

Credit insurance

Protection against non-payment /



Trust is often not enough /

Every unpaid invoice harbors the risk of a financial loss. Things can be fine for a long while, but suddenly your customer is no longer able to pay. Then you either pay dearly for the experience, or enjoy knowing that your credit insurance will protect you against a financial loss.

Every invoice is a loan

Every supplier or service provider who delivers goods or services against an invoice slips into the shoes of a creditor or a lender. In this way he unwillingly takes on part of his customer's business risk. If a customer becomes unable to pay, the supplier usually goes away empty-handed. And if any part of the pending amount can be recovered at all, it usually takes a long time.

Global markets

This risk arises in Switzerland as well as in other countries. Economic conditions are particularly harsh in the OECD countries, which are the main markets of Swiss exporters. Swiss companies are also intensifying their business relationships with countries that are difficult to assess, such as Russia, China and India.

Switzerland is no safer

Distance does not determine the extent to which control can be lost. Increasing globalization, economic turbulence and cutthroat competition have also worsened the situation in Switzerland.



The knock-on effect /

Insolvency is highly contagious: every third bankruptcy is due to the knock-on effect.
When a customer goes bankrupt, insolvency is often likely to affect several other companies.

Red alert

Alarm bells should start ringing when customers are slow to pay. Rather than accepting bad payment habits, customers must be consistently reminded to pay. In eight of ten cases it will be too late if you decide to carry out a credit check only after expiry of the payment period.

Input expenses

Depending on the sector and trading level, companies often incur substantial input expenses before an order can be fulfilled. If the customer then fails to pay, the service provider has to absorb all costs such as materials purchasing, production, salaries, logistics, selling expenses, etc. Such a loss can easily jeopardize a company's survival.

Increase in sales required to cover a debt loss

Debt loss	Additional sales needed with a net margin of		
	8%	5%	2%
CHF 20 000	CHF 250 000	CHF 400 000	CHF 1 000 000
CHF 100 000	CHF 1 250 000	CHF 2 000 000	CHF 5 000 000
CHF 500 000	CHF 6 250 000	CHF 10 000 000	CHF 25 000 000

Credit insurance gives you a clear advantage /

Credit insurance covers more than just the financial loss. Thanks to the constant monitoring of the creditworthiness of their business partners and support in managing the recovery of amounts outstanding, insured companies receive timely warning of the imminent insolvency of customers.

Loss prevention

A new customer undergoes an initial investigation and is then monitored constantly. The credit limits approved by AXA are professional credit recommendations. When our specialists, who have in-depth knowledge of the markets, notice negative changes in your debtors, they will let you know and will change the credit limits to suit the new situation. This gives you the safety net of a truly effective early warning system. Instead of an unpleasant surprise when it's already too late, you know that you should deliver goods or services to a specific client only against collateral or advance payment.

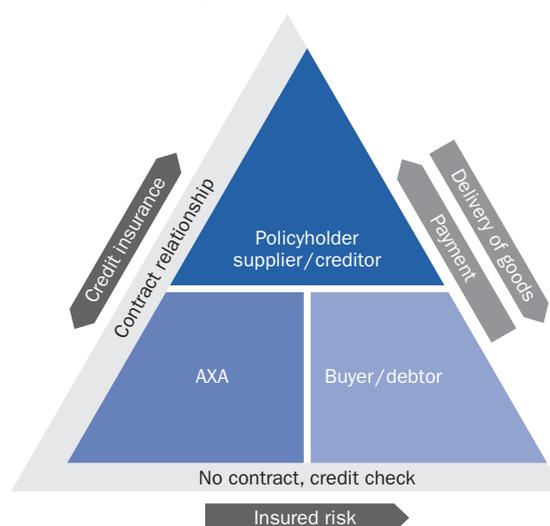
Loss minimization

Receivables collection can be included in the credit insurance policy. The mere fact that you are using a professional collection service can already have an extremely positive impact on some customers and help to take prompt care of outstanding payments. When the collection service does not receive any reaction to its reminders, it immediately takes legal action to collect your debts. This service has enormous advantages, particularly in the export business where foreign languages, laws and customs often put additional obstacles in the path of the fast collection of debts.

Loss coverage

The insurance covers all claims up to the approved credit limits. When your customer defaults on its payments, AXA pays up to 90% of your insured debt loss.

