FCIA®

Trade Credit & Political Risk Insurance

GREAT AMERICAN® INSURANCE GROUP

Purchase of Receivables Policy

Supply Chain Financing

Key Features

- Bank (or Financial Institution) is named the policyholder
- Financial Institution can "pass back" co-insurance to the seller
- Premiums payable only on actual purchases
- Policies cover one or multiple buyers
- Non-cancelable limits or Pay-As-You-Go policy options available
- Up to 90% coverage

FCIA’s Purchase of Receivables Policy

FCIA’s Purchase of Receivables Policy provides cover to a bank against nonpayment of foreign or domestic trade receivables that are purchased from a seller of goods or services. Coverage applies on a single buyer basis or a portfolio of key accounts. Bank can pass back co-insurance to the seller.

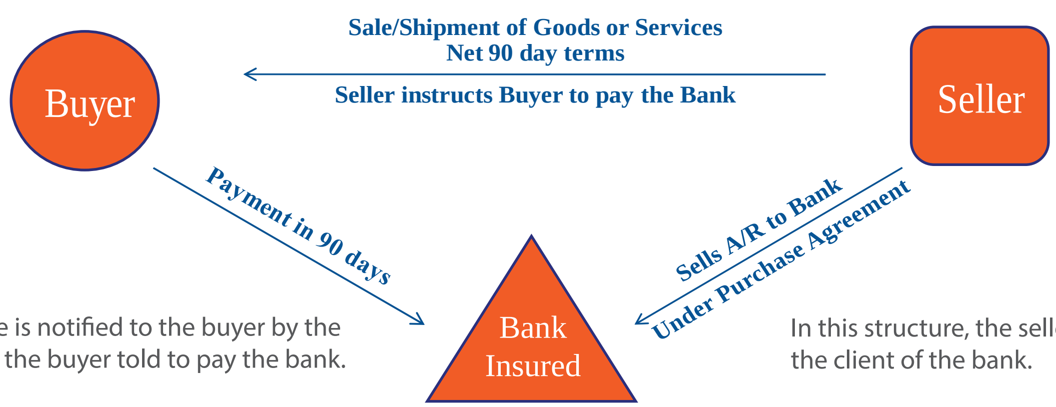
The Seller of Receivables

Companies sell their receivables for a variety of reasons including access to financing, balance sheet enhancement, and offering longer payment terms to their buyers. The seller is generally located in the United States and enters into a purchase agreement with the bank. The seller may act as the collection servicer. Invoicing can be in U.S. dollars, Euros or another currency endorsed to the policy.

Why Buy Purchase Of Receivables Insurance?

Banks most often use our Purchase of Receivable Insurance policy to insure transactions that might otherwise exceed existing internal country or obligor capacity limitations. A policy can also be used to mitigate risks in foreign markets where the bank has limited experience. This enables a bank to leverage its capacity and avoid referring customers to other banks or miss opportunities to take on new business.

Example



The purchase is notified to the buyer by the supplier and the buyer told to pay the bank.

In this structure, the seller is normally the client of the bank.

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