

# A GUIDE TO IDENTIFYING WHO NEEDS TRADE CREDIT INSURANCE



Now is a great time to be introducing trade credit insurance, but to do it successfully you need to find the most appropriate clients to target. Here's how...

## THE ESSENTIALS

First things first, there