Structure of your credit insurance





Calculable benefits

No two companies are alike, which is why AXA adapts every credit insurance policy to meet the specific needs and priorities of the market and the company in question. Because you only pay for the benefits that serve your company, it always pays off to purchase a credit insurance policy.

AXA's selection of credit insurance products consists of sector-specific solutions that can be combined with various benefit components down to the smallest detail. This leads to optimal insurance solutions that provide value for money and are tailor-made to meet the needs of your customer base and your company.

Cost structure

The costs of a credit insurance policy mainly comprise the premium and the credit check fees. Both of these can be managed by the correct selection and combination of benefit components.

Premiums

The premium rates equal only thousandths of the insured sales. The premium rate is determined on the basis of the following factors, which include:

- Line of business
- Number and amounts of unpaid invoices
- Insured countries (location of your buyers)
- Payment and reminder periods
- Sales volume
- Level of coverage (max. 90%)
- Prior losses
- Waiting period
- Customers' creditworthiness
- Coverage concept

The ideal corporate profile for a credit insurance policy /

Business-to-business relationships in Switzerland and abroad provide the best reasons for covering growing default risks.

Your advantages

Securing your relationships with current and new customers

Transactions can be concluded even if you have no knowledge of the customer's business morals or financial circumstances.

Budgets do not have to include loss provisions

Every budget becomes a reliable planning tool once the risk of a loss of receivables has been eliminated.

Better conditions when raising capital

Thanks to the much improved credit rating of companies with credit coverage, investing becomes easier.

Professional credit management

Credit insurance provides you with a convincing management and controlling tool and ensures your company's cash flow without the need to employ additional staff.

Criteria for purchasing a policy

The following evaluation criteria will give you a rough idea of whether your company can benefit from the advantages a credit insurance policy offers:

- Business-to-business companies (customers are also companies)
- Manufacturing, trading and service companies that deliver goods or services to domestic and foreign customers against credit/invoice
- Annual sales starting at CHF 1 million
- Payment deadlines of up to 180 days
- Registered office in Switzerland

A consultation can clarify the situation

The need for credit insurance has grown enormously in the past few years and will continue to grow. AXA's consultants will show you the advantages and costs of a credit insurance solution tailored to your company's needs. Make the most of this opportunity.

**Pension and insurance matters demand individual attention.
AXA shows you fresh alternatives and delivers relevant solutions.**

Arrange for an advisory meeting without obligations still today.

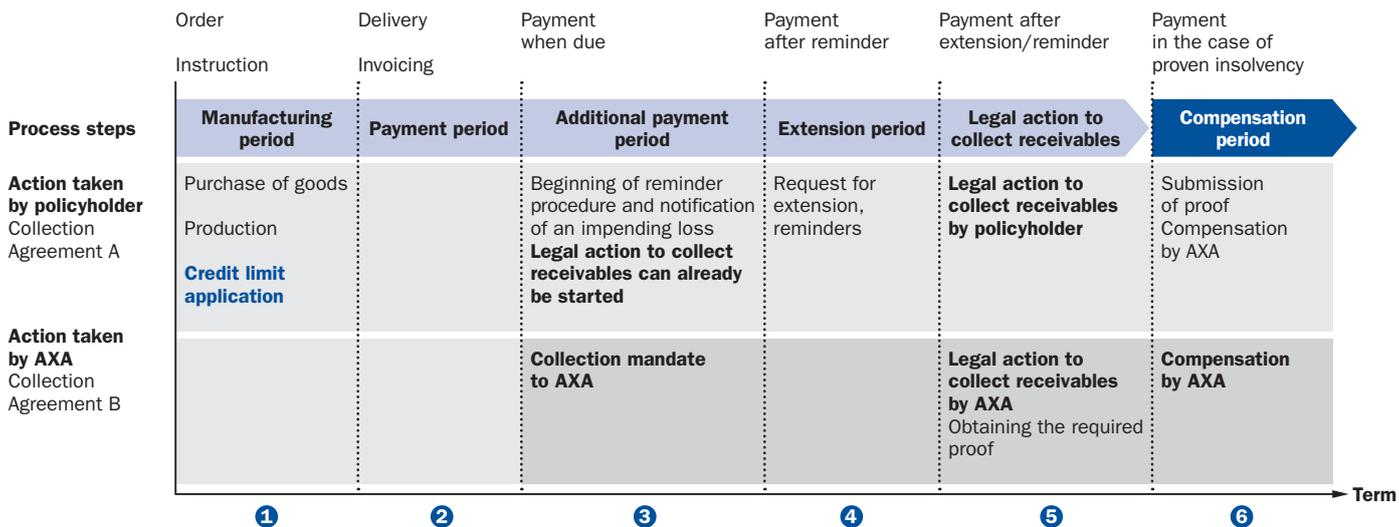
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Domestic transactions with easily integrated collection options



