



Short-Term Single-Buyer Credit Insurance

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

- Risk Mitigation → insure selected receivables 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 foreign receivables as additional collateral

Coverage Eligibility

- ▶ 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 (per Ex-Im Bank's Country Limitation Schedule). 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 one year (renewable upon request).
- ▶ 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 Risks - 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 Policy Issuance

Exporters submit an application on the buyer, including a credit report and trade references. Depending on the policy limit requested, the buyer's financial statements may also be required. There is no application fee. If approved, Ex-Im Bank issues a quote, valid for 90 days, during which time Ex-Im Bank cannot rescind the offer of insurance. To accept the quote and have the insurance policy issued, the exporter is required to pay a minimum premium up front.

Minimum Premiums

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:

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

"Pay-After-You-Ship" Premiums

Shipments must be reported and premiums paid no later than 30 days after the month of shipment. Premium rates are published on Ex-Im Bank's website www.exim.gov (on the home page, look for "Exposure Fee Tables" in the "Shortcuts" box on the left side panel). The premium rates vary by country, type of buyer, and length of the credit term extended.

The minimum premium amount is refundable after the policy expires, but only if an equal amount of shipment premiums were paid during the policy period. If refunded, no additional minimum premium is required if a policy renewal is requested and approved.

Claim Filing and Payments

Claims may be filed no earlier than three months after the due date, and no later than eight months after the due date. Claims are filed through Ex-Im Bank's website www.exim.gov (under the "Apply" section, for "Claims and Asset Management").

The minimum premium amount is refundable after the policy expires, but only if an equal amount of shipment premiums were paid during the policy period. If refunded, no additional minimum premium is required if a policy renewal is requested and approved.

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

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.