

USA Commercial Risk (Deductible) Insurance

USA Commercial Risks (Deductible) Insurance provides cover against specified commercial risks to larger exporters selling to the USA. An exporter may choose a deductible in return for a lower premium rate. An exporter is required to insure all USA sales unless excluded by EDC.

Short Term Bulk Agricultural Credits Insurance

Short Term Bulk Agricultural Credits Insurance provides cover on sales to foreign governments and sales to private buyers made under irrevocable letter of credit terms. The short term policy covers sales on terms of up to 360 days. EDC insures 100% of the political risks and 95% of the commercial risks under this program.

ii) Medium Term Specific Transaction Insurance, Investment Insurance and Guarantees

The insurance and guarantees covers individual transactions. The various types available are as follow:

Specific Transaction Insurance

Specific Transaction Insurance provides cover until payment is received by the exporter for individual transactions involving capital goods and services either from the effective date of contract or from the date of the shipment of goods.

Loan Pre-Disbursement Insurance

Loan Pre-Disbursement Insurance provides cover for the production risk from the effective date of financing until disbursements are made under the loan agreement.

Performance Security Insurance

Performance Security Insurance provides cover for the exporter against a wrongful call by a foreign buyer of an Irrevocable Letter of Credit (ILC) or letter of guarantee provided by the exporter's bank on behalf of the exporter. It also provides coverage for a rightful call due to specified risks outside the exporter's control.

Bid Security Insurance

Bid Security Insurance provides cover for the exporter against a wrongful call by the foreign buyer of an Irrevocable Letter of Credit (ILC) or letter of guarantee provided by the exporter's bank on behalf of the exporter. It also provides cover for a rightful call due to specified risks outside the exporter's control.

Consortium Insurance

Consortium Insurance protects members of an exporting consortium against the rightful call of a performance instrument where the other member or members of the consortium are unable to pay their shares, or are otherwise unable to perform.

Surety Bond Insurance

Surety Bond Insurance insures a domestic surety company providing a performance bond to a foreign buyer on behalf of a Canadian exporter.

Specific Sub Supplier Insurance

Specific Sub Supplier Insurance provides cover to Canadian companies acting as sub-contractors to Canadian exporters. Cover is provided against non-payment by the Canadian exporter (Domestic Risk) and

non-payment by the foreign buyer resulting in the inability of the Canadian exporter to pay (Foreign Risk).

Equipment (Political Risk) Insurance

Equipment (Political Risk) Insurance protects Canadian exporters' equipment located at a foreign job site against a loss resulting from expropriatory action, war or hostilities, the inability to re-export or damage due to political events.

Foreign Investment Insurance

Foreign Investment Insurance provides cover for periods of up to 15 years or more against three broad categories of political risks: inconvertibility or the inability to repatriate earnings or capital; expropriation; and war and revolution. The investment must be new and there must be an economic advantage to both Canada and the host country.

Specific Transaction Guarantees

Specific Transaction Guarantees provide unconditional cover to banks or other financial institutions on non-recourse supplier financing.

Performance Security Guarantees

Performance Security Guarantees provide unconditional cover to banks or other financial institutions against a call of a security instrument, usually in the form of an Irrevocable Letter of Credit or Guarantee, that is issued to a foreign buyer on behalf of a Canadian exporter as security for performance.

Bid Bond Guarantees

Bid Bond Guarantees provide unconditional cover to banks or other financial institutions against a call on a bond, usually in the form of an Irrevocable Letter of Credit or Guarantee, that is issued to a potential foreign buyer on behalf of a Canadian exporter as security for bids.

Medium Term Agricultural Guarantees

Medium Term Agricultural Guarantees provide unconditional cover to banks or other financial institutions providing financing on agricultural products on terms of up to three years. Support for such terms is only available to match terms offered by officially supported competition.

2. Export Financing

EDC provides export financing at both fixed and floating rates of interest to foreign buyers of Canadian capital goods, equipment and services. EDC can also extend credit directly to Canadian firms which purchase Canadian goods for use or lease outside Canada. Funds are disbursed directly by EDC to Canadian exporters on behalf of the borrower, in effect providing the exporter with a cash sale. EDC now offers six financing services.

Direct Loan

This is a financing agreement in respect of a transaction where the terms of the financing have been agreed upon and the funds are disbursed under a Disbursement Procedures Agreement signed by the borrower/buyer, the exporter and EDC.

Allocation Under a Line of Credit

A line of credit is a special version of a loan whereby a foreign borrower, usually a financial institution, agrees