**Benefits to U.S. Lenders**

- Reduce nonpayment risk
- Commercial and Political Coverage

Financial institutions can reduce their risks on a short-term direct buyer credit loan or reimbursement loan made to a foreign buyer for the financing of U.S. exports through an Ex-Im Bank Financial Institution Buyer Credit Insurance Policy (FIBC).

A direct buyer credit loan is a loan extended to a foreign entity by a financial institution for the importation of U.S. produced goods. A reimbursement loan is the financial institution’s reimbursement of a buyer’s payments to U.S. suppliers. This policy affords coverage against commercial defaults and political events that result in nonpayment.

**Coverage**

The policy provides coverage against political risks such as war, revolution, expropriation or confiscation by a government authority, cancellation of import or export licenses after shipment and foreign exchange inconvertibility, and commercial losses due to protracted default, insolvency of the buyer or failure to reimburse for other reasons. Devaluation is not covered.

The policy is issued in one of two policy formats:

1. “Documentary” policy for “buyer” credits, and for certain “supplier” credits when the supplier is a small business (see Ex-Im Bank’s Short-Term Credit Standards, EIB99-09 - Exporter Credit Criteria for an Enhanced Assignment).

2. “Non-Documentary” policy for supplier credits when the supplier is not a small business or otherwise does not meet the criteria.

The documentary format requires the financial institution to obtain specific documents such as a signed buyer obligation, transport document, invoice, and an Exporter Certificate, EIB94-07.

Under the documentary format, having obtained documents that on their face satisfy the policy requirements, the insured financial institution can be assured that defects in the underlying commercial transaction will not cause claim denial.

Under the documentary format, the principal risk assumed is the uninsured retention.

Under the non-documentary format, the financial institution remains at risk for not only the uninsured retention but also certain events, such as fraud in the transaction, non-shipment of products, dispute in the transaction or the discovery of non-U.S. goods.

Both policy formats offer equalized coverage for commercial and political risks (comprehensive cover). Political-only coverage is available. Maximum percentages of cover are:

- Sovereign Obligors or Guarantors or Political-Only Coverage: 100%
- Non-Sovereign Obligors or Guarantors including non-sovereign public sector and private sector financial (non-letter of credit) and non-financial institutions: 90%
- Approved Agricultural Commodities: 98%

Coverage applies to credit extended under a direct loan or reimbursement agreement to a foreign buyer for goods produced in and shipped from the United States. The maximum period between the date of shipment and the creation of the buyer obligation will generally be 45 days. Cover is provided for credit terms up to 180 days for consumer items, spare parts and raw materials. On a case-by-case basis, agricultural commodities, capital equipment, and quasi-capital equipment may be insured on terms up to 360 days. Products that are less than 50% U.S. content exclusive of mark-up and certain defense products are not eligible for cover.

Documented interest is covered at the applicable rate for the approved currency specified in the policy up to a maximum of 180 days after the due date.
**Time Period**

The policy may be written for a period of up to 12 months.

**The Insured Agrees To Do**

- Report and pay premium on insured funding, form IB92-30, on or before the last business day of the month following the month in which the funding occurred;
- Not to enter into any transaction with a buyer who is insolvent or has any debts payable to the insured of $2,000 or more which are 90 days or more past due;
- Report to Ex-Im Bank, in writing, form EIB92-27, if the buyer has not paid any amount for 90 days after it was due;
- Do everything reasonable to collect from the buyer any amounts owing; and
- Obtain Ex-Im Bank’s prior written approval before rescheduling any insured transaction.

**Claims and Payments**

Claims may be filed 30 days after the due date and must be filed within 150 days. The insured must make a written demand for payment on the buyer and any guarantor at least 30 days before filing a claim. Upon payment of a claim, the insured agrees to sign a release, transfer the covered debt obligations to Ex-Im Bank and notify the buyer to make future payments to Ex-Im Bank. Ex-Im Bank pays properly submitted and documented claims, forms EIB92-42 & 43, which are in compliance with the policy within 60 days of receipt.

**Policy Application Procedure**

The application form, EIB92-41, is completed by the financial institution outlining the specifics of the transaction. Since this policy covers transactions on a single-buyer basis, a separate policy is issued for each foreign buyer. Information about the financial institution and the buyer, including a credit agency report and financial statement on each entity, must be submitted. Refer to Ex-Im Bank’s Short-Term Credit Standards, EIB99-09, and the application, for specific requirements and to determine the likelihood of approval.

Upon its review and approval of the application, Ex-Im Bank issues a policy quotation stating the parameters of coverage.

The policy quotation is effective for 60 days (may be extended an additional 30 days) and assures the financial institution that all policy conditions will remain unchanged for the quotation period. The policy is issued upon receipt of the minimum premium, which must be received in full within the quotation period. Premium is then paid, at the rate specified in the policy, on funding by the insured financial institution. A premium reconciliation is made at the end of the policy period and an appropriate premium refund is made.

**Risk-Based Premium Rates**

A risk-based pricing system is used, that reflects the major risk elements of each transaction. A non-binding rate indication may be obtained by referring to the Short-Term FIBC Fee Calculator on the Ex-Im Bank Web site at [http://www.exim.gov](http://www.exim.gov) or by contacting the Business Development Division with specifics of the contemplated transaction. Changing conditions may result in a different rate being finally offered than is initially indicated.

Premium is paid on the total principal amount to be insured. The premium rate is paid per $100 of invoice value.

**Minimum Premiums**

The following minimum premiums apply:

<table>
<thead>
<tr>
<th>Coverage Type</th>
<th>Premium</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sovereign and Political-Only</td>
<td>$ 750</td>
</tr>
<tr>
<td>Financial Institution Private and Non-Sovereign Public</td>
<td>$ 1,500</td>
</tr>
<tr>
<td>Non-Financial Institution Private and Non-Sovereign Public</td>
<td>$ 2,500</td>
</tr>
</tbody>
</table>

**Next Step:**

Ex-Im Bank’s local experienced Export Finance Managers are ready to help U.S. businesses win sales worldwide. They will also answer questions and expedite the application process. Simply call 800.565.3946. Learn more at [http://www.exim.gov/smallbusiness](http://www.exim.gov/smallbusiness)