

MS. AMY SHINKMAN: ...and then we will go through a sample application in Ex-Im Online in the view that you would see as a broker. So first let me just tell you who's here in the office in DC so you know who's on the other end. I'm Amy Shinkman and I'm the Director of Broker Relations. We also have Jean Fitzgibbon, Director in Trade Credit Insurance, Walter Kosciow, VP in Trade Credit Insurance, and Lauren Kirsch, from IMT, and then some other IMT colleagues are in the room as well. If anyone's having any trouble hearing me or not getting the sound or not getting the picture and you can't speak yourself, please feel free to type in a question or a comment and we'll see your little message off to the side. Now as we go through this webinar, we will accept questions from you verbally or if you prefer to type them in and remain anonymous that's completely fine. It's not too large of a group so hopefully we can have an interactive session. If you are struggling to keep up with anything, please feel free to type in a question and we'll definitely respond to you. So I'll hand over now to Walter who will just talk for a couple minutes with some reminders about Express Insurance.

MR WALTER KOSCIOW: Good morning, everybody. Just a quick re-cap on the product. Express Insurance was rolled-out this past April at our annual conference. Since the roll-out, over the past 5 months, we have sold 106 Express policies and its meeting our expectations. We had projected selling about 25 policies over a 12-month period so we are right on track and that's with minimal promotion. What we did do and unfortunately it was delayed, but in mid-August we had a mailing, a direct mailing, to about 4000 small business companies introducing the Express Insurance product. We have gotten some feedback but I believe we will re-do the mailing because August isn't the best month to be promoting, given it is a heavy vacation month. The Express Product is targeted for those small businesses who have not availed themselves of export credit insurance. There are many exporters who still utilize export letters of credit or who require prepayments on an export transaction, or sight payments on the transactions. Thus, the Express Insurance product is targeting those small businesses that are just starting out, or who are very, in the past have been selling on very secure terms. It is a value-added product whereby Ex-Im Bank will pick-up the cost and obtain credit reports for buyer limit feasibilities up to 300,000 and those applications are made together with the policy application. So Express is to simplify the product, add value. Ex-Im Bank essentially becomes the small business' credit department to review its foreign buyers and add to its foreign buyer portfolio. So far our experience is that the acceptance rate, and for brokers this is an important fact, the acceptance rate by exporters is exceeding the acceptance rate that we have had historically for our standard multi-buyer products. And those products are used for those exporters who are SBA small businesses but have much larger portfolios and have a greater amount of experience. We won't be going in to those programs, we are going to focus on the Express application and point out some key issues that will help you complete the application with your exporter and help us process these applications quicker. Our processing times, we have marketed this product on a five-day turnaround time and that's for a policy quote and 2 buyer credit limit feasibility decisions. In some cases we have met or exceed these targets. In cases where we have not, it is because more than likely the foreign buyer is not on the radio screen of any credit agencies that we are currently working with. So our turnaround times for buyer credit feasibilities have been somewhere in the range of 4 or 5 to 10 days depending on the availability of credit information. If you have questions on the product as we proceed, feel free to ask, or should we open it to after we complete the application?

AS: I'm happy for you to ask as we go. If it gets unruly, then maybe we will ask to wait until the end, but let's give it a try.

WK: OK [INAUDIBLE]. The one thing I will say up-front is if an applicant is applying for an Express Policy and they are providing names and addresses and the required credit limit or a few credit limit feasibilities, it is very helpful to know whether any sales have been made to the buyers, whether they were on letter of credit, sight, or on a prepaid basis. That's still very helpful because it does tell us that the exporter has some experience and perhaps has some background information. That information is all helpful to us. We'll now proceed going-through the on-line application.

AS: Thanks a lot Walter. So, just a couple of technical points before we get started on the application. I noticed that some of you are moving around in your offices or something and we're getting some noise, so if you are, if you are moving around or there is some other background noise, if you could just mute yourself we would appreciate it. We did have one person write in with a question saying "What is IMT" and I apologize for using the acronym. I believe it stands for Information Management Technology? But it's basically the team here at Ex-Im that does all the programming for Ex-Im Online, and deals with all the use-ability issues. So they're kind-of the brains behind Ex-Im Online if you will, so they're here supporting us today.

