

**RBIG**  
CORPORATE RISK SERVICES

**CREDIT INSURANCE  
IN THE COVID AGE  
INOCULATING  
YOUR BUSINESS  
AGAINST BAD DEBT**



# CREDIT INSURANCE IN THE COVID AGE

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## INOCULATING YOUR BUSINESS AGAINST BAD DEBT

The arrival of Covid-19 has left businesses battling a malaise: unprecedented uncertainty.

The furlough scheme, Government-backed loans and other initiatives are widely credited with suppressing corporate insolvencies in the early months of the crisis. But, as the pandemic continues to bite, with lockdowns and restrictions stifling the economy, company failures are widely predicted to rise.

Some 94% of professional insolvency and corporate restructuring experts expect corporate insolvencies to increase on 2019's tally of 17,196 business failures.\* Every insolvency can spread the disease of debt, infecting not just directly connected companies, but those further down the supply chain.

Insolvencies can hit you hard. Whilst your business may be in good health, what if a client fails whilst owing you money? What's stopping their debt infecting your business?

Just like people, your company needs protection in the Covid age. After all, with masks, sanitiser and social distancing, you've taken sensible steps to protect yourself and those around you. But what have you and can you do to stop your business from being infected by a rising insolvency rate?

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If, in this age of uncertainty, you want to better protect your company's health, then credit insurance could be the perfect antidote.

### FURTHER EXPOSURE RISK

From 1st December 2020, insolvency law is changing. 'Crown Preference' is returning, making HMRC a secondary preferential creditor in insolvencies - ahead of suppliers like you. This will increase financial exposure to businesses and lenders.

# CREDIT INSURANCE KEEPS CASHFLOW HEALTHY

## Credit insurance can 'vaccinate' your company against debt risk.

It's designed specifically to protect businesses when their customers fail to settle - or substantially delay payment of - their bills. It can help you maintain a healthy cashflow, in turn guarding your credit score and supplier relations.

The Association of British Insurers has reported that trade credit insurance helped UK businesses mitigate the impact of record-breaking bad debt. It found that the average value of claims had soared by 200%, reaching an historic high of £67,500.\*\*

But this specialist cover can do much more to help promote corporate wellbeing.

Credit insurers may proactively monitor the financial health of your clients. This can empower you to enhance your credit management procedures, minimising or preventing your exposure to bad debt from both existing and potential customers.

Policies are also widely accepted as security for finance. This, together with the protection afforded to your working capital, can foster growth by helping you secure more advantageous rates and funding packages.



*GUARDS WORKING CAPITAL & CASHFLOW*



*PROTECTS AGAINST BAD DEBT AND LATE PAYMENT*



*PRO-ACTIVELY PREPARES INTELLIGENCE ON CLIENTS' FINANCIAL HEALTH*



*PROVIDES SECURITY FOR FINANCE - SUPPORTS GROWTH*



*BOLSTERS CREDIT MANAGEMENT FUNCTIONS*

Benefits and protections will vary between insurers and policies

# OUR CREDIT INSURANCE SERVICES



Credit insurance is a specialised field. It requires careful risk assessment and the attentions of a specialist credit insurance broker.

This is particularly true when corporate bad debts and insolvencies rise, as both the availability and cost of credit insurance may be impacted by this market turbulence.

## BY YOUR SIDE

With RBIG by your side, you'll benefit from a wealth of specialist experience. We will craft a bespoke solution, expertly designed to meet your business needs.

Our experts can advise and arrange solutions embracing either whole turnover (fixed-term cover to protect all or a significant percentage of credit sales) and single risk credit insurance. They will also be pleased to counsel on other

credit protection solutions such as supplier default cover which covers payments to suppliers against insolvency or default.

## YOUR PRO-ACTIVE PARTNER

Once your policy is in place, we'll be a pro-active partner, providing full administrative support to ensure the efficient and effective management of your cover.

Should you suffer a bad debt or need flag that you have become aware of a client trading issue, our in-house claims service will be on hand to offer expert guidance and support.

With expertise in securing multi-million-pound settlements, RBIG's highly experienced team is proficient in delivering both UK and export credit insurance solutions.

To arrange your confidential credit insurance consultation:



Call Dave Sterlini on 0161 304 5056



Email [davesterlini@rbig.com](mailto:davesterlini@rbig.com)



\*. Survey of members of R3, the trade association for UK insolvency and restructuring practitioners, published July 2020

\*\* . Association of British Insurers : Trade credit insurers providing a lifeline to help businesses cope with record levels of bad debt, January 2020

The availability of benefits will depend upon the recommended insurer and policy. Some benefits may require additional premium. Cover limits and policy restrictions vary. Cover subject to underwriting criteria and underwriters' terms and conditions. It is important that you understand the extent and limits of cover by carefully reading your policy documents before taking out insurance.



## INSURANCE WITH PERSONALITY

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### RBIG Financial Services

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