A Study on the Background and Function of Korean Export Insurance, the Korean Officially Supported Credit System and the Korea Export Insurance Corporation

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요 약

수출 의존도가 높은 우리나라는 급속히 글로벌화하는 세계경제의 흐름 속에서 수출 물량의 증가뿐 아니라 수출 물품과 서비스의 다양성으로 발생할 수 있는 신용, 정치적 위험 또한 그에 상응하여 늘어나고 있다. 위와 같은 위험을 회피하기 위해 우리나라에서는 포괄적인 수출보험제도가 개발되어, 수출을 극대화하고 있다. 우리나라의 최근 수출보험은 한국수출보험공사의 관리와 지원 하에 존재하며 11개의 수출보험과 2개의 수출신용보증으로 분류될 수 있다. 이 논문을 통해 한국 수출보험의 현황에 대한 이론적 측면을 고찰하고, 수출보험의 개선방향도 함께 살펴 보고자 한다.

핵심주제어 : 한국수출보험공사, 다기관제휴, 신용위험, 정치적위험, 단기수출보험, 중장기수출보험

Ⅰ. Introduction

In the light of recent booms in exports and increasing interdependence of nations in the global market, the impact and diversity of risk related to the export industry have subsequently increased. The APEC nations alone accounted for 47% of world trade in 2005 (APEC Website, 2007). Korea, as a member of APEC, has emerged as a major player in global trading and faces increasing demand for security in its trade activity. As the so-called "new economic geography" (Krugman, 1991) of the world shifts toward increased specialization, small and medium-sized businesses struggle to survive competing with the economies of scale enjoyed by larger firms. To meet demands for secure trade with developing nations and to support small and medium-sized firms in order to increase overall exports, the Korean Export Insurance Corporation has developed a comprehensive export insurance and credit system, the issuance and complexity of which have expanded accordingly with the rise in exports. In this article, the Korea Export Insurance Corporation will be introduced. Korea's export insurance development, policies and payment systems will be discussed. Also, the background and policies related to export risk insurance will be covered. Finally, through a conceptual analysis, the implications of Korea's export insurance policies with regards to trends in world trade will be examined.

Ⅱ. The Korea Export Insurance Corporation

1. Background and History

The history of export insurance in Korea can be traced back to 1968, when the Korean Insurance Corporation officially established the Export Insurance Department. Actual operations of this department and its coverage policies began in 1969. Another important milestone in the evolution of export insurance came about in 1977, when the governmental status of the Korea Insurance Corporation changed in that it became a government supported institution administered by the Korea Export Import Bank. Later, in 1981, after the establishment of the Korea Export Insurance Corporation Authority a concrete plan was set, which, in turn, led to the founding of today's Korea Export Insurance Corporation on July 7, 1992 (KEXIM, 1997), which is a wholly state-owned institution under the policy guidance of the Ministry of Commerce, Industry and Energy. The specific legislation enabling KEIC is the Export Insurance Act, amended in December, 1999 (www.keic.go.kr).

Today, the Korea Export Insurance Corporation, or KEIC, is the sole provider of export insurance in Korea. Its establishment and continued development have been a result of increased export values, as well as increased demand for export insurance spurring from the great diversity of export destinations. KEIC is regulated via the Export Insurance Act, which stands in place to ensure the maintenance of a balance between the revenue and expenditure of the export insurance business domestically by securing the premium rates table of the KEIC (Lee, Eunjae 2005). The main objective of KEIC is to facilitate and promote national exports and overseas business activities of Korean exporters.

KEIC has a broad presence in Korea, as well as a minimal presence abroad. Aside from the Seoul Main Office, there are 12 domestic offices and 6 offices overseas. The following table shows locations of domestic and international KEIC branches:

Domestic Branches	International Branches
Seoul, Gangnam	Los Angeles
Seoul, Guro	Beijing
Busan	Sao Paolo
Daegu	Paris
Daejon	Shanghai
Inchon	Hochiminh
Ulsan	
Gwangju	
Gyeongi	
Chungbuk	
Jeonbuk	
Gyeongnam	

* Overseas Reps in Dubai, Frankfurt, Jakarta, New York, Moscow, Tokyo, Mexico City and Santiago (www.keic.go.kr)

Korea's Export Insurance Corporation serves the following functions:

