

# Support for Canada's Broker Community

At Export Development Canada (EDC) we understand the vital role that brokers play to ensure the market is competitive and that Canadian businesses can access the credit they need. We can help you to build your business by working through you to provide our extensive insurance and re-insurance services to your customers so that they can, in turn, grow their export and investment business. Our services are available to Canadian exporters of all sizes and in all sectors.

## HOW OUR INSURANCE WORKS

### Credit Insurance

Whether your customer has one sale or project, or needs coverage for multiple contracts, we have an [insurance solution](#) that can work for them – for both their international and domestic sales, the latter of which is provided through our partnership with COFACE.

We can, for example, cover your customer's full book of business for up to 90 per cent of their losses against such risks as:

- Insolvency
- Default
- Repudiation
- Conversion and transfer
- Cancellation of import or export licenses and permits
- Currency transfer
- War and Related Disturbances
- Contract cancellation

EDC can also extend coverage to your customer's foreign affiliate.

We can typically extend coverage to subsidiaries that are 100 per cent owned by the Canadian parent depending on the insurance laws in the foreign country. We'll need additional details to determine coverage for ownership structures that are, for example, not wholly owned or have common ownership.

With our insurance, your customer can sleep at night knowing that EDC's triple A credit rating stands behind our policies.

### Costs

Premium rates are based on a variety of factors including the type of products or services sold, buyers' country and terms of payment. An initial set-up fee applies and premiums are payable monthly based on sales volumes during that month or, in some cases, the fee is calculated and paid upfront based on buyer risk and the amount of coverage your customer needs.

EDC's Canadian Benefits requirement is met if at least 60 per cent of your customer's exports are shipped from Canada, but if not, other considerations such as costs incurred or research and development in Canada may be taken into account.

EDC offers your customers an online debt management system through EDC Direct (customer only web site) which allows them to report a debt, submit a claim, or engage a collection agency.

For a limited time, we can also support domestic credit insurance transactions in order to provide additional domestic credit capacity in Canada on a complementary and incremental basis. In line with its partnership with Coface, EDC acts as an agent of Coface to deliver the Domestic Supplemental Insurance policies to EDC/Coface joint policyholders. The reinsurance **does not** cover buyers that are currently "off cover."

### Political risk insurance

EDC has nearly 40 years experience underwriting [political risk](#) across a wide range of industries. Backed by sector, country and political risk advisory specialists, our coverage includes standard political risks including expropriation, political violence and transfer and convertibility, as well as non-standard cover like partial losses, trade disruption or business Interruption on a case-by-case basis.

We can provide a quick turnaround using standardized policy wording or work closely with your customers to devise a customized policy. In most cases, we can participate in co-insurance agreements as well as offer sole coverage if required. For customers operating in multiple markets, EDC's global policies provide an attractive and cost-effective means to mitigate risk.

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Our insurance can provide you and your customers with a number of important benefits:

- Our triple A credit rating stands behind our policies providing peace of mind
- We can provide generous tenors and expanded capacity limits, particularly in high risk and/or high demand jurisdictions
- As Canada's Export Credit Agency, we have enhanced standing with foreign governments that can be deployed on your customer's behalf

## HOW OUR BONDING GUARANTEES WORK

EDC can provide bonding solutions in almost any country where your customer is working. We can work with banks and surety companies to guarantee letters of guarantee or letters of credit required by international buyers as performance security. We have reinsurance agreements with many international surety companies, and can work with these partners to deliver capacity to your customers.

Please note that our support is limited to exports only. For domestic bonding solutions, please refer to EDC [Domestic Powers](#) or contact your customer's surety underwriter.

### Surety Bonding

[Surety Bond reinsurance](#) provides surety companies with reinsurance capacity to encourage them to provide the bonding support your customer needs to sell internationally. Surety companies with limited appetite may be able to obtain assistance from EDC through our reinsurance capacity. Our preference is to work in partnership with the surety industry by risk sharing through facultative reinsurance arrangements.

We can also consider 100 per cent cover through our surety fronting partners if there is no appetite for risk from the private surety market and if the account meets EDC's underwriting guidelines.

Because good Canadian risks have access to the U.S. bonding market, our guidelines for accessing U.S. fronting facilities are as follows:

- Exporter must be declined by private surety market
- Maximum bond value of US\$2 million
- Maximum aggregate bond value of US\$5 million

Because there is limited market capacity for bonds outside of the U.S. and Canada, EDC will consider all applications for international bonding. EDC has an established arrangement for Mexico and will consider all other market requests on a case-by-case basis.

### Performance Security Insurance

[Performance Security Insurance \(PSI\)](#) covers up to 95 per cent of your customer's losses if their foreign buyer demands payment of a bond issued by their bank (or on-demand surety bond) without valid reason. When a call for payment is made on a bond, the bank, and in some cases the surety, must pay immediately.

## HOW COMPENSATION WORKS

EDC will pay a commission on eligible products provided the broker is properly licensed. Commission rates depend on the product purchased. In some cases, broker compensation does not apply.

EDC reserves the right to communicate directly with exporters and investors where it considers it necessary. EDC will keep you, the broker, informed of these communications.

## › FIND OUT MORE

To learn more contact our Relationship & Asset Management team by e-mailing your questions to [brokers@edc.ca](mailto:brokers@edc.ca).

Ce document est également disponible en français.