



# Great American Insurance Company

## Trade Credit Insurance

[www.GAIC.com](http://www.GAIC.com)

### About Great American Insurance Company

Great American Insurance Company, Canadian Branch (GAIC) is a branch of Great American Insurance Company, a specialty property and casualty insurer. GAIC offers export and domestic trade credit insurance products that facilitate global trade and related trade financing activities for corporates and financial institutions domiciled in Canada.

#### *Our Reputation and Track Record*

GAIC, through one of its U.S. subsidiaries, 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. 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.

Please view our full product offerings at [www.GAIC.com](http://www.GAIC.com).

#### *Underwriting Expertise*

GAIC'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 GAIC 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*

GAIC is organized to provide quality service. Each of our customers is assigned to a team of experienced underwriters, who handle all aspects of your relationship with GAIC 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. GAIC'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*

GAIC'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

GAIC 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 five 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**

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 GAIC's experienced underwriters.

## Products Overview

GAIC'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 \$10,000 for export or domestic sales.

\*Standard & Poor's rating affirmed February 8, 2017

# 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?**

GAIC offers a broad, flexible variety of policies that give you options to insure trade finance structures with repayment terms up to five years. 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 GAIC Trade Credit Insurance policy held by your borrower.

## Policy Features:

- Non-cancelable limits during the policy period\*
- Up to 90% coverage
- Tenor of up to five years
- Minimum premium of \$10,000

## Trade Credit 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

## **Letters of Credit**

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

## **Purchase of Accounts Receivable**

- 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 Coverage**

- 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)**

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

## **Capital Equipment Leases**

- 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**

- 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 Reporting / 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



GAIC's "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.

In the Pay-As-You-Go policy, insurer retains the right to change the amount or terms of the limits during the policy period. Any change 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 GAIC no later than 30 days following the end of the month in which the sales took place.

### Discretionary Credit Limit (DCL):

GAIC 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

GAIC's 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 prior to policy issuance and is non-refundable and a reconciliation premium is due if the premium calculated on gross annual sales reported by the policy year end exceeds the premium paid.

**Premium Refund Bonus:** Depending on the policy structure, GAIC 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

GAIC 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 \$10,000 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 five year repayment terms
- Regular payment amortizations generally required during the repayment terms
- 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 five 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 five 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 \$10,000 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.*

## Great American Insurance Company

Great American Insurance Company (Great American), through its Canadian branch, is the insurer on all policies that we issue. Founded in 1872 and based in Cincinnati, Ohio, Great American is a trusted specialty insurance partner 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 Group at [www.GAIG.com](http://www.GAIG.com).



## Great American Insurance Group

### Specialty Property & Casualty Insurance

Discover how deep expertise makes the difference. Every business has its own unique risks. That's why deep industry expertise is so important, especially for small and mid-sized companies. Great American Insurance provides hundreds of innovative products and programs designed to manage the specific risks of your customer's business. We balance excellent coverage with affordable cost and offer a wide range of customizable options. So when you recommend one of our products, you know it's a win for both you and your customers.



## American Financial Group, Inc. (AFG)

[www.AFGinc.com](http://www.AFGinc.com)

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.



### There's strength in our numbers!

There are over 3,000 property and casualty insurance companies in the United States. Only 50 are included on the Ward's 50 List for safety, consistency and performance.\* Only 5 have been rated "A" or better by A.M. Best for over 100 years.\*\* Only 2 are on both lists. Great American Insurance Company is 1 of the two.

*\*2017 Ward's 50 Property and Casualty Companies*

*\*\*A.M. Best rating affirmed as of May 12, 2016*



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## Brokers - Grow With Us

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 GAIC.

### ***Why work with GAIC? We don't compete with you!***

GAIC 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



## Great American Insurance Company Property & Casualty Products

The Canadian operations of Great American Insurance Group intentionally focus on specialty niche markets where we can maintain a competitive advantage based on expertise, unique products or distribution. We offer a wide range of specialty commercial coverages managed by seasoned professionals with a deep knowledge and expertise in each of our specialty lines of business and customer groups and a thorough understanding of the Canadian marketplace.

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

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

***Executive 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.

***Financial Institution Services:*** Great American Financial Institution Services specializes in providing risk management and product enhancement programs to vehicle lenders and lessors, commercial equipment lenders, auto dealers and mortgage lenders throughout the U.S. and Canada.

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

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

***Property & Inland Marine:*** Provides property and inland marine coverages.

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

***Visit us at [www.GAIG.com](http://www.GAIG.com) to view all our product lines***

Great American Insurance Company – Canadian Branch Head Office, Scotia Plaza, Suite 2100, 40 King Street West, Toronto M5H 3C2. Coverage description is summarized. Refer to the actual policy for a full description of applicable terms, conditions, limits and exclusions. Coverage available in Ontario, British Columbia, Alberta, Manitoba, Saskatchewan and Nova Scotia. Policies are underwritten by Great American Insurance Company – Canadian Branch, a foreign registered insurer in all Canadian Provinces and Territories. The Great American Insurance Group eagle logo and the word marks Great American®, and Great American Insurance Group® are service marks of Great American Insurance Company. © 2017 Great American Insurance Company. All rights reserved.