- covers the costs of exporting in the case of uncertainty of collection
- provides supplementary financing
- acts as a managing institution for trade policy
- performs credit risk evaluations of foreign import firms and institutions (KEXIM, 1997)

A notable characteristic of KEIC is its establishment of policy coordination and borrower information cooperation through inter-institutional arrangements – namely with regards to OECD and the Berne Union. OECD instituted the Arrangement on Guidelines for Officially Supported Export Credits, affectionately known as "the Consensus," in order to set concrete standards for trade support and export credit and to prevent over–zealous competition based on export financing. As of 2005, 23 nations, including Korea, have pledged membership with OECD. Specifically OECD sets standards for financing terms and amounts, acceptable payment methods, interest rate minimums and minimum premium benchmarks (Lee, Eunjae, 2005).[1)]

The Berne Union serves nearly the same function as OECD. However, Berne Union forums are not mediated and usually serve as informational exchanges between member agencies (Berne Union Website).

Ⅲ. Korea's Export Insurance and Credit Guarantee System

Export insurance in Korea serves the purpose of hedging a variety of risks involved with the export business. Cases where export insurance is necessary include the following:

Credit Risk	Export disability, bankruptcy of foreign buyers, inability of foreign buyers to make payments, delayed or cancelled payments, late cancellation by foreign buyers
Political Risk	Cases in the importing nation regarding: war, civil unrest, limiting of foreign exchange, risky bank transactions(Lee, Eunjae, 2001)

In the above cases, there is risk of loss by the exporting firm, the manufacturer or the financial institution that provides financing to the exporter, thus facilitating the need for export insurance to cover losses incurred. KEIC provides the financing and coverage to guarantee Korea's exports. In fact, KEIC expects to provide actual support funds amounting to 88 trillion won for the calendar year 2007, compared with 18.5 trillion won 10 years ago (www.keic.or.kr).

The function of export insurance is further understood when the current circumstances surrounding Korea's export environment are observed. In reality, many of Korea's exportable products have decreased in competitiveness due to the higher cost of labor and manufacturing. As mentioned in the introduction, larger firms' economic competitiveness makes it difficult for smaller

1) Some of the standard conditions set and agreed upon by OECD nations are: 1) cash payment that amounts to at least 15% of the value of the export contract; 2) maximum repayment terms of 5 years for richer and 10 years for poorer nations; 3) minimum interest rates that are linked to G7 market rates.

firms to compete without support. Also, a great number of Korean export ventures do not have adequate capital or infrastructure to perform well in adverse situations facing often dominant foreign importers. Moreover, the cost of manufacturing coupled with increased expenses for logistics, trade financing, exhibitions and trade fairs is making it more difficult for exporters to secure high margins, thus adding to the need for export insurance coverage (Kim, Gwandu, 1999)

1. Credit Guarantee and Loan Functions

There are two kinds of guarantees provided for exporters - loan guarantee and foreign construction development guarantee. In the case of loan guarantees, if the debtor breaches payback responsibility, KEXIM guarantees repayment of the unpaid portion of the loan to the domestic or foreign financing agency. Foreign construction development guarantees serve in instances where domestic exporters, in the booking of contracts to construct abroad, require guarantees for contract bidding, prepayment refunds, contract fulfillment or loan forbearance (Lee, Eunjae, 2005).

Loans are also available for exporting firms and affect the function of export insurance unless they are provided through the Korea Export Import Bank. KEXIM offers a variety of financing options for exporters, including short - and long - term loans, inter - bank export financing, export factoring (from purchasing trade bills which occur from open - account export transactions on credit), forfaiting (discounting trade bills from export transactions with developing countries) and overseas investment credit. (koreaexim.go.kr).

Loans for export activities are most often used by small and medium - sized businesses, as larger firms secure funding via private investment, global operations and other government funds. For example, Hynix secured a range of funding for its recent restructuring, including credit financing and government - based subsidies offered through financing institutions. Despite their availability, subsidies and government - based funding are often dangerous for large firms like Hynix, which now faces countervailing duties (CVD) investigations from Japan, EU and the US where it has allegedly defied the WTO Agreement on Subsidy and Countervailing Measures (SCM Agreement).[2]

2) Countervailing duties refers to the duties placed on companies that have been deemed as harmful to fair trade in local markets due to government subsidized funding to those companies allowing them to offer products at low prices (Kim, Gisu, 1996.) In the case of Hynix, the CVD tariff is charged at a rate of 44% based on the price per unit of chips manufactured in the US (US State Department Press Release, 2007)

The immense global presence of large firms also makes it possible for them to hedge risk from CVD tariffs and other risks by diversifying business, expanding sales, opening new overseas markets and restructuring logistics channels through strengthening cooperation with various foreign customers (Hynix PR, 2004). This example shows the sheer size of large firms and the complexity of their business endeavors, offering explanation as to why loans for export activities are not sought after by those large firms, but rather by small and medium-sized firms.

