-- Speaker 0   00:00:03   Welcome to the TradeSecurely podcast. This is the TradeSecurely podcast brought to you by the receivables insurance association of Canada who's member brokers and insurers are helping Canadian businesses succeed and grow by enabling them to trade securely at home and abroad on Janet Eastman. And on this episode, we are talking credit management and we're going to get the perspectives from the underwriter and the credit manager. The credit manager is one of the most vital positions in any business. And while it's often argued that it's the sales people that produce the cash flow that keeps the business going in reality, it's not a sale until the money's collected. It's the credit manager who controls the collections of amounts owing by customers. So broadly speaking, there are two types of receivables insurance policies. The first is a comprehensive credit services policy where underwriters of this type of policy provide detailed and dynamic direction regarding credit limit risk, size, and conditions, as well as credit and collection procedures.
Speaker 0   00:01:08   In such cases, the insurer effectively acts as a secondary credit manager for the policy holder, but with the added vital benefit of being a backstop through the claims process should a bad debt occur because of the underwriters intimate knowledge of the policy holders business. The claims process is facilitated. The second is the client controlled credit services. Policy underwriters of this type of policy are much less involved in the policy holder's day-to-day business and rely almost totally on the credit manager's ability to run their credit departments. If a bad debt occurs, the policy holder must put together proof that the credit and collection procedures that appeared on their application form have been adhered to insurers when assessing the pricing and structure of either type of policy need to rely on the expertise of the credit manager. Obviously their jobs made much easier if the credit manager has accreditation from the credit Institute of Canada now, because an insurer that issues comprehensive credit services policies has regular interaction with the policy holders, credit managers. We thought it would be instructive to have a long time credit manager and a comprehensive credit services, policy underwriter discuss questions that arise every day on their work so that we can kind of get an understanding of each other's perspectives. So let's introduce our panelists. We have Dave Lundrigan who's recently retired and he was a corporate credit manager, Dave, welcome to the show. And we also have Damian DiPerna. He is the AVP of risk underwriting at Euler Hermes. And good to talk to you again, Damian welcome.
Speaker 1   00:02:48   Thank you, Jenna.
Speaker 0   00:02:49   So let's, let's start things right off Dave, your, a credit manager or you were a credit manager
Speaker 2   00:02:56   Or always a credit manager, right? Never goes away. It's in your blood. I'll tell you. Okay.
Speaker 0   00:03:04   So when your sales team presented you with a new customer, what kind of information did you need to get that customer set up? And what sources did you use as a reference?
Speaker 2   00:03:16   Yeah, well, any time you get a new customer, I mean, of course the first, the first thing that goes through your mind is how, how much are they looking for? How big of a task is this and how big of a risk that you're really looking at. So, um, your, your mind is going to, but you know, basically you're going to still go through the same routine over and over ask the same questions. Uh, and that's what a credit application does. A credit application keeps it consistent and forces you to ask all those right pertinent questions. Now, you know, some of the questions that do come up with that are outside of the credit application, which usually gets you to the legalities of the name and their bank and their suppliers and what have you. Um, but you know, when you get a new customer, you know, you, you want to, you want to kind of just dig it, dig, dig down a little bit more and then, and get some, some details in regards to, you know, what exactly, uh, why are they come to your company?
Speaker 2   00:04:12   What, you know, what exactly are they looking for? And, and then she's trying to go from there and then start building a relationship. And one of the things that without going into too many details, one --

-- of the things that I really encourage, uh, credit the credit departments do is to approach the customer themselves, not just give a credit application to a salesman as they fill it out, but to have some dialogue with the customer, whether it's the owner or their controller or whatever the case might be, and then start asking a lot of pertinent questions, if you can. And then there, the resources out there are the same that the dun and Bradstreet's Equifax's whoever. And, um, uh, another, another really important place to get a lot of information is to be part of an industry credit group. And what I mean by that is like most industries have credit groups set up and then all your peers, uh, go to those groups. And so when somebody is new and you're, you're, you know, that's one of the quickest ways of getting information is sending that out to your group and saying, have you heard of ABC company located in Toronto? And they'll say, yeah, you know, two or three may say, we're dealing with them and it's all done on a confidential basis. And that's very reliable to get a lot of information now.

