



# A Creative Approach to Accounts Receivable Insurance

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# Who We Are

EXIM is the official **Export Credit Agency** (ECA) of the United States of America

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Established in 1934



Headquartered in Washington, D.C.



Multiple Regional Offices nationwide

**Our Mission:** Supporting American jobs by facilitating the export of U.S. goods and services.

- › Fills gaps or compliments private-sector insurance
- › Authorizes transactions that demonstrate a “reasonable assurance of repayment”.



WHAT WE DO

# Ways EXIM Can Help

1

Improve competitiveness  
by insuring your  
receivables from  
international sales

2

Assist in obtaining  
pre-export working  
capital financing

3

Support capital equipment  
exports with term loans  
for international buyers

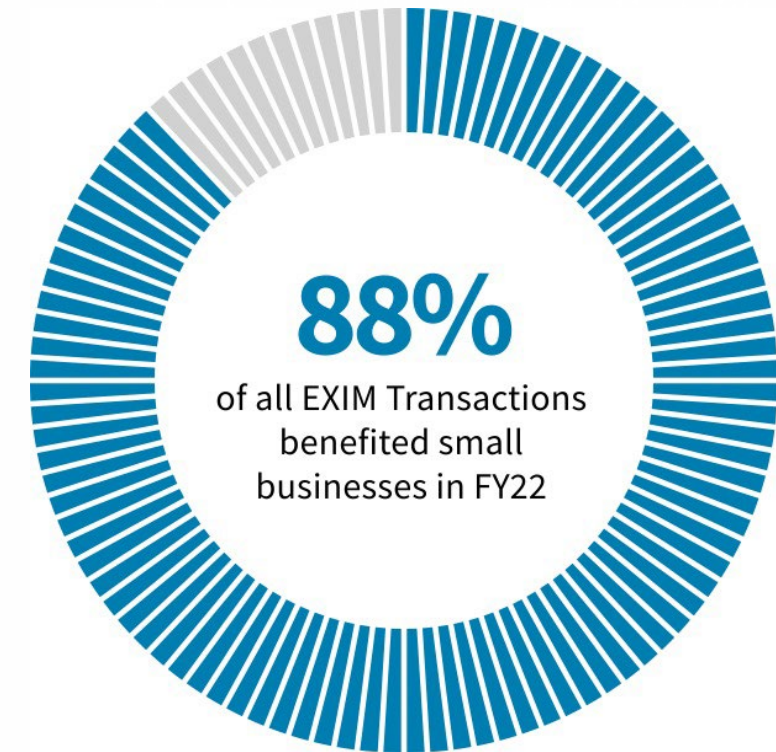
Helping American Businesses  
Win the Future

WE ARE

# Small Business Focused

## In FY 2022:

- › **88%** of transactions supported small businesses
- › **54%** of those transactions were < \$500,000
- › **\$1.5 billion** in total authorizations





OUR FINANCING

# Makes the Difference



Level the playing field  
and compete globally



Minimize the risk  
of buyer non-payment



Supplement  
commercial financing



**No company or transaction is too small**

EXIM has supported sales of just a few thousand dollars



# EXPORT CREDIT INSURANCE

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Is an insurance policy covering receivables generated from export sales that protects against nonpayment by foreign buyers.

## Sales Tool:

- › Be competitive by offering open account credit terms to foreign buyers

## Risk Prevention:

- › Protect against nonpayment by foreign buyers due to commercial risks and political risks

## Generate Cash Flow:

- › Accounts receivable from export sales may be used as collateral to obtain immediate cash

*Policies can cover a single buyer, some of your foreign buyers, or your entire export portfolio*

# What is Covered?

## *Commercial Risks:*

- ✓ Insolvency
- ✓ Bankruptcy
- ✓ Protracted Default

## *Political Risks:*

- ✓ War, revolution, insurrection
- ✓ Currency transfer risk
- ✓ Cancellation of import or export license



Disputes with the buyer are **not** covered



## EXPORTER-HELD

# Policy Types

### Multi-Buyer:

95% Coverage

#### Portfolio Coverage

(1) Standard (deductible) (2) Small Business (no deductible)

