



FCIA Trade Credit & Political Risk





FCIA

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About FCIA

Since 1961

FCIA Trade Credit & Political Risk, formerly known as FCIA Management Company, is a Division of Great American Insurance Company. FCIA underwrites and services the trade credit and political risk insurance policies of Great American Insurance Company.

FCIA's associated organization, the Foreign Credit Insurance Association, pioneered export credit insurance in the United States in 1961. FCIA offers export and domestic trade credit insurance as well as a wide variety of specialty trade credit and political risk products that facilitate global trade and related financing activities.

Our Reputation and Track Record

FCIA is a longstanding member of the International Union of Credit and Investment Insurers, Berne Union. We have serviced our insureds through many political and financial crises around the world including the global financial crises in 2007-2008 and the recent global pandemic. We have managed our risks and paid significant claims over the years, demonstrating that we are a reliable and consistent trade credit insurance partner.

Broad Product Line

We have a wide range of products for companies and financial institutions that cover multiple types of transaction structures. To this we add our clear policy wordings and flexible approach to tailoring coverages to satisfy specific customer needs.

You can view our full product offerings at www.FCIA.com.

Underwriting Expertise

FCIA's underwriting staff is always accessible to discuss your requests or explore coverage possibilities on difficult transactions. Our many years of underwriting experience equip us to respond knowledgeably to your needs, work with you to understand a specific risk, or customize policy language.

Transparent Cost

With FCIA there are no extra costs or fees. We do not charge additional fees for underwriting buyer credit limits or for in-house collection of bad debts.

Quality Service

FCIA Trade Credit & Political Risk is organized to provide quality service. Each of our customers is assigned to a team of 2-3 experienced underwriters, who handle all aspects of your relationship with FCIA during the life of the policy including initial quoting, servicing the policy and policy renewals.

Claims

We understand that an insurer's reputation for handling claims is an important part of the purchase decision. FCIA's in-house claims adjustment professionals have broad experience in our product line through all stages of the claims process; from loss prevention through claims adjustment, claim payment and pursuit of recoveries.

Collections/Recoveries

FCIA's in-house collection team have helped our customers collect millions of dollars for their own account related to coinsurance, deductibles and amounts in excess of their approved limit.

Why Trade Credit Insurance?

If you are a company selling products or services on credit terms or a financial institution financing those sales, you are providing trade credit. Trade credit can be extended on both domestic and international sales where nonpayment by your buyer is part of the risk of doing business. Trade Credit Insurance products protect you against that nonpayment risk.

Nonpayment can be caused by commercial or political events such as insolvency or protracted default. On international transactions, it can also result from the occurrence of disruptive political events such as wars, embargoes, or currency inconvertibility.

Products For Companies

FCIA Trade Credit & Political Risk offers a wide array of flexible coverages for companies. You can insure a broad multibuyer receivable portfolio, a smaller select receivable portfolio (key accounts), or a single buyer receivable. Specialty coverage products are also available for more unique contract structures.

Short term repayment terms can be insured on tenors of up to one year and medium term repayment terms can be insured on tenors of up to seven years.

All of our company products can be used to facilitate the financing of your trade transactions by having your financial institution named as loss payee on a policy.

Who Should Apply

Manufacturers, service providers, multinationals, and more. Our target customers for multibuyer policies are companies that have at least \$20 million in insurable domestic sales or \$7 million in international insurable sales.

Value-Added Benefits for Companies

Are you looking for sales expansion? Improve profitability? Or obtain better terms and borrowing capacity from your lenders? If so, Trade Credit Insurance can help you:

- **Sales Expansion:** Increase sales by allowing larger credit limits and more liberal payment terms
- **Enhance Asset Valuation:** Get up to 90-95% coverage on your accounts receivable
- **Improve Profitability:** Reduce earnings volatility related to bad debt expense
- **Increase Working Capital:** Reduce bad debts reserves and transfer the amount to your working capital
- **Enter New Markets:** Mitigate emerging market political risks on international sales
- **Credit Enhancement:** Replace your buyer's credit rating with "A+" rating of your insurer*
- **Access to Financing:** Obtain better terms and borrowing capacity on your credit facilities from financial institutions by including export sales and alleviating buyer risk concentration issues.
- **Risk Transfer:** Transfer nonpayment risk on your accounts receivable to the insurer
- **Second Opinion:** Enhance your credit risk decisions with a valuable second opinion by FCIA's experienced underwriters.

