ATI GLOSSARY

African Trade Insurance Agency

Agence pour l'Assurance du Commerce en Afrique

Glossary Term	Definition
Arbitration Award Default (AAD)	Arbitration Award Default means that the insurer pays the claim after these conditions are met: • The client has gone into arbitration in line with the provisions of their contract, • The client has won the case, and • The counterparty refuses to honour the decision of the arbitrators.
Bid Bond	A guarantee (usually a bank) issued on the order of the seller to pay part of the bid price (5%-10%) and thus to compensate the buyer if the seller, after acceptance of the bid by the buyer, is not willing or able to fulfill tender terms and to conduct a corresponding delivery of performance contract.
Buyer Credit	A financial arrangement under which a lending bank, financial institution, or an export credit agency in the exporting country extends a loan directly to the foreign buyer of exported goods or indirectly through a bank in the buyer's country. The loan helps finance the purchase of goods and services from the exporting country and therefore enables the buyer to make payments to the supplier under the contract. A buyer's credit is a medium- to long-term loan.
Claim	The amount claimed by an insured party as payable by ATI or other insurers, pursuant to an Insurance Contract.
Claims Payment	Payment made as compensation to the insured party (or named loss payee) for an insured loss. Such payment is made after the claims waiting period, usually 180 days.
Co-insurance	An arrangement in which more than one insurer covers a risk. Usually, each insurer decides which part of the risk they will underwrite and on what terms. They do not have to follow any other co-insurer. Each co-insurer separately insures its part of the risk and each is a separate contract.
Commercial Risk Coverage	An insurance policy cover that gives protection to the supplier or financing bank from non-payment by non-sovereign or private-sector buyers or borrowers in the event of insolvency, protracted default, or failure to take up goods that have been shipped according to the supply contract.
Embargo	Partial or complete prohibition of commerce and trade with a particular country or a group of countries.

Glossary Term	Definition
Export Credit	A term that describes different export financing facilities designed to ensure adequate availability of credit to the exporter. Such facilities are usually intended to meet the exporter's pre- and post-shipment credit requirements and include refinancing of supplier's or buyer's credit.
Expropriation	A form of political risk implying expropriation, nationalisation, or seizure of investment or assets of the project, and indirect forms of expropriation of the host country government, which are discriminating for the investor or the project.
Insured Risk	A future uncertain event which may occur independently from the exclusive will of the insured party, and due to which the insured party may suffer a loss. ATI insures trade transactions against commercial and political risks and investments against political risks.
Independent Power Producer (IPP)	An independent power producer (IPP) or non-utility generator is an entity, which is not a public utility, but which owns facilities to generate electric power for sale to utilities and end users
Loss	An insured loss, expressed in cash equivalent, that occurred for the insured party as a result of the occurrence of any of the insured risks.
Non-Binding Indication (NBI)	An offer for insurance that is 'non-binding' meaning the insurance terms are subject to change or withdrawal by the underwriter at anytime prior to commencement of cover. NBI will be subject to full support of the following market and underwriters' satisfaction with the information required.
Off-Cover	A term sued by export credit agencies to classify a country that is not considered sufficiently creditworthy to be granted import loans or be provided with insurance cover. Three options are available in that case: the bank takes the risk; the exporter takes the risk; the business is called off.
Off-Take Agreement	An agreement between a producer of energy and the buyer (for example, a utility company) to purchase/sell portions of the producer's future production.
Off-Take Agreement Insurance	Also called Breach of Contract Insurance. A means of protecting parties, their assets, and investments from loss should the resource buyer (for example, a utility company) not fulfill its obligations under the Power Purchase Agreement.
Performance Bond	A bond issued by an insurance company or a bank to guarantee satisfactory completion of a project by a contractor.
Performance Bond Insurance	A means of protecting parties, their assets, and investments from loss due to non-performance of the contractor.

Glossary Term	Definition
Political Risk	The risk of loss arising from political, economic, legal or social factors in a particular country, including any adverse actions – or inactions – of governments. For example: expropriation of assets, changes in tax policy, restrictions on the exchange of foreign currency, selective discrimination, or other changes in the business climate of a country.
Political Risk Insurance	A means of protecting parties, their assets, and investments from disruption or loss due to political action and/or inaction. For example: civil war, expropriation of assets, currency inconvertibility, and trade embargoes.
Portfolio	The collection of policies issued by an insurance company.
Power Purchase Agreement (PPA)	A means of protecting parties, their assets, and investments from disruption or loss due to political action and/or inaction. For example: civil war, expropriation of assets, currency inconvertibility, and trade embargoes.
Pure Cover	An insured contract in which there is no official intervention in the financing offered to the buyer in support of the contract. The interest rate on the loan is not officially supported, but the insurance cover or guarantees are provided to the lender covering principal plus interest.
Reinsurance	Insurance purchased by an insurance company from one or more other insurance companies as a means of sharing risks.
Renewable Energy	Energy that is collected from resources that are naturally replenished. The most common forms of renewable energy are wind power and solar power; other sources include rain, tides, waves and geothermal heat.
SE4ALL	The Sustainable Energy for All (SE4ALL) initiative is a multi-stakeholder partnership between governments, the private sector, and civil society. Launched by the UN Secretary-General in 2011, it has three interlinked objectives to be achieved by 2030: ensure universal access to modern energy services; double the global rate of improvement in energy efficiency; double the share of renewable energy in the global energy mix. www.se4all.org
Solvency	The ability of a buyer/borrower to meet payment obligations as they fall due. The opposite is insolvency.
Surety Bond	A promise by a surety or guarantor to pay one party (the obligee) a certain amount if a second party (the principal) fails to meet some obligation, such as fulfilling the terms of a contract.

Glossary Term	Definition
Standard & Poor’s	Standard & Poor's Financial Services LLC (S&P) is an American financial services company. It is a division of McGraw Hill Financial that publishes financial research and analysis on stocks and bonds. S&P is known for its stock market indices such as the U.S.-based S&P 500, the Canadian S&P/TSX, and the Australian S&P/ASX 200. S&P is considered one of the Big Three credit-rating agencies. Source: Wikipedia, May 2016. The African Trade Insurance Agency is rated ‘A/Stable’ by Standard & Poor’s, making it the highest-rated insurer in Africa.
Subrogation	The right of an insurer that has indemnified an insured party to take over any legal rights the insured may have had in respect of that particular claim, whether already enforced or not. This principle is important, as it emphasises that the insured is not entitled to receive more than the indemnity, as this would constitute a profit and would therefore undermine the very basis of insurance.
Supplier's Credit	A financing arrangement under which an exporter extends credit to the buyer in the importing country to finance the buyer’s purchase. Normally, the buyer pays a portion of the contract value in cash and issues a promissory note or accepts a draft to evidence the obligation to pay the balance to the supplier over an agreed period. The supplier agrees to accept deferred payment terms from the buyer, and obtains funds by discounting or selling the bills of exchange or promissory notes so created with a bank in his own country.
Supplier's Credit Financing	A financial arrangement in which a bank or an ECA provides a loan to the supplier, often with the pledge of export receivables from the supplier. The purchase of export receivables may be at par or at a discount, and may be with full, limited, or no recourse to the supplier.
Terrorism Insurance	A means of protecting parties, their assets, and investments from disruption or loss due to politically motivated violence, terrorism, or sabotage events.
War and civil disturbance	A type of political risk which implies the event/events in the host country having the characteristics of declared or undeclared war, civil disturbances, revolution, terrorism or sabotage with the aim of achieving political objectives, and causing permanent damage, destruction or liquidation of property