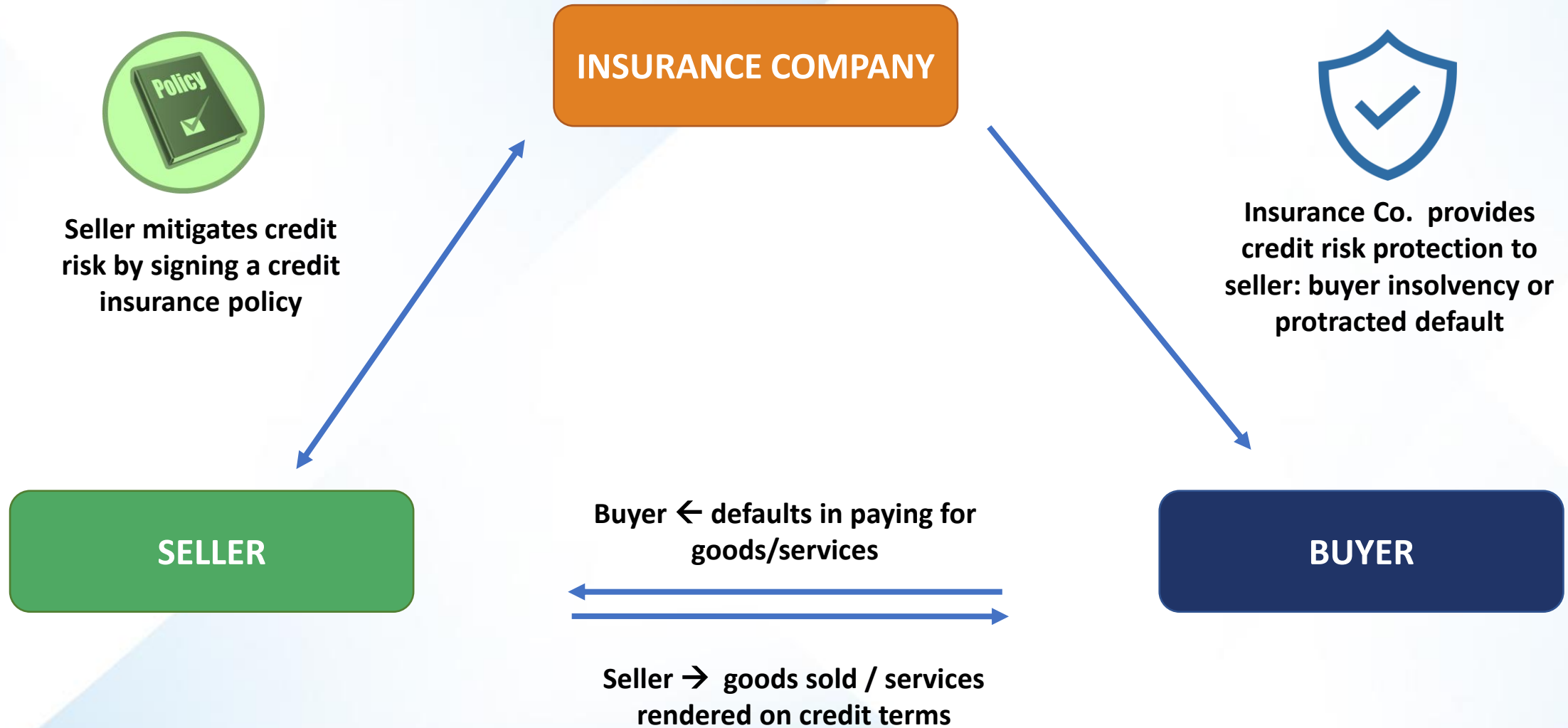
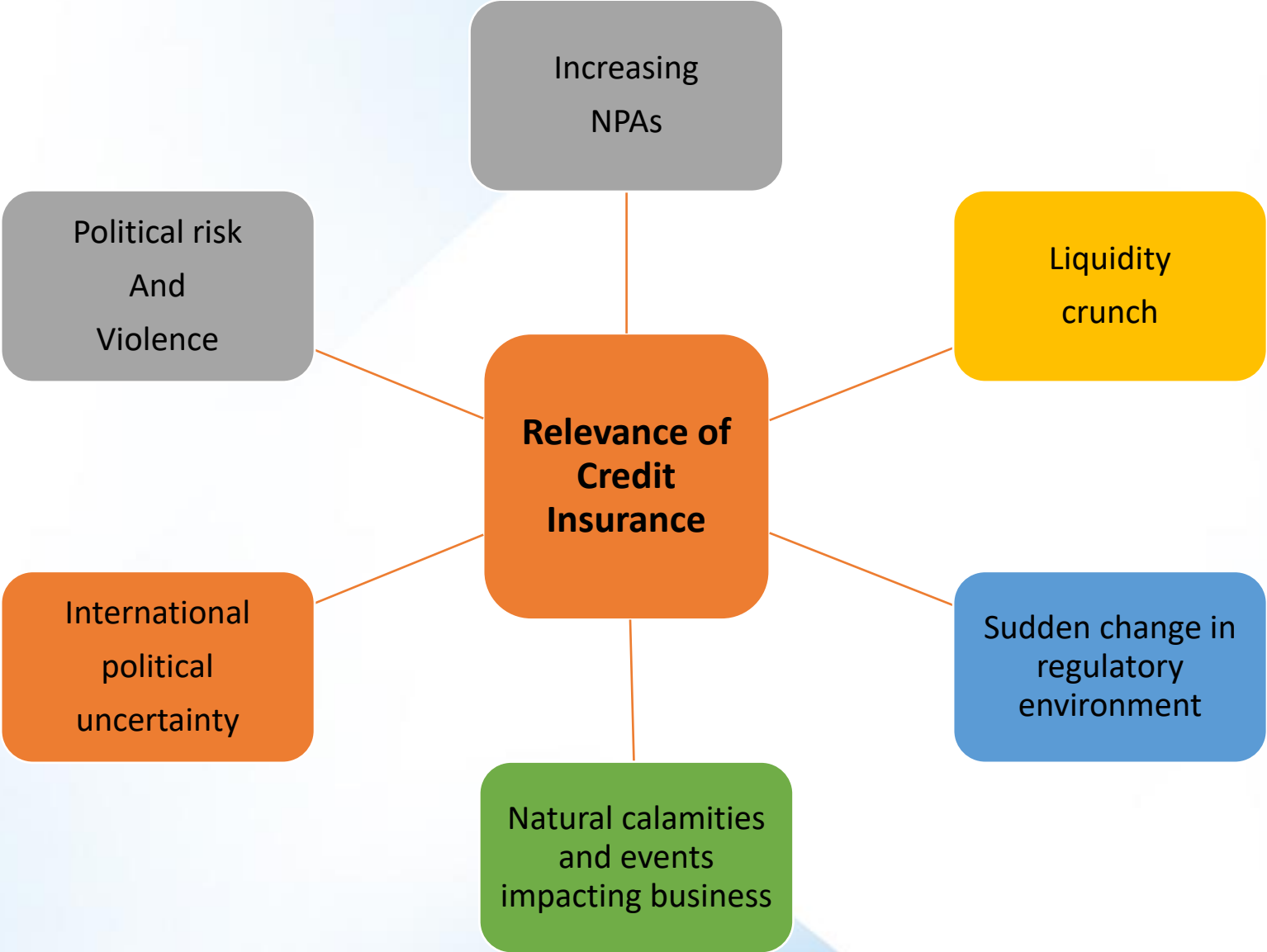