Ⅳ. Types and Functions of Export Insurance and Credit Guarantee

There are eleven types of export insurance and two credit guarantees available in Korea through KEIC. These include short-term export insurance, medium-and long-term export insurance (supplier credit & buyer credit), overseas construction works insurance, interest make-up insurance, export bond insurance, overseas investment insurance, agriculture and marine products insurance, market development insurance, product liability insurance, intellectual services insurance and foreign exchange risk insurance, as well as pre-shipment and post-shipment export credit guarantees (keic.or.kr).

Each of these types of policies is explained in further detail later in this study. The following table summarizes each type of export insurance and guarantee.

Type of Ins.	Purpose	Contract	Risks	Coverage
Export Insurance Policies				
Short-Term	1-2 year payment, common trade, consignment mfg	Exporter	Emergency/Credit-Failure of Pmts	95% of losses (100% for SMEs)
Mid/Long-Term (Supplier Credit)	〉 2 year payment, exports, industry or mfg facilities development	Exporter	Emergency/Credit-Failed Delivery, Failed Pmts	90% of losses (95% for SMEs)
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Mid/Long-Term (Buyer Credit)	Direct loan or relending	Financing Company	Emergency / Credit - Failure of Pmts	Losses x (Ins. Amount / Ins. Premium)

Type of Ins.	Purpose	Contract	Risks	Coverage
Overseas Construction Works	Construction & Tech, Engineering Laws – Contracts	Foreign Construction Firm	Emergency/Credit – Failed Export, Title Transfer Rights	90% of losses (95% for SMEs)
Overseas Investment	Foreign Stocks, Mgmt Devel., L/T Direct Investment Funding, Mining	Foreign Investor	Expropriation, Currency Transfer, War, Failure of Pmts / Foreign Funding, Currency Transfer Mistakes	90% of losses + dividends or interest (95% for SMEs)
Export Bond Ins.	Foreign Buyer Initiated Bonds on Korean Exports, Contracts	Issuing Bank, Foreign Ex. Bank	Unfair Calls on Bonds, Failure of Shipment	95% of Bond Call Rate
Market Development	Exhibitions and Trade Fairs, Operation of Foreign Sales Department	Exporter	Inability to Cover Expenses for Market Development	Losses x (Ins. Amount / Ins. Premium)
Product Liability	Manufacturing Industries Exporting KD, SKD and Final Products	Exporter	Product Defects : Recall, Repair and Replacement	100% of Repair / Replacement Amount minus deductible
Interest Make – up	〉 2 year export financing	Financing co.	Changes in Interest Rates at Financial Inst.	Interest Loss Rebate
Foreign Exchange Risk	Small / medium sized firms, common trade in USD, Euros and Yen	Exporter	Changes in Foreign Currency Exchange Rate	Sets Contract Payment Amount to Korean Won.
Agriculture & Marine Product	〈 2 year payment, Ag & Marine Exports	Exporter	Non – shipment; Non – payment; Price Increase	Non-shipment=95% Non-payment=95% (SME=100%) Price Increase=80%
Intellectual Services	Exports of Intellectual Property and Information Services	Exporter	Inability to Cover Expenses for Intellectual Rights, Loyalties, Licensing	95% of Losses (97.5% for SMEs)
Export Credit Guarantees			**Guarantee**	
Pre – Shipment Export Credit Bank Guarantee	Bonds Guaranteeing Working Capital Loans for Exporting SMEs	Issuing Bank	Payment of Debt by Exporter Without Collateral	Guarantee
Post – Shipment Export Credit Bank Guarantee	Short – term Export	Foreign Exchange Bank	Repayment Guarantee Against Foreign Buyers' Failure to Make Pmts	Guarantee

(KEXIM, 1997 / www.keic.or.kr / Lee, Eunjae, 2001)

SHORT – TERM EXPORT INSURANCE – Covers the losses incurred by an exporter who engages in an export contract with a payment period of less than two years but is unable to receive full payment by the importer. Coverage is available for common exports, processing deals or transit trade. Small and medium enterprises can receive coverage amounting to 100% of losses.

