



We secure
your trade

The 101s

Companies train their sights on maximising profits, naturally. But they often overlook the flipside of the picture: how to prevent bad debts, which can dent their bottom line big time.



>35%

of a company's assets are accounts receivable. A vital component of a healthy business, but usually left uninsured.



1 in 10

invoices become delinquent, on average

Put it another way: unpaid invoices lead to unpaid debt lead to fallout: your cash flow, earnings and capital all take a tumble. The unthinkable could happen: things tank and your business, well, goes out of business. To prevent this, let us show you your customers' financial health as we keep close tabs on your sector, supply chain and the big picture (macroeconomics).



31%

of the businesses surveyed give their customers payment terms of more than 2 months*.

*Based on our 2021 Post-pandemic Survey Report

YOUR GUIDE TO TRADE CREDIT INSURANCE

Here are some common methods to mitigate credit risks and the comparison of their features:

	Trade Credit Insurance	Letter of credit	Factoring	Self-insurance
Description	Insurance policy that protects seller against losses from unpaid trade debt.	Bank guarantees that your customer will make good on the full amount of what is owed and pay it on time.	Third-party company that buys other companies' invoices (accounts receivable) at a lower cost than their face value.	Funds set aside for bad debts. This reserve can be used to offset the deficit created by customers who don't pay up.
Coverage	Insolvency, protracted default and political risks.	Customer default.	Insolvency and protracted default.	Any loss.
Services	Credit information, risk assessment, market intel and debt collection.	None.	Debt collection and credit information.	Internal resources.
Financing	None, but can arrange.	None, but can arrange.	Trade or accounts receivables encashed for a fee.	No effect.
Customer relationship	Customer is unaware of trade credit insurance. Better policy terms can strengthen customer ties.	Customer gets letter of credit from a guarantor.	Collection by factor of trade receivables may affect clients.	Maintain direct contact with customers.
Impact on cost	None.	<ol style="list-style-type: none"> 1 Covers only a single transaction for a single buyer. 2 Expensive. Excludes security and credit line usage costs. 3 Ties up customer's working capital. 4 Claims may take a long time. 	<ol style="list-style-type: none"> 1 Hefty margin erosion. 2 No direct contact with customer. 3 Growth affected by amount of credit line given. 	<ol style="list-style-type: none"> 1 On sales, given risk tolerance. 2 The best ways to invest your company's dollar, so your books look good and shareholders are happy. 3 Excludes unexpected catastrophic loss. 4 Further costs involved in time and effort to manage your own credit resources, and to gather, analyse and monitor market information.

What is trade credit insurance?

Trade credit insurance allows you to increase sales by up to

20%¹

On average, insured goods or services enjoy up to this much in loans

80%

Just as a safety harness anchors the climber to solid rock, preventing mishaps, trade credit insurance protects businesses from the mishap of non-payment. Such a policy ensures that invoices will be paid. So, you can mind the ups and downs of trade, and do what you do best – grow your business.

With safety harness – trade credit insurance policy – in place, you feel secured to do more. Firstly, by extending more credit to current customers and growing your sales with them. You have the security to go after new, larger buyers that may have been deemed too risky before. If you are an exporter, trade credit insurance gives you a boost to sell on open-account terms – a big advantage over your competitors.



Companies invest in trade credit insurance to grow sales

With potential incomes insured, you can safely sell more to existing customers or go after new buyers that may have been deemed too risky before.



Expand into new and international markets

With protection against export risks and market knowledge on your side, you can make accurate growth decisions.



Get better financing terms

Banks will typically lend more against insured goods or services.



Lower bad-debt reserves

Insures potential earnings while freeing up capital for overheads and growth. Also, trade credit insurance premiums are tax deductible – bad debt reserves are not.



Gather economic insights

Tap into our information database and technology platforms. And reduce your cost for such overheads.



