

U.S. Credit Insurance

Program.
Short-term insurance (up to 180 days)

Type of coverage.	Comprehensive (political and commercial) coverage	Political coverage alone
Purpose.	To enable exporters to extend credit by covering most of their risks through insurance, and enhancement thereby of their potential capacity to borrow from banks and other financial institutions, through assignment of the proceeds of the policy.	To enable exporters to extend credit by covering most of the political risks through insurance, and enhancement thereby of their potential capacity to borrow from banks and other financial institutions, through assignment of the proceeds of the policy.
Risks covered.¹	(1) Commercial risks, i.e., insolvency and protracted default, and (2) political risks, i.e., currency inconvertibility, cancellation or restriction of import or export license, expropriation or confiscation, loss due to war, revolution, or civil disturbance, and certain others.	Political risks, i.e., currency inconvertibility, cancellation or restriction of import or export license, expropriation or confiscation, loss due to war, revolution, or civil disturbance, and certain others.
Types of goods and services.²	U.S.-produced goods, generally consumer goods, sold abroad for dollars and in some cases for foreign currencies.	U.S.-produced goods, generally consumer goods, sold abroad for dollars, and in some cases for foreign currencies.
Basis of coverage.	Whole turnover (all eligible exports) or reasonable spread of risks.	Whole turnover (all eligible exports) or reasonable spread of risks.
Amount of coverage.	Up to 90 percent of losses due to commercial risks; up to 95 percent for political risks. Policy subject to overall limit of liability and also to maximum amount of credit outstanding to each buyer.	Up to 90 percent of losses due to insured political risks. Policy subject to overall limit of liability and also to maximum amount of coverage in certain countries.
Nature of obligations.	Any of usual instruments used for short-term credit transactions (letters of credit, drafts) or open-account arrangements.	Any of usual instruments used for short-term credit transactions (letters of credit, drafts) or open-account arrangements.
Cash payment requirements.	None.	None.
Repayment period.	Credit terms customary for the goods in international trade up to 180 days. ³	Credit terms customary for the goods in international trade up to 180 days. ³
Determination of credit-worthiness of buyer.	Exporter shipping against discretionary limit specified in each policy must have in his files at least two satisfactory current credit reports from reliable sources. FCIA, at request of exporter, may arrange a special limit for a buyer justified by available credit information in excess of discretionary limit.	None.
Availability of preshipment coverage.⁴	Yes.	Yes.
Availability of advance commitment.	Not applicable because policy issued for ensuing year's business.	Not applicable because policy issued for ensuing year's business.
Cost to exporter.⁵	Variable, according to destination and terms of payment. Costs normally vary from 0.09 percent to 2.14 percent of gross invoice value.	Variable, according to destination and terms of payment. Costs normally vary from 0.08 percent to 1.42 percent of gross invoice value.
Who applies.	Exporter.	Exporter.
Where to apply.	Through local insurance agent, broker, FCIA member company, or to FCIA itself.	Through local insurance agent, broker, FCIA member company, or to FCIA itself.
Administering agency.	Foreign Credit Insurance Association (FCIA), 250 Broadway, New York, N.Y. 10007.	Foreign Credit Insurance Association (FCIA), 250 Broadway, New York, N.Y. 10007.

¹ Nonacceptance coverage is available in appropriate circumstances. Neither insurance nor guarantees, however, provide coverage when a dispute exists between buyer and seller, or when exporter fails to live up to his contractual obligations.

² In addition to the Eximbank guarantees to commercial banks outlined on the chart, Eximbank issues guarantees (comprehensive or political only) directly to U.S. suppliers for certain services (including architectural and design, engineering studies, and economic surveys), for lease of

equipment overseas, for goods abroad on consignment awaiting sale, for goods abroad on exhibit at trade fairs, and sales from consigned stocks.

³ In special circumstances, insurance will be provided up to 1 year under short-term policies.

⁴ Basic coverage provides protection from time of shipment, whereas preshipment contract coverage affords protection while product is being manufactured.

⁵ In addition to the normal advance commitment for medium-term guar-