

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.

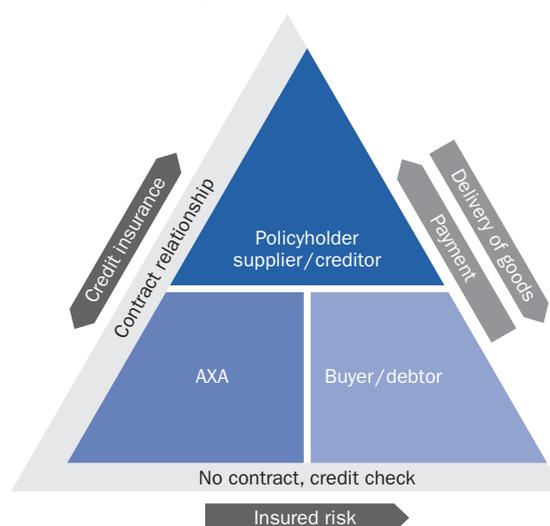
## Loss minimization

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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