MID-/LONG-TERM EXPORT INSURANCE (SUPPLIER CREDIT) - Covers losses incurred by an exporter who engages in an export contract with a payment period of greater than two years but is unable to receive full payment by the importer. Failure of delivery of exports is also covered. This insurance is generally employed by exporters of machinery, industrial plants and vessels.

MID-/LONG-TERM EXPORT INSURANCE (BUYER CREDIT) - Covers losses incurred by a foreign exchange bank that finances an export contract between a foreign buyer and a Korean exporter with payback set at a period of greater than two years. Losses occur due to failure of repayment due to the importer's bankruptcy or war or currency inconvertibility in the importer's country. The buyer credit-side coverage is also generally applied to exports of machinery, industrial plants and vessels.

EXPORT CONSTRUCTION WORKS INSURANCE - In cases of overseas construction or engineering contracts, losses can incur due to failure of shipment of construction equipment or materials or to failure to receive payment for completed overseas construction. Coverage on this insurance varies based on the type of contract: construction and engineering or equipment.

OVERSEAS INVESTMENT INSURANCE - Where a Korean investor incurs losses of investment money, interest or dividends on a foreign investment due to war, transfer restriction or breach of contract by the host country. This coverage is generally reserved only for 3-15 year investments and covers 5 types of investments, specifically stocks, corporate bonds, guarantees on financing, real estate titles and capital securities.

EXPORT BOND INSURANCE - Covers losses incurred from unfair calls made on bonds (bank guarantees) issued by Korean foreign exchange banks for Korean exporters as per foreign buyers' requirements (to warrant bids or advances received). This insurance also covers situations of fair calling but where exporters fail to fulfill contractual obligations. Coverage varies by user in that export bond insurance for financial institutions stipulates that the financial institution signs a direct bond contract with KEIC, while export bond insurance for exporters allows for exporters to enter into the insurance contract as the insured with coverage provided by a domestic or foreign financial institution.

MARKET DEVELOPMENT INSURANCE - Covers an exporter participating in trade fairs or exhibitions abroad or establishing a temporary overseas sales office who is unable to recover expenses for overseas market development activities due to failure to secure export transactions or negligible increase in export volume. This insurance is often employed in conjunction with market development subsidies offered by KITA (Korea International Trade Association).

PRODUCT LIABILITY INSURANCE – Covers exporters of parts or knock – down products who incur losses due to recall, repair or replacement of defective products or suspension of production. This insurance was established to guarantee the quality of Korean parts used in foreign – made products. Coverage pays for 100% of replacement or repair expenses based on aggregate limited liability coverage and minus a deductible.

INTEREST MAKE – UP INSURANCE – Where a foreign exchange bank is engaged in export financing for a period of greater than two years for an overseas buyer at a fixed rate while securing the fund at a variable rate and realizes losses from the discrepancy in interest rates. This insurance is employed in conjunction with mid/long – term export insurance and for transactions that involve export credit loans through a financial institution. By applying this insurance, importers can secure a financing rate based on CIRR[3] while the insured (financial institution) can hedge risk from disparity in fixed versus floating interest rates and secure profits from LIBOR + Spread financing as guaranteed by KEIC. Interest make – up protection can be explained as follows:

- Standard Interest Rate (CIRR) 〈 Reference Rate (LIBOR + Spread) → Maintain Interest Rate Disparity
- Standard Interest Rate (CIRR) 〉 Reference Rate (LIBOR + Spread) → Secure the Standard Interest Rate

FOREIGN EXCHANGE RISK INSURANCE – Hedges against fluctuations in exchange rate when contracts for export – related transactions stipulate prices in Euros, Yen or US Dollars. The structure of this insurance is similar to futures with a put option based on a set exchange rate in Korean Won. This insurance is generally reserved solely for small – and medium – sized enterprises.

AGRICULTURE & MARINE PRODUCTS INSURANCE – Covers losses incurred where, after an export contract for agriculture or marine products has been concluded, shipment of contract goods becomes impossible, payment for shipment of contract goods is not received or the domestic value of the products becomes markedly higher making export economically infeasible (specified as non – shipment risk, non – payment risk and price increase risk, respectively). Coverage is based on the contract amount.