Speaker 0 00:05:32 Okay. And so then at what point, because, you know, receivables insurance policies are often used for export situations. So when do you actually bring into that equation? Um, the effect of economic or political events in any given country?

Speaker 2 00:05:46 Well, w whenever you're dealing with an insurer on an export, first of all, there's lots of dialogue on a regular basis as to which, uh, which comp, which countries are safe to ship to, or sell to what's going on out there, they're there, they continually sell, uh, send you, uh, updates as to what, from a political or economic point of view. Uh, so that information, as a, as a, if you're a, you know, a seasoned credit manager, you're reading that information. So say for example, uh, uh, you know, I used that we used to sell, sell a lot to, like, let's say, uh, the, the Europe or middle east or whatever. Well, the middle east, some countries are excellent. Some countries are not, and, uh, you know, sometimes just create instability. So they're going to let you know which countries are unstable. And then, and sometimes they're on a, on a list of do not ship to this country. And therefore, you know, you know, ahead of time, if you're getting an order, um, how to proceed with that.

Speaker 0 00:06:50 Yeah. And I guess Damien will bring you into the conversation here, because that's kind of the stuff that your company would be tracking all the time watching what's going on in other countries with the companies that are there.

Speaker 1 00:07:00 Absolutely. Absolutely. I mean, we have 85 million buyers in our database and we, we have, uh, we have employees, we have 6,000 employees, we're in six continents and 52 countries. So, um, you know, we have a lot of people on the ground. So if we have a Canadian policy holder or supplier, that's looking for credit in a foreign country, we have expertise in that country. Uh, people that know the economics, you know, the political environment, they know the accounting rules. So really when we make a decision on a credit limit, uh, you know, we're using local expertise to make that decision. Uh, so we, um, you know, it's, it's really valuable a valuable relationship and have what you learn, um, because we have such a broad network right across the globe.

Speaker 0 00:07:48 And I guess, you know, when you're actually paying for your policy, that's what you're getting. You're getting that insight information that you might not have access to if you didn't have that, that credit insurance policy, correct. Damien.

Speaker 1 00:08:02 Yeah, absolutely. I mean, we always look at ourselves as partners. We look at us, ourselves as an extension of the credit department of our policy holders. Um, so instead of, you know, hiring multiple people, sometimes you just need a core group, uh, to run your credit department and then use a company like EULAR and our broad network to sort of supplement your own credit department practices. Um, so not only are we providing you with expertise, uh, market intelligence, but we're also backing it up with the actual insurance. So if we do get it wrong, then you're covered. Yeah.

Speaker 0 00:08:37 Okay. So Damien, when a policy holder requests that credit limit, that's new to their policy, what are the procedures that you follow to process that cre --

-- dit limit request?

Speaker 1 00:08:47 Well, if, if, uh, I mean, if it's part of our database, then we normally have the company already established, uh, we have some foundation, you have some information. Um, normally what we would do is, um, our, our risk team is divided in two. We have a monitoring team and an underwriting team, our monitoring team, what they do is they do, they gather the information and they come up with a risk rate. So they, they they'll call the buyers. They'll get to know the buyers, they'll ask for financial banking information. And then what they do is they graded on a scale of one to 10, one being the best and 10 being the weakest. Uh, normally companies want the four tend to be, you know, very large publicly traded companies, um, that provide quarterly results. Uh, five is sort of an average, uh, two strong risk rate.

Speaker 1 00:09:35 Six is, tends to be a little bit weak and seven is sort of a little bit weaker than that. And then eight, nine and 10 would tend not to grade or sorry. We tend not to underwrite because we have some concerns, either there's limited information, uh, there's negative information or some payment issues, uh, that we've seen recently. Uh, so when a limit comes across my desk, I will look at the information that our credit risk analysts look, uh, accumulated. And then I see what the risks, uh, what the limit demand is from our policy holder. And I'll try to make the best possible decision I can based on that information. So usually the first decision that we make is not always the final decision, uh, you know, we try and do the best we can right up front, but sometimes we lack information. Uh, so we'll tell the policy holder, you know, we can only maybe approve half of what you're asking, but if we're able to get updated financials, then we are able to be visited that.

