Other Insurers

A number of other export credit insurers — and quasi-insurers — also serve the market although they account for a relatively small number of the total policies sold. These include private firms such as Marsh & MacLennan, Zurich, Affiliated, Lloyd's, and Canadian Financial as well as government agencies such as the Business Development Bank Canada (BDC), and certain small business development corporations. Private insurers are often able to offer more flexible export credit insurance coverage than the EDC because they are not bound by federal restrictions concerning the origin of the goods and services being exported.

Alternatives to Export Credit Insurance

It is possible to avoid credit risks by selling or discounting the export receivables. Sale of the receivables permits the exporter to transfer the credit risks and results in an immediate cash receipt. Such a service is not cost-free. Charges by the bank for this service include premiums to cover the buyer and country risks assumed, as well as a financing charge (interest) for advancing funds before the export receivable is collected.

A different type of security is provided by the Canada Commercial Corporation (CCC). It will facilitate a deal between Canadian suppliers and foreign purchasers by providing assurances to both sides. For foreign buyers, the corporation undertakes to guarantee the performance of the Canadian supplier, ensuring that goods or services will be delivered as specified. For Canadian exporters, the corporation guarantees that payment will be made if the terms of the contract are fulfilled and, in many cases, it accelerates payments.