

EXPLANATORY NOTES.

1. Paragraphs (f), (g) and (j) of subsection (1) of section 2 of the *Export Credits Insurance Act* now read as follows:

- “(f) ‘export’ means export from Canada;
- (g) ‘exporter’ means a person who exports or agrees to export goods;
- (j) ‘selling price’ includes insurance, freight or other charges paid or to be paid by the exporter on the buyer’s behalf.”

Subsection (2) of section 2 of the Act now reads as follows:

- “(2) For the purposes of this Act a sale of goods to a buyer who intends to export them shall be deemed to be an export and the seller shall be deemed to be an exporter.”

The repeal of these provisions is consequential upon the amendments to section 13(1)(a).

2. New. In keeping with sound insurance practice, the Act provides for the maintenance of an Underwriting Reserve against losses. The Corporation is required, as long as the Underwriting Reserve is less than five million dollars, to credit to it any excess of revenues over expenditures in each year. This provision will enable the Corporation, in calculating its taxable income for a taxation year, to deduct the amount it has credited to the Underwriting Reserve in that year.

3. Paragraph (a) of subsection (1) of section 13 of the Act now reads:

- “(a) for the purpose of facilitating and developing trade between Canada and any other country, enter into a contract of insurance with an exporter to insure him against any risk of loss in connection with the export or an agreement for the export of goods by reason of the failure of the exporter, for any cause not avoidable by the exporter, to recover the selling price of the goods;”

In addition to providing insurance for non-payment for goods exported from Canada, this clause will enable the Corporation to insure Canadian exporters against losses arising from the shipment of goods on consignment or for exhibition purposes, sales of Canadian goods abroad by a foreign subsidiary of the exporter and non-recovery of payment for the rendering of engineering, construction, technical or similar services in foreign countries.