Speaker 1 00:10:30 So the risk, uh, underwriting process is very fluid. And what we do is we do a lot of going back and forth, but our policy holders, we, we bring in our risk analysts who communicates with the buyers. And at the end of the day, we're in the business of providing credit insurance and we're trying to, to support and improve your business development as well. Uh, so it's really an ongoing process. It's sort of a relationship that we build over time. And anytime we do an endorse, uh, we do a decision. Our names are attached to that endorsement. So we're very, we're held accountable for our decisions and our policy holders. They have our name and number on each endorsement. So we always encourage them to keep the call us back. If you're not happy with the decision, or you don't understand the decision, or you got something else to add, you know, give us a call and will continue the communication between the credit manager and ourselves in order to try and get that limit in place.

Speaker 0 00:11:27 That's really interesting to know because, you know, I think probably people have this impression that, you know, if you say no the first time that that's, that's it, the door's shut, but there can be that ongoing conversation. So that's really cool. Um, I'm curious, you must come across buyers that you just simply don't have in your, your systems. Maybe a company is new or whatever, what's the, what's the consideration and steps taken when that happens?

Speaker 1 00:11:53 It, it does happen. And, uh, what we ask our policy holders is to provide us what a credit application, um, you know, like, uh, like they was mentioning, uh, we would put that into the system, so we would establish the buyer. Um, then we would do the investigation. So we would verify the legal name, uh, the address and, uh, you know, how long they've been in operation. So it's very important to make sure that the, the, the legal name and address is correct because at the end of the day, in order to make sure the insurance is valid, the endorsement has to equal, uh, and match the name and number on the PO. Um, so we run an investigation once the investigation is completed, then we have the, the buyer established in our system as active. Now, if the policy holder is looking for a very small limit, sometimes, you know, just, just knowing that the company has been operating for a while, may be sufficient to approve that limit.

Speaker 1 00:12:46 But if they're looking for a larger limit, say 200,000 or more, we tend to have to go out there and look for at least a bank reference a --

-- little bit more, some financial information in order to have enough comfort in order to approve that $200,000 limit. And if we're looking at larger limits, they 500,000 or greater, and we really need to get some financial statements and we have to get them recently. Um, and so the more information we have, this is what we tell our policy holders, our buyers, and the more information we have, the better decisions we can make, because at the end of the day, whatever decision we pay, we want to make sure it's sustainable. We don't want to be in and out of the, of, uh, you know, approving it and disapproving credit. We want to make sure that once we make that decision, that this credit is good and we're willing to stand behind it, that it's going to be in place for as long as you need it to be in place. Uh, so it really, it's an ongoing process about accumulating information over a period of time. And it all comes down to relationships, relationship with the policy holder and the relationship with the buyer.

Speaker 0 00:13:47 Okay. I want to talk about actually determining that credit worthiness, and this is a discussion that I think the two of you can have together, right? So let's get Dave. You tell me what you look at first, when you, you see a buyer, what do you look at to help determine whether you think they have a credit worthiness that's willing, you're willing to move forward with?

Speaker 2 00:14:07 Well, I got to circle back a little bit into your introduction, and we talked about two different types of insurance and, uh, one was that comprehensive credit credit policy, credit policy. And the other one, it was where the credit manager controls their, their policy. And, and I've always lived in a, kind of a blend of the, of those two, but, um, I'm very committed to having to saying, look, you need to have a strong credit manager, somebody that's accredited, and you, you mentioned it through the credit Institute, and I'm a strong proponent of that is saying if you've got a strong understanding of credit management, your that's where your education is, and you have good experience that, uh, the credit underwriter, the, the insurance underwriter is going to have way more confidence in you. And then it's imperative that you have a strong relationship with, with your insurer, that if you're going to kind of go with that blend, because what you're really looking for is for them to have confidence in, in providing you discretionary credit limits.

Speaker 2 00:15:10 Okay. And what that means is that as you're going along in business, um, you have the ability to make those decisions. And they're going to back you up based on, based on the parameters that they've put you put you there. So again, so all of a sudden the guy comes in, he's going along and he's dealing with you, uh, for a hundred thousand dollars at a time. And, uh, you know, he brings you an order for another a hundred thousand dollars. So, which means that you're going to be doubling your limit once you, once you have established that confidence and everybody understands each other's roles and w you know, your ability to make those decisions and based on good information, uh, you know, whether it's track record and, or you continually have their financials, uh, what have you, the, the insurer or the underwriter's going to definitely feel more confident to, to back you up in, in making those decisions?

