EXPORT CREDIT INSURANCE

Minimizing Risk in the Global Marketplace

WHY HAVE **EXPORT CREDIT INSURANCE?**

Imagine this: your U.S. business has identified an international buyer for its product, you have agreed on pricing, and your buyer wants open account credit terms. How will your company manage the risk of nonpayment by your foreign buyer? Insuring your foreign receivables through EXIM's Export Credit Insurance is a great place to start.

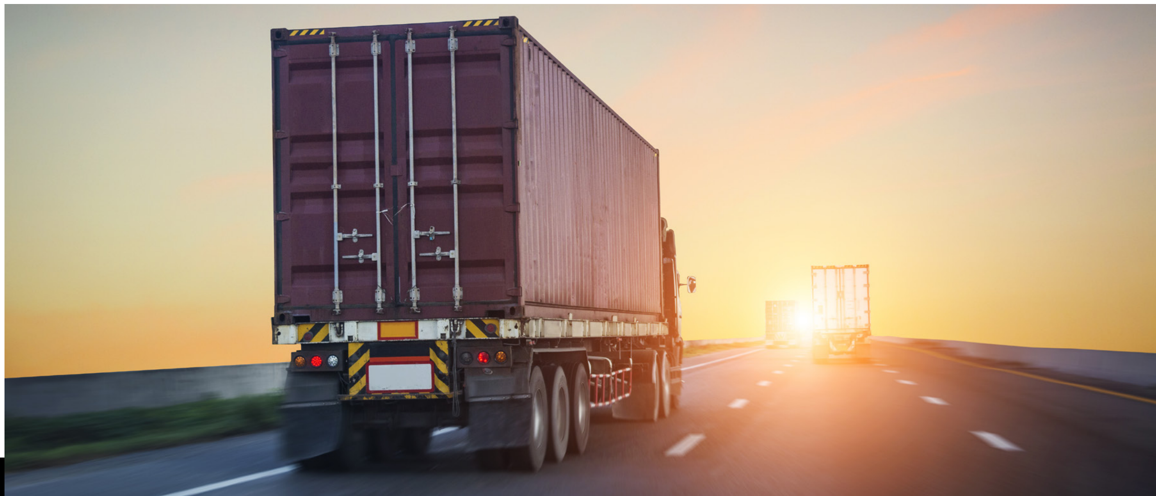
Export Credit Insurance is an insurance policy that covers foreign receivables.

Export Credit Insurance mitigates your nonpayment risk while empowering you to meet, or beat, your competitors by offering attractive credit terms. Your business can use open account credit terms to win new customers and increase sales to existing buyers.

Another benefit to insuring foreign receivables is that lenders will often accept them as collateral, expanding your borrowing base and improving cash flow.

Export Credit Insurance:

- Increases your ability to compete in international markets
- Protects your foreign receivables from nonpayment
- Expands your borrowing base for improved liquidity



BENEFITS INCLUDE:

Increased Sales

Every business wants to be more competitive. Providing open account credit terms is very appealing to foreign buyers and can be the difference between winning and losing a deal. When given more time to pay, existing customers have the financial flexibility to increase the size of their orders. Even the delivery speed of goods can be positively affected by open account credit terms since the delay associated with a letter of credit or cash in advance is avoided.

Risk Prevention

The challenge for exporters, particularly small businesses, is clear. Selling to international buyers on open account credit terms can be risky. If the buyers don't pay, there is very little recourse for the U.S.-based company and the financial hit can be significant. Export credit insurance mitigates the risk of nonpayment by insuring foreign receivables.

Cash Management

When your business needs cash to fulfill orders or pay for operations you often look to your local lender. These lenders are more likely to include foreign receivables and inventory in your borrowing base when those receivables are insured, giving you access to additional financing and improving cash flow.

What does Export Credit Insurance Cover?

Commercial Risks:

- Insolvency
- Bankruptcy
- Protracted Default

Political Risks:

- War, Revolution, Insurrection
- Currency Transfer Risk
- Cancellation of an Import or Export License

HOW DOES **EXPORT CREDIT INSURANCE WORK?**

Step 1:

You identify an international buyer and obtain an Export Credit Insurance policy.

Step 2:

You offer credit terms to your foreign buyer.

Step 3:

The buyer accepts the deal's terms.

Step 4:

You ship your product and invoice the buyer.

Step 5:

You report shipments & pay premiums on the amount shipped.

Step 6:

The buyer pays.
If they fail to do so, EXIM pays.

WHAT POLICY OPTIONS ARE OFFERED?

Express Insurance

Applicable to small businesses with less than five years experience extending credit overseas.

Features Include:

- 95% coverage
- No deductible
- Pay-as-you-go premiums
- Two-page application

Multi-Buyer Insurance

Options to cover all or part of your export portfolio.

Features Include:

- 95% coverage
- No deductible*
- Pay-as-you-go premiums

Single-Buyer Insurance

Covers one buyer for a predetermined period of time and credit limit amount.

Features Include:

- 90% coverage
- No deductible
- Individual policies for each foreign buyer
- Polices can cover all transactions from a single buyer

*Multi-Buyer Select Risk Insurance provides an option to exclude select lower-risk transactions and has a deductible.

GET IN **TOUCH:**

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Insurance brokers provide industry and product expertise that ensures their exporting customers obtain the most appropriate coverage at the most affordable price. EXIM strongly encourages all users of its insurance products to use an insurance broker. The broker receives their compensation from EXIM—there is no charge to the policyholder.