**PRESENTATION ON
TRADE CREDIT INSURANCE**





Internal Challenges

- Limited Capital
- Increasing costs
- Creditworthiness of customers
- Bad debts

External Challenges

- Ever increasing competition
- New markets
- Accounting & Tax requirements for overdue provisioning
- Political instability in buyer country

DO YOU NEED THIS? MICRO-PERSPECTIVE

YES

NO

- Do you sell your products/services on open credit terms?
- Do you want protection from financial losses due to buyers' default?
- Do you want to save cost and increase revenue & profitability?
- Do you want to leverage your trade receivables for meeting working capital requirements?
- Do you want to improve your company's credit rating?
- Do you intend to grow your business beyond current boundaries?

If your reply to any of the above questions is affirmative, you need a trade credit insurance policy to increase revenue, cash flow, profitability and net worth.



Marketing Tool



Balance Sheet Protection



Financing Tool



**Credit Risk Assessment and
Recovery Tool**



**Enhances a business's
competitiveness**



Protracted Default

- The failure of a buyer to pay in whole or part of debt owing under the contract of sale



Insolvency

- A receiver or judicial manager has been appointed over all the assets and undertakings of the buyer
- The liquidation either compulsory or voluntary (not for the purpose of reconstruction or amalgamation) of the insured buyer



Political Risk

- Buyer unable to pay because of a political event, such as currency inconvertibility, war, expropriation, embargo, license cancellation, export/import restriction, etc.
- Political risks is covered for buyers outside India

WHAT IS NOT COVERED?