Speaker 2 00:16:05 Um, no, I mean, if you start having a bunch of write-offs, obviously that, that, that becomes the comes to the issue. Um, but you got to look at it, uh, Janet is that you, you, you still own the credit function. You know, you just can't sit there and say, oh, Mr. Insurer, I want, you know, give me all these limits. And I'd really, don't, you know, I don't really have to follow up on anything. Well, that's not going to work very long. Uh, you know, as a, as a seasoned credit manager, you've got to get out there and you've got to visit your accounts, and you've got to pay attention, and you've got to, you know, uh, understand the needs and wants of who's ever asking. And, um, you know, that that's really important.

Speaker 0 00:16:49 Well, and it's like you said, Damien, it's, it's all built on relationships, right? Once the policy is purchased, it's not a one and done, and everybody just kind of disappears, right? You guys are always interacting.

Speaker 1 00:17:02 Absolutely. Absolutely. And --

-- one thing we do at EULAR is we dedicate certain underwriters to certain accounts. Um, you know, once you hit a certain threshold, um, when regarding premium, we, we allocate a, uh, an underwriter to that account. So anytime that, that credit manager, uh, wants to talk to anybody, um, regarding not only a Canadian buyer, but even a foreign buyer, we'd be, we become sort of the, uh, uh, the intermediary between us and our foreign offices. So it's a little hard to reach out to our office in China or, or, or somewhere in Europe or south America. So basically they call me, and then I would say, look, I'm going to reach out to our Chinese office or Northern or California office or anywhere else in the globe. And so they have access to person. And once you develop a good relationship, they sort of trust you. And even though you're, you're giving them a no or a partial decision, there's always an explanation behind that. And so there's always some comfort for them to make that phone call and get a little bit more color on that decision
Speaker 2 00:18:08 And continue with what David said is, again, you know, you have that confidence. So even if the know you respect the no, if so, if your underwriter says, you know, look, I really can't go there, right. Or I can, well, hold on, can you do part of it? Can we restructure what, you know, where do we bring that comfort level together? And then, then you start, you start kind of looking for ways to, to do the deal. If at the end of the day, you, you know, the under the insurance says, forget it. You know, this is, this is a real bad deal. Well, you shouldn't be selling it in the first place. Right. I mean, you know, you don't want your product out there, so I know can be a no, but it all my experience all those years, that rarely happens.
Speaker 0 00:18:53 Right. Right. You always find a way to bridge that and make it work because you, as you, as the business, um, you want that new customer, so you want to make it work in their favor, but you, like you said, you don't want to end up not getting paid at all.
Speaker 2 00:19:09 Exactly. Yeah. That's the worst.
Speaker 1 00:19:11 Right. Right. So did you have something to add there, Damon? Uh, yes. Uh, I was just going to say, like, there's always a bit of a gray area in the sense that, you know, like as a, as an underwriter, we have a limited amount of capacity that we can dish out on a certain company, you know, based on the overall size of the company. Right. Um, so sometimes, you know, you sort of hit that capacity and then you say, well, it's a great company, but there's so many buyers of policyholders that are already asked for credit on, on this buyer. Uh, so what, what we're seeing today is, especially with commodity prices being so high is we're offering temporary coverage, right? Because we know that eventually those mighty prices are gonna pale off and drop. And the last thing we want to do is tie up all our capacity, but sometimes the only way, you know, what, what our policy holder needs is through a conversation, right?
Speaker 1 00:20:00 So, okay, well, you're looking for X amount, but you really need it on a permanent basis or on a temporary basis. Cause I have a lot more flexibility to get it to you for the next three months. And that's all you may need. It's a one-time order. It's a seasonal order. Maybe you're expecting commodity prices, the pale off in the next three months, and then you won't even need it after that. So what we try and do is we try and stretch that capacity as much as we can to as many policy holders can. And the only way to do that, again, it's through a conversation with the credit manager.
Speaker 0 00:20:28 Okay. Fair enough. So I want to move on to, to determining the amount of credit that you can extend to a new customer. And Dave, when you're looking at that, you got a new customer that comes in, you're looking at them, you're, you're an accredited credit manager. How do you decide how much you want to extend to customer? Wow,
Speaker 2 00:20:48 There's so many variations that I questioned that, you know, it's, you can't just plug it into a computer and say, you know, here's the, here's the number. A lot of people figure that you can credit score. But, uh, you know, it's, it's, it's a very difficult question to ask, right? So it's like, so, so there again, you know, if we're talking about credit insurance, um, you know, if the infor --