### Hybrid (Multi-buyer Select Risk):

95% Coverage  
(Limited portfolio)

**Only Pay for what  
you cover: EXCLUDE**

Multi-  
nationals

Prime  
Customer

Country  
/Region

### Single Buyer

90% Coverage  
(One policy per buyer – country risk)

Buyer  
1

Buyer  
2

Buyer  
3

Buyer  
4



## Multi-buyer options: Small & Standard

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### Coverage Details:

- › 95% coverage. Whole turnover policy; insure all
- › Discretionary credit limits granted & larger limits approved online
- › No deductible for small business, otherwise first loss deductible applies
- › Policy Issuance Fee: \$500 (*refundable*)

### Endorsements available

- › Additional Named Insured
- › Bonded Warehouse
- › Consignment

*\*For private sector buyers*



SMALL BUSINESS

# Multi-Buyer Premium Rates\*

Per \$100 of the gross  
invoice amount.

For exporters selling  
<\$10,000,000/yr export  
credit sales.

\*on September 1, 2022

Term	Sovereign	Financial Institutions	Private
Slight L/Cs	\$0.03	\$0.03	n/a
1-60 days	\$0.16	\$0.20	\$0.55
61-120 days	\$0.27	\$0.33	\$0.90
121-180 days	\$0.35	\$0.43	\$1.15
181-270 days	\$0.43	\$0.54	\$1.45
271-360 days	\$0.53	\$0.65	\$1.77

<https://grow.exim.gov/hubfs/resources/EXIM-policy-comparison.pdf?hsLang=en-us>



## Hybrid:

# MULTI-BUYER SELECT RISK POLICY (MBSR)

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For exporters:

### › Multi-Buyer Select Risk (a limited portfolio)

- 50%+ of export credit portfolio
- 95% cover
- Deductible determined by sales supported
- Pay-as-you-ship
- Some buyer approval authority may be given to exporter



# Sample Quote: Multi-buyer Select Risk

## Policy Parameters



Policy Payment Limit: \$6MM



Deductible: \$175,000



Premium rate of \$0.46/\$100



Credit (ie “new buyer”) Discretionary Credit Limit (DCL) *up to* \$150,000 for terms *up to* 120 days



Ledger (ie “existing” buyer) Discretionary Credit Limit (DCL) up to \$300,000 for terms up to 120 days



Exclusions per application

*Case Study:*

# MULTI-BUYER SELECT RISK (MBSR)

Wisconsin manufacturer of electronic control devices for mobile equipment which improves vehicle performance



- Policy excludes sales to Canada; Caterpillar and other top customers worldwide are covered
- The policy insures buyers in Asia, Europe, S. America, Africa
- Policy offers a \$500,000 annual claims payout, with only a one-time annual deductible of \$8,000, and the cost of insurance is .60% x sales (or \$600 to insure \$100,000 in monthly sales)





# Short-Term Single-Buyer Insurance Policy

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Insures single or multiple shipments  
to **one buyer**

## Coverage Details:

- › 90% coverage, both commercial and political
  - 98% for bulk agricultural transactions
  - 95% for letter of credit transaction
- › EXIM approves the buyer
- › No deductible, no application fee
- › Maximum policy period: 1 year
- › Pay-as-you-go premiums
  - Premium based on country, type or buyer, and length of credit term extended (see next slide for sample)
- › \$500 minimum premium for first policy

## CASE STUDY:

# Single-Buyer Insurance Policy (ESS)

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Oregon company who  
stone-grinds whole grains  
into over 400 end-products

- › Exporter has 12 active policies with EXIM, covering foreign buyers in: Asia, Middle East, South America, Europe, and Mexico
- › Policies range from \$50,000 credit approval, to \$600,000, per buyer
- › Average policy cost 0.84% x sales (or \$840 to insure \$100,000 in monthly sales)
- › Uses private insurance as their main coverage, only supplementing with EXIM as needed

# UNCONFIRMED IRREVOCABLE LETTERS OF CREDIT (UILC)

EXIM can reduce an exporter's risk on unconfirmed irrevocable letters of credit issued by overseas financial institutions for the financing of U.S. exports.

