

TEMPORARY MEASURES FOR COVID-19

EDC understands Canadian companies are increasingly being asked to pay international and Canadian suppliers up-front due the global challenges brought on by the COVID-19 pandemic.

Effective immediately and for the next six months, EDC will consider providing contract frustration insurance on advance payments issued by Canadian companies to suppliers, not only for the purchase of capital and quasi-capital goods but also to support the purchase of protection supplies and medical supplies and equipment necessary in the fight against COVID-19.

HOW DOES IT WORK?

EDC is willing to provide single-supplier, single-contract insurance **coverage for up to 90% of financial losses** to customers who are required by their Canadian or international supplier to make partial or full advance payment at the time of the order. Further details include:

- **Period of cover:** Up to six months for supplies not qualified as capital or quasi-capital goods;
- **Maximum liability:** Up to US\$5 million, subject to the EDC internal approval process;
- **Insured commercial risks:** Supplier insolvency, unlawful contract termination by the supplier and lawful contract termination by the customer. (Note: Amounts relating to unresolved commercial disputes are not covered);
- **Political risks include:** Cancellation/non-renewal of an export/import permit or of any government license; and
- At the financial institution's (FI) request, and upon the customer's consent, a Direction to Pay can be issued to the benefit of the FI who would receive the payment from EDC in the event of an admissible claim.*

WHAT IS THE PROCESS IF MY CUSTOMER WANTS TO BENEFIT FROM THIS PRODUCT?

1. The customer will be asked to complete an application form and provide a copy of the supply agreement or purchase order confirming the contract, along with any credit or financial information they have on the supplier.
2. EDC will review the request and if the supplier and transaction risks are deemed acceptable, EDC will issue an insurance policy covering up to 90 % of financial losses relating to all advance and progress payments made to the supplier; provided the loss was incurred **prior to shipment by the supplier.**

New measures for Canadian businesses buying supplies for manufacturing and supplying personal protective equipment (PPE) and medical supplies

Canadian businesses are buying materials to produce and supply personal protective equipment (PPE) and COVID-19-related medical supplies, now more than ever. Effective immediately, we're enhancing our solutions for new and existing customers and facilitating these kinds of purchases necessary in the fight against COVID-19. Note: Buyers of these PPE and medical supplies must be provincial or federal governments or from an associated division or agency.

*Financial institution eligibility is required.

QUESTIONS ABOUT OUR FINANCIAL SOLUTIONS?

Please contact your EDC account manager to learn more. If you do not have an EDC account manager, please call us at **1-800-229-0575** or send us an email and we'll get back to you as soon as possible: bankchannel@edc.ca.