A solution for our banking clients

CONFIRMED LETTER OF CREDIT COVER

CONTEXT

According to the ICC Trade Register report, documentary credits remain a key instrument in international trade. Letters of Credit continue to grow despite increasing competition from supply chain finance solutions.

Banking institutions must balance their ambitions to expand Trade Finance activities with the need to manage risk exposure and associated costs.

Banks are therefore looking for solutions that enable continued growth while protecting themselves against counterparty non-payment risk. Faced with increasingly complex transactions involving significant amounts and very short execution timelines, Cartan Trade has enhanced its offering with a new Trade Finance solution inspired by the practices of London market insurers.

Coverage against the non-payment risk of an issuing bank under a Letter of Credit is now available as an insurance solution for all European banking institutions

CHALLENGE

These transactions mainly relate to international commodities trade, a strategic segment characterised by significant volumes and particularly demanding execution constraints.

For example, a European confirming bank wished to participate in financing the import of a tanker carrying refined petroleum products. However, its exposure to the Nigerian issuing bank had reached its internal risk limits, requiring a rapid risk transfer solution from Cartan Trade to preserve its financing capacity.

For large-scale transactions, often exceeding several tens of millions of euros, Cartan Trade also participates in syndicated insurance structures alongside other insurers, a key feature of this market.

SOLUTION

Cartan Trade provided €10 million of cover through a syndicated placement with other insurers against the non-payment risk of a Letter of Credit issued by a Nigerian bank with a tenor of 125 days, thereby securing part of the financing of refined petroleum product imports by tanker.

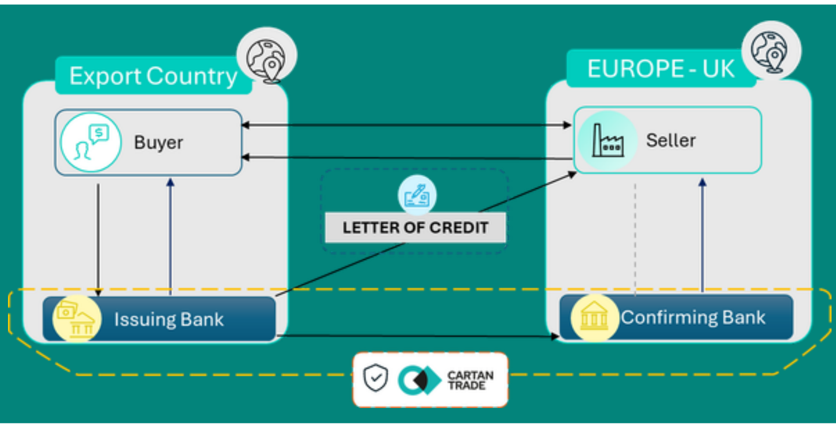
Tailor-Made Risk Transfer Solution

Industry Expertise

Speed of Execution

125 DAYS
Average cover period by Cartan Trade

550 M
Of immediately available underwriting capacity on banks across the EMEA regions



KEY BENEFITS

1. **Proven agility** in integrating an existing insurance programme alongside other insurers.

2. **Recognised expertise** in underwriting risks related to foreign banks and their geopolitical environments.

3. **Fast policy issuance**, with turnaround times of less than three hours, fully aligned with the operational requirements of Trade Finance transactions.