Dispute with the buyer



Financial transactions



Direct Government Sales
(Govt. owned limited liability
companies are covered)



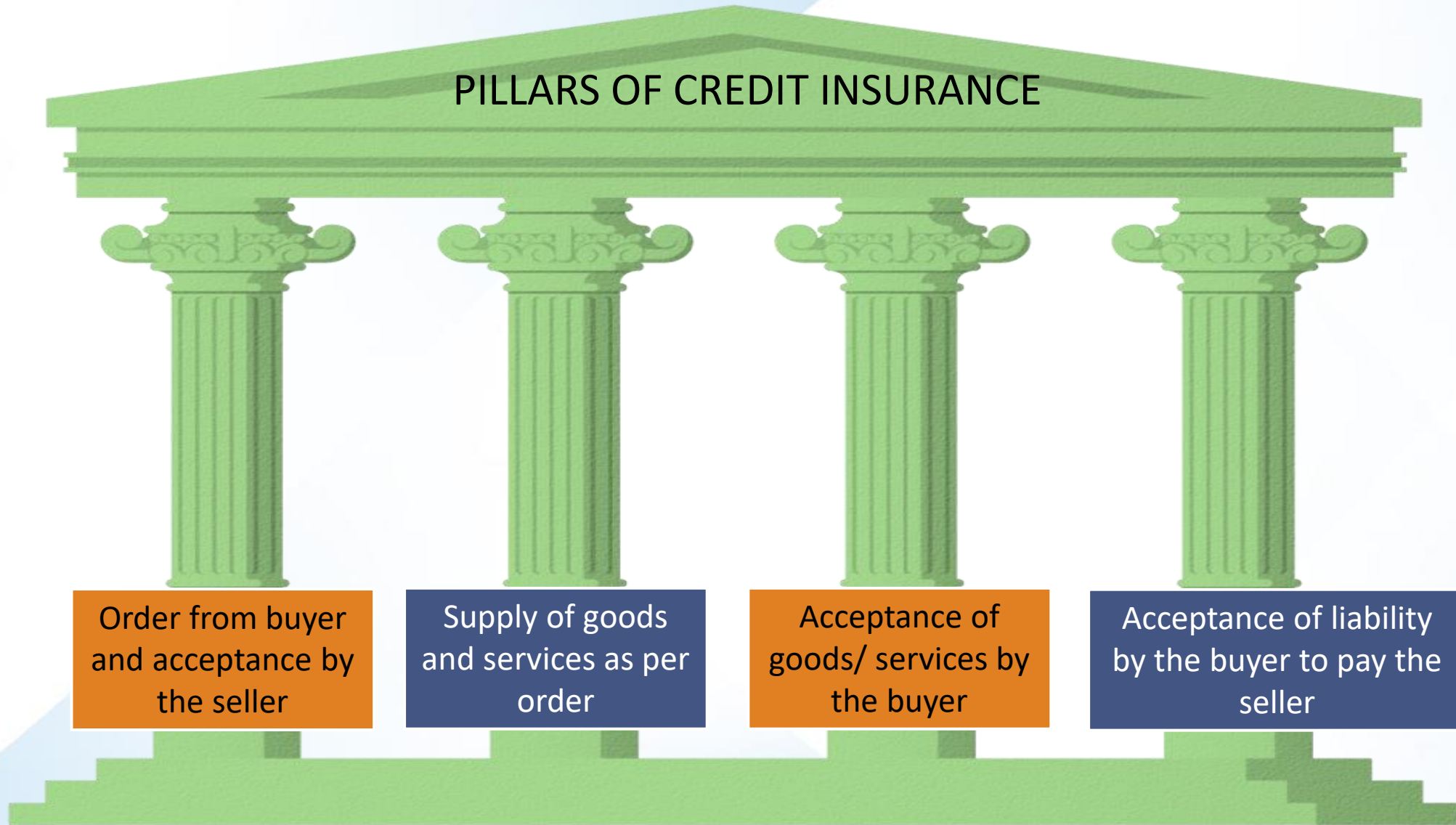
Sales to associates and sister
concerns



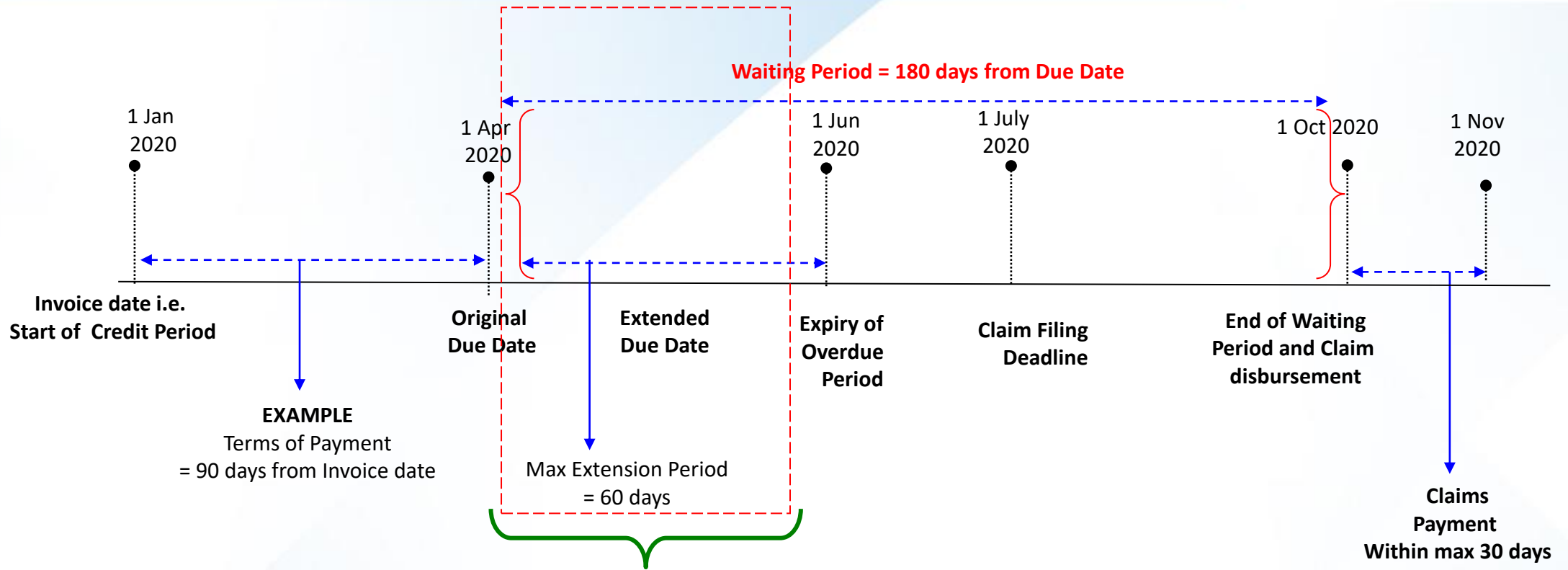
Sales to private individuals



Sales on LC/BG terms
(optional cover available)



TYPICAL CLAIM PROCESS – GENERAL TIMELINES



Overdue Notification = Maximum 60 days from original due date. However Claim Notification can be filled immediately after expiry of Original Due Date

** The dates used in the above illustration have been simplified on a month-by-month basis for ease of understanding. Calculations (by number of days) of all relevant due dates are done in an actual claim occurrence based on each underwriters claim process.

You may refer to your Policy document about claim time Lines for further details. Claim filing and claim disbursement periods are different for different underwriters.

By and large, the claim gets settled within 180 to 210 days from due date

Claim form, duly filled and signed

Purchase order from the buyer where available/order acceptance by seller

Invoice with payment terms and buyer's acceptance

Proof of delivery of goods/services to the buyer

Communication with buyer for payment follow-up. Balance confirmation from buyer if available

Appointing collection agency if required by the insurer, for recovering overdue from buyer

Submitting subrogation documents to insurer before payment of claim

Industry - Textile

- **Size – Medium**
