

EXIM Thailand Inaugurates Export Credit Insurance for Commercial Banks with KASIKORNBANK Exporter-Clients to Receive First Coverage

EXIM Thailand launches “Export Credit Insurance (Bank Policy)” service to provide commercial banks with insurance coverage for their negotiation of clients’ export bills on terms up to 180 days. Starting with KASIKORNBANK, the service will protect banks’ exporter-customers from non-payment risks incurred by buyers in over 150 countries.

Mr. Somporn Chitphentom, Senior Executive Vice President of Export-Import Bank of Thailand (EXIM Thailand), and Mr. Songpol Chevapanyaroj, Executive Vice President, Corporate and SME Products Division, KASIKORNBANK, co-signed the Export Credit Insurance (Bank Policy) at KASIKORNBANK, Phahon Yothin Building on August 10, 2011.

Under the short-term Bank Policy, EXIM Thailand will cover the risk of commercial banks derived from their negotiation of export bills under Documents against Payment (D/P), Documents against Acceptance (D/A) and Open Account (O/A) terms up to 180 days. With commercial banks as policy holders, the service aims to enhance the banks’ confidence in providing export finance via export bills negotiation to exporters while encouraging Thai exporters to mitigate international trade risks by securing insurance coverage for every export transaction. Up to 90% of losses realized will be compensated to commercial banks for non-payments to their exporter-clients caused by commercial risks such as buyer’s insolvencies, and refusal to pay for goods sold as well as political risks such as foreign exchange control, revocation of import licenses or import restrictions, war, riot, revolution or coup d’etat.

The Bank Policy service was initialized as a result of the heightening non-payment risks from buyers overseas caused by widespread liquidity shortage, particularly in the form of buyer’s bankruptcy. According to a world-leading export credit agency, at present, a business goes bankrupt at the rate of one every three minutes. During 1995-2010, 81.7% of EXIM Thailand’s total claim payments were caused by buyer’s non-payment, 16.3% buyer’s bankruptcy and 2% buyer’s refusal to accept products delivered. The largest proportion of claims comes from buyers in the jewelry and accessories industry (57.7%), followed by automobile and parts (7.7%), canned food (7.3%), furniture (6.8%), plastic (4.2%) and other industries (16.3%)

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