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3) CIRR – Commercial Interest Reference Rate: The lowest interest rateacceptabl under OECD guidelines.

INTELLECTUAL SERVICES INSURANCE – Covers losses incurred by Korean exporters of information services, such as telecommunications, cultural contents, intellectual property, technologies or engineering, where the exporters fail to receive royalties on service and intellectual property contracts or are unable to cover expenses. This insurance includes coverage for running royalties, which are excluded from coverage in standard export insurance policies. Specific projects requesting intellectual services insurance include those involving system development (hardware and software for establishing and maintaining information or telecommunications systems), industrial systems technology, cultural contents for online and mobile services (characters, games, programs, movies music, broadcasts, etc.), software and overseas engineering (such as for scientific research or facilities development). This insurance is only available for export transactions with payment periods of 2 years or less.

PRE – SHIPMENT EXPORT CREDIT BANK GUARANTEE – Where a foreign exchange bank offers credit financing for manufacture, upgrade or procurement of goods as stipulated in an export contract, the Korean Export Insurance Corporation guarantees repayment by the exporter. This is usually needed in the case of small and medium exporters who cannot secure bank funding due to lack of collateral and who face the risk of failed payments or cancellation of orders by foreign buyers. This guarantee serves as a working capital loan guarantee, and interest is calculated from the loan guarantee start date.

POST – SHIPMENT EXPORT CREDIT BANK GUARANTEE – Where a foreign exchange bank offers an export credit loan for a small or medium sized exporter to cover exporting expenses, the Korean Export Insurance Corporation guarantees repayment in the case where the importer fails to pay in full for the exporter's already shipped goods.

Ⅴ. Analysis of Trends in Export Insurance and Guarantees in Korea

In today's globalized Korean business market, hedging the risk of losses incurred due to credit, political or other risks has great significance due to the enormous volume of merchandise exports in Korea's economy. In 2006, Korea ranked 6th in exports worldwide according to the WTO's world merchandise trade rankings (WTO, 2007).

The complexity and diversity of credit risk guarantees and insurance have increased accordingly with the volume of exports, and there have been some changes and additions to coverage policies. These changes have occurred in alignment with economic trends that manifest the needs for updated guarantee programs. Here several of those trends will be discussed – namely trends related to, the devaluation of the US Dollar, construction payments, information and intellectual property, the power of the money market, focus on small and medium businesses and FTA negotiations.

Decreasing demand for US Dollars seems to be a trend and has specific significance to Korea's export activity. Changes in the exchange rate between the Won and the Dollar greatly affect profits of exporting industries. Whereas just 18 months ago, the exchange rate hovered around 1050 won to the dollar (1049 won/dollar on November 4, 2005), it is now dancing in the range of 920 to 940 – on July second, 2007, the cost per dollar was 927 won (Federal Reserve Statistical Release, 2007). This means that exporters and investors will continue to seek bonds guaranteeing operations and interest profits based on their home currencies, leading in an increasing demand for exchange risk insurance and interest make – up insurance.

In industrialized nations, construction projects are paid for in intervals, not based on a fixed payment schedule, but on a percent – complete basis. Thus, overseas construction works insurance is not sought after these days because repayment risks are lower.(www.keic.go.kr)

In contrast, intellectual services insurance will be sought after at an increasing rate. This is due, first of all to the eminent expansion of IT and telecommunications to developing nations around the world. Korea's presence in the global telecommunications sector is discernibly strong. Another guiding factor for this trend is the current spread of interest in cultural contents, especially into China and Southeast Asia. With an increasing volume of intellectual services exports being contracted with developing nations, the risks involved will increase, leading to greater demand for this kind of policy.

In 2007, Korea has realized a shocking rise in trading on the stock market. The KOSPI index reaches historical highs almost weekly, indicating a shift within the investment market toward financial assets. This increase in the power of the money market may influence financial institutions to push funding for export projects, which, in turn, would give rise to greater possibility of credit risk. I foresee further updates and changes in the complexity of export credit guarantees before the end of the calendar year.

An interesting characteristic of KEIC's export insurance policies is the focus on providing maximum coverage for small and medium enterprises. In the case of large firms, losses can be devastating due to the massive contract amounts transacted, yet coverage is limited, probably for the same reason. Korea continues to provide protection for small and medium businesses, which tend to have lower credit ratings and require guarantees to secure financing with foreign banks.

