

## **Short-Term Single-Buyer Export Credit Insurance**

Exporters of U.S. goods and services can reduce their risks of selling internationally on credit terms by insuring specific, foreign receivable with Ex-Im Bank's Short-Term Single-Buyer Export Credit Insurance Policy. This policy is a valuable tool for:

<b>Risk Mitigation</b>	<b>insure receivables against nonpayment by international buyers</b>
<b>Marketing</b>	<b>extend competitive credit terms to international buyers</b>
<b>Financing</b>	<b>arrange attractive financing with the exporter's lender by using insured foreign receivables as additional collateral</b>

### **Coverage**

- **Exports of U.S. goods and services (products must have at least 51% U.S. content, including labor but excluding mark-up)**
- **Single or multiple shipments to one buyer on credit terms (including documentary credits, unconfirmed letters of credit, and open account) located in an eligible country. The exporter specifies the shipments to be covered and the length of time needed for the shipments to occur. The maximum policy period during which shipments can be made is generally one year.**
- **Repayment terms up to 180 days (depending on the export item or service); exceptionally up to 360 days for qualifying transactions.**
- **Coverage does not include confirmed letters of credit, cash-in-advance sales, and certain military and defense-related items.**

### **Coverage Parameters - Commercial and Political**

**This policy covers losses due to commercial reasons (such as insolvency and protracted default) and political events (such as war, revolution, seizure of goods, revocation of import license, and foreign exchange inconvertibility).**

The percentage of coverage is the same for both commercial and political risks, but varies depending on the type of obligor:

- Sovereign obligors - 100%
- Private sector and other non-sovereign obligors - 90%
- Letter of credit transactions - 95%
- Bulk agricultural transactions - 98%

There is no first-loss deductible.

**Special Coverage:**

For an additional premium, the exporter may request pre-shipment coverage. This is valuable in cases where goods are special ordered, or there is a long manufacturing run prior to shipment. By obtaining this option, the exporter locks in coverage conditions for a specified period of time, generally up to 180 days from contract signing. Pre-shipment coverage excludes contract cancellation risk. Endorsements for non-acceptance cover and other types of specialized cover are also available.

**Application Process and Premium Payments**

Exporters submit an application on the buyer via Global Insurance Services, LLC., including a credit report and trade references. Depending on the total shipment volume to be insured, the buyer's financial statements may also be required. If approved, Ex-Im Bank issues a commitment notice, valid for 60 days, during which time Ex-Im Bank cannot rescind the offer of insurance. To accept the commitment and have the insurance policy issued, the exporter is required to pay the full premium up front. There is no application fee.

**Premium Rates and Minimum Premiums**

Premium rates are published on Ex-Im Bank's website [www.exim.gov](http://www.exim.gov) (under the "Apply" section, look for "Exposure Fee Advice"). The premium rates vary by country, type of buyer, and length of the credit term extended.

Minimum premiums per policy are specified below. The lower minimum premiums apply for exporters qualified as a "small business" under U.S. Small Business Administration guidelines:

	<u>Small Exporter</u>	<u>Other</u>
Sovereign Buyers and Political only coverage	\$ 500	\$ 750
Financial Institutions - Private and Non-Sovereign Public	\$ 750	\$ 1,500
Non-Financial Institutions - Private and Non-Sovereign Public	\$ 1,000	\$ 2,500

Claims may be filed no earlier than 90 days after the due date, and no later than 240 days after the due date.

Claims are paid within 60 days of receipt of all required documents.

**Policy Assignments**

Subject to approval, policy proceeds (claim payments) may be assigned to a financial institution to arrange receivables financing or add insured export receivables to the borrowing base.

Global Insurance Services, LLC. is an insurance brokerage specializing in credit insurance programs. Additionally, our expertise is available at no additional cost to the exporter. Our role is to evaluate the optimum insurance markets for the exporter's situation, guide in the application process, and assist in administering the resulting policy. Global Insurance Services, LLC. provides access to the major credit insurance underwriters and can be reached at 410-480-0040, 410-215-4170, email: [getglobal@mindspring.com](mailto:getglobal@mindspring.com) or via our website: [globalinsuranceservices.biz](http://globalinsuranceservices.biz).

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This is a description of certain features of typical insurance policies. Your policy may be different. The actual terms and conditions are contained in the applications, policy text, and endorsements. This is not a solicitation of coverage, which can only be made by a licensed insurance broker or authorized representative. (1/05)