-- mation that you have in front of you is limited and you, you know, you, can you share the risk with your credit insurer. You may want to take part of the risk. Um, you know, it, it all depends. How long has the customer been around, you know, all those questions that come into play? You know, if you have financials that depending on the amount, uh, what is the financial say? You know, if you're looking at the person's financials and, and, uh, they're, they're really important shape, the answer is going to be probably zero, right.
Speaker 2 00:21:40 Or, uh, but on the other side of the coin, if the guy has good cashflow and good, good, uh, good balance sheet, uh, you know, there's, you might, you may want to start at, um, you know, if the sales was coming in and say, I got a great opportunity, we're going to sell them a million dollars while you may want to buy it a little bit less off that sandwich and kind of structure it and say, okay, you know, how can we start off little slower, and then build up on, on that relationship. And, um, and I know most, uh, most insurers out there, they, they, even on the discretionary, they deal on a past experience. So like, how, how is your high credits and how, how have they paid you, uh, et cetera, et cetera, the problem out there right now, Janet is Damien has hit it.
Speaker 2 00:22:27 You get commodities that are all of a sudden spiking. And, um, you know, when, uh, when the market, all of a sudden the prices are double or triple, a lot of times you're selling well beyond your comfort level. So yeah. Yeah. You know, you could, you could sit here and say, oh, I'll try to keep it, uh, lower, but, you know, there's just too much pressure. They're moving product, right. So the, the kind of the gun is the, your head, uh, to take, take calculated risk. And that's where that relationship become back to the insurance company and say, okay, do your underwriter and say, this is the dilemma that we're in. How, you know, how are we going to work through it?
Speaker 0 00:23:07 Okay. So Damian, let's take this question to you. Like, how do you determine the size of credit limit that can be extended to a policy holder, especially when you have a bunch of other policy holder or policy holders selling to that same buyer?
Speaker 1 00:23:20 Yeah, we, we, we do the same. I mean, what would, it starts off with a fundamental analysis? We look at the financial statements of the company. Um, anytime you're looking for large credit limits, you need to have financial information to back up your decision. Uh, so, you know, we look at the profitability of the company, you look at the balance sheet, you know, are they leverage? Is there any shareholder loans look at cashflow and liquidity because know we are taking a short-term position. So liquidity is, is very important. And then you look at ownership, you know, the ownership structures, their parental guarantees from a large entity or not. And then we sort of grade that, like we discussed earlier one to 10, um, so it comes down to scale. So anytime you're looking at a buyer that's rated one to four, like I said, they tend to be large, publicly traded entities.
Speaker 1 00:24:07 We can normally go large on, on credit limits and large, you know, there could be 10, 20, $30 million without, without hesitation. But when you're looking at something more, um, uh, I guess normal like a five or six restraint, they tend to be smaller companies privately owned. And like David said, sometimes you would start off with a smaller limit just to develop that relationship, to get a better understanding of the buyer, to see if that's the real need or if there's a larger need. And then, you know, over time as you accumulate information and you track the progress of the buyer, your comfort level will increase. And then you can sort of creep it up a little bit more over time. So we try and space out or limit to as many policy holders as possible. And, uh, and basically we start off a little on the smaller side on the smaller companies and sort of build it up as, as we go forward.
Speaker 0 00:24:59 Okay. So I guess that, um, are all policy holders and really treated equally, or does that policy structure affect how they're treated?
Speaker 1 00:25:11 W we, we try and treat all our policy holders the same, so it doesn't matter if you're a small policy holder or a very large one. Um, you know, we, we look at the fundame --

