FCIA

Trade Credit & Political Risk Insurance

GREAT AMERICAN INSURANCE GROUP

Trade Payables Financing Policy

Supply Chain Financing

Key Features

- Bank (Financial Institution) Is Named The Policyholder
- Nonpayment Coverage On Payables Financing
- Financing Of Payables From One Or Multiple Suppliers
- Non-cancelable Limits Or Pay-as-you-go Policy Options Available
- Up To 90% Coverage

FCIA's Payables Financing Policy provides cover to a bank against nonpayment of trade accounts payable due from a single obligor to a single or multiple sellers of goods or services. The bank is the policy's named insured.

Financing Structure

A possible financing structure is where a client of the bank, which is the buyer of goods and services, approaches the bank to finance the payment of its trade credit payables due to one or multiple sellers. The bank pays the sellers and creates a direct obligation to it from the buyer under a financing agreement.

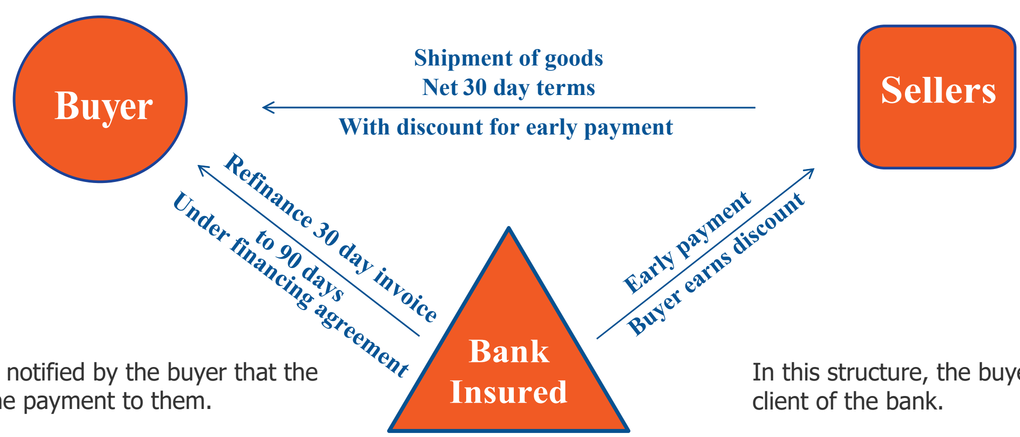
Benefits to the Buyer

Benefits to buyer can include earning an early payment discount from suppliers and receiving longer term payable financing. The total term must remain within normal credit terms for the product sale.

Benefits of Trade Payables Financing Insurance for Banks

Banks most often use our Trade Payables financing 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 suppliers are notified by the buyer that the bank will make the payment to them.

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

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