

Non-Payment Insurance Policy for Financial Institutions



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WHO WE ARE

The Arab Investment & Export Credit Guarantee Corporation (Dhaman) is a multilateral organization owned by 21 Arab governments and 4 pan-Arab financial institutions. Established in 1974, Dhaman is the first multilateral investment and export credit insurance provider globally, headquartered in Kuwait.

Dhaman aims to promote Arab international trade by protecting insured banks against non-payment risks associated with trade finance instruments, as defined in the policy's covered transactions.

OUR RATING

In April 2025, Standard & Poor's Global Ratings affirmed **Dhaman's "A+"** long-term issuer and financial strength credit ratings, with a **stable outlook**.

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.

WHAT WE COVER

Under the Non-Payment Insurance Policy for Financial Institutions, Dhaman indemnifies the insured Bank for its insured percentage of a loss resulting from the obligor's failure to pay under a covered trade finance transaction. The failure must persist through the waiting period and be caused by a Covered Risk, which includes specified credit or political events.

COMPENSATION RATE

Up to 100% of the insured's participation in the transaction, subject to the policy's risk details and applicable limits.

ELIGIBLE FINANCIAL INSTITUTIONS

- Regional & international financial institutions engaging in Arab-related trade finance activities.
- Institutions offering both conventional and Sharia-compliant products.

ELIGIBLE TRADE TRANSACTIONS

- Export of goods of Arab origin to global destinations.
- Supply of non-Arab origin commodities to Arab countries, including strategic goods, raw materials, equipment, soft & hard commodities, food, raw materials, and other developmentally sound goods and services.

COVERED TRADE FINANCE INSTRUMENTS

- Confirmed Letters of Credit (including Transferable LCs).
- Avalized Drafts & Bankers' Acceptances.
- Short-term Trade Finance Loans.
- Post-Shipment or Refinancing associated with LCs.
- Irrevocable Reimbursement Undertakings (IRUs) and Irrevocable Payment Undertakings (IPUs).
- Purchase of Payment Obligations under trade finance.
- Sharia Compliant Financing such as Murabaha.
- Participation in Syndicated Loans covering any of the above.

BENEFITS FOR FINANCIAL INSTITUTIONS

- Risk-weighted asset (RWA) relief.
- Regulatory capital optimization based on Dhaman's "A+" rating.
- Country and obligor risk limit enhancement.
- Support for post-financing periods.
- Syndication complement or substitute.
- Strong recovery framework, especially on political risks.

INSURED RISKS

Credit Risks:

- Non-payment due to protracted default or insolvency of the obligor.

Political Risks:

- Restrictions imposed by authorities in the obligor's country.
- Political violence, war, civil unrest.
- Expropriation, nationalization, or confiscation.
- Currency inconvertibility or transfer restrictions.

Cyber Risks:

- Covered under the Cyber Act and Cyber Incident definitions.

Exclusions:

- Nuclear/radioactive events.
- Insured's insolvency or fraudulent activity.
- Sanctions violations.

PRICING CRITERIA

Premium rates are determined based on:

- Risk country rating.
- Obligor bank tier (top-tier vs. others).
- LC Validity & Shipment dates.
- Tenor/Settlement terms.
- Type of goods/services.
- Insured Banks' pricing.
- Insured Percentage and Policy Limit.

INSURANCE PROCEDURE

1. Signing of the Master Policy.
2. Transaction inquiry by the Insured.
3. Firm insurance offer or non-binding indication issued by Dhaman.
4. Formal insurance application with instrument copy.
5. Dhaman's underwriting decision.
6. Utilization declaration upon shipment/drawdown.
7. Premium payment.
8. Claim process initiated in case of default.

OTHER INSURANCE PRODUCTS FOR FINANCIAL INSTITUTIONS

- Buyer's Credit Insurance.
- Sovereign Non-Honoring Insurance.
- Leasing Insurance.
- Factoring Insurance.
- Trade Finance Insurance Policy.

WHY CHOOSE DHAMAN?

- 50+ years of regional expertise.
- A+ Rated by S&P Global Ratings.
- Flexible and quick underwriting response.
- Compatible with international and local regulations, OECD, Lloyds, ...
- Sharia-compliant options.
- Strong international network.
- Very strong member countries support.
- Preferred Creditor Treatment in Arab states.
- 100% recovery on political risk claims.

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 Fax: (+965) 24959597
operations@dhaman.org
www.dhaman.org

KEY FACTS & FIGURES

PCS

Preferred
Creditor
Status

100%

Political
Claims
Recovery

A+

by S&P
Global
Ratings

50+

Years
of
Expertise

operations@dhaman.org



www.dhaman.org

