

The need for credit insurance



An unanswerable case

Each year, in the UK alone, around 15,000 businesses will stop trading, many of them leaving their suppliers with significant unsatisfied debts.

It's a situation that's set to be impacted by the effect of high-profile, major company failures working their way through the economy.

Companies trading internationally can face even higher levels of credit risk, as the robust financial data required to assess trading risk is frequently unavailable. And now the expanding global e-commerce environment, with its need for instant decisions, imposes a further barrier to credit risk management.

CIFS simply removes this risk burden. The company's policies provide against non-payment of debts due to the insolvency or default of an insured customer. In addition political risk cover is available to exporters selling in certain countries, supplying protection against such events as cancellation of an export licence (or customer's import licence), war, currency inconvertibility or contract frustration by government.

All CIFS policies are written in plain English and are designed to be as straightforward as possible. And each type of policy may be customised to suit policyholders' requirements.

Our core products cover:

- **Commercial risk.** With this product you are covered for domestic and export commercial risk due to insolvency and default. The main tool of the policy is the credit limits which are the cornerstone of the effectiveness and value of our policies. Accordingly we review them on a case by case basis and cover is then offered up to a specific insured limit.
- We also offer a Discretionary Limit whereby the policyholder can trade with a customer without the need to inform us. Justification for this limit is based on trading experience with that customer or provision of a status report from an agreed source.

- **Commercial and Political risk.** As above but with this product you may also add political risk cover for insured countries outside OECD markets.
- **Catastrophe.** Available for both Commercial risk only or Commercial and Political risk. This policy structure protects against the catastrophe risk. Predictable losses are excluded and a layer of cover is then purchased in excess of an agreed self-insured sum. The policy aims to provide cover above your own level of bad debt reserve.

CIFS trade credit insurance policies not only deliver certainty to the trading environment, they can also bring major commercial benefits in terms of:

- **Information.** Accurate information on existing and potential customers is provided promptly via your CIFS Link. In addition to the insured credit limits and countries, additional information is available via the CIFS web site, including access to status reports via CIFScheck, delivered by N2 Check Limited.
- **Enhanced marketing.** Marketing strategies are improved as the information available means slow payers can be avoided and profitable sales increased by directing effort to safe customers and new markets are entered with confidence.
- **Reduced collection times.** Late payers are often prompted to pay outstanding debts more quickly if they are aware that a credit insurer will be advised should invoices remain unpaid. Average collection times improve, particularly where the CIFS/STA Graydon collection service is used. Advice is also available regarding insolvencies and recoveries in conjunction with our insolvency advisory partner, KPMG.
- **Improvements in your own credit rating.** Your own credit rating will be enhanced as bankers, suppliers and business partners recognise the security that the policy provides.
- **Reductions in your cost of finance.** Financial availability and cost is improved by using the policy as collateral and security. Rates on discounting bills of exchange may be improved by assigning the benefits of a policy to the bank or discount house.

Credit risk management without the risk

www.creditindemnity.com

