

6.5 Canada Account Insurance Activity

Canada Account insurance is generally required in support of Canadian export contracts when EDC is off-cover in an export market, but the transaction is thought to be in the national interest and when insurance coverage or a security agreement is required in connection with a Canada Account-financed loan. Formerly, all Foreign Investment Insurance (FII) liabilities were covered exclusively under the Canada Account, and although several such policies remain on the Canada Account books, FII coverage is now also available under EDC's Corporate Account.

As at March 31, 1990, the value of outstanding contingent liabilities under insurance contracts and other agreements stood at \$58 million, against the statutory ceiling (Section 28 of the Act) of \$7.0 billion.

TABLE 6.5.1
CURRENT MAXIMUM CANADA ACCOUNT LIABILITY
AS AT MARCH 31 YEAR END
(\$ MILLIONS)

Type of Policy	1988-89		1989-90	
	No.	Amount	No.	Amount
Bulk Agriculture	(7)	\$21.2	(3)	\$21.999
Medium-Term	(3)	\$.328	-	-
Loan-Related Specific Insurance	(7)	\$17.123	(2)	\$14.826
Loan-Related Security Insurance	(2)	\$240.275	-	-
Foreign Investment	(13)	\$43.125	(9)	\$21.536
Total Maximum Liability	(32)	\$322.105	(14)	\$58.361

The significant drop in maximum liability from 1988 to 1989 is accounted for by the expiry of a \$235.5 million security agreement relating to Canada Account-backed 1982 sale of subway cars to the United States.

For a detailed Maximum Liability report, complete with exposure by country, please refer to Appendix III.

7.0 SUMMARY OF CANADA ACCOUNT 1988-89 and 1989-90 BUSINESS RESULTS

In 1988-89, \$411 million in Canada Account financing enabled Canadian exporters to conclude \$708 million in export contracts in 7 countries. During 1989-90, 23 transactions in 8 countries, and with a total contract value of \$530 million were concluded on the basis of \$232 million in Canada Account financing. (The discrepancy between financed amounts and contract amounts is due