

Mr. LINDER. The agreement which sets out the relationship between FCIA and Eximbank is written to insure that the Bank has an important role to play in the determination and implementation of the policies of FCIA. The agreement sets out criteria which insure equitable treatment of all U.S. exporters. In addition, all transactions beyond a certain size must be approved by the Bank as well as by FCIA and even in those markets where FCIA has discretionary authority to commit the Bank we keep close watch over the policies written to insure their compatibility with our standards.

The Bank and FCIA are in constant and close coordination on the day-to-day operations of the insurance programs as well as on general policy questions. Both organizations continually endeavor to service the needs of U.S. exporters and the FCIA program as well as the bank guarantee program have been modified a number of times to reflect changing conditions and the lessons of experience.

Mr. WOLFF. It is my understanding that in its dealings with FCIA the Export-Import Bank is imposing certain limitations or restrictions which result in small exporters' inability to obtain credit risk insurance beyond 180 days. If so, this Committee will appreciate a statement regarding the nature of these limitations or restrictions, the reasons therefor and, what steps, if any, the Export-Import Bank anticipates to alleviate the small businessman's plight resulting therefrom?

Mr. LINDER. We do not know of any limitations or restrictions being imposed on the ability of small exporters to obtain credit risk insurance.

Mr. WOLFF. It is further my understanding that FCIA's standard insurance agreement form contains recourse provisions which are detrimental to the small businessman. If such recourse provisions do, in fact, exist, this Committee will appreciate a detailed explanation thereof, the reasons therefor, and the extent to which they are impeding small business participation in export trade?

Mr. LINDER. There are no recourse provisions in the insurance agreement forms, and we do not know of any provisions in the policies which could be construed as detrimental to the small businessman. FCIA sometimes facilitates the assignment of policy proceeds by the insured to his commercial bank by issuing the bank a so-called "hold harmless" agreement undertaking to pay the bank in case of default for any reason, including reasons excluded from coverage under the policy provisions. These agreements of course provide for recourse by FCIA to the exporter in the case of payments based on defaults for excluded causes. These agreements are not detrimental to small business.

Mr. WOLFF. What criteria, if any, is a small businessman required to meet in order to qualify for insured credit?

Mr. LINDER. There are no special criteria which an exporter must satisfy. He need only apply to his insurance broker or directly to FCIA for insurance on his export sale.