① Manufacturing period

The manufacturing period runs from the date of the order or instruction to the date of delivery or invoice. A credit limit application can be submitted to AXA during this period.

② Payment period

The payment period runs from the invoice date to the payment due date. The collection mandate can be passed to AXA once the payment period has expired (Agreement B).

③ Additional payment period

The additional payment period runs from the date on which the invoice payment falls due and ends at the earliest with the payment of the invoice after receipt of a reminder. On expiry of this period an extension request can be submitted to AXA or collection proceedings can be started. From this date the outstanding payment is overdue and new deliveries to this buyer are not insured.

④ Extension period

The extension period also extends the reminder procedure until an agreed date.

⑤ Collection and proof

- STANDARD with fully integrated collection services: AXA takes legal action to collect the outstanding amounts and obtains the confirmations it needs at the latest at the end of the extension period (Agreement B).
- STANDARD without integrated collection services: Legal action to collect receivables and preparation of confirmations by policyholder or his agents (Agreement A).

⑥ Compensation period

As soon as confirmation of inability to pay is available, AXA releases the compensation payment. As it is not possible to say when such confirmations will be available, no latest payment date can be guaranteed.

Insolvency

The customer can become insolvent at any time, even in the time between the issuing of the order and the start of collection proceedings. In this event the collection mandate must be given to AXA immediately (Agreement B) or collection proceedings must be started (Agreement A).

Credit insurance STANDARD

Suitable for	Domestic customers
Subsidiaries	Can be included in policy
Collection of payments	Optional integration
Collection costs	Only when collection services are integrated: <ul style="list-style-type: none">■ File opening fee■ Performance fee on collected amounts■ Third-party costs (lawyer, public authorities) are borne by the policyholder
Compensation payment	
Limit	Annual maximum limit as agreed
Latest compensation payment date	Not guaranteed
Amount	Overdue and insured amount
Coverage	Only for proven inability to pay
Scope of coverage	Risk of non-payment by a debtor
Highest coverage percentage	75% to maximum 90%
Optional inclusion	Manufacturing/resale risk
Cost	
Premium (normally)	0.08% – 0.8% of insured sales (minimum CHF 1 million per year)
Premium surcharges and discounts	Depending on individual benefits and scope of coverage

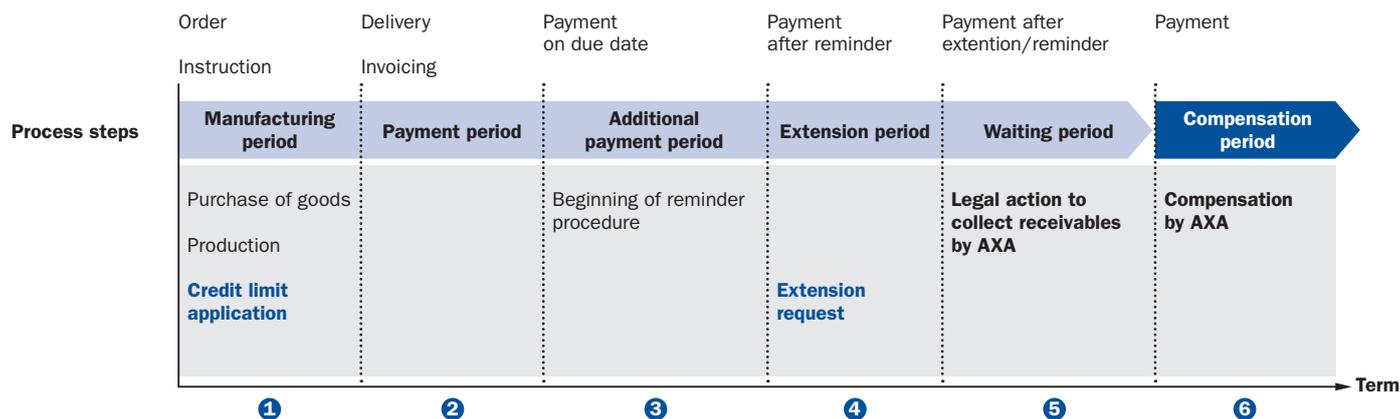
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Credit management for all your needs /



