Endorsements and Coverage Enhancements for Multi-Buyer Policies

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Export Credit Insurance

The information provided in this webinar is provided for descriptive purposes only, and is not intended to explain how any specific EXIM policy will respond to a given situation. The availability of coverage and any claim determinations are based only on the facts, circumstances, terms and conditions of the specific transaction and insurance policy.
Additional Named Insured

What it does
• Provides coverage to parties related to the insured exporter

When it is used
• When a party related to the named insured is invoicing in their own name

Common Types of Additionally Named Insureds (ANIs):
• Affiliates – associated via ownership by common parent with parent exercising control
• Tradestyles - commonly known as a “dba”; not a separate operating entity
• Foreign ANIs – insured must be U.S. based and have control of decision making
Key points:

- EXIM’s credit decision is based on the named insured.
- Coverage applies to the invoices owed by the foreign obligor to the ANI; there is no commercial coverage between insured and ANI.
- Decision making should be centralized with the insured.
- The named insured remains the point of contact for all purposes.
- As noted above, foreign affiliates are eligible; additional due diligence required.
Bulk Agricultural Commodities

What it does

• Increases percentage indemnity for buyer non-payment to 98% for bulk agricultural commodities
• Identifies which commodities are covered

When it is used

• When insured is shipping designated bulk agricultural commodities
• More common with single buyer policies

Typical Approved Agricultural Commodities

- wheat
- peanuts
- raisins
- raw sugar
- cotton
- leaf tobacco
- rye
- sorghum
- oats
- linseed
- safflower seeds
- rice
- barley
- soybeans
- sunflower seeds
- tallow
- cottonseeds
- flaxseeds
- lanolin
- corn
- other nuts
- citrus
- produce
- other bulk grains

Key points:

• Commodities must be unprocessed bulk items
• Non-acceptance cover is deleted (exporter policies)
Products Delivered to Buyer in the U.S.

What it does
- Provides coverage for goods that are sold to a buyer but shipped to a location in the U.S.

When it is used
- When the terms of sale to the buyer require delivery to the buyer to a location in the U.S.

Key points:
- Used on SBCL's
- Insured must have an invoice that specifies delivery to a named location in the U.S. and states that the goods are for ultimate delivery to the buyer in the buyer’s country
- Waives the requirement for a bill of lading and accepts other shipping documents instead
- Not applicable to shipments “ex-works”
Warehouse

What it does

• Adds coverage for goods sold out of a warehouse located outside the US

When it is used

• When the insured ships (not sells) goods to itself, its agent, branch or affiliate outside the US and the goods are delivered to a warehouse for the purpose of display or subsequent sale of the goods

Key points:

• Insured must retain title to goods prior to any sale, and goods sold within 180 days from date of shipment from the U.S.

• Excludes:
  • coverage for a buyer default existing at the time the endorsement is issued
  • cancellation/non-renewal of a license, imposition of a law or regulation
  • war, insurrection or arbitrary action by a government authority in the buyer’s country

• Does not cover property/casualty coverage for goods while in the warehouse
What it does

• Amends the policy to provide cover for the provision of specified services
• On a case-by-case basis, royalties may be considered for coverage.

When it is used

• When the insured transaction involves the sale of services rather than goods, or in conjunction with the sale of a physical product (i.e., maintenance, installation).

Key points:

• Personnel providing services must be legal U.S. workers (employer has I-9 form on file for worker), and work can be performed inside or outside the U.S.
• A sample services contract may be requested
• The “date of shipment” is the service invoice date
• Foreign-developed licenses/technology owned by a US entity for at least one year are deemed U.S. content; if less than one year, it is considered foreign content and ineligible for support
• Tools used in providing services not required to meet EXIM US content requirements
Political Risk Only

What it does

- Limits coverage to buyer defaults caused only by named political risk perils
  - currency inconvertibility
  - cancellation or non-renewal of a license
  - the imposition of a law or regulation
  - war, insurrection or other like disturbance

When it is used

- Insured is concerned primarily about political risk than pure credit risk
- Insured wants to lower premium expense

Key points

- Percentage of cover: 100%; No deductible.
- Individual Country Limit of liability is $5 million where Public Sector coverage is not restricted by the Country Limitation Schedule. Otherwise, subject to specific country limits if the market is restricted by the Country Limitation Schedule.