-- ntal information. We look at what our capacity level is, and, uh, you know, sometimes policy holders are asking for an unreasonable amount, then, you know, if we sort of sense that we try and get it back to what we approve, um, w but, you know, there's always, you know, sometimes you hit your capacity level and, you know, based on our underwriting guidelines, you might say, well, this is as much as we can really support, you know, but it's a gray area, so you can always push it a little bit more. And, and, and then we do look at the commercial aspect of the business as well. So if you look at a policy holder that's been around for a long time, their loss ratio is very low.
Speaker 1 00:25:58 Um, it's, it's, they're, they're, they pay a fair amount of premium. If you're going to put your neck out there and stretch it beyond our guidelines, they would be the ones you would stretch it for. Uh, but within reason, right? Um, so we really know all this start on equal footing, but when push comes to shove, sometimes you're also looking at the loyalty of that customer base and, and you try and help them as much as you can. And when we start to stretch limits, it tends to be more on a temporary basis. So saying that, you know, right. Our capacity, but I'm willing to give you an extra couple hundred thousand on a temp. Uh, so it's a short-term position. And, you know, our comfort level within the next few months is, is much more confident than it would be over a longer period of time. So, you know, we do try and tend to, uh, to push that a little bit.
Speaker 0 00:26:47 Right. I guess, ultimately we're all in business to stay in business. Right. So as the underwriter, you guys, can't overstretch yourself to the point where you guys get into trouble because of your exposure in the end, too. Right.
Speaker 2 00:27:02 And I was gonna say on the other side of that too, is that most policy holders have a carrot at the end of the, uh, the end of the year to say, like, if you're, you know, no, no claims, you know, you get a little bit of a rebate back, um, on, on your premium. And, uh, so it it's in your best interest to hold a clean portfolio and, and be claim free. Uh, it doesn't, it doesn't benefit anybody to sell something that, you know, is that risky that you're not going to get paid. So, yeah, you'll, you're going to get your 90% back or whatever it is, but you know, how, how often is your underwriter going to come to bat for you? If you, if you, you know, you let a few push the few through and you know, that's just not the way you do business. Right. It's a, again, it's a relationship, it's a partnership and that's the way you're going to approach it.
Speaker 0 00:27:55 Yeah. Okay. I'm keeping an eye on the time here. So just, just so you know, we're getting the flag. So Damien, what did you want to add there?
Speaker 1 00:28:04 No, I was just going to say that, you know, also as an underwriter, we're subject to an audit. So if a company, if there's a large claim, that's filed on a buyer, we can get audited internally. So if I'm, I'm approving, you know, crazy limits without justification, and, and there's a claim, uh, in the back of may get flagged by our head office, and then there's an investigation. So, you know, like they have the says, we have to be very prudent. And when we do make decisions, because, uh, it's, we're not only trying to obviously support our clients, we're also trying to support and protect your homies.
Speaker 0 00:28:37 That's right. Yeah. Okay. So I'm curious to know what actions you take when a customer's account becomes past due Dave, um, and when a claim has been paid. So just explain how that all works.
Speaker 2 00:28:50 When accounts go past due.
Speaker 0 00:28:51 Yeah. Like what actions do you take when a customer's account becomes past due?
Speaker 2 00:28:56 Well, the best approach is to have a good, sincere conversation with the customer. And, uh, you know, that's, it's easier said than done sometimes, but you want to determine what, what the real story is. Is, is it a story of, uh, inability to pay, or is it a story of unwilling to pay? And, you know, it's very clear which route you're going to take once you determine that. So it, you know, if it's something that comes along and there's a problem with the product, or there was a delivery issue, or the, you know, there was some kind of, uh, uh, backroom claim issue. Th --

-- at's a whole different conversation, but if they come back the, and you know, if it's an inability to pay, then you gotta sit down and say, well, can we look at how do we want restructure, uh, and get, and try to get them out of the, out of the, out of the problem, but once you're in that conversation, and that's where I, you know, again, from an a credit insurance perspective, you got to pull your underwriter into that conversation pretty quickly. And to don't, don't let him come. Flat-footed out of that.

Speaker 0 00:30:00 Right. So then Damien, when you get the call that, you know, policies holders are starting to report that a buyer is slow in meeting its obligations, like, what do you do?

