



# Trade Credit Insurance Explained

How Trade Credit Insurance from Atradius  
Can Accelerate Your Business Growth



**Reduce risk, protect your cash flow and help grow your business with credit insurance.**

## Introduction

### What is credit insurance?

#### Protection against the risk of selling on credit terms

The only certainty in business is uncertainty. When selling on credit terms, there's always a risk that payment may not be made on time – or at all. Credit insurance is a first line of defence for your business and is the way to protect your business against customer insolvency and payment default.

#### Knowing your buyers and the risks involved

Atradius will assess your buyers and their credit worthiness and then provide you with a credit limit which indicates the maximum amount you can trade with a particular buyer that is covered by your Trade Credit Insurance policy. This is based on many factors such as the buyer's stability, payment history, financial analysis and market conditions, and provides a good indication of how safe that buyer is to trade with.

#### Peace of mind knowing that you will always get paid for the goods or services you supply

If a debtor goes insolvent or fails to make a payment, you have the protection of your credit insurance policy in place which will cover up to 90% (less your excess) of the transaction to make sure your business remains unaffected. To make a claim for payment, all you have to do is log into Atradius Serv@Net, our 24/7 online credit management platform. Complete the appropriate paperwork and your claim will be assessed by one of our claims specialists.

#### Cover tailored for your specific business so you only pay for what you need

Standard cover is typically for insolvency and non-payment or payment default for domestic and/or export trade. However, you can also add protection for political risks and protection for orders commenced but not yet delivered (pre-delivery risk insurance). Credit insurance can be tailored to cover the particular demands of your business, the territories in which you operate and their financial, economic, political and legal environments, ensuring that your business has all the credit insurance it needs, without paying for cover that it doesn't.

### Why do I need credit insurance?

#### Risk is an inherent part of credit based trade

It does not matter how well you know your market and buyers – insolvency and payment default are commercial realities. Even though you may have dealt with your buyer or buyers for many years, or if they are one of the biggest brands in the market, you cannot predict the future. Almost every business has had a direct experience with a bad debt, which can affect cash flow, profitability, and equally important – confidence.

#### Gain valuable insights & knowledge into your buyers to make smarter business decisions

A good trade credit insurer becomes the eyes and ears on the ground for their client. On a company's behalf, they will check any prospective client's stability, creditworthiness and reputation. At Atradius for example, we have 160 offices located in 50 countries around the world. The underwriting teams in those locations have live data on over 100 million businesses at their fingertips. This allows you to ensure that the risks you take, are the right ones.

#### It reduces your business exposure to unnecessary trading risks

Insuring your factory or office is common practice, so why wouldn't you insure one of the largest assets on your balance sheet, your trade receivables? The average business receivables asset is around 30 to 40% of the company ledger which means without credit insurance, you are exposing your company to enormous risks.

#### It helps your business get ahead and stay on top

Credit insurance allows you to maintain sales and reduce any negative impact to your business from non-payment, allowing you to focus on growing your business. It gives you a head start over your competitors, guides you to profitable markets, protects your profits, and provides you with peace of mind. When things go wrong and a debtor owes you money, you will be glad your business invested in credit insurance.

# Key benefits for your business

## Gain competitive advantage to increase sales and profits

Credit insurance allows you to capitalise on sales beyond your normal risk appetite. Using credit insurance, you can offer competitive extended payment terms and often operate higher credit exposures on your customers, allowing you to broaden your sales scope giving access to profits which were previously unattainable. Credit insurance provides a platform to help generate more sales without taking undue risk on your company's balance sheet.

## Protect your current assets and help grow your business

With credit insurance, payment risk effectively passes to the insurer. Credit insurance transfers your customer payment risk to Atradius, freeing you up to focus on what you do best – grow your business. It allows you to focus on revenue goals, margin targets and competitive pressures.

## Improve your cash flow for peace of mind

Reducing the days of sales outstanding (DSO) helps you manage your business better by ensuring a steady cash flow providing peace of mind. It takes the worry out of being paid on time and helps to keep your own payments on track.

## Increase your credit lines with lenders

Trade financiers recognise the enhanced value of credit insurance on your debtor portfolio. This can improve your cost of borrowing allowing you to increase the scope of your business.

## Reduce bad debt provision

With credit insurance, you can reduce your bad debt provisions, thereby adding intrinsic value back into your balance sheet, freeing up your cash flow.

## Decrease credit management costs

By helping your business to identify at-risk buyers, credit insurance helps you focus your energies and sales force on the buyers you value the most.

## Businesses protected by Trade Credit Insurance are more likely to succeed than uninsured businesses

The structured way in which trade credit insurance encourages businesses to engage with best practice in the management of their cash flow helps businesses to succeed. Trade credit insured businesses are more likely to understand and practice good credit management discipline, they hold more comprehensive knowledge of their customers than uninsured businesses and are able to use this to their advantage. Insured companies trade safer in knowing that they have access to the most up-to-date picture of their trading partner and can make more informed, calculated trading decisions.

# Why Atradius?

## Dedicated specialist Account Managers

Every client of Atradius is assigned a dedicated credit management consultant so wherever your business may be, you'll have a member of our team who thoroughly understands your local business needs. If you require a limit reviewed or to add a new buyer, you'll have a dedicated contact on the ground to assist you as often as you need.

