



Trade Credit Insurance

Extending credit to your commercial customers can be a double-edged sword. While it may increase sales, provide a competitive advantage, and foster customer loyalty, it also exposes your business to the risk of bad debt. When a customer defaults due to insolvency or cash flow difficulties, the resulting lost revenue can disrupt your cash flow and growth.

Trade credit insurance offers a solution to this challenge, providing protection against bad debt and safeguarding your business. By understanding the benefits of trade credit insurance, you can make an informed decision to mitigate credit risk and unlock new opportunities for growth.

Benefits of Trade Credit Insurance

In the world of B2B sales, it's common practice to offer credit terms to customers. Doing so can lead to increased sales, a competitive edge, and customer loyalty. However, extending credit to commercial customers also comes with the risk of bad debt if a customer defaults due to insolvency or cash flow issues. This can create a cash flow disruption and hinder business growth. To protect against such risks, trade credit insurance can cover up to 90% of the value of unpaid invoices. This can help to replace lost revenue and safeguard cash flow, giving your business the peace of mind it needs to thrive.

Supports Credit Risk Management

By choosing trade credit insurance, you get access to expert risk underwriters who assess the creditworthiness of your customers based on up-to-date intelligence. This helps you gain insight on who to extend credit to and avoid potentially bad risks. You also receive early notification of customers who may be experiencing financial difficulties.

Mitigating credit risk can help accelerate the growth of your business. You can safely increase sales to existing customers, explore opportunities with new customers, and expand into new markets.

In addition, trade credit insurance provides reassurance to banks and other lenders, enabling your business to access financing and negotiate better borrowing terms.

Trade credit insurance provides you with peace of mind when offering credit terms to new customers, as it indemnifies you for losses in case of default and offers collections assistance.

This means that you can offer credit terms to customers, even when your competitors may struggle to do so. Additionally, the insurance policy provides access to a worldwide Commercial Debt Collection service for amicable and legal collections, helping to prevent bad debts from escalating. Early intervention by a collection specialist may prevent bad debts from growing, making trade credit insurance a valuable investment for your business.

A Bespoke Solution:

- » Trade credit insurance is suitable for any business that supplies goods or services to their commercial customers on credit terms.
- » It can cover your trade with domestic and export commercial customers.
- » Your business is able to choose the level of cover required:
 - » **Fully Comprehensive Cover** protects your whole turnover.
 - » **Selective Cover** insures only your customers that pose the greatest potential risk.
 - » **Single Risk** covers only the customer whose failure to pay would have the greatest detrimental impact on your business.
- » Each policy is bespoke and tailored to meet the specific needs of your business and trade sector.

How Does Trade Credit Insurance Work?

- » The Insurer assesses the creditworthiness of your customers and issues a credit limit decision for each customer. New customers can be added to the policy when required.
- » Your business trades as usual.
- » The Insurer continues to monitor the creditworthiness of your customers and will alert you to any concerns.
- » You inform the Insurer if a customer fails to pay.
- » You will have access to commercial collection specialists to assist you with collection of the unpaid invoices.
- » If it is not possible to recover the debt, the Insurer will assess the claim to indemnify your loss.



Protect your business from the risks of bad debt and unlock new opportunities for growth.

Explore the benefits of trade credit insurance and speak with one of our experts today to find the right solution for your business.

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