



## Multi-Buyer Export Credit Insurance

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Exporters of U.S. goods and services can reduce its risks of selling on credit terms by insuring their export accounts receivable with Ex-Im Bank's Short-Term Multi-Buyer Export Credit Insurance. The policy can help increase its international sales by extending competitive credit terms while minimizing risks, and is valuable as a:

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| Risk Mitigation Tool | → insure export accounts receivable against nonpayment by international buyers   |
| Marketing Tool       | → extend competitive credit terms to international buyers  |
| Financing Aid        | → arrange attractive financing with the exporter's lender by using insured export-related accounts receivable as additional collateral |

### Coverage

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

Ex-Im Bank coverage is 95% for commercial or political losses. A first-loss deductible is only applied to any loss.

Coverage for approved, bulk agricultural commodities is 98%, and coverage for sovereign obligors is 100%.

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 extra coverage, 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.

### Coverage Parameters

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- Exports of U.S. goods and services (products must have at least 51% U.S. content, including labor but excluding mark-up).
- All shipments on credit terms (documentary credits, unconfirmed letters of credit, and open account) to all eligible countries during the policy period, generally one year. The policy may be renewed annually.
- Repayment terms are up to 180 days and exceptionally up to 360 days for qualifying transactions.
- Excluded are confirmed letters of credit, cash-in-advance sales, and certain military and defense-related items.
- Exporters can also obtain a political risk only policy

## **Premium Rates and Payments**

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Premium rates are calculated based on several factors, including length of terms offered, buyer type, spread of country risk, transaction type, and previous export experience.

- Shipments may be reported anytime after the shipment is made, but no later than the 30<sup>th</sup> of the month following the month of shipment.
- A one-time, refundable advance premium minimum of \$500 (sometimes higher) is required to issue the policy.
- No minimum annual premium.

## **Credit Limits**

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- Credit limits in this policy allow the exporter to extend insured credit without prior approval from Ex-Im Bank.
- The exporter must obtain credit information on the buyer to show its creditworthiness.
- Limits are granted in accordance with the exporter's experience.
- Ex-Im Bank must pre-approve amounts over the credit limit in the policy and in certain countries (as noted in the Country Limitation Schedule - see [www.exim.gov](http://www.exim.gov)).

## **Overdue Invoices and Filing Claims**

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- The exporter must report monthly all insured buyers past due over 90 days on amounts over \$25,000 for as long as the overdue situation exists, or until a claim is filed.
- Claims may be filed no earlier than 90 days after the due date, and no later than 8 months after the due date.
- Claims are paid within 60 days of receipt of all required documents (faster when filed on-line).

## **Policy Assignments**

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

This is not a solicitation by the Export-Import Bank of the United States or its employees. It is a descriptive summary only. The complete terms and conditions of the policy are set forth in the policy, applications, and endorsements.