Products Overview

FCIA's Trade Credit Insurance products protect your company against the risk of nonpayment on your accounts receivable whether caused by commercial or political risk events. Policies insure any combination of domestic and / or international sales of goods and services.

Eligible Goods and Services

Sales of all goods and services are eligible including any that are produced or performed abroad. This also includes insuring receivables arising from sales invoiced by foreign subsidiaries that are endorsed as additional named insureds on a policy.

Our minimum annual premiums are \$15,000 for export and \$20,000 for domestic sales.

*Standard & Poor's rating affirmed June 1, 2021 - Visit FCIA.com for the latest ratings.

Financial Institutions

Are you facing constraints on growing your trade finance book due to counterparty risk concentrations or country risk caps?

Are you an asset based lender looking to enhance receivable collateral?

As a Financial Institution making working capital or asset-based loans, you can enhance the value of your accounts receivable collateral by becoming a loss payee on an FCIA Trade Credit & Political Risk Insurance policy held by your borrower.

FCIA Trade Credit & Political Risk Policy Features:

- Non-cancelable limits during the policy period*
- Up to 90% coverage
- Tenor of up to seven years
- Minimum premium of \$20,000

Trade Credit & Political Risk Insurance Can Help You:

- *Mitigate cross-border risk exposures*
- *Leverage internal country and borrower limits*
- *Enhance credit quality on your loan facility*
- *Mitigate potential for earnings volatility related to bad debt*

Products for Financial Institutions

FCIA Trade Credit & Political Risk Insurance offers a broad, flexible variety of policies that give you options to insure trade finance structures with repayment terms up to seven years.

Purchase of Accounts Receivable Policy

- Financial Institution can “pass back” co-insurance to the seller
- Bank (or Financial Institution) is named the policyholder
- Premiums payable only on actual purchases
- Policies cover one or multiple buyers
- Non-cancelable limits or Pay-As-You-Go policy options available
- Single or multiple foreign or domestic debtors

Trade Payables (Supply Chain) Financing Policy

- Transaction is initiated by the buyer who is a client of the bank
- Bank pays off supplier(s) and assumes risk of nonpayment by buyer
- Bank obtains coverage against that nonpayment risk
- Premiums payable only on actual fundings

Pre-Export / Export / Import Financing (Buyer Credit) Policy

- Coverage is available on either short-term or medium-term repayment terms.
- 180-day waiting period to file claim

Letters of Credit Policy

- Non-honoring of ILC coverage for political or commercial risks
- Can cover single or multiple issuing banks in one country

Capital Equipment Leases Policy

- Policies provide medium term coverage to capital equipment lessors and financial institutions against loss on a capital lease with one lessee or multiple leases.

Non-Delivery Following Advance of Funds Policy

- Non-delivery of contracted goods by government-owned or private suppliers followed by a failure to return/repay the insured's advance payment.

**Non-Cancelable Limits: Subject to policy terms and conditions, after issuing the policy, the insurer may not unilaterally reduce any country or buyer limits.*

Multibuyer Pay-As-You-Go Policy

Key Features:

- Monthly Shipment Reporting
- Monthly Premium Payments
- Portfolio or Key Accounts Coverage
- No Caps on Losses Under the DCL
- Up to 95% Coverage
- No Buyer Credit Limit Underwriting Fees
- No Collection Fees
- 12 or 24 Months Policy Term



FCIA “Pay-As-You-Go” Policy protects your company’s cash flow with easy monthly premium payments based on the value of the insured shipments made or services performed.

Spread of Risk: The policy insures an agreed-upon spread of your international and / or domestic sales of goods or services made on credit terms.

With the Pay-As-You-Go policy, FCIA retains the right to change the amount or terms of the limits during the policy period. Typically, this is very rare and may happen due to significant risk deterioration. Any change in buyer limit will only apply to the future sales.

