



YOU SAVED MY BUSINESS

The Value of a Trade Credit Insurance Broker

One customer generated 80% of a Client's business revenue.

When the customer filed for creditor protection the policy holding client was owed \$1.6million.

KEY POINTS

- The Insured ran a seasonal business.
- He needed \$2million coverage on the buyer
- The Insurer was comfortable with \$1.5million although they were willing to increase the limit to \$2 million with higher co-insurance. We were able to push the limit to \$1.6 Million without adjusting the co-insurance.

COVER YOUR ASSETS

Contact a Receivables Insurance Association of Canada (RIAC) member to learn how receivables insurance/trade credit insurance can protect your business from the impact of a customer bankruptcy. Find us at <https://receivablesinsurancecanada.com/our-members/>

THE BACKGROUND

The Insured ran a **seasonal business with 80% of its revenue coming from one major business client**. To meet their customer's needs **the insured required a credit limit of \$2million** on the buyer. The Insurer was willing to provide coverage of only \$1.5million but would increase the limit to \$2million with higher co-insurance. The Insured's co-insurance had an annual deductible with his policy paying out 90% on covered losses.

Working with their broker CreditAssur the Insured was able to **negotiate coverage of \$1.6million** without the need to adjust co-insurance.

THE FALLOUT

Only a few months later, CreditAssur heard from a contact that a member of a restructuring company had been seen in the parking lot of the debtor. They quickly phoned the policyholder to ask if there were any issues with their key buyer. The client answered, "it's funny you should say that because I got a letter from them and haven't had a chance to open it yet." He proceeded to open and read the letter. You could've heard a pin drop with the tension in the air. He came back on the phone and said **"it looks like they aren't paying suppliers for the next couple of months, something about cash flows"**.

CREDIT INSURANCE IMPACT

CreditAssur immediately booked a meeting to **complete the claim forms for non-payment**. Approximately 2 months later, the buyer filed a CCAA, creditor protection.

The credit insurance policyholder was owed \$1.6 million. His Insurer issued a cheque and on a Friday evening at 7PM the Insured called CreditAssur to say **"Thank you, you saved my business"**.