

المؤسسة العربية لضمان  
الإستثمار وائتمان الصادرات  
The Arab Investment & Export  
Credit Guarantee Corporation



# Trade Credit Insurance

Service Guide

Disclaimer: This guide is designed to provide information on the trade credit insurance service and cannot be considered as exhaustive and complete presentation of the service. While every effort has been made to make the information presented here as complete and accurate as possible, it may contain errors, omissions or information that was accurate as of its publication but subsequently has become outdated by guarantee changes or conditions, new laws or regulations, or other circumstances. Dhaman denies any liability or responsibility to any person or entity with respect to any loss or damage alleged to have been caused, directly or indirectly, by the information or other content in this guide.

## **Who we are**

The Arab Investment & Export Credit Guarantee Corporation "Dhaman" is a Pan-Arab organization owned by governments of 21 Arab states & 4 Pan-Arab financial institutions, established in April 1974 as the first multilateral investment and export credit insurance provider in the World, based in Kuwait and rated "AA- *stable outlook*" by Standard & Poor's.

Dhaman aims at promoting Arab countries export through providing Commercial and non-commercial Risks Insurance coverage to Arab countries, Non-Arab Suppliers and financial institutions offering Arab trade finance. The insurance coverage protects against losses arising from the default of payment of the obligor whether he was an importer, a local customer or a financial institution.

## **Benefits of trade credit insurance**

- Safe expansion of sales domestically and abroad
- Boost Sales with Existing Customers
- Securing better access to finance
- Prevention of nonpayment risks
- Transfer the burden of credit risk management
- Getting proper compensation

## **Eligible Transactions**

- **Export Credit Insurance:**
  - a- exports of goods and/or services of Arab origin from Arab countries to Arab and non-Arab countries.
  - b- Exports of goods and/or services of non-Arab origin from non-Arab countries to Arab countries provided the exported goods and/or services are developmentally sound for the importing Arab country such as but not limited to commodities, equipment, food, pharmaceuticals etc.
- **Domestic Credit Insurance:** sales of goods and/or services of Arab origin where the seller (i.e. the insured) and the buyer are from the same Arab country. Domestic Credit Insurance is offered as a complementary service to the Export Credit Insurance cover.

## **Insured Risks**

### **Commercial Risks:**

- Protracted default.
- Bankruptcy of the obligor.

### **Non-commercial Risks:**

- Currency inconvertibility and transfer restrictions.
- Measures taken by the authorities of the importing country preventing the insured from obtaining his rights.
- Default of payment of a public entity.
- War and civil disturbances.

## **Our Products**

### **For Exporters:**

- Whole Turnover Export Credit Insurance Policy: covers commercial and non-commercial risks related to short-term exports to foreign buyers pre-agreed by “Dhaman”.
- Combined Whole Turnover Export and Domestic Credit Insurance Policy: covers both exports and sales in the local market. Local sales are covered against commercial risks only.
- Specific Transaction Policy: covers commercial and non-commercial risks related to a specific medium to long-term export transaction. The credit term ranges between two and seven years.
- Unconfirmed Letter of Credit Insurance Policy: protects against the default of the L/C issuing bank due to commercial or non-commercial risks.

### **For Banks:**

- Buyer Credit Insurance Policy (Trade Finance): with buyer credit insurance a financial institution can insure the default of the foreign borrower when financing an export transaction.
- Confirmed Letter Of Credit Insurance Policy: Protects the confirming bank against the default of the L/C issuing bank.

### **For Factors:**

- Factoring Insurance Policy: Protects factoring companies against the default of the obligors under the different types of factoring.

## **For Credit and Political Risk Insurers and reinsurers:**

- Reinsurance treaties and coinsurance agreements: Provide additional capabilities to credit insurers and reinsurers through facultative and/or quota share treaties.

## **Cost of Insurance**

We charge fees and insurance premium that vary from one contract/transaction to another. The premium rate depends among other considerations on the creditworthiness of the obligor, the credit terms, the method of payment and the obligor's country rating.

## **Compensation**

Depending on the type of risk insured, we pay 85% to 95% of the incurred losses.

## **Contact**

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## Domestic & Export Credit Insurance Applicant Identification sheet

### 1. Applicant Information

Company:		
Address:		
City:	State:	Zip:
Phone:	Fax:	E-Mail:
Legal Form:		
Capital:		
Date of Establishment:		

### 2. Your Sales Volume:

#### A. Domestic

FOR PAST 12 MONTHS	
<b>Total Sales</b> Show total sales for the past 12 months	<b>Credit Terms</b> Prepayment or L/C or Open Account 30 days, 60 days, 90 days, etc.
\$	

PROJECTED FOR NEXT 12 MONTHS	
<b>Total Sales</b> Include sales to both existing and new customers	<b>Credit Terms</b> Prepayment or L/C or Open Account 30 days, 60 days, 90 days, etc.
\$	\$