Sales Reporting: A report of your monthly sales insured under the policy and your payment of the respective premium must be submitted to FCIA no later than 30 days following the end of the month in which the sales took place.

Discretionary Credit Limit (DCL):

FCIA offers flexibility in portfolio coverage by providing a Discretionary Credit Limit (DCL) on multibuyer policies; a policy feature that enables the insured to make their own credit decisions on the majority of their customers. To obtain a DCL, companies need to have at least one or more credit or financial professionals on staff managing accounts receivable.

Multibuyer Non-Cancelable Limits Policy

Key Features:

- Country and Buyer Limits are Non-Cancelable*
- No Caps on Losses under the DCL
- Low Policy Administration
- No Buyer Credit Underwriting Fees
- No Collection Fees
- Up to 90% Coverage
- Premium Refund Bonus available
- 12 or 24 Months Policy Term

FCIA Non-Cancelable* Limits Policy offers nonpayment coverage on international and/or domestic sales. Country or buyer limits are locked-in for the term of the coverage.

Premiums: Based on policy structure, usually 80% of the estimated annual premium is paid at policy inception and is non-refundable. A reconciliation premium is due if the premium calculated on gross annual sales reported by year end exceeds the premium paid.

Premium Refund Bonus: Depending on the policy structure, FCIA may offer a premium refund bonus. The premium refund bonus depends on various factors including no compensable losses during the policy period and policy renewal.

Sales Reporting: The policy has low administration, only requiring quarterly reporting of total sales each period.

Key Account policies:

Offers coverage on major customers in your portfolio. All buyers are approved by the insurer and endorsed to the policy. Additional buyers may be added during the policy period.

*Non-Cancelable Limits: Subject to policy terms and conditions, after issuing the policy, the insurer may not unilaterally reduce any country or buyer limits.

Single Buyer Policies

FCIA offers non-cancelable* nonpayment coverage on international or domestic sales to one buyer whether caused by commercial or political risk events.

Sales of all goods and services are eligible for coverage including any that are produced or performed abroad. This also includes insuring receivables arising from sales invoiced for foreign subsidiaries that are endorsed as additional named insureds on the policy. Our minimum annual premiums are \$20,000 for short or medium term policies.

Short Term Single Buyer Policy

- Covers sales of all products and services with up to one year repayment terms
- Insured percentage is usually up to 90%
- Limits are locked-in for the term of the policy
- Full premium generally payable at policy inception
- The waiting period to file a claim is generally 180 days from date of default

Medium Term Single Buyer Policy

- Covers sales of capital goods with up to seven year repayment terms
- Regular payment amortizations generally required during the repayment term
- Limits are locked-in for the term of the policy
- Insured percentage usually is up to 90%
- Premium is charged on the declining exposure balance and is usually payable in full at policy inception
- The waiting period to file a claim is generally 180 days from date of default
- The buyer must be the end-user of the product. Dealers /Distributors are usually not eligible buyers

Specialty Coverages - Contracts

Specialty coverage policies protect exporting and importing companies against a variety of cross-border trade, political and contract risks. Policies typically provide coverage with non-cancelable* limits for losses that occur during the policy period.

Contract Frustration Policies:

Provide coverage for losses resulting from nonpayment on contracts with foreign entities, either government or privately owned. Policy periods up to seven years are available.

Non-delivery Coverage Policies:

Insure against non-delivery of contracted goods by government-owned or private suppliers followed by a failure to return/repay the insured's advance payment. The covered risks are similar to contract frustration policies.

On Demand Bonds - Contractors:

This coverage is typically part of Contract Frustration policies to insure fair and unfair calling of bid, advance payment or performance bonds related to trade transactions. Coverage is available on both government-owned (fair/unfair calling) and private obligors (fair calling for specified political risks only).

Specialty Coverage Features:

- Non-cancelable* limits during the policy period
- Up to 90% coverage
- Tenor of up to seven years

Who Should Apply?

Our target customers are companies or financial institutions looking to mitigate country risk exposures or larger buyer limit concentrations of \$1 million or more. Our minimum annual premiums are \$20,000 for short or medium term policies.

