



“Ex-Im Bank’s insurance helped us to grow our total exports from practically nothing in 2002 to nearly \$8 million last year. Today, exports sustain the jobs of 25 percent of our employees.”

Terry Fee
Vice President

Top photo: McDavid Knee Guard employee Severina Calderón applies HexPad™ material at the company’s manufacturing facility in Woodridge, Ill.

Right photo: McDavid Knee Guard is using Ex-Im Bank’s multibuyer insurance to export its sports protective products such as its 422 Dual Disk Hinged Knee Brace.

McDAVID KNEE GUARD INC.



I nternational markets literally provide a world of sales opportunities for U.S. small businesses, but the risks and financing needs of these markets can sometimes be challenging. Ex-Im Bank's Export-Credit Insurance Program offers a range of policies to help U.S. exporters minimize the risks of buyer nonpayment and enable them to offer financing terms to their foreign customers.

McDavid Knee Guard Inc. of Woodridge, Ill., is a manufacturer of sports medical and protective-apparel products. The Bank's short-term, multibuyer insurance policy has helped this small-business exporter increase its global sales more than three-fold from \$1.8 million to \$7.7 million between 2004 and 2007. Ex-Im Bank recognized the company's success by awarding it the Bank's 2008 Small Business Exporter of the Year award.

McDavid Knee Guard Vice President Terry Fee estimates that without Ex-Im Bank's insurance policy, the company's export volume would only be a quarter of the current level. Ex-Im Bank's policy helped McDavid Knee Guard obtain a line of credit on its foreign receivables from a local bank, Park National in Woodridge.

The company actually got its start in the basement of Fee's mother's house in 1980. Bob McDavid, company co-owner and president, joined with his college friend Fee to create a football lateral protective knee brace that soon became widely used. Today, the company manufactures over 400 different products for athletes and active people of all ages and employs 230 workers at its manufacturing facility in Woodridge.

Ex-Im Bank's short-term export-credit insurance minimizes the risk and provides protection against buyer default for political or commercial reasons. Single-buyer and multibuyer policies are available to U.S. exporters and financial institutions. The Bank's policies cover 95 percent of the invoiced amount.

The Bank's short-term insurance enables U.S. exporters to offer open-account terms to customers, which makes them more competitive in foreign markets. The insurance also functions as a financing tool because banks are more willing to lend against insured foreign receivables. Exporters may assign their rights to receive the insurance proceeds to a lender to facilitate obtaining a loan.

The Bank's small-business policy is similar to the multibuyer policy but features enhancements that include no first-loss deductible for small-business exporters with an export volume averaging not more than \$5 million over the three most recent years. Many small-business exporters begin with this product and later "graduate" to using the multibuyer policy.

In FY 2008, Ex-Im Bank authorized \$3.9 billion in export-credit insurance, of which small-business authorizations totaled \$1.6 billion. More than 91 percent of the Bank's insurance policies directly benefited small-business exporters.