So I'm just going to start now to make sure that we all know how to find Ex-Im Online. Hopefully you can all see the main Ex-Im webpage, and I would recommend that you all get used to using the new Insurance Broker portal, if you click on Insurance Brokers, and then to get to Ex-Im Online, then you can just click on the first link here: Ex-Im Online. This obviously takes you to the first screen where you can log-in and do everything on Ex-Im Online. Today for this call, we're using a test system, obviously we won't use any real exporter information, so I'm going to go over to a slightly different screen now and log-in to that. While I'm doing that, I'm just going to give you a little bit of a background, sorry [INAUDIBLE], a little bit of a background to how it's come about that you're filling in this Express application for someone. Basically, you're known this couple for many years, you always run in to them at export events. They own a little winery in Virginia, one of them is from Chile and one of them is from Brazil, but they studied winemaking in France, immigrated to Virginia, have this business, a successful small winery in Virginia. They have been exporting for almost 10 years but only to Chile and Brazil and everytime you talk to them about insuring those markets, they say, "Oh, we don't need to insure those markets, we have used key distributors there, you know, they are our cousins, we would never want to take out insurance on them, you know, go away, broker." But now they have this business opportunity that they let you know about which is to start moving in to Asia. They really don't know anything about Asia, they are a little bit nervous about it. And they have just signed one contract with a distributor in Singapore, they're talking to some distributors in China and Japan, and so they are starting to be interested in insurance, so that's why they have come to you.

Now here we are back to the screen on the broker landing page, and this is where, you know, you always come when you log-in to Ex-Im Online. And if you wanted to apply for Express Insurance, you

would click here where it says, Apply for Insurance Policy or Guarantee, and then what this does it take you to list of all the companies that have named you as their broker. So it is important that you have first gotten your friends from Chile and Brazil set-up on Ex-Im Online and that they have named you as your broker, as their broker. So as long as they've done that, they'll be here, and you can click on the name of their company. The next screen that you come to is application type, so obviously look down here. If you're looking for Express Insurance, that would be a Multi-Buyer Policy, so you select that. And then here you come to the screen that lets you chose if you would like Express Insurance or one of our other multi-buyer policies. A lot of this gets in to what Walter was talking about before, about criteria for Express or other wholeturnover businesses. It's important to remember that for Express the company has to have less than 10 foreign buyers. You know that's the case in this case, because they only so far have one buyer in Brazil and one in Chile. They also need to have less than 7-and-a-half million per year in annual export credit sales over the last 3 years. From that you can exclude sales to Canada and those on LC or sight payment terms. In this case, they only have sales to those 2 countries and their sales are more like 2 million a year so, it's, they easily make the criteria. They also need to be a small business by the SBA definition, and they know they are because they have looked in to working with the SBA in the past. They also would like Ex-im bank to look at all their buyer credit limits, so in other words, they really do not want a DCL. I don't know if Walter has anything to add to the selection criteria?

WK: Just with regards to the first criteria of 10 or less buyers, that should be 10 or less buyers on credit terms, so if the company actually has 20 buyers but they sell to them all on letters of credit or all on prepaid basis or if they're all in Canada, they could still be eligible for the Express Product.

AS: Does anyone have any questions about that? OK, we'll move on. This is a Demo of Express, so we'll click on Start Express Application for this client. Now this a summary page that just lets you know a little bit about how to use the system, tells the information that you need to have, I'm kind of assuming here that as the broker, you have already met with the client and probably had them fill in a paper proposal form, so you should have all the information that you need from them to hand from that. So we won't read through this whole screen, just in the interests of time. So we're going to click Continue, and then here we are. This is just, this is just going back to the first screen of Company Info, this is actually already prepopulated because in this case they have already selected you as the broker. The company is here in Virginia, they have chosen you as their broker which is Ex=Im broker Inc here in Washington, and their contact information is already there because they've set themselves up Online, so we're going to hit Continue. Can I just make sure that everyone is hearing us, because no one has asked any questions yet? Can anyone say anything? {INAUDIBLE} Ok, ok, as long as we know you're there, then we're happy. It looks like there are about 20 or so of you logged on now so that's a good sign. If you are having any trouble, please do write in a question and let us know.

So, next we go to the screen which is General questions. And in this case, our business is actually owned by a Woman and a Minority so we're going to check both boxes. We learned about Exim Bank of course through our broker, so we're going to make sure we write that. They're coming in this case to insurance for Risk Mitigation. Then we're just going to say that they don't have an existing credit line. I don't know if Jean or Walter want to comment on that question, the reason for the question?

