



## BExA Commentary UK Export Finance (UKEF) Export Credit Insurance

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*In March 2011, UK Export Finance (the new name for ECGD) re-launched its Export Credit Insurance Policy to cover a wider range of goods and services.*

**Credit and political risk** Current events highlight the need for exporters to buy protection for commercial and political risk to avoid the impact of a bad debt or contract frustration. The UK has a thriving commercial export credit insurance market, and energetic credit insurance brokers that can advise on the appropriate solution. For most exporters, whole turnover short term export credit insurance (which is not available from UKEF) will provide the best coverage at a cost-effective price.

**Need** Some contracts will not be suitable for a whole turnover export credit insurance arrangement, such as if the contract is a first export, or if the commercial insurer does not provide political risk coverage for the destination market.

**UKEF Export Credit Insurance facility** Where the buyer is creditworthy, an Export Insurance Policy (EXIP) can be offered by UKEF (the UK's Export Credit Agency), subject to a number of criteria:

- Contract value is £20,000 or more
- Exporter is carrying on business in the UK
- A minimum of 20% of contract value is UK origin
- Buyer is based in a non-OECD country<sup>1</sup>
- The cover will only be available on a contract-by-contract basis.

**Application** Requests for cover can be made direct to UKEF or via your export credit insurance broker. Background information on the contract and financial information on the buyer can speed the assessment process. A bank can be named as a loss-payee on the policy schedule, and thereby provide trade finance. UKEF's Bribery and Corruption declaration will be necessary for every application. Applications that are not for capital or semi-capital goods and related services will need to be supported by evidence that private market insurance cover is either not available or only on unacceptable terms.

**BExA role** This is not a new facility: UKEF has been able to provide EXIP cover for many years, but until now, the cover has only been available for the export of capital and semi-capital goods exports. BExA has been lobbying to extend the cover to a wider range of exports, and for improved simplicity and accessibility. BExA has played a significant role in implementation, with particular reference to adding clarity to the new and simpler policy wording.

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UKEF website <http://www.ecgd.gov.uk/products-and-services>

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<sup>1</sup> UKEF EXIP cover **can** be provided for creditworthy buyers in non-OECD countries plus Mexico, South Korea, Turkey and Singapore.

Contracts with buyers in the following countries are **not** eligible for UKEF EXIP cover:

Andorra, Australia, Austria, Belgium, Bulgaria, Canada, Channel Islands, Cyprus, Czech Republic, Denmark, Eire, Estonia, Finland, France, Germany, Gibraltar, Greece, Hungary, Iceland, Italy, Japan, Latvia, Liechtenstein, Lithuania, Luxemburg, Malta, Isle of Man, Monaco, Netherlands, New Zealand, Norway, Poland, Portugal, Romania, San Marino, Slovakia, Slovenia, Spain, Sweden, Switzerland, UK, US, Vatican City.