- › Coverage applies to irrevocable letter of credit sales for goods produced in and shipped from the United States, to eligible countries listed in EXIM's Country Limitation Schedule (see <https://www.exim.gov/tools-for-exporters/country-limitation-schedule>)
- › Terms of Sight, or up to 180 days from the date of first presentation of documents may be extended for consumer goods, spare parts and raw materials



*Case Study:*

# LETTER OF CREDIT POLICY (ESS/L-C)

Florida-based manufacturer of hyperbaric  
oxygen therapy chamber systems



- › Exporter asked EXIM to protect a \$115,000 sale to Lebanon under a Sight L/C.
- › The rate of insurance was .16%, or \$184 insurance premium for the first UILC with the foreign buyer.
- › The coverage was 90% of the invoices that they issued to the foreign buyer.



# How Export Credit Insurance Works

## 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 and pay premiums on the amount shipped.



## Step 6:

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



# TOOLS FOR EXPORTERS

## Qualifying a Foreign Buyer

EXIM Underwriting has predefined [credit standards](#) and transparency about what is needed for a certain sized credit limit when applying for invoice coverage.

### Examples Include:

- Foreign buyer has been in business for at least 3 years
- Favorable trade reference
- Applicant's favorable ledger experience
- Favorable credit report
- Buyer's signed fiscal statements from the last 2 years (required over \$500k)





# Underwriting Standards: Buyer

## Foreign Buyer



*\*Note: Snapshot in time; Assuming Net 30, buyer pays approx. 30 slow, can ship 5+ times a year. One trade reference can support over half million in annualized sales.*

## Credit Information

Buyers Credit Limit	Credit Report	Trade Reference	Bank Reference	Financial Statements
Up to \$100,000		✓		
\$100,001 - \$500,000	✓	✓		
\$500,001 - \$1,000,000	✓	✓		✓
\$500,001 - \$1,000,000	✓	✓	✓	✓

EXIM Bank's Short-Term Credit Standards are available at: [www.exim.gov/tools-for-exporters/credit-standards](http://www.exim.gov/tools-for-exporters/credit-standards)

# EXIM WEB PORTAL FOR POLICY MANAGEMENT

Act / Manage Transactions	Monitor Portfolio
<b>Act</b> <a href="#">Apply for a Letter of Interest</a> <a href="#">What's New - Some helpful tips to submit LI applications via EXIM Online</a> <a href="#">Apply for Insurance Policy</a> <a href="#">Act on Quote</a> <a href="#">Apply for Special Buyer Credit Limit (SBCL)</a> <a href="#">Apply for Issuing Bank Credit Limit (IBCL)</a> <a href="#">Continue a Saved Application</a> <a href="#">File a Claim</a> <a href="#">Continue a Saved Claim</a>  <b>Manage</b> <a href="#">Amend a Policy</a> <a href="#">Assign Insurance Policy Proceeds</a> <a href="#">Report Shipments</a> <a href="#">Make A Payment</a> <a href="#">Report Overdues</a> <a href="#">Maintain Letters of Interest</a>	<b>My Portfolio</b> <a href="#">Pending Applications</a> <a href="#">Pending Claims</a> <a href="#">Insurance In Force/Recently Expired Policies</a> <a href="#">Insurance Policy Assignments</a> <a href="#">Search Portfolio</a>  <b>Miscellaneous</b> <a href="#">Historical Transactions</a> <a href="#">My Company Profile</a> <a href="#">Broker Commissions</a>

# INSURANCE CLAIMS TIMELINE



exim.gov





# Documents for claim filing. Keep copies of:



Purchase Order



Any correspondence with the customer with regards to payment



Ocean bill of lading, airway bill, truck or rail bill



Credit files if using Discretionary Credit Limit authority



Final Invoice



When in doubt, call broker first!