Protect against non-payment and catastrophic loss

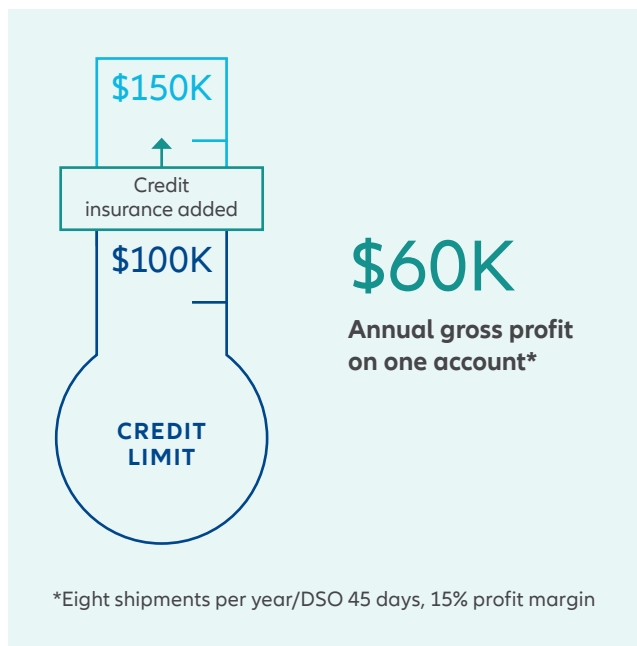
Should you be caught-off guard by an unforeseeable disaster, the bill still gets paid via the claims process.

¹ www.allianz-trade.us/case-studies/Pages/default.aspx

YOUR GUIDE TO TRADE CREDIT INSURANCE

Such a policy can also improve your relationship with your bank. In many cases, the bank requires trade credit insurance before granting you an asset-based loan. Here are two examples of how our policies make a big difference.

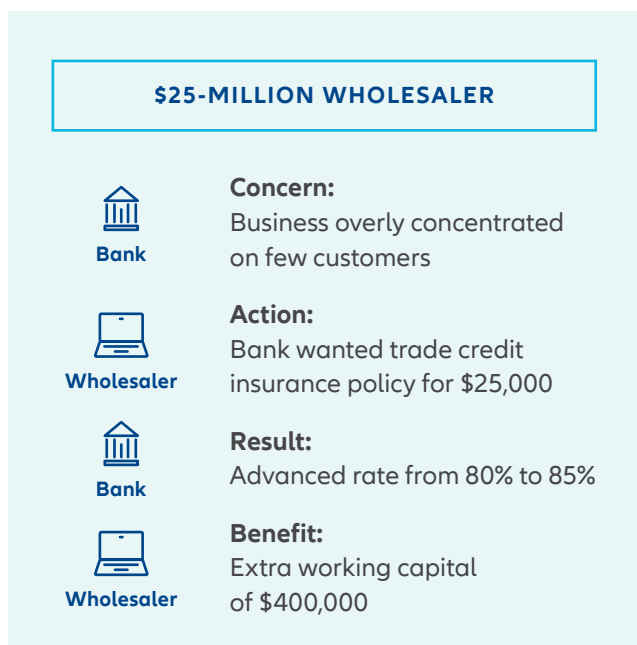
Example 1: Increased sales and profits



Initially, a wholesaler could extend only \$100,000 as credit to a customer. The company bought a trade credit insurance policy. The insurer then upped the credit limit for the same customer to \$150,000.

With a 15% margin and an average day's sales outstanding of 45 days, the wholesaler increased annual gross profit by \$60,000 on that account alone.

Example 2: Improved standing with bank



An electronics wholesaler had \$25 million worth of business parked in only eight active accounts. Too few for its bank's comfort.

So, the company took up a trade credit insurance policy for \$25,000 to include potential payments as collateral, listing all its buyers.

Assured, the bank increased its loan from 80% to 85%. The wholesaler received \$400,000 more for its day-to-day pool of finances (working capital) — from just a \$25,000 coverage. Plus, now it had additional cash for expansion.

YOUR GUIDE TO TRADE CREDIT INSURANCE

How does a trade credit insurance policy work?

First things first: we review your customers' financial health and their ability to pay you for the goods or services they bought on credit — we call that creditworthiness. We then assign a specific amount (credit limit) that will be paid to you if your customer fails to make good — we call that indemnity.

How does trade credit insurance work?

