

Credit Insurance

Credit insurance is a form of cover designed to protect businesses trading on credit terms with other businesses. Anyone dealing purely with the general public, or selling only on a cash basis, simply does not need it. But there are many companies that do, and it is often either overlooked as part of a risk management review, or dismissed as expensive and overly complex.

Credit insurance can protect companies against a loss arising from non-payment by a customer, and thereby insures what is often a company's largest asset - its debtors. This is a constantly changing intangible asset, but despite this, insurers initially just ask for what all insurers ask for - information about the risk and your risk management strategy. As with all insurance, it is important that you understand the requirements of the policy, and ensure that the cover is specifically written to suit your business. These simple steps will make sure that the cover is there when you need it most - when the unexpected happens.

When correctly set up, credit insurance protects the lifeblood of business - cash flow - and by doing so, it supports stakeholder investment. It can cover a single customer, a range of customers, or an entire ledger, with clearly defined causes of loss that are insured depending on the policy: insolvency, non-payment by a specified date (default), or a range of political events, such as transfer delay (shortage of foreign exchange). There are a variety of excesses that can be used to ensure that the premium cost is minimised, with premiums either fixed at a specified rate or based on a rate of turnover. Furthermore, all of the insurers offer premium financing free of charge, allowing the cost to be spread over an agreed period.

Applications

As well as providing peace of mind, credit insurance can help with:

- Supporting funding lines by providing additional security to lenders
- Supporting ventures into new market segments or countries
- Support improved credit management, thereby helping to improve cash flow
- Provide a credit vetting facility for new customers
- Provide leverage with difficult customers
- Provide debt collection services
- Substantively protect cash flow

For Further Information

For further information on our services, please contact us:

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Alternatively, write to us at:

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Autumn 2007