

70. The ECIC offers insurance to all persons or corporations in Canada exporting goods or providing engineering, construction, technical and similar services to clients in foreign countries on a deferred-payment basis. Insurance is also available for consumer goods and miscellaneous general commodities shipped on consignment for sale or for exhibition purposes. The goods must be exported from Canada and be wholly or substantially of Canadian origin.

71. The risks insured include :

- Insolvency of the foreign buyer ;
- Failure of the buyer to pay for goods delivered to and accepted by him within six months after the due date of payment ;
- Non-acceptance of the goods by the buyer, where this does not result from a breach of contract by the exporter and where proceedings against the buyer would serve no useful purpose ;
- Blockage of funds or transfer difficulties ;
- War or revolution ;
- Cancellation or non-renewal of an export permit ;
- Imposition of restrictions on the export of goods not previously subject to restrictions ;

Any other cause outside the control of both the exporter and the buyer arising from events occurring outside Canada and the United States.

72. The ECIC does not cover trade disputes and will not arbitrate between Canadian exporters and foreign buyers in a dispute about the quantity or quality of goods delivered. Furthermore, it does not cover risks which can be and normally are insured by commercial insurers. The main commercial insurer is American Credit Indemnity, a company with headquarters in the United States and offices in Canada, which insures commercial risks on short-term Canadian sales to the United States and short-term United States sales to Canada.

73. The insurance policies of the ECIC vary according to whether they cover consumer goods and general commodities normally sold on credits of up to six months, capital goods sold on credits of up to five years, or services :

(a) Consumer goods and general commodities. Two types of policy are issued, both covering an exporter's entire sales for one year :

A contracts policy, which protects the exporter from the reception of the order to the payment of the bills. This type of policy is designed for exporters who manufacture goods to particular specifications or goods which are so marked or stamped as to be of no value except to the original buyer ;

A shipments policy, which protects the exporter from the date of shipment.

(b) Capital goods. Two types of policy are issued for capital goods :

CC (Spec G) policies, which cover sales to foreign governments or public entities ;

CC (Spec) policies, which cover sales to nongovernmental buyers.

(c) Service Policies as issued to cover engineering, construction, technical or similar service contracts between Canadian firms and foreign buyers.

74. The maximum indemnity that can be paid in respect of both commercial and non-commercial risks under all types of policy is 90 per cent of the loss. Any recoveries after payment are shared between the exporter and the ECIC in the same proportions in which the loss was shared. Premium rates are confidential, being known only to the exporter and the ECIC.

75. Losses are usually paid according to the following schedule :

Insolvency : immediately after submission of proof of insolvency ;

Default : six months after due date of payment ;

Non-acceptance : one month after the amount of the loss has been established ;

Transfer difficulties : four months after due date of payment ;

All other risks : four months after the occurrence of the events which caused the loss.

76. In October 1965 the ECIC extended its insurance facilities by undertaking to provide unconditional guarantees to banks, thus enabling exporters to obtain non-recourse financing for sales of capital equipment sold on medium-term credit. Under this new bank guarantee facility, normal ECIC insurance principles relating to sales of capital goods on medium-term credit continue to apply. The insurance policy provides cover to the exporter during the production period of the goods but, once the buyer has accepted the goods, the unconditional guarantee to the bank goes into effect enabling the bank to waive recourse to the exporter. This new arrangement provides the lending bank with ECIC's 100