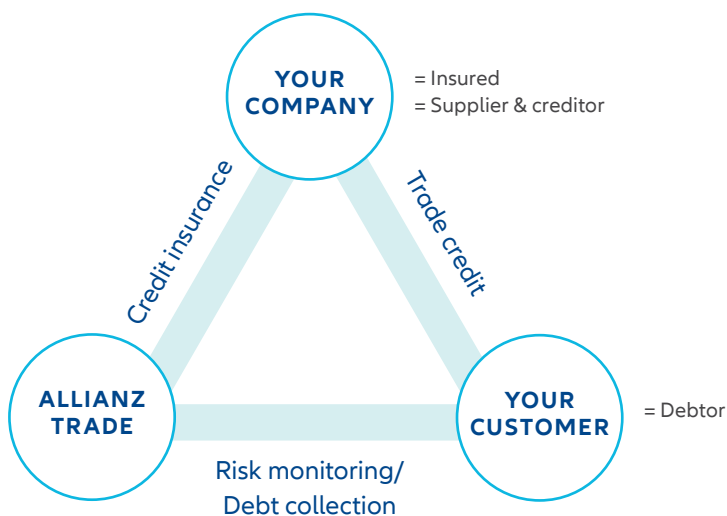
- 1 You sell or want to sell to your customer on credit.
- 2 You take a trade credit insurance policy with us.
- 3 We review your customer's financial health and ability to pay for services or products received. We also monitor your risks throughout the policy period.
- 4 We confirm the amount of open credit that we will insure after reviewing your customer.
- 5 You sell to your customer on open credit. If your customer doesn't pay up, we will pay you instead. We can also help you to collect the unpaid debt.

When you request additional coverage on a customer

- 1 We assess the risk of increasing the coverage. Then, we either approve or maintain, giving you a detailed risk assessment for either.
- 2 We alert you when a customer is in financial trouble. So, you can act early to avoid loss.

Goal of trade credit insurance policy

Such a policy is not just to pay claims. The point is to help policyholders avoid foreseeable losses. If such a loss happens, we make good.



Claims and collections

Let's hope not, of course. But if your customer fails to pay you, we collect what's owing to you wherever your customer is worldwide. So, go ahead, have peace of mind.

How does it work?

- 1 Your customer has failed to pay you on time.
- 2 You pass your customer's details to our Collections team.
- 3 Our friendly specialist begins a collection process by contacting your customer through phone calls, emails, letters and, sometimes, visits.
- 4 If a legal route is needed, we can handle that for you as well.
- 5 We keep you closely updated of any additional costs that may arise. We are with you every step of the way.

Why choose us?

- 1 As part of the Allianz Group, our name means something: we are taken seriously.
- 2 Our trained specialists are the best at what they do: collect what's owing to you in a way that keeps your customer's trust.
- 3 Our collections network operates in 170 countries: we also take pre-legal to legal steps for you, if needed.
- 4 Our service is a one-stop shop: we take care of your all claims and collection. So you don't have to.

Your customer owes you money.

You give us your customer's contact details.

Our local collector reaches out to your customer via these routes.

We can handle the full legal process, if necessary.



Confidence for tomorrow

Because the future is unpredictable, we predict trade and credit risk today to protect cash flow tomorrow. The point of trade credit insurance is not just to pay you back what's yours should a customer default. We arm you with what you need to know to avoid bad debts in the first place.

Our strengths



We invest — a lot — in building up our credit and financial muscle.

We have risk analysts and underwriters in practically every industry and country. So, they know the ins and outs of your customers.



We fact-find, weigh on and keep tabs on your customers.

So, you can better decide on steps to take, and avoid losses.



We study payment info early.

Why? To spot any red flags in your customers' financial health.



We'd love to help! Just give us a call or send us an email, and we'll be happy to find a solution together.

Who we are*

We have over 140 years of experience in managing trade credit and insurance. We help you focus on what you do best. So, you can thrive. Also, as a member of the Allianz Group, we have:

AA financial rating
by Standard & Poor's

1,140
Claims indemnified
per week

70,000+
Clients worldwide

5,500+
Employees
worldwide in more
than 50 countries

€3.3 billion
Consolidated turnover

€1,057 billion
Business transactions
protected worldwide

#1
player in trade
credit insurance

Proprietary
intelligence network
analyses daily
changes in
+80 million
corporates solvency

1/3
Estimated global
market share

450+
Debt collection
experts worldwide

*Figures are as of 2022
TCI market = Credit Insurance + Political Risk/ Single Risk declaration

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