**Non-Cancelable Limits: Subject to policy terms and conditions, after issuing the policy, the insurer may not unilaterally reduce any country or buyer limits.*

Political Risk Insurance

Operating in foreign countries, especially in emerging markets, can expose your company to additional risks related to unpredictable foreign government acts or political events. FCIA offers an array of political risks coverage that can help protect your investment in foreign countries.

Political Risk coverage protects you against loss in value of your foreign investments or assets resulting from specified political events during the policy period in the country where the investments or assets are held.

An investment is typically your equity investment in an overseas subsidiary/joint venture or a shareholder loan made to such entities. Assets covered include the assets owned by the foreign subsidiary/joint venture or assets you own that are on site in the foreign country. Coverage can be purchased for operations in a single country or for a portfolio of countries for any specified coverages below.

- *Equity investments and permanent assets*
- *Shareholders loans*
- *Mobile assets*

Equity Investments and Permanent Assets

FCIA's Equity Investments policy's core coverage is for Confiscation, Expropriation, or Nationalization of an investment or asset by a foreign government. If this core coverage is desired, coverage for other perils can be added including:

- Selective Discrimination by a foreign government against your operation
- Forced Abandonment of your operation or assets caused by war or political violence
- A foreign government act that prevents the ability to import or export
- Physical asset damage resulting from political violence. Political violence normally includes such risks as war, civil war, revolution and terrorism.
- Currency inconvertibility

Shareholder Loans

We consider medium to long term shareholder loans to be an investment. The policy coverage is against specified political risks that lead to nonpayment of a shareholder loan including:

- Expropriation
- Currency inconvertibility
- War or civil disturbances

Mobile Assets

Coverage against specified political risks is available to contractors owning and operating mobile assets on a temporary basis in foreign countries and for inventories owned and stored abroad.

Coverage can include the following:

- Deprivation
- Currency inconvertibility
- War or civil disturbances

Key Features:

- Policy limits of up to \$25,000,000 for any one risk
- Coverage periods up to seven years
- Non-cancelable limits during the policy period*
- Minimum premium of \$20,000

Political Risk Insurance Example

A major multinational company has subsidiaries with significant manufacturing operations in several emerging markets around the world. The company realizes that it is exposed to confiscation, expropriation, nationalization or other specified perils that are excluded under its property insurance coverage. To protect company assets and shareholders' interests, the company decides to buy a Political Risk Insurance policy that insures its equity investment in the subsidiaries and its assets against specified political risk events. The policy provides non-cancelable limits for seven years in countries where the subsidiaries are located.

**Non-Cancelable Limits: Subject to policy terms and conditions, after issuing the policy, the insurer may not unilaterally reduce any country or buyer limits.*



Brokers - Grow With FCIA

If your clients are mid-size or larger companies selling on credit terms, or financial institutions financing international sales of products and services, we invite you to obtain a credit insurance quote from FCIA.

Why work with FCIA? We don't compete with you!

FCIA is a dedicated broker market and accepts business from independent brokers. We don't have a captive or direct sales force, and we don't compete with our brokers, so your client relationships are safe with us.

What We Offer You:

Our business development and underwriting personnel will gladly visit your clients and prospects with you in support of your marketing and sales efforts.

We pay fair and consistent commissions. Our rates are competitive with other insurers and we don't play favorites. Each broker has the same opportunity to earn commission under our published commission schedule.

You will have:

- Access to experienced underwriters on quotes and buyer limits
- Quick turn-around times plus our willingness to expedite any special requests
- Clear policy wordings that make it easy for you to advise your insureds
- Flexibility in customizing policies and endorsements
- Access to our claims and recovery specialists
- Our pledge to constantly listen and adjust to changing market needs

Online Policy Management

FCIA provides a secure web-based access for both the broker and our insureds to policy information and documents. Access is also available to lenders named as loss payees once the insured provides authorization.

View Your Policies Online:

- Review policy documents and endorsements, buyer limits or pending Special Buyer Credit Limits (SBCL) applications
- Review eligible countries and country limit (if limits apply)
- View status of pending claims, or review claims history up to the last five years
- Submit a claim notice or an overdue report

* Note: Any time there is an online submission via the secure FCIA website by the insured to FCIA, an automated email notification will be sent to the preparer, policy contact, and the broker of record.

