



Trade Credit Insurance

An invaluable aid to successful Domestic and International Business

Presented by Business Credit Solutions, Inc.

Facilitating Business to Business Commerce Worldwide

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HOW DO YOU PLAN TO GROW YOUR BUSINESS?

- Sell more to the same customers
 - Need larger credit limits
- Find new customers in the same markets
 - Number of domestic buyers not increasing
- Find new customers in new markets
 - Not familiar with customers and markets

To compete effectively in today's global market, it is essential to offer open account terms to both foreign and domestic customers

INTERNAL CHALLENGES TO EXPANSION

- Lack of capital
- Lack of confidence with the economy
- Lack of familiarity with new markets
- Credit worthiness of new and current customers
- Not comfortable with extending terms
- Have experienced painful bad-debts before
- Competition offers better terms to the buyer

EXTERNAL CHALLENGES TO EXPANSION - THE RISKS ARE REAL

- Economies & currencies on the brink of collapse
- Revolutions
- Earthquakes
- Tsunamis
- Nuclear meltdowns
- Hurricanes
- \$100+ barrels of oil
- \$1700+ ounces of gold
- Fewer new domestic buyers

WILL YOUR CUSTOMERS SURVIVE THESE TURBULENT TIMES?

- However well you know your markets and customers, insolvencies and buyer defaults are realities
- If they are not up to the challenge, will their problems become your problem?
- Liquid capital tied up in accounts receivable can be as much as 40% of a company's assets
- We become reliant upon customers' good payment habits

WHAT WOULD HAPPEN TO YOUR COMPANY IF YOUR LARGEST CUSTOMER(S) COULDN'T PAY YOU?

- Annual profits become severely reduced or disappear entirely
- Difficulty or inability to pay your vendors
- Lose ability to take trade discounts
- Have to borrow or invest more capital
- Go out of business

WHAT IF YOU COULD:

- Borrow more and at more favorable terms
- Have a partner to share the credit risk
- Have access to world-class credit evaluations
- Extend more favorable terms and larger credit limits with more comfort
- Have continuous monitoring of customer credit worthiness
- Support sales goals and initiatives

WELCOME TO THE WORLD OF TRADE CREDIT INSURANCE

- As a “pure” insurance product, protects against unexpected and catastrophic credit losses
- Provides guidance via credit management policies and procedures, that ensure you are selling credit-worthy customers
- Creates sales expansion and better customer relations by granting terms rather than cash or Letters of Credit
- Enhances the value of *your* accounts receivable, enabling lenders to increase limits of lending, many times at more attractive rates and terms

THE EXPORT-IMPORT BANK OF THE UNITED STATES



- Independent federal agency that helps create and maintain U.S. jobs by filling gaps in private export financing at no cost to American taxpayers. In the past five years, Ex-Im bank has earned for U.S. taxpayers \$1.9 Billion above the cost of operations.
- Provides a variety of financing mechanisms, including working capital guarantees, export-credit insurance and financing to help foreign buyers purchase U.S. goods and services.
- Ex-IM Bank approved \$32.7 billion in total authorizations in FY 2011 -- an all-time Ex-IM record.
 - Total includes more than \$6 billion directly supporting small-business export sales
 - Total authorizations are supporting an estimated \$41 billion in U.S. export sales and approximately 290,000 American jobs in communities across the country.

EX-IM BANK ELIGIBILITY



- Ex-IM Bank can do business in most markets.
- Military or defense items are generally not eligible nor are sales to military buyers (with certain exceptions).
- Enhanced Support for Environmentally Beneficial Exports
 - Ex-IM Bank has an Environmental Exports Program that provides enhanced support for a broad range of environmentally beneficial exports, including exports related to renewable energy sources. These enhancements apply to both short-term and medium-term policies.

FOR EXPORTERS



- Eliminate expensive and burdensome Letters of Credit
- Become more competitive by offering credit terms
- Eliminate POLITICAL RISK:
 - Political violence, such as revolution, insurrection, civil unrest, terrorism or war;
 - Governmental expropriation or confiscation of assets;
 - Governmental frustration or repudiation of contracts;
 - Wrongful calling of letters of credit or similar on-demand guarantees;
 - Business Interruption;
 - Inconvertibility of foreign currency or the inability to repatriate funds.