Despite rising issues from export-related risk, there is support between the US and Korea to continue developing export/import relations between the two nations. The heads of the Export-Import banks of the United States and South Korea signed a Memorandum of Understanding in 2004 that pledged cooperation in a number of areas and proposed joint efforts, including reciprocal or co-financing, where companies located in Korea and the U.S. contemplate entering into export contracts for the supply of goods and/or services to a buyer established in a country other than Korea and the U.S. in relation to the same export transaction. In the agreement, KEXIM and Ex-Im Bank agreed to the establishment of a formal arrangement whereby one party would provide a financing facility for suppliers, borrowers or banks on the condition that the other party guarantees a portion of such a facility (EXIM, 2004).

The most prominent trend in international trade relations is the institution of FTAs among nations with histories of friendly exchange. Currently, Korea endeavors to create successful FTA policies with the USA, EU, China, Japan, ASEAN and several other nations (Jeong/Roh, 2006). Several FTAs have already been secured, including Singapore and Chile. The United States has initiated or finalized FTA negotiations with 26 countries and has shown growth in exports of more than twice those of non-FTA nations (www.ustr.gov). In essence, an FTA is a bilateral agreement wherewith two nations agree to limited government-imposed restrictions and itemized non-tariff policies in order to increase the volume and diversity of trade.

While the central purpose of negotiating FTA relations is to generate augmented export-import activity between two nations, if conditions are not conducive to profitable exports, FTA-directed trade will suffer diminished positive outcomes. Similarly, if there is uncertainty about the outcome of exports, further questions will be raised about the feasibility and benefits of FTA relations, a phenomenon that could certainly hinder negotiations.

Consider the case of the FTA between Korea and Chile. So far, this can be seen as a successful FTA in that trade between the two nations has increased exponentially with positive results (although the domestic agriculture industry has suffered some losses). Korea expects a 147% increase in car and car parts exports in the first few years, and Chile has already seen a 66% increase in exports of grapes and wine to Korea. Korea hopes to use the opportunity to become a stronger contender in the automotive industry against the country with the largest market share therein – Japan. Korea is in a tough second with 26% market share (Jeong/Roh, 2006). Large firms, such as those exporting automobiles and parts and telecommunications, are the primary beneficiaries of the Korea/Chile FTA, yet most export insurance and credit support is directed toward developing the business of small and medium exporters. Thus, after the initial big players in FTA negotiations attain stable trade under FTA policies, small and medium exporters will see new opportunities for trade, but will require the increased employment of export credit bank guarantees.

Ⅵ. Conclusion

The Korea Export Insurance Corporation, with the financial support of the Korea Export Import Bank, provides a variety of export insurance options and credit guarantees which are cardinal for the continued development of Korea's exports. Trends within the economy have affected and will continue to affect the complexity and employment of policies. By updating the coverage and policy standards to meet current economic needs, export insurance can serve as a formidable incentive for increased trade activity between nations. If governments of developed nations, including EX–IM banks, cooperate to support a more comprehensive global standard for export insurance, all countries involved will benefit mutually with increased trade relations.

There are numerous fields within the greater scope of export insurance and credit guarantee that have not been addressed in this empirical summary. The reasons for this extend from shortage of empirical evidence and limited research experience on the subject. However in the future, further publications of mine within this field of study will include detailed statistical evidence and supported hypotheses, as well as continued analysis following the trends of Korea's export insurance policy and the effects of those trends on Korea's role in the standardization of international trade.

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A Study on the Background and Function of Korean Export Insurance, the Korean Officially Supported Credit System and the Korea Export Insurance Corporation

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Abstract

Globalization and the rapid advancement of technology have contributed to a noted increase in the volume and complexity of exports globally. As a strong exporting nation, Korea has developed a comprehensive export insurance system as a safeguard and incentive for exporters. Through existing and pending FTA negotiations, Korea has increased exports further and has created a greater need for a more comprehensive export credit and insurance system. This article offers an overview of the history and background of Korea's export insurance and credit guarantee policies, as well as a detailed explanation thereof, including recent updates. In addition, the future of export insurance in relation to Korea's FTA negotiations will be briefly explored.

Key words : Korea Export Insurance Corporation, Inter–institutional Arrangements, Credit Risk, Political Risk, Short–term Export Insurance, Mid/Long–term Export Insurance