WK: Well if the applicant has a credit line with a bank, they obviously have been, there has been some due diligence. And it does add to the quality of the application to know that perhaps they have gone through that process.

AS: Ok

MS JEAN FITZGIBBON: Plus with express you are still eligible for the enhanced assignment. So it's also helpful to know if your client wants the enhanced assignment, if they do have incurred an existing line of credit. Some think that with the Express you can't get the enhanced assignment, but you are still eligible.

AS: Great, thank you. We're going to say in this case they don't have a working capital loan, from SBA or from Ex-Im. They don't sell capital goods, you'll see that as automatically defaulted to No, in this case, they are selling bottles of wine. And in this case, we'll also say that they don't want to insure any sales made by affiliates, just for simplicity's sake, they just have the one vineyard in Virginia. So we're going to Continue. And then the next step is asking you to add the products. Now it's very important that they add all of the products that they're looking to be covered under the policy and that they're specified correctly. So we'll click on Add New Product. The test system is a little bit slow so sorry about that. The ah. First you look here for your sector code which in this case is a Consumer Good. Go ahead Walter.

WK: On this screen, actually at the bottom of the screen, if it is known to yourself or the exporter what their NAICS, the industry code, that SBA and Ex-Im Bank use, it's N-A-I-C-S, it's on the left side towards the bottom of the screen, if you know the 6 digit number you can enter that in, and you don't have go through this sequence that we're preparing to go through. So, that's a shortcut, but you may not know the number or you're not sure of the number, then you go through the 3-step process of determining what is the correct NAICS code.

AS: Thank you that's a good point. So basically these 3 boxes are letting you, you know, get to the number, which if you already knew it, you could write in the box. You need to, In between each step, you need to make sure click on the Show Sub-sectors thing so it loads the right ones, in this case it's Beverage Manufacturing. And then we're going to narrow it down to one more, which is Wineries. And it's important that they type in the NAICS code for themselves, so this is themselves as the exporter, not their buyers. So they're buyers are distributors or restaurants or grocery stores but you need to make sure they put in their own code here. And as Walter was saying if they already knew that they were 312130 because this is a code they've dealt with before, they could have just typed that in here and saved themselves looking it up. So here we're just going to write Wine. Would that be enough of a description for you guys or would you want something more detailed?

WK: The importance of putting in the specific description is this is what will actually appear in the policy declarations. Because you've made the selection on the NAICS code, that's really for underwriting purposes and for our recording purposes. But for the actual policy documents, this specific description is what will appear. So specifically, you know, industries where for instance there could be new or used

equipment, it's very important to put in new or used equipment of that nature, or new or reconditioned aircraft parts, wine is fine here.

AS: Ok. Thank you. So then here the important thing is to Add Product, and that means whatever you type there would then show up in any policy document under Exported Products. And if you had other products that you were also looking to export under this policy, you could add them here as well. In this case, we won't do that because we're assuming that they only sell wine. So now we're going to hit Continue and go to the next screen. And these questions mainly relate to some of our policies and procedures here at Ex-Im Bank. Of course a lot of them relate to U.S. content. So are these products manufactured the U.S.? Yes. Are they shipped from the U.S.? Yes. Are they on the munitions control list? No. Where would they find the Munitions Control List if they wanted to check?

JF: State Department website

AS: State Department website, but we're assuming that wine is not on that list. Are these products sold to military entities? No. Do they support nuclear energy? No. Are they new? Yes. Are they used? No. And then these next 2 questions will default to No, but it's really just asking if this policy could get extra consideration for being environmentally beneficial or renewable energy-related. The next series of questions here, you know obviously all of the Express applicants will be SBA small businesses, so really this last question will never apply, but they do need to make sure they look at these 3 questions. In most cases I would assume that people would answer yes to A here and therefore not need to answer B and C. B and C are really made there for small businesses who want to take advantage of new U.S. content rules that let them insure a percentage of their invoice if it is less than 50% or lets them aggregate products on an invoice. If you have any questions about those advantages, please ask me or Walter or Jean offline and we can connect you with someone in Policy and Planning if necessary. Are there any more questions as I go through this?