EX-IM BANK INSURANCE



- Ex-IM Bank's short-term insurance covers:
 - Wide range of goods, raw materials, spare parts, components, and most services on terms up to 180 days.
 - Capital goods, consumer durables (e.g., refrigerators) and bulk agricultural commodities. In exceptional cases, these exports may be covered on terms up to 360 days.
- Short-Term Insurance – Products must be shipped from the United States and have at least 50% U.S. content (excluding mark-up).
- Medium-Term Insurance – We will insure up to 85% of the net U.S. contract value. (If the foreign content is more than 15%, we will support only the U.S. portion.)



TYPES OF CREDIT INSURANCE AND OTHER TYPES OF POLICIES

1. Single-buyer
2. Multi-buyer – now includes Express Insurance for 20 or fewer buyers
3. Special policies for small and medium-sized companies
 - Working Capital Loan Guarantees – for the production of goods and services for export
 - Medium and Long-Term Customer Financing Guarantees– for buyers in emerging markets that may allow customers attractive financing and can make a difference between making or losing an important sale



POLICY FEATURES

Small Business Multi-Buyer Policy

To qualify as a small business, the U.S. exporter (together with affiliates) must meet the U.S. Small Business Administration's definition of a small business (500 and fewer employees) and have export credit sales of less than \$5 million.

- Features include:
 - No first-loss deductible
 - Simplified premium-rate schedule
 - Enhanced assignment (for qualified exporters)
- This short-term insurance policy helps small businesses to:
 - expand into new foreign markets,
 - add new buyers,
 - transfer all foreign buyer credit decision making to Ex-Im Bank at an economical cost



EXPRESS INSURANCE POLICY

- It is a "named buyer" policy that simplifies small business access to export credit risk insurance on their foreign accounts receivable.
- A streamlined online application provides a policy quote and credit decisions up to \$300,000 on foreign buyers within five workdays (buyer credit requests exceeding \$300,000 will require additional processing time).
- Insurance premiums are payable only upon an exporter's shipment, or invoice for services, to a buyer pre-approved by Ex-Im Bank.
- Premium rates are determined by a rate schedule based on the credit term with no differentiation based on country.
- Credit reports on all buyers the exporter elects to insure are complimentary (though they remain with Ex-Im Bank). Insuring pre-existing foreign buyers is optional. There are no application fees. A \$500 advance deposit may be required at quotation acceptance to issue the policy. This deposit is refundable if the exporter decides to cancel the policy.



EXPRESS INSURANCE QUALIFIERS

- Together with any parent company, subsidiaries, or affiliates, the applicant must:
 - Be a small business as defined by the Small Business Administration
 - Have an average of less than \$7,500,000 in export credit sales over the last three years (excludes sales to Canada, and those on letters of credit, cash, or sight payments).
 - At least one year operating history and a positive net worth
 - A DUNS # with Dun & Bradstreet (866.705.5711)
 - Twenty or less existing foreign buyers sold to on Credit Terms (excludes Canadian buyers and those on letters of credit, cash or sight payments)

EXPRESS FEATURES & PREMIUM RATES

- Commercial losses due to insolvency, bankruptcy, and default covered at 95%
- Political losses due to war, revolution, cancellation of import or export licenses, currency
- Inconvertibility are all covered at 95%
- No first-loss deductible

RATES are determined by terms of sale and are per \$100 of gross invoice value as follows:

Days	Premium ex: \$1000 sale	
1-60	0.65%	\$65
61-120	1.06%	\$106
121-180	1.35%	\$135

HELPING YOU EXPORT – JUST ASK

1. U.S DEPARTMENT OF COMMERCE:
 - COMMERCIAL SERVICES
 - SMALL BUSINESS ADMINISTRATION (SBA)
 - EXPORT-IMPORT BANK
 - DEPARTMENT OF AGRICULTURE
 - INTERNATIONAL TRADE ADMINISTRATION
2. N.C DEPARTMENT OF COMMERCE
 - INTERNATIONAL DIVISION
 - DEPARTMENT OF AGRICULTURE
3. SBTDC (SMALL BUSINESS & TECHNOLOGY DEVELOPMENT CENTER)
 - INTERNATIONAL BUSINESS DEVELOPMENT

NO COST ASSISTANCE TO OBTAIN INSURANCE

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REGISTERED BROKER FOR THE US IMPORT-EXPORT BANK

DOMESTIC & EXPORT TRADE CREDIT INSURANCE

PROPERTY & CASUALTY BROKER IN NC, SC, VA and other states