## Dedicated specialist Underwriters

Atradius has a team of dedicated, specialist underwriters who conduct real time underwriting. Every time a buyer profile is updated, regardless of where they may be in the world, our centralised database is also updated ensuring the latest information is always available when assessing your credit risk exposure. Our underwriters are divided by sector making them specialists in their field, allowing them to share their expert opinions on their knowledge of their sectors. We make decisions on more than 75% of credit limits in the same day and our systems are updated daily, connected to reputable business information agencies. We receive updated industry information as well as buyer information which includes changes in their stability and creditworthiness which helps us constantly address the risk of your buyers.

## Serv@Net

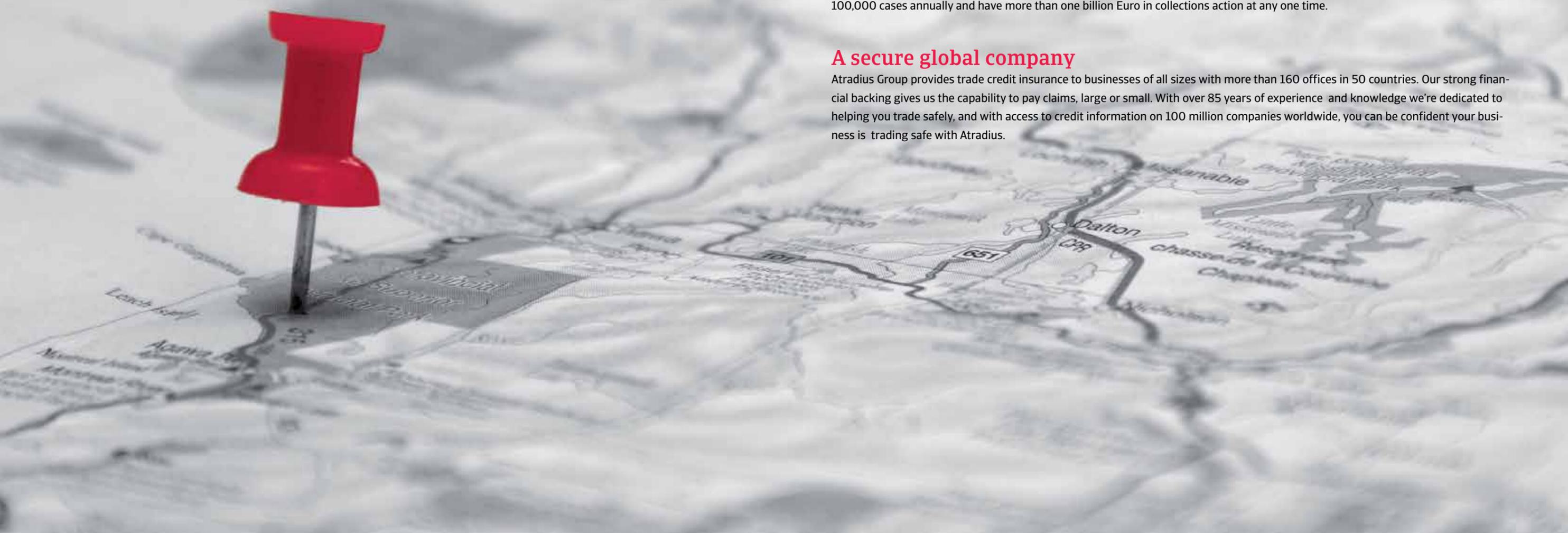
Serv@Net is a market leading online portal which allows you to manage all aspects of your policy from any location. Online access to buyer details whenever you need it, Serv@Net gives you direct, worldwide access to our database of millions of companies worldwide. Not only can you access Serv@Net 24/7 from anywhere in the world, it is also free. Atradius generates alerts based on the most up to date information, which will always keep you informed of any changes that may impact your customer's credit worthiness such as payment defaults. With Serv@Net, your business receives an overview of your policy conditions, you can also easily apply for credit limits for your customers and notify us of any debts for which you wish to claim. Also available through Serv@Net is Atradius Buyer Ratings. Atradius Buyer Ratings provides a snapshot of the likelihood of a buyer going into default. This tool enables our customers to assess the health of their buyer portfolio, giving them transparency and insight to make informed business decisions.

## Collections

Many businesses are unaware that debt collection is part and parcel of the service offered within Atradius trade credit insurance policies. Collections is a key part of our policy commitment to our customers. We operate on a no collection, no fee basis and will contribute to your collection costs in direct proportion to our liability for the loss, largely eliminating your debt recovery costs and providing substantial cost savings. If we don't collect, you don't pay so you know we're putting in 100%. The success rate of an insurer such as Atradius collecting the debt is likely to be higher than that of an individual business attempting the same, particularly in a remote foreign country and as the debt ages. Notify us of an insured loss, after which we will handle the collection, and if necessary assess a claim for any outstanding balance. Atradius has a network of over 300 collection specialists and lawyers in 220 countries. We handle over 100,000 cases annually and have more than one billion Euro in collections action at any one time.

## A secure global company

Atradius Group provides trade credit insurance to businesses of all sizes with more than 160 offices in 50 countries. Our strong financial backing gives us the capability to pay claims, large or small. With over 85 years of experience and knowledge we're dedicated to helping you trade safely, and with access to credit information on 100 million companies worldwide, you can be confident your business is trading safe with Atradius.



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