1 Manufacturing period

The manufacturing period runs from the date of the order or instructions to the date of delivery or invoicing. A credit limit application can be submitted to AXA during this period.

2 Payment period

The payment period runs from the invoice date to the payment due date. The collection mandate can be passed to AXA once the payment period has expired.

3 Additional payment period

The additional payment period runs from the date on which the invoice payment falls due and ends at the earliest with the payment of the invoice after receipt of a reminder. On expiry of this period an extension request can be submitted to AXA or collection proceedings can be started. From this date the outstanding payment is overdue, and new deliveries to this buyer are not insured.

4 Extension period

The extension period also extends the reminder procedure until an agreed date.

5 Waiting period

AXA takes legal action to collect the outstanding amounts and obtains the confirmations it needs at the latest at the end of the extension period. The collection mandate at the same time serves as a claim for compensation and marks the beginning of the waiting period. This period lasts at least six months.

6 Compensation period

At the end of the waiting period AXA releases the compensation payment and continues the case until it is finalized. The latest date for the payment of the compensation is guaranteed: 30 days after expiry of the waiting period.

Insolvency

The customer can become insolvent at any time, even in the time between the issuing of the order and the start of collection proceedings. In this event the collection mandate must be given to AXA immediately.

Credit insurance MULTI

Suitable for	Domestic and foreign customers (except for crisis areas, politically unstable countries)
Subsidiaries	Can be included in policy
Collection of payments	Fully integrated
Collection costs	<ul style="list-style-type: none"> ■ File opening fee ■ No performance fee on collected amounts ■ Third-party costs (lawyer, public authorities) are compensated in accordance with the rate of coverage. If collection is successful, the policyholder bears these costs.
Compensation payment	
Limit	Annual maximum limit as agreed
Latest compensation payment date	Guaranteed
Amount	Overdue and insured amount plus third-party collection costs
Coverage	In the event of suspected or proven inability to pay
Scope of coverage	Risk of non-payment by a debtor
Highest coverage percentage	75% to maximum 90%
Optional inclusion	Manufacturing/resale risk
Cost	
Premium (normally)	0.08% – 0.8% of insured sales (minimum CHF 1 million per year)
Premium surcharges and discounts	Depending on individual benefits and scope of coverage

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Managing credit limits simply

You can use the online portal to set and change your credit limits over the internet conveniently and quickly. This service is free of charge for clients who have a credit insurance policy.

Online credit management

The online portal, which you can access free of charge, puts all the functions relating to limit administration within easy reach. For example, you will find your approval statements available online as PDF files. And you will receive an e-mail informing you as soon as a decision on easyLimit has been made.

Setting a credit limit

You can set the limit for your buyer online. Your buyers can be identified quickly because the system is linked to a professional credit agency.

Adjusting credit limits

Changing a credit limit is quick and simple with easyLimit, regardless of whether it involves an increase, a decrease, or a cancellation.

Download

You can download all the important information and forms from easyLimit at any time.

Complete overview

Whether you are dealing with pending credit applications or with a rejected or cancelled limit, all the important information is only one click away. Furthermore, you can import a detailed overview of your limits into Excel to use for other purposes.

Easy to use

The application has a simple design that takes you through the various menus step by step, without having to install software.

Very secure

Only authorized users can access the online portal. The three-step client identification procedure, which involves the user name, password, and AXA's SecurID, meets the latest security standards.

Your advantage when using easyLimit

- Simple and quick handling of credit limit requests
- Straightforward administration of your limits from any computer with internet access
- Greater flexibility and efficiency
- Your updated credit limits appear in the limit overview and can be called up by any authorized employee worldwide
- Less time spent waiting, less paperwork, lower costs
- Professional support for technical and content questions during business hours, free of charge

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