

# TRADE CREDIT INSURANCE



## GROW WITH CONFIDENCE, INCREASE YOUR SALES AND PROTECT YOUR BUSINESS PROFITS

The cost of a 'bad debt' should be treated much more than simply the loss of money owed. The truth is, one can never make up for the cost of a bad debt. The impact can put stress on cash flow and will damage a company's bottom line. What would be the consequences of one of your largest customers failing to pay?

The value of the debtors' ledger (money owed) is one of the largest assets of a business and yet it is often not insured. Other business assets are normally insured, yet the risk to a business of customer insolvency is one of the most volatile exposures.

### WHY USE THE STEADFAST NETWORK?

With more than 300 brokerages, Steadfast have the strength of the largest insurance broking network in Australia and New Zealand behind it. Steadfast offers a lot of bargaining power within the industry to tailor policies and provide unique solutions for their clients.

NCI are a specialist trade credit insurance broker in partnership with your general Steadfast broker. Together we can design a customised policy that protects your business from non-payment.

You will gain the best protection for your business due to our well established partnerships with credit insurers and our ability to source extended cover, competitive terms and premiums.

### 1 Preserve profit

Too often and too late businesses realise that a bad debt is really lost net profit; a bad debt reserve is not the answer. It won't put cash back in your hands.

### 2 Protect liquidity and cash flow

The proceeds of a credit insurance claim inject liquid funds back into a business.

### 3 Confidence to expand

Allow growth, knowing that the cost of potential failures has been covered. Hold a competitive advantage whilst others operate with uncertainty.

### 4 Strengthen credit management

Firm credit limit decisions are provided on the larger debtors of the business, based on sound analysis and information.

### 5 Add security

Insuring your debtors ledger often provides a new source of security to offer banks.

FOR MORE INFORMATION ON HOW WE CAN HELP YOU, CONTACT:

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## WHAT RISKS ARE COVERED BY A CREDIT INSURANCE POLICY?

### Commercial Risk Cover

- Customer insolvency
- Protracted default

### Export and Political Risk Cover

- Contract frustration (due to war, civil war, riots or commotions)
- Inconvertibility of currency (inability to pay in the invoiced currency)
- Cancellation of import or export licences
- Contract cancellation (resulting from action by the Government of the buyer's country)
- Contract repudiation (customer's failure to accept goods despatched)

## 5 QUESTIONS TO ASK YOURSELF

- 1 What would the impact on your business be if your largest client could not pay you?
- 2 When was the last time you reviewed the credit worthiness of your top 20 risks?
- 3 How do you assess the credit worthiness of a new or potential client?
- 4 How do you monitor the credit risk factors of your debtors?
- 5 What do you do when an account becomes overdue?

## HOW MUCH DOES IT COST?

Premium rates vary and depend on factors such as the type of policy chosen, the level of turnover insured, the level of deductibles, the credit terms extended, the spread of buyer and/or country risks, the quality of debtors and claims history.

The cost is low, usually between 0.10% - 0.35% of a company's insured annual sales turnover. Premiums are tax deductible and can also be paid monthly, quarterly, or annually.

## WHY USE NCI?

We were established in 1985 as a specialist trade credit insurance broker. We have grown our business to become the leading trade credit insurance broker with offices throughout Australia, New Zealand and Singapore.

Over the years, we realised that while our core product was insurance broking, our business was actually about protecting the profitability of clients. While credit insurance is the ultimate safeguard against bad debts, better business practices in trade credit management can also help improve profitability on a day-to-day basis.



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