WELCOME

CIT PHASE 2 – POLICY TRAINING

WebEx

- All attendees, please mute your line.

Questions

- To ask questions, join us at **Slido.com # 2682**

Canada

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CREDIT INSURANCE TRANSFORMATION - PHASE 2

The Domestic Policy and changes to the Export Policy

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SEPARATE POLICIES – NO LONGER JOINT

EXPORT

and

DOMESTIC

policies are linked 

- Priced and underwritten together
- Issued separately
- Managed independently with different parameters and parameter values

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WHY 2 POLICIES?

Allows for **SEPARATE** Branding

Allows for **MULTIPLE/DIFFERENT INSURERS** on the domestic cover

THE BENEFITS:

- It's easier to change Export or Domestic cover and parameters without affecting the other cover.

WE CANNOT ISSUE DOMESTIC ONLY

- OFFER PROCESS
  - When customers receive their offers, they cannot proceed with Domestic only.
  - A new offer is required if they want Export only.
- CANCELATION PROCESS
  - If the Export policy is cancelled, the Domestic policy must be cancelled at the next renewal date.
- ADDING CANADA
  - If customer wants to add Canada, two new policies need to be issued.

THE IMPACT ON THE CUSTOMER EXPERIENCE

While parameters can be different between Export and Domestic policies to meet the needs of each portfolio, **SOME PARAMETERS ARE BEST ALIGNED** so that the customer experience is consistent and easy to understand.

Examples:

- Latest Date to Submit a Claim
- Premium Method and Credit Approval (must be aligned)

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DOMESTIC POLICY OVERVIEW

Examining key differences between
the Domestic and Export policies

MULTIPLE INSURERS

The **DOMESTIC ALLIANCE AGREEMENT** names…

a **POOL** of partners

as the **Domestic Insurer**

EDC as the

administrating agent –

Underwriting, Claims, Credit

- All domestic PCI policies are linked to a pool.
- The pool may change from time to time.
- Customers/brokers cannot choose a domestic insurer from the pool. The pool members are identified in the CC with each pool member's share.

COVERAGE

Covers Sales to Canadian Buyers Only

ADDITIONAL INSUREDS

Only Canadian entities

INSURED EVENTS

- The Domestic policy will not cover losses caused by the following events:
  - Repudiation (new)
  - Currency Conversion and Transfer
  - Import and Export Restrictions
  - War and Related Disturbances
  - License Cancellation

PAYMENT TERMS

The Domestic policy will not support the following payment terms:

- Documentary Collection (CAD /DOPSD)
- Irrevocable Letter of Credit Payment (ILC)

PRE-SHIPMENT PERIOD IS 90 DAYS

Coface is based in Europe

Sanctions imposed by the European Union may impact Domestic coverage and/or claim payments.

SANCTIONS

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DIRECTIONS TO PAY / TRIPARTITE

A separate Direction to Pay and/or Tripartite agreement is required for the Domestic Policy.

IMPACT TO THE PDM

- **NO CHANGE** to the Product Delivery Model
- But the policyholder's **SERVICE LEVEL** is based on the **COMBINED EXPORT AND DOMESTIC** Annual Anticipated Insured Sales of each policy.

FOR EXAMPLE:

Anticipated Insured Sales		**Service Level**
Export sales = $3M Domestic sales = $800k	--->	Managed Service 1

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EXPORT POLICY CHANGES

Material changes to the Export policy
with the launch of the Domestic policy

NEW EXCLUSIONS

Exclude losses caused by:

- Nuclear war and nuclear contamination
- War between the five great powers - USA, Russia, China, UK and France.

Why we made these changes…

To match an exclusion found in EDC's reinsurance treaty.

Common exclusion in credit insurance policies.

WAITING PERIOD

- Claim Waiting Period replaced with Waiting Period
- Insured Event is not deemed to have occurred until that period has elapsed
- Does not apply to Bankruptcy or Repudiation

Why we made this change…

To meet requirement of Quebec Civil Code.
Aligns with what is often done in private sector.

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CLAIM SUBMISSION DATE

- Latest Date to Submit a Claim…
  reduced from 365 days to 150 days, starting on the date of loss which now incorporates the Waiting Period.
- For a loss caused by Default…
  the Policyholder has 270 days to submit a claim from the due date i.e. 120 Waiting Period plus 150 days.

CURRENCY CONVERSIONS

- We added a MORE PRECISE CONVERSION mechanism

  → REUTERS

Why we made this change…

This is a requirement under provincial insurance regulations with which COFACE must comply.

REFERENCES

- Differences between Export and Domestic policies
- New Export Policy Updates
- Marked-up versions of the Export GT&C

- Differences between old and new policies

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QUESTIONS?