THE

PET INDUSTRY

Tools & Opportunities for U.S. Exporters

XPORTER SPOT

WHAT'S STOPPING YOU **FROM EXPORTING?**

Imagine this: your U.S. business has identified an international buyer for its product, you have agreed on pricing, and your buyer wants open account credit terms. How will your company manage the risk of nonpayment by your overseas buyer? Insuring the receivables generated by international sales with EXIM's Export Credit Insurance is a great place to start.

Export Credit Insurance is an insurance policy that covers foreign receivables.

Export Credit Insurance mitigates the risk of nonpayment and empowers you to meet, or beat, your competitors by offering attractive credit terms. Your business can use open account credit terms to win new customers and increase sales to existing buyers.

Another benefit to insuring international receivables is that lenders will often accept them as collateral, expanding your borrowing base and improving cash flow.

Export Credit Insurance:

- Increases your ability to compete in international markets
- Protects your foreign receivables from nonpayment
- Expands your borrowing base for improved liquidity

> "EXIM allowed us to take on a larger customer overseas. We never would have expanded our exports without the support offered by EXIM. We could take on multiple orders, pay our vendors on time and offer better terms to our customers without concern for receipt of payment."
>
> **L. James-Meyer,** CEO *of* BioSafe

BENEFITS INCLUDE:

Increased Sales

Every business wants to be more competitive. Providing open account credit terms can be the difference between winning and losing a deal. With more time to pay, customers have the financial flexibility to increase the size of their orders. Open account credit terms speeds up the delivery of goods by avoiding delays associated with a letter of credit or cash in advance.

Risk Prevention

The challenge for exporters, particularly small businesses, is clear. Selling to international buyers on open account credit terms can be risky. If the buyers don't pay, there is little recourse for a U.S.-based company and the financial impact can be significant. Export Credit Insurance mitigates the risk of nonpayment by insuring international receivables.

Cash Management

When your business needs cash to fulfill orders or pay for operations you often look to your local lender. These lenders are more likely to include international receivables in your borrowing base when those receivables are insured, giving you access to additional financing and improving cash flow.

What does Export Credit Insurance Cover?

Commercial Risks:

- Insolvency
- Bankruptcy
- Protracted Default

Political Risks:

- War, Revolution, Insurrection
- Currency Transfer Risk
- Cancellation of an Import or Export License

HOW DOES **EXPORT CREDIT INSURANCE WORK?**

Step 1:
You identify an international buyer and obtain an Export Credit Insurance policy.

Step 2:
You offer credit terms to your international buyer.

Step 3:
The buyer accepts the deal's terms.

Step 4:
You ship your product and invoice the buyer.

Step 5:
You report shipments and pay premiums on the amount shipped.

Step 6:
The buyer pays.
If they fail to do so, EXIM pays.

WHAT POLICY OPTIONS ARE OFFERED?

Express Insurance

Most attractive to small businesses with limited or no prior export experience.

Features Include:

- 95% coverage
- No deductible
- Pay-as-you-go premiums
- Streamlined application

Multi-Buyer Insurance

Options to cover all or part of your export portfolio.

Features Include:

- 95% coverage
- No deductible
- Pay-as-you-go premiums

Single-Buyer Insurance

Covers one buyer for a predetermined period of time and dollar amount.

Features Include:

- 90% coverage
- No deductible
- Individual policies for each deal
- Polices to cover all the deals from a single buyer

TIP: With Single-Buyer Insurance, you can have multiple policies for the same buyer covering different deals.

EXPORTER **SPOTLIGHT**

Nulo Inc.

Nulo Inc. is a premium pet food company based in Austin, Texas. Founded in 2009, it's become one of the fastest growing brands in the industry, helping dog and cat owners make responsible choices.

In 2018, Nulo began expanding into select international markets. The small business exports to six countries and plans to add more. The company has consistently grown sales through exporting, and in 2020 partnered with a new distributor that needed payment terms.

By using EXIM's Export Credit Insurance, Nulo has been able to offer credit terms, speed time to market, and minimize the company's risk exposure.

> "EXIM offers excellent tools to assist businesses in overcoming the many challenges and complexities of exporting in order to expand into global markets."

Chris Bracamontes
Director of International Sales *at* Nulo

West Paw Inc.

West Paw Inc. is a family-owned company located in Bozeman, Montana that manufactures eco-friendly toys, beds, collars, leashes, and other items for dogs. Founded in 1996, the small business decided to pursue international sales in 2004. By 2011 those sales had increased substantially, and West Paw needed support to continue growing its business.

The company turned to Export Credit Insurance, which offered two key benefits: protection against the risk of nonpayment and the ability to offer international customers favorable credit terms. Since then, sales has continued to grow, and West Paw now exports to more than 40 countries.

> "We were able to almost double our international sales within the first year of using EXIM, and our international sales have been growing ever since."

Austin Newman
Staff Accountant *at* West Paw Inc.

WHAT'S **NEXT?**

The Export-Import Bank of the United States (EXIM) is here to support you on your exporting journey. We offer a wide range of financing tools for your company's unique needs, as well as free consultations, educational material, exporter resources, and more. You can:

Get Started

Request a free consultation with an EXIM specialist in your area to determine your eligibility.

grow.exim.gov/consultationrequest

Get Helpful Advice

Do you have questions about account terms and financing for exporters? Our experts are here to help:

grow.exim.gov/export-financing-faqs

Learn Exporting Basics

Learn the basic fundamentals of trade finance and turn export opportunities into sales.

grow.exim.gov/export-guide

Guide to Working Capital Loan Guarantee

Find out how EXIM can unlock your cash flow by working with your lender.

grow.exim.gov/wclg-guide

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