EXIM
EXPORT-IMPORT BANK
OF THE UNITED STATES

MULTI-BUYER SELECT RISK POLICY (MBSR)

Only Pay for What You Cover

Exporters of U.S. goods and services can reduce the risk of selling on credit terms by insuring their export accounts receivable with EXIM's short-term multi-buyer export credit insurance. The Multi-Buyer Select Risk policy (MBSR) option offers a number of benefits:

» **Flexibility:** exporters have the freedom to choose which export credit sales to insure by excluding select lower-risk transactions;

» **Savings:** pay insurance premium only on perceived higher risk buyers/countries; and

» **Efficiency:** built-in discretionary authority allows exporters to extend credit terms without prior EXIM approval.

How to Qualify

The exporter must meet the following requirements:

1. Have at least three years of operating history and a positive net worth;
2. Have at least one year of export credit experience; and
3. After any "Standard" exclusions, the MBSR portfolio must be at least 50 percent* of the exporter's TOTAL eligible export credit sales in U.S. dollars. In addition to the "Standard" exclusions (as defined below), the exporter can select "Non-Standard" (i.e., low risk) transactions to be excluded from coverage.

*EXIM may be able to offer flexibility on portfolios that do not meet the 50 percent threshold requirement, as long as the remaining spread of risk is sensible.

Exporters are not required to have a current EXIM policy in place and may apply for the MBSR as a new customer. Current short-term multi-buyer policyholders, including small businesses, may request conversion to the MBSR policy at their policy renewal date.

Types of Exclusions

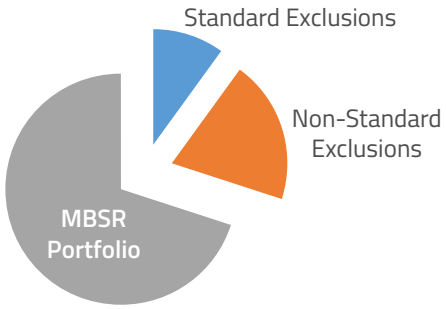
Any or all non-standard exclusions from these transaction categories can be selected under the MBSR option:

- Large multinational buyers
- Prime customers (customers that paid promptly over the last three years)
- Specific countries (perceived lower-risk countries such as Germany)

In addition to non-standard exclusions, the exporter can choose any of the standard exclusions among these transaction categories:

- All letter of credit transactions
- Transactions payable at sight (e.g., SDDP, CAD)
- Sales to Canada
- Sales of samples
- Sales to subsidiaries and affiliates
- Invoices under $10,000

TOTAL EXPORT CREDIT PORTFOLIO
– Standard Exclusions
– Non-Standard Exclusions
= MBSR EXIM Policy Portfolio



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Determining the MBSR-Compliant Export Portfolio

An exporter from Illinois had a total export credit portfolio of $1.6 million with sales comprised of: Canada $300,000; a large corporation in Saudi Arabia $100,000; a prime customer in France $300,000; Mexico $400,000; India $300,000; and China $200,000.

As Canada is a standard exclusion, the $300,000 is removed from the MBSR portfolio calculation resulting in adjusted total eligible export credit sales of $1.3 million. The sales to Saudi Arabia and France meet the MBSR non-standard exclusion criteria, so $100,000 and $300,000, respectively, can also be excluded from the portfolio. Thus, the total non-standard exclusions equal $400,000, making the MBSR EXIM policy portfolio equal to $900,000 (i.e., $1.3 million less $400,000) representing 69 percent of the adjusted export portfolio. As a result, the exporter meets MBSR eligibility requirements as the remaining MBSR EXIM policy portfolio represents at least 50 percent of the exporter's total eligible export credit sales.

COVERAGE PARAMETERS

Covered Losses

Coverage includes default due to commercial reasons (i.e., bankruptcy, insolvency, or protracted default) and political events (i.e., war or foreign currency inconvertibility).

Transaction Coverage Percentage

The MBSR policy covers 95 percent for both commercial and political losses. A first-loss deductible is applied per the policy period until the applicable amount is met.

Premium Rates

Premium rates are calculated based on factors including length of terms offered, buyer type, spread of country risk, transaction type, and previous export experience. Premiums are paid on all "reportable transactions" as required by the insurance policy, except for the endorsed exclusions, and must be paid no later than the last day of the month following the month of shipment.

MBSR Exclusions

Selected exclusions are "locked in" for a 12-month policy period. Exclusion changes can be made at annual policy renewal.

HOW TO APPLY FOR MBSR COVERAGE

Exporters will need to complete the MBSR Exclusions Worksheet to determine the potential MBSR portfolio. The worksheet will require provision of total export credit sales as well as any standard and non-standard exclusions being requested. Exporters can find this worksheet via the following link: https://www.exim.gov/sites/default/files/forms/eib18-01.pdf.

MBSR POLICY ASSIGNMENTS

Subject to approval, policy proceeds (claim payments) may be assigned to a financial institution to arrange receivables financing or to add insured foreign accounts receivable to the borrowing base.