and electronic equipment can now enjoy a full performance guarantee without having



to undergo any individual risk categorisation or credit rating. In contrast to the conventional process of regarding market participants individually and insuring their individual insolvency risk after an assessment of their credit-worthiness, Aon Credit International takes an entirely different route. There is no credit rating, but guarantee insurance for every customer without any examination. It may sound hard to believe, but it is made possible by attribution financing. This means that the insured event does not occur until no manufacturer or importer exists any more of a given type of appliance such as a TV or a fridge. If only one market participant becomes insolvent, the others take over responsibility for disposing of his waste equipment - but also take over his market share.

For this insurance scheme Aon Credit International provides a trustee, as required by law, in the form of ZSG Servicegesellschaft, which will guarantee the disposal of the waste equipment if the insured event has occurred. It will even do so regardless of whether the insurance customer is a ZVEI member or not.

#### **Handling: quick and unbureaucratic**

Manufacturers and importers benefit with Aon Credit International from swift processing. Because there is no need anyway for any credit examination the process of creating the contract is fully automated. It is possible simply to apply for the policy online at [www.aon-altgeraete-garantie.de](http://www.aon-altgeraete-garantie.de), and as a rule the required guarantee is issued within three working days.

Talk to us. We will be happy to answer your questions and explain all the other details to you.

#### **Contact**

Aon Credit International Insurance Broker GmbH  
Heidenkampsweg 58  
20097 Hamburg  
Tel: +49 (0) 40/36 05-33 00  
Fax: +49 (0) 40/36 05-33 43  
E-mail: [altgeraete\\_garantie@aon-credit.de](mailto:altgeraete_garantie@aon-credit.de)  
[www.aon-altgeraete-garantie.de](http://www.aon-altgeraete-garantie.de)  
[www.aoncredit.de](http://www.aoncredit.de)