#### B. Export

Country	FOR PAST 12 MONTHS		PROJECTED FOR NEXT 12 MONTHS		
	Total Sales	Credit Terms	Total Sales	Credit Terms	Receivables
Top ten by projected sales volume, plus one figure for all others	Show total export sales for the past 12 months	Prepayment or L/C or Open Account 30 days, 60 days, 90 days, etc.	Include sales to both existing and new customers	Prepayment or L/C or Open Account 30 days, 60 days, 90 days, etc.	Projected highest total A/R exposure in each country at any one time
	\$		\$		\$
	\$		\$		\$
	\$		\$		\$
	\$		\$		\$
	\$		\$		\$
	\$		\$		\$
ALL OTHERS	\$		\$		\$
<b>TOTALS</b>	\$	<del>                    </del>	\$	<del>                    </del>	\$

### 3. Largest Buyers

#### A. Domestic

<u>COMPLETE NAME</u>	<u>COMPLETE ADDRESS</u>	PHONE AND FAX NUMBERS	REQUESTED CREDIT LIMIT
			\$
			\$
			\$
			\$
			\$

#### B. Export

<u>COMPLETE NAME</u>	<u>COMPLETE ADDRESS</u>	PHONE AND FAX NUMBERS	REQUESTED CREDIT LIMIT
			\$
			\$
			\$
			\$
			\$

### 4. Additional Buyers

In addition to the buyers listed above, approximately how many more buyers do you have? _____						
Approximately how many of these additional buyers will require credit limits at any one time:						
.....	Up to \$ 25,000?		—	\$ 75,001 - \$ 100,000?	—	\$ 500,001 - \$ 750,000?
.....	\$ 25,001 - \$ 50,000?		—	\$ 100,001 - \$ 250,000?	—	\$ 750,001 - \$ 1,000,000?
.....	\$ 50,001 - \$ 75,000?		—	\$ 250,001 - \$ 500,000?	—	\$ 1,000,001 or higher?



**5. Types of Buyers**

<b>Domestic:</b>		<b>Export:</b>	
<input type="checkbox"/> Manufactures		<input type="checkbox"/> Manufactures	
<input type="checkbox"/> Distributors		<input type="checkbox"/> Distributors	
<input type="checkbox"/> Government		<input type="checkbox"/> Government	
<input type="checkbox"/> Other, specify:		<input type="checkbox"/> Other, specify:	

**6. Sales/Accounts Receivable**

Total receivables outstanding as of application date: \$_____, aged as follows:					
\$	\$	\$	\$	\$	\$
Current	1-30 Days Past-Due	31-60 Days Past-Due	61-90 Days Past-Due	91-180 Days Past-Due	Over 180 Days Past-Due

(Attach explanations for accounts over 60 days past-due including buyer, country, reason, and likely repayment)

**7. Sales Loss History**

Year	Number of Losses	Total of losses	Largest Single Loss	Explanation for Largest Loss
20..		\$	\$	
20..		\$	\$	
20..		\$	\$	
20..		\$	\$	

**8. Credit worthiness evaluation of new Buyers**

Would you specify the supports used in assessing a new buyer credit worthiness?

- Credit Reports                      Names of agencies used?
- Financial Statements                Which ratios are analyzed?
- Trade References                    Guidelines for evaluation?
- Bank References                     Guidelines for evaluation?
- Personal Visits                        What do you look for?
- Other Sources

**9. Are there any buyers or any of their owners, partners, or shareholders affiliated to your company?**            No     Yes   

If yes, please specify:

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**10. Credit decision makers**

How many years has your company been in business?	Years		
Which positions in your company make credit decisions?			
Combined years of credit experience for these individuals?	Years		
Can anyone else overrule these individuals' decisions?	<input type="checkbox"/> Yes	<input type="checkbox"/> No	
How often are accounts receivable aging reports generated?			
Do the same individuals as above review these reports?	<input type="checkbox"/> Yes	<input type="checkbox"/> No	

**11. Collection Procedures**

Telephone Calls		Days Past-Due	Legal Action		Days Past-Due
Written Payment Demands		Days Past-Due	Collection Agency		Days Past-Due
Stop Shipments		Days Past-Due	Other Actions (explain)		Days Past-Due

**12. Credit Insurance**

Has your company ever had or applied for credit insurance?     No     Yes  
 If your answer is "yes", state the name of the insurer:

*Notice: information submitted in this application will be treated as confidential. Submission of this application does not bind the applicant or DHAMAN as long as an insurance policy is not signed. If a policy is issued, this application will be an integral part of the insurance contract. The applicant certifies that the information provided in this application is true to the best of its knowledge and belief, and that no material facts have been omitted.*

Date \_\_\_\_\_

Signature \_\_\_\_\_

Name \_\_\_\_\_

Title \_\_\_\_\_

Company \_\_\_\_\_

لَعِبْرَةٍ بِرَأْسِهَا  
لَمَوْسِيبٍ بِرَأْسِهَا  
لِظَمِّهَا الْإِسْمَاقِيَّةَ  
فِي أَيْدِيهَا الْبِزْجَانِ  
الْأَصْفَرِ