

CREDIT INSURANCE FREQUENTLY ASKED QUESTIONS

HOW MUCH DOES CREDIT INSURANCE COST?

The cost is variable dependant on your sector, turnover and previous bad debt record as well as the type of policy you need. Please speak to your Client Director to arrange a quotation. Premiums vary from insurer to insurer and our Trade Credit Brokers will search the market to identify the best solution for your business.

IS CREDIT INSURANCE SUITABLE FOR SME'S?

Yes, many SME's use Credit Insurance to secure their growth. We have several SME options for businesses with turnover under £500,000 with minimum premiums starting at about £2500-£3000.

IS TRADE CREDIT INSURANCE ONLY SUITABLE FOR SMALL BUSINESSES?

No. Many multinational and large UK based companies use Trade Credit policies as a risk mitigant as part of the corporate governance to protect their owners or shareholders.

DO I HAVE TO INSURE ALL OF MY CUSTOMERS?

No, but it is often the most economical option. You can insure a single or group of customers but the percentage cost can increase the more selective you are.

CAN I BUY COVER FOR A SINGLE CUSTOMER?

Yes, but the Insurer acceptance rules are often tougher than for a whole ledger option and premiums are relatively higher.

WHAT IF AN INSURER REFUSES TO INSURE MY CUSTOMER?

Insurers will credit assess buyers based on their financial situation (as well as other outside information) and as a result may refuse or restrict their cover on your customer. You can still trade with the buyer uninsured and would not pay premium on those sales. You can also trade over a restricted credit limit without penalty and the Insurer would purely pay up to the agreed credit limit.

CAN INSURERS CANCEL COVER ON A CUSTOMER?

Most policies give the Insurer the ability to re-assess the buyer limit and if the situation deteriorates they could reduce or cancel the limit for future deliveries. Any deliveries already made would always be covered in full and most current policies provide a 30 day grace period to allow you to trade out.

MY CUSTOMERS DO NOT GO BUST - WHY SHOULD I INSURE THEM?

Customer relationships are key to your business but do you know everything that is happening to your customer? They may have issues with their own Customers or Suppliers which could impact on your debt and by the time you find out it can often be too late. Credit Insurance can be your budgetable bad debt reserve covering any failure however large or unexpected.

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WOULD INSURERS MONITOR MY CUSTOMERS?

Insurers use information agencies as well as published accounts to constantly monitor your buyers; they can advise you when the financial situation deteriorates or perhaps if there are judgments or other claims against the buyer. We work alongside you to develop your buyer limits and can help and appeal to Insurers on your behalf. Frequently we get Insurers to meet up with buyers or look at Management Accounts etc. to review and improve their decisions.

CAN I CLAIM IF A CUSTOMER RAISES A DISPUTE & REFUSES TO PAY?

Insurers do not insure disputes until they are resolved so you would have to settle the dispute either by negotiation or through Court/ Arbitration before you could make a claim.

I HAVE FIXED SUPPLY CONTRACTS, SO CAN INSURERS GIVE ME NON-CANCELLABLE LIMITS?

We have a number of Insurers who will agree Non-cancellable limits throughout the duration of a policy. This can affect the cost but we can provide you with a series of options to consider.

WE GET GOODS MADE UP TO ORDER - WHAT IF THE CUSTOMER GOES BUST BEFORE I DELIVER?

We can negotiate pre-delivery extensions which would cover you if your customer goes bust or the Insurer cancels your limit before you can deliver the goods.

I GET CREDIT PROTECTION FROM MY FACTOR - IS CREDIT INSURANCE BETTER?

Credit Protection is provided by a Factor or Invoice Discounter and is usually bought en bloc from Insurers. This may not be the best cover or price for your company and therefore a separate policy could well give higher cover which in turn should provide better funding levels. All of our insurers would be acceptable to banks and funders.

DO I HAVE TO PAY THE PREMIUM AT THE START OF THE POLICY?

Most Insurers allow you to pay the annual premium in quarterly or monthly instalments (subject to approval) at no charge.