

A+

S&P Global
Ratings

المؤسسة العربية لضمان
الإستثمار وائتمان التجارة
The Arab Investment & Trade
Credit Guarantee Corporation



Trade Credit Insurance

Service Guide



Disclaimer: This guide is designed to provide information on the trade credit insurance service provided by Dhaman; it cannot be considered a comprehensive and complete presentation of the service. While every effort has been made to make the information presented here as complete and accurate as possible, it may contain errors, omissions, or information that was accurate as of its publication but subsequently has become outdated by insurance changes or conditions, new laws, regulations, or other circumstances. Dhaman denies any liability or responsibility to any person or entity for any loss or damage alleged to have been caused, directly or indirectly, by the information or other content in this guide.

WHO WE ARE

The Arab Investment & Trade Credit Guarantee Corporation "**Dhaman**" is a multilateral credit and political risk insurance provider headquartered in Kuwait. Established in 1974, it comprises 21 Arab countries and four pan-Arab financial institutions.

OUR RATING

Dhaman is rated A+ (Stable Outlook) by S&P Global Ratings, reflecting:

- Strong financial risk profile
- Exceptional liquidity
- Robust enterprise risk management
- Extraordinary shareholder support

OUR MEMBER COUNTRIES

Algeria, Bahrain, Djibouti, Egypt, Emirates, Iraq, Jordan, Kuwait, Lebanon, Libya, Mauritania, Morocco, Oman, Palestine, Qatar, Saudi Arabia, Somalia, Sudan, Syria, Tunisia, and Yemen.

OUR MANDATE

To support Arab international trade and to facilitate the flow of Foreign Direct Investment (FDI) into member countries by:

- Providing Credit and Political Risk Insurance (CPRI) for exporters, investors, contractors, and financial institutions.
- Conducting research and studies to improve Member Countries' business environment and investment climate.

OUR VISION

Be the market leader in advancing sustainable trade and investment for Arab countries.

OUR TEAM

Dhaman's team has extensive experience in credit and political risk insurance and advanced education skills; the team also has experience in risk management, finance and banking, financial analysis, trade and project finance, and international law.

BENEFITS OF TRADE CREDIT INSURANCE

To the exporter

- Enabling local enterprises to access global markets.
- Enhancing exporters' global competitiveness.
- Securing better access to export finance.
- Preventing non-payment risks.
- Getting proper compensation & protecting accounts receivable.

To the Financial Institutions

- Enabling financial institutions to facilitate international trade by providing low-cost instruments.
- Reducing risks associated with borrowers and preventing default risks.
- Reducing exposure to high-risk assets and strengthening the financial profile.

To the exporting country

- Protecting the national income and enhancing the trade balance.
- Enhancing reserves of foreign currency.
- Protecting exporting enterprises from business interruption.
- Preserving and creating new employment.

ELIGIBLE TRANSACTIONS

- Export of goods and services of Arab origin from Arab countries worldwide.
- Import of goods and services of non-Arab origin from all over the world into Arab countries, provided the transactions align with national development objectives, including strategic sectors such as industrial equipment, medical supplies, food security commodities, infrastructure development, etc.
- Domestic trade operations where the seller (i.e., the insured) and the buyer are from the same Arab country. Domestic Credit Insurance is offered as an additional service to Export Credit Insurance.
- Trade finance activities associated with the aforementioned export and import trade transactions.

INSURED RISKS

Credit Risks:

- Protracted default.
- Bankruptcy of the obligor.
- Repudiation, cancellation, termination of the commercial contract, or refusal/inability of the buyer to take delivery of the goods.

Political Risks:

- Currency inconvertibility and transfer restrictions.
- Political violence (War, civil disturbances ...).
- Measures taken by the authorities of the importing country preventing the insured from obtaining his rights.
- Default of payment by a public entity.
- Contract Frustration.
- Embargoes or sanctions imposed by the UN Security Council under Chapter VII, or by a state/group of states against the host/importing debtor country, directly impacting the insured rights.

OUR PRODUCTS

For Exporters:

- **Whole Turnover Trade Credit Insurance Policy:** covers credit & political risks related to short-term export and domestic sales to pre-agreed importers by “Dhaman.” Sales to domestic buyers are protected only against credit risk.
- **Single Risk, Specific Transaction Policy:** covers credit & political risks related to a single short or medium- to long-term export transaction.

For Banks:

- **Non-Payment Insurance Policy for Financial Institutions:** Protects financial institutions against the risks of the default of issuing/obligor banks to honor their obligations.
- **Buyer Credit Insurance Policy:** protects against the default of payment of the foreign borrower/buyer when financing an export transaction.
- **Trade Finance Insurance Policy:** protects against the non-payment risk of a corporate borrower.

For Factors:

- **Factoring Insurance Policy:** Protects factoring companies against the default of payment of the obligors under the different types of factoring.

For Credit and Political Risk Insurers and Reinsurers:

- **Reinsurance treaties and coinsurance agreements:** Provide additional capacities to credit & political risks insurers/reinsurers through coinsurance or facultative and quota share treaties.

COST OF INSURANCE

The insurance fees and premiums vary according to the types of insured transactions:

- **Annual administration fee:** a fixed amount paid at the policy inception and annually at the policy's anniversary.
- **Credit information fee:** a fixed amount paid for each credit limit application.
- **Due Diligence Fee:** An amount paid upon acceptance of the insurance applicant's non-binding offer. The fee is converted into an advance payment on insurance premiums upon signing the insurance policy; otherwise, the fee shall be refunded to the applicant after deducting the amount already spent.
- **Insurance premium:** the amount due monthly, quarterly, or yearly, depending on the insurance policy type and conditions. The insurance premium rate calculation depends, amongst other considerations, on the value of the insured portfolio, the creditworthiness of the obligors, the credit terms, the means of payment, the ratings of obligors' countries, etc.

COMPENSATION

Dhaman typically pays up to 90% of the loss incurred, according to the type of insurance policy and the materialized risk; 95% is considered for sovereign "public" obligors.

CONTACT

The Arab Investment & Export Credit Guarantee Corporation
Arab Organizations Headquarters Building
The intersection of Jamal Abdul Nasser Street and Airport Road
Shuwaikh, Kuwait
P.O.Box: 23568 - Safat 13096
Tel: (+965) 24959555
operations@dhaman.org
www.dhaman.org

KEY FACTS & FIGURES

PCS

**Preferred
Creditor
Status**

100%

**Recovered
political risks
claims**

A+

**by S&P
Global
Ratings**

50+

**Years
of
experience**

operations@dhaman.org



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