

# Accounts Receivable Insurance for Small Business

At Export Development Canada (EDC), the door to exporting options is always open. We can help you succeed in the global marketplace with products like Accounts Receivable Insurance and Single Buyer Insurance. These solutions can help you manage and reduce your risks.

## MINIMIZE RISK

Accounts Receivable Insurance covers you up to 90% of your loss if your buyer doesn't pay. Sales contracts can be insured against a range of risks:

- bankruptcy of your buyer;
- default (failure to pay) by your buyer;
- refusal of goods by your buyer (provided you have met the contract terms);
- cancellation of the contract before you ship the goods (where pre-shipment coverage is in place);
- payment delays caused by a blockage of funds or transfer difficulties;
- war or hostilities in your buyer's country, or in other countries affecting your buyer's country;
- cancellation or non-renewal of export or import permits.

## PUTTING ARI INSURANCE COVERAGE IN PLACE

1. Call us or apply online by visiting [www.edc.ca](http://www.edc.ca). Be sure to pay the \$250 administration fee (credit card or cheque) within 15 days.
2. We'll send you the policy and documentation. The Policy Details section identifies the countries you are selling to, the credit terms, and the premium rate for each country.

## CONFIRMING THE INSURABILITY OF YOUR BUYERS

For insurance to be in effect, confirm the creditworthiness of your buyers at the time of sale. This can be done in several ways as outlined below.

## OUTSTANDINGS WITH INDIVIDUAL BUYERS

### Up to \$15,000

You can approve credit yourself by following the **Credit Management Schedule**.

Some options include:

- › your payment experience;
- › trade references;
- › credit agency report; and
- › bank reports/recommendations.

## KEY BENEFITS

Make Accounts Receivable Insurance a key component of your international business strategy.

### 1. Credit risk management

Be confident you're covered for up to 90% of the loss if your buyer doesn't pay.

### 2. Working capital

When a bank knows your accounts receivables are insured by EDC, it's more likely to accept them as security when setting up your operating line of credit.

### 3. Flexible payment options

Give your buyers something they want – time to pay – while protecting your financial health.

### 4. Fast and accessible service

You can reach an EDC Small Business Representative on our toll-free line at **1-800-368-6664** from 8:00 a.m. to 6:00 p.m. EST.

- › EDC's online tools allow you to assess your buyer's ability to pay and even insure a single transaction, quickly and easily from your computer. To find out more about **EXPORTCheck** visit us at [www.edc.ca/exportcheck](http://www.edc.ca/exportcheck).

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## Over \$15,000

Credit has to be approved by EDC.

- Search on-line through EDC Direct, fax completed approval form (E4), or call.
- There is no charge for an EDC credit approval unless we must order a credit report. The fees vary by country: U.S./Canada (\$60); Western Europe (\$125); others (\$200).

## PAYING THE PREMIUMS

At the end of each month you'll receive an electronic declaration form listing the countries you sell to and the premium rate. Complete and return by the 20<sup>th</sup> of the next month. The premium rate is influenced largely by the country you are selling to, your product or service, and the credit terms offered to your buyer. The average premium rate is between 1 to 2%, but can be higher depending on the risks involved.

**Unless you have declared your sales and paid the premium, you are not insured.**

## OVERDUE ACCOUNTS

Follow up on overdue accounts especially when more than 60 days past the original due date. If problems persist, contact our claims representatives who will work with you to help obtain payment and/or help you prepare a claim.

## FILING CLAIMS

If your buyer has gone bankrupt, file a claim immediately. If the buyer is still in business but not responding, file a claim four months after the original due date.

## AN ADDITIONAL INSURANCE OPTION – SINGLE BUYER INSURANCE

You can cover sales to only one customer with our Single Buyer Insurance. With this flexible coverage you can cover an unlimited number of sales with the same customer, up to \$250,000, in a six-month period. It covers up to 90% of your losses if you don't get paid after your goods have been accepted by the buyer. There is a simplified application process and policy to make it quick and simple to use.

[www.edc.ca/singlebuyer](http://www.edc.ca/singlebuyer).

## › FIND OUT MORE

To learn how EDC's Accounts Receivable Insurance solutions can help you open the door to export opportunity, contact us today at **1-800-368-6664** or visit [www.edc.ca/insurance](http://www.edc.ca/insurance).

Ce document est également disponible en français.