# Best Practices for your EXIM Bank policy



Obtain a written purchase order from the customer



Control the movement of the freight (C terms)- or have a procedure to collect bill of lading documents for each order



Get a signed acceptance and/or acknowledgment of receipt of goods



Once payment becomes due, stay in touch with customer and keep a log of collection efforts (ie, emails)



Do NOT reschedule the payment terms without prior written approval from EXIM Bank



Contact us with any questions!

TOOLS FOR EXPORTERS

# Country Limitation Schedule

- ✓ EXIM conducts business in most countries throughout the world
- ✓ Restrictions may apply based on political or economic conditions and are highlighted on the Country Limitation Schedule
- ✓ Open in over 180 countries



Check the Country  
Limitation Schedule (CLS)  
at:

<https://www.exim.gov/resources/country-limitation-schedule>



# Eligibility Criteria



- Products shipped from U.S. with more than 50% U.S. content including labor & overhead, but not mark-up
- At least 3-year operating history, a positive net worth
- A DUNS number with Dun & Bradstreet
- Obtain and maintain an active SAM.gov registration, including the issuance of a Unique Entity Identifier (UEI)





# ADDITIONAL INFORMATION

*EXIM...*

- ✔ Charges \$0 buyer underwriting fees
- ✔ Policy coverage on sovereign foreign buyers is 100%
- ✔ Open to review foreign buyers in 185+ countries



## EXPORT CREDIT INSURANCE **Specialist Brokers**

### **EXIM...**

- ✔ Works with independent insurance brokers who assist with applications, place exporters with the best insurance option, and provide ongoing support and expertise





EXPORT-IMPORT BANK  
OF THE UNITED STATES

**Through awards to U.S. states and territories, STEP helps small businesses overcome obstacles to exporting by providing grants on a first come, first served basis to cover costs associated with entering and expanding into international markets.**



# Stay Connected to EXIM



**LinkedIn:** <https://www.linkedin.com/company/eximbankus>



**Twitter:** <https://twitter.com/eximbankus>



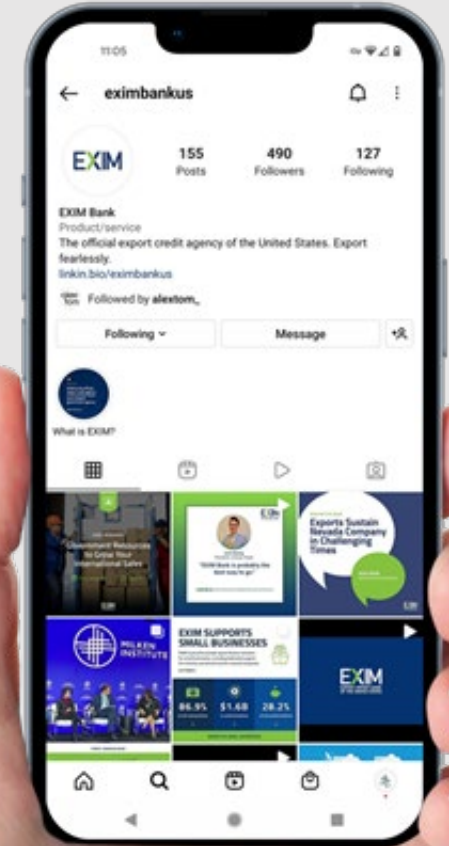
**EXIM Blog:** <https://grow.exim.gov/blog>