Ok then, we'll move on. The next screen is really talking about their experience as an exporter. Now in this case the winery really only wants to insure their new buyers in Asia so we're going to say that their requested policy payment limit is one million. And we're going to say that they began exporting in 2004, this was to their cousins in Brazil and Chile. They started offering credit terms to their cousins in 2007 and for the last three years, they've had a total of 6 million in export credit sales. And just to confirm this is the total for 3 years correct? So they've had 2 million a year so they write 6 million here. This is not their average annual, it is the total for 3 years. And then it asks how much have they written off for the last 3 years, we're going to say \$50,000, actually that doesn't really make sense considering that they only have these 2 buyers, so we'll say 0, and their cousin would never have defaulted on them. The amount of credit sales outstanding, we'll say it was about 1.75 million as of the end of August which is when you met with them and they gave you the download from their computer. One thing to make sure you do here is write the year with all the 0s or the month with all the zeros, if it's august, put the 0 first or they won't accept it. And we're going to say they don't have any past dues. If they did have any past dues, do you want to comment on what would happen if they had them?

WK: [inaudible]

AS: Then it would take you to the screen asking basically who was the buyer, when was it due, how much is it, so it would ask you a lot of questions for details about that. But we're going to assume they don't have any by more than 60 days. And then here we are on financial highlights. These questions are also in the proposal form that you would have gone through when you met with them. And then we're going to say, was the data include parent consolidated or combined with any other entity, we're going to say no, because they're just one little small business in Virginia. We have their numbers for the year 2010 so we're going to say, that, and we're making sure we write in all the numbers there, so that it accepts it. The dates apply to the balance sheet and the income statement. We know that the statement was CPA complied because they showed us in their office but it wasn't audited. Their total sales in that year were about 20 million, going to make sure we get the right number of 0s. Their net profit was 500,000. Their assets are 2 million because they have their winery in Virginia, and their equity is one million now. They were able to pay off some debt with their retained earnings. So then we're going to hit Continue, hopefully it will accept that.

JF: I just wanted to point out on the financials that technically with Express you don't have submit hard copy financials, you just have to enter in those 4 pieces of information. However, a couple things. One, if they're negative equity or negative operating profit or things that don't meet our standards, we would appreciate their financials to look at them, and also if they are applying for an enhanced assignment obviously, we would need the standard 2 or 3 year financial statements, you know, to justify the EA qualification.

AS: Ok now is the point where in the Express application they are actually able to submit a request for a Special Buyer Credit Limit at the same time as their application. So we're going to click on Add Buyer, so this is the contract they've just recently won in Singapore, and the name of the buyer is just going to be Singapore Wine Distributors Private Limited in Singapore. So we're going to see if that buyer is already in our system, which it is not, so we're going to click on Add New Buyer here. And then it's important that they, that you, enter as much information as possible on this buyer, so that we're able to make sure that we get the right credit report etc, since we're going to be downloading that in this case. I forgot what it was called now, Singapore Wine Distributors here I think, you do have to type it in again. In the interests of time here I am only going to fill in the fields that are required fields, but please do make sure you fill in as much as you can so we can get the right credit reports. And I'm not going to fill in the primary contact in this case. So, again just important that you fill in all the information here so that we can get all the correct information. So I'm going to Add Buyer. I'm going to request a credit limit to start of \$250,000. And I'm hoping to sell to them on Open Account. Because it is in Singapore we're going to say 61- 90 days and then we're going to press Continue. This is where you do have the option to add up to 5 buyers on Express applications; in this case we'll only do 1 because it all follows the same rules. I don't know if Jean or Walter has anything to add to the buyer screens. No?

So we'll continue on to the last screen. In this case you are only applying for a \$250,000 limit so there is no financial statements required, but if they happen to have the financial statements of the buyer in Singapore, it would be great if you could upload them here. Or any references or anything else you have, bank references, it is always very useful to the underwriter, and will help the turnaround time if you do include them. The other thing that you know the underwriters and everyone would appreciate it

if in this box here, you could put in a little background about the company. So we'll say, Selling since 2004 to cousins in Brazil and Chile, now expanding to Asia, one contract in Singapore now, hope to add more buyers in China and Japan soon. Anything else to add to that?

WK: Yeah, just how you develop buyers might be helpful as well. In terms of, in this particular case, meeting perspective buyers at trade shows, that type of thing, and, you know, what type of or any investigation of companies as you develop buyers would be helpful. There's another thing as you progress through this application, if for any reason, you have to stop, any information, once in the upper right hand corner, where the sections are checked, those have been completed, so it will be saved. At any time if you wish, if you go to the top of the page, under Application Summary, you'll see all the information that you've entered so far. Or, just before you submit. So you can double check your entries and perhaps if you made a typo and put in 20,000 instead of 2,000,000, you can make those corrections. You can go back to any section. Whether it's General questions.