Loss payees

Financial institutions, named as loss payee in the policy, can also view information on these policies. Access requires written authorization to FCIA by the insured. Access requires an active policy, user ID and password.





Headquarters:
Great American Insurance
Group Tower
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Great American Insurance Company



Great American Insurance Company (Great American) is the insurer on all policies issued by FCIA. Founded in 1872 and based in Cincinnati, Ohio, Great American is a trusted specialty insurer whose high quality, specialized commercial products and services are designed to meet the changing needs of today's businesses.

Great American Insurance Company is rated by all of the major rating agencies. Visit the latest ratings of Great American Insurance Company at www.GAIG.com.

Trade Credit Insurance - Canadian Branch



Great American Insurance Company, Canadian Branch offers full array of Trade Credit Insurance Products in Canada.

To learn more about our product offerings please visit CanadaTradeCredit.gaig.com. Coverage available in Ontario, British Columbia, Alberta, Manitoba, Saskatchewan and Nova Scotia.

American Financial Group, Inc. (AFG)



American Financial Group, Inc. is a Fortune 500 company based in Cincinnati, Ohio and is the parent of Great American Insurance Company. AFG's common stock is listed on the New York Stock Exchange traded under the "AFG" symbol.

Please visit www.AFGinc.com for more information.

Ratings

Great American Insurance Company is rated A+ (Superior) by Standard & Poor's* and A.M. Best* and (A1) by Moody's*. Great American is one of only four property and casualty insurers to have maintained a financial strength rating of A or better from A.M. Best for more than 110 years.

- * (A+) S&P rating affirmed June 1, 2021.
- * (A+) A.M. Best rating affirmed January 28, 2021.
- * (A1) Moody's rating affirmed January 28, 2021.



Great American Insurance Company Property & Casualty Products

Accident & Health Insurance: Coverages for your organization's special activities or events. From civic groups and community services clubs to social and recreational organizations, our program can provide sound protection for you.

Agricultural Related: Coverages for full-time farms, ranches, and other agricultural operations in 44 states. Our farm products can cover businesses that range from fruit and vegetable farms to livestock operations.

Aviation Insurance: Specializes in the placement of hull, liability and excess liability across a wide array of aviation-related risks.

Bonds: Contract and Commercial Surety Bonds with 90 years history, bringing strong performance, secure resources and a broad appetite for business opportunity to this important industry segment.

Crop: Specialized crop coverages including Multiple Peril Crop Insurance (MPCI), Crop-Hail and named peril insurance.

Environmental: Offers programs and products for commercial environmental liability needs.

Equine Mortality: Providing equine mortality with optional major medical and surgical coverages.

Excess and Surplus: Providing Casualty Capacity for Lead Umbrella, Excess Umbrella and Straight Excess Liability.

Executive and Professional Liability: Management liability solutions with an experienced team, exceptional service and expert protection.

Fidelity and Crime: Provides coverage on crimes for private and public businesses, financial institutions and governmental entities, and Kidnap and Ransom, Extortion and more.

General Liability: General Liability, Commercial Auto and Umbrella and Inland Marine Coverages.

Mergers & Acquisitions Liability: Underwrites primary and excess Representations & Warranties, Tax Indemnity and Tax Credit insurance.

Human and Social Services: Provides special programs for both non-profit and for-profit social service organizations.

Inland Marine: Provides property and inland marine coverages.

Ocean Marine: Provides coverages including cargo, hull, liability, pollution and marine property and casualty.

Professional Liability: Offers non-medical service providers protection from claims alleging an act, error or omission by the firm, its staff or contractors working on its behalf.

Trucking: Protecting owner-operators and motor carriers at every turn.

Unemployment Risk Solutions: Offers exclusive supplemental unemployment programs that help individuals maintain financial stability in the event of involuntary job loss.

Workers' Compensation: Helping businesses maximize their workers' compensation investment.

Visit us at www.GAIG.com to view all our product lines



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