- Because of the high number of active buyers the client was working with, their credit policy was tailored to allow them the use of discretionary credit limits. A discretionary credit limit allows you to self-assess your smaller credit limits without consulting your insurer.

Industry - Electronics

- **Turnover – Large**
- Dual model of operations
- Large distributors with combination of advance payment, security cheques and credit term - excluded from the coverage of credit insurance
- Large retailers where credit term was given and each buyer assigned credit limits under the policy thus enabling client to sell on credit to the extent of credit limits

Industry – Petrochemicals

- **Size – Medium**
- Extensive list of international buyers. The policy was structured for international buyers only wherein credit limits was obtained on all international buyers due to the prevailing geo-political risk environment.

SECTORAL EXPERIENCE



Textiles



Automobiles & Auto Ancillaries



Logistics



Biotechnology



Banking Services



Digital Set Top Boxes, IT and Related Services



Plastics, Poly Fibers & Additives



Diamond and Jewelry



Electronics and Imaging Systems



Agro Commodities, Spices & Trading



Cables, Wires & Fiber Optics



Sea Food



Pharmaceuticals



Petrochemicals, General Chemicals and Specialty Chemicals

Every asset on a balance sheet is insured **except accounts receivable** which, in some cases, account for 50% of the assets of the business

Would that keep you awake at night?



Our business is to protect your profitability

THANK YOU

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Website: www.allianceinsurance.in

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