Speaker 1 00:30:11 Uh, well, our, our policy holders that through report on a monthly basis. So if there's any past dues, they report it and we, and it gets flagged in the system. Um, again, like David said, we do an investigation. Is it a dispute? Is it a hold back? Or is it a cash flow issue? If we determine it to be a cash flow issue, then we have to take action. And often, uh, when there are pastures filed, it's really for companies that, where we don't hold financial information, uh, you know, so we, we go out and we look for that information. Uh, we call the buyer up saying, look, we need updated information. If not, we may have to pull credit. Um, so then we go back to our policy holders and say, look, this, the buyer's not cooperating. They're filing our policy holders are finding past dues.

Speaker 1 00:30:57 Credit reports are showing slowness. Uh, we have a very large concern here when that happens. And we give notice to our policy holders that we're going to withdraw coverage. And, uh, and then we do so within a couple of weeks, right. We just give them enough notice where they can sort of, you know, work their way through at their end. Um, if the policy holder feel, if the buyer feels that, you know, the, the pastors are not legitimate in the sense that it might be a dispute or, or, or it might just be hold backs, then they may be more inclined to provide that financial information. Then we'll look at it. And financial information will always override any, uh, payment issues like slowness, uh, because I mean, we actually get to see what kind of financial health that company is in. Um, but if they don't provide us that information, then we'll go out and withdraw coverage.

Speaker 0 00:31:46 Okay. Dave, do you have any final comments

Speaker 2 00:31:48 On that? My last comment on that is too, is that you got to remember that we work in industries. So we've got these silos that we work in. So let, let let's, let's just say it's forestry, right. You're working in the forestry industry. Well, you know, a lot of the people that sit around those credit groups, I mentioned earlier that they're, they're also policy holders, right? So there's a lot of dialogue that goes on behind the scenes. So, um, there's a lot of awareness I would say. And, and that awareness gets communicated around to all the interested parties. So it's not, nobody sits there in their own cocoon. I mean, there's, there's a lot of sharing of information when there's something going wrong. People share information pretty quickly. Yeah.

Speaker 0 00:32:32 Well then I would guess that it is a relatively small community, right. So you guys are, you guys are talking to each other all the time, whether you all know each other in directly or indirectly, there is some sort of a connection there isn't there.

Speaker 2 00:32:46 Yes. And among insurers also, I'm sure.

Speaker 0 00:32:48 Yeah. Yeah. Damien, do you have any final comments that you would like to make before we wrap this up?

Speaker 1 00:32:54 Um, no. I think, um, you know, I just want to, uh, you know, I think provides a wonderful service in a sense that we just try and provide market intelligence to our, our partners, which are policy holders. Um, we try and always make sure that we're available and accountable for all our decisions. And, uh, uh, you know, we just welcome, you know, welcome to the interaction,

Speaker 0 00:33:21 Right. And I guess, you know what, when you can have a line into people who know what's going on and have an idea of what's happening around the world, um, whether it's somebody like you, David, as a credit manager or Damian as the underwriter, it is good to have that knowledge. And that's you get --

-- that knowledge by having that net receivables insurance policy. Right. So, absolutely. Yeah. Gentlemen, I would love to speak to you both again, sometime it's been a really informative conversation and honestly, I've learned a lot today, so thank you so much. Thank you for having us.

Speaker 1 00:33:56 Yeah. Thank you. Thank you very much.

Speaker 0 00:33:58 You're very welcome. Well, it's pretty clear to me that there are different factors that come into play when fulfilling the role of a credit manager or the role of the buyer underwriter and, um, understanding these differences, uh, by taking into account each other's views and resources can certainly lead to some success for both the underwriter and the credit managers. So thanks very much to a Dave Lundgren who is recently retired and a corporate credit manager. Um, and he, uh, he's enjoying retirement, but I think we could allure him back again. Sometimes I touch on it and, and Damian DiPerna is the AVP of risk underwriting at Euler Hermes. That is our show this month. Thank you so much for joining us. And for more information you can, uh, check out our Twitter and LinkedIn feeds. It's scribing share the podcast with your friends and colleagues we're on iTunes and Spotify until next time. I'm Janet Eastman. Thanks for listening to the TradeSecurely podcast.

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