**Facebook:** <https://www.facebook.com/eximbankus>



**Instagram:** <https://www.instagram.com/eximbankus>



# Regional Offices

## **EASTERN**

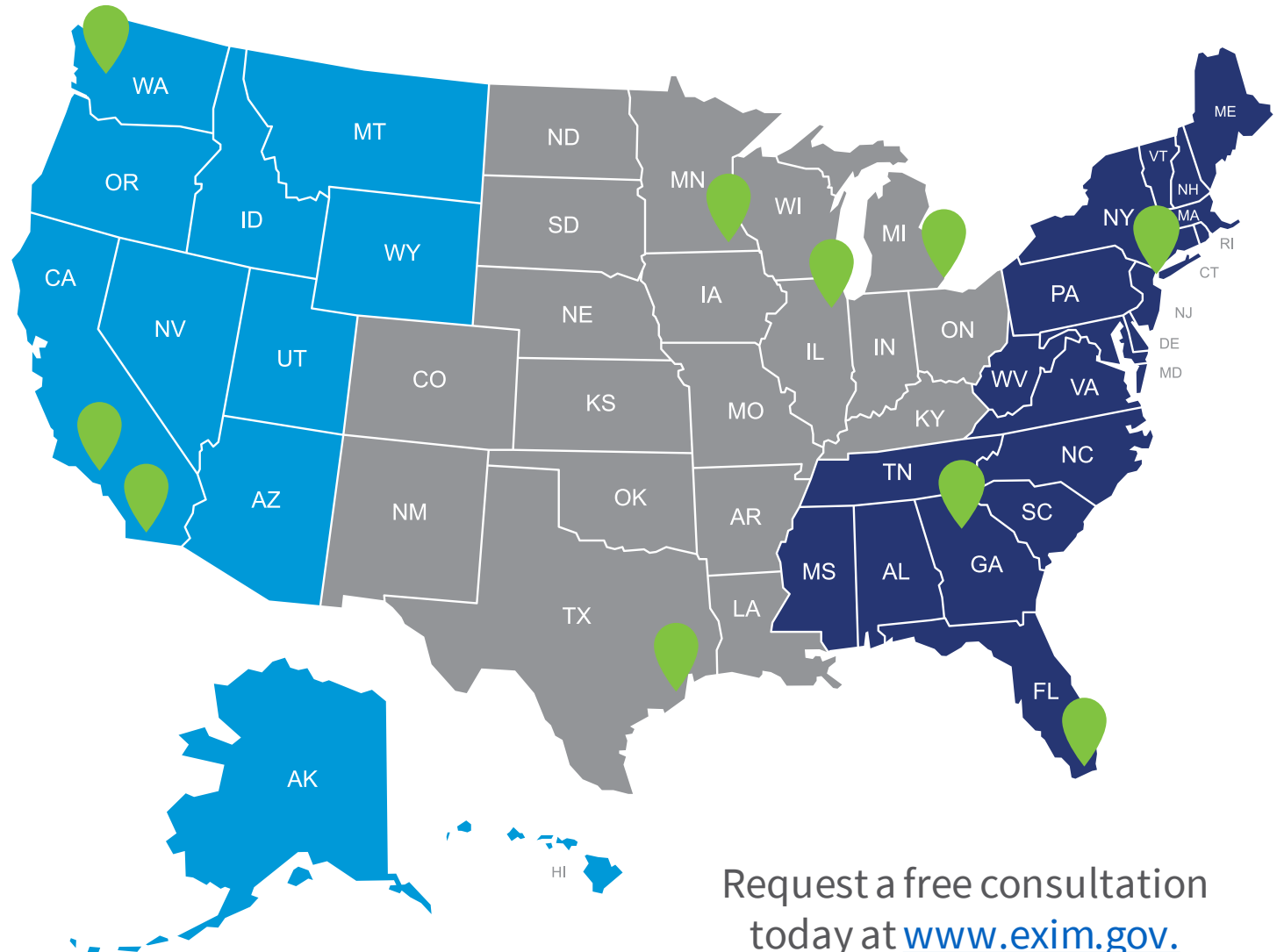
Miami, FL: (305) 526-7436  
New York, NY: (212) 809-2650  
Atlanta, GA: (404) 815-1497

## **CENTRAL**

Chicago, IL: (312) 343-0342  
Houston, TX: (832) 810-6448  
Minneapolis, MN: (612) 361-4838  
Detroit, MI: (202) 578-5544

## **WESTERN**

Orange County, CA: (949) 670-5394  
San Diego, CA: (858) 200-9313  
Seattle, WA: (224) 416-3582



Request a free consultation  
today at [www.exim.gov](http://www.exim.gov).



Questions

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