

**Unit of Competency****Functional Area: Sales and Merchandising**

Title	Evaluate on the use of export credit insurance
Code	105200L3
Range	This unit of competency is applicable to practitioners in the import and export industry. It involves the evaluation on the use of export credit insurance to minimise the possible loss of non-payment to the company.
Level	3
Credit	4 (for reference only)
Competency	<p>Performance Requirement</p> <p>1. Possess knowledge of export credit insurance</p> <ul style="list-style-type: none"> <li>• Describe the provision of insurance protection for Hong Kong exporters against non-payment risks</li> <li>• Describe the use of Export Credit Insurance and commercial insurances</li> <li>• Describe the role and operation of export credit insurance companies, e.g., the Hong Kong Credit Insurance Corporation(ECIC)</li> <li>• Describe the need of Export Credit Insurance in the export companies on such credit payment terms as Documents against Payment(D/P), Document against Acceptance(D/A) and Open Account(O/A)</li> <li>• Use the range of service provided by ECIC, e.g., Export Credit Insurance, risk assessment and monitoring services, collateral for discounting export bills, and assistance in loss minimisation</li> </ul> <p>2.1. Use of export credit insurance in international trade</p> <ul style="list-style-type: none"> <li>• Identify risks covered by Export Credit Insurance, e.g. buyer risks (i.e., bankruptcy or insolvency, payment default, and refusal to take delivery of goods), and country risks(e.g., blockage or delay in foreign exchange remittance, import ban, cancellation of import license, payment moratorium, war, revolution, riot, or natural disaster)</li> <li>• Check the background of buyer and their credit information through the computerised worldwide database of ECIC</li> <li>• Analyse the company's exposure to non-payment risks for export activities</li> <li>• Seek the credit advisory service from the Hong Kong Credit Insurance Corporation(ECIC)</li> <li>• Use insurance policies issued by the ECIC as collateral for discounting export bills to obtain the banking facilities</li> <li>• Minimise loss by using the worldwide network and database of ECIC</li> </ul> <p>2.2. Evaluate export credit insurance for each customer</p> <ul style="list-style-type: none"> <li>• Assess potential losses after giving considerations to the risk factors, e.g., contracts with customers, relationship with customer, payment terms and payment methods</li> <li>• Evaluate the export credit insurance</li> <li>• Take appropriate measures to minimise the risks and losses</li> </ul>
Assessment Criteria	<p>The integrated outcome requirements of this unit of competency are:</p> <ul style="list-style-type: none"> <li>• Capable of analysing risks for goods exported and services</li> <li>• Capable of selecting appropriate export credit insurance to minimise the risks and losses</li> </ul>
Remark	