

Why you should consider Credit Insurance

- We pay if your client does not

This is the essence of Credit Insurance.

- You will improve your credit management

The credit decisions will be based on the most comprehensive information sources, the rules for granting and extending credit will be clearly defined, the whole credit management will be set at a professional level.

- You have access to the reinsurance market

One of the advantages of an insurance company (compared to factoring e.g.) is that it can give away a part of the risk it takes to reinsurance companies. That way we can take very big exposures on large multinationals, without threatening our financial stability if one collapses.

- You will enter new markets with confidence

You will have access to the best information sources that often include trading experiences and a claims history. Even if you do not know the market, the law or your client, you know that your risk will be minimal – and that at a minimal cost.

- You will protect your company against catastrophic losses

The default of one of the biggest clients is one of the most frequent reasons of bankruptcy. Sometimes such an event can be predicted, provided one has the right information sources. Sometimes it can't, e.g. in case of fraudulent action or wild speculation by a key employee.

- You will increase your creditworthiness with your bank

Banks assess your company by re-assessing its assets, irrespective of the book value. If a bank knows that your account receivables are insured by a top underwriter it will definitely have an impact on the way they value them.

- You will collect debts more efficiently

A global company has developed a network of lawyers and debt collection agencies, has made an analysis of the most efficient strategy for each country, and has negotiated prices based on the volume it represents.

- You will have a neutral point of view in the debate between commercial aggressiveness and financial prudence

When they conflict it is very useful to have a neutral expert opinion, one that stays out of a debate and gives an assessment of the creditworthiness of a client without being emotionally involved. One thus avoids emotional factors that could affect the risk position of the company.

- You will avoid the costs and hassle of the Letters of Credit (L/Cs)

L/Cs are good instruments to enter unsecured markets, but they have a number of drawbacks : they are expensive – both for the buyer and for you. They require a lot of tedious work and the frequency of discrepancies makes the security it provides an illusion.

- You will be less dependant on key individuals

Where the credit management is the main task of one person, there is always the risk that the whole service will be disturbed if this person is moved or leaves the company. By outsourcing a part of this work you have a continuity and a partner who knows your business and can train new people.

- You will decrease the expenses of your credit management administration

Expenses for purchase of information, monitoring of existing clients, study of new markets and debt collection will be reduced. Internally you will probably save time spent on co-ordination meetings and debates with the commercial department.