AS: This is just showing how you can click on any of those items on the right side, if you need to edit it before you submit it, you can always go back.

WK: At the very front end on the instructions page, are we able to go back? [inaudible] Yeah, on this instruction page, in this important notice [inaudible], which is, the hyperlink to the Country limitation schedule. That's pretty important because if the exporter is in this application they may only be focusing on that one Singapore or that one Chinese customer and especially if it's an emerging market or an obscure market, it is very important to go in to the country limitation schedule to see if Ex-Im bank is open or where there are any coverage conditions in the market. Their focus may be, I just want to get that Singapore or Chinese customer insured.

AS: Yea, great, thank you. I forgot to mention that earlier. This would also be something that you would hopefully have gone through with them when you were with them in the meeting, making sure that the countries they are interested in, are open for open account cover. So now I'm going to go, just back to the Application and Comments. But hopefully we made it clear that really that anything you can say about the buyers, about your experience with the buyers, about how you find buyers, why you're interested in buying the insurance, anything that you're able to put in therewith background about the client will help the underwriters. Obviously this is also the time to note if you also have a cousin in Singapore or if you have some ownership interest in the distributor in Singapore.

WK: Only if you're going to insure it

AS: where you would also need to put that here. Once you've been through this and you've looked at the application summary and you think, you as the broker, think everything is filled out correctly, I would then encourage you to call the exporter, let them know that you've filled it out, and then have them be the ones to review the application and hit the submit button, and also sign the application certification page. Oh yea right, we need to hit Continue in order to save that. Ok, our colleagues from Information Management Technology have pointed out that the reason why it didn't save my comments before is because I didn't hit Continue. But once you hit Continue on any screen it always saves everything that you put it. You don't actually have to hit a button that says Save. The system does

pretty well with saving. And then now you can see that that Application and Comments is checked now that we've hit the Continue button. So as I was saying I would encourage you to get the exporter to look at everything you've written and confirm that it's correct, and it's important also that they sign the application certification page. That does have to be an actual physical signature, and it does need to ideally be sent to us in pdf form. Oh, it's also the ideal way actually to receive this is to go back to the Attachments and Comments section and then upload it there and that way the underwriter will receive the certification at the same time as they receive the application. Which is just here, it lets you, if you browse your computer, wherever you have it saved, it lets you attach it there. I think that pretty much concludes what we wanted to walk through with you today. Does anyone have any questions?

WK: We'll just say, once you hit the submit button, you will get an email, and if the broker has been named, there will be an email sent that there has been a submission. And the transaction, if you're going online to check on the status as its being underwritten, the tracking number is in the upper right screen, that's how you would identify that particular transaction. And what would happen, once this has been submitted there would be 2 tracking numbers, one for the policy application and one for the buyer feasibility request, so there will be 2 tracking numbers available to view.

AS: And then once you've submitted it, you'll be able to go back to your home page, look at pending applications, and view it there, and find out whatever is going on with it.

JF: On the Express when you're submitting these feasibility SBCLs, when we quote, you'll be getting the quote documents for the policy but you won't be getting documents for the special buyer credit limit. You'll only see, you'll get an email saying it was approved or what we can approve or maybe we can't right now because we have no credit information. Then once the policy is taken out, the system will automatically endorse those buyers that we were able to approve to the policy. So I just want to make sure you know for feasibility SBCLs you won't get a quote document from the system with the parameters.

AS: Thank you Jean. The last thing to notice is then, this is where on Ex-im Online you look at your pending applications. Once the policy is live, then obviously, you can click on Insurance in Force. [inaudible] Sorry as we just talk amongst ourselves. The step before looking at an in force policy, would be, once you actually have your quote issued, which you can also do on Ex-Im Online, you would go to Act on Quote. Unfortunately on this particular broker, we don't have, there aren't any quotes there, we haven't set any up, but that's where they would appear, and then later appear under Insurance in Force once it was bound. Anything else? [inaudible]

OK, well I think that pretty much completes what we had wanted to show you today about applying for Express Insurance on Online. If there's no more questions, we will end the webinar. [inaudible] Sorry we're just seeing that a few people had typed in questions, but we're having a little bit of trouble finding them. We will, we may just end the webinar now and email or call you separately with the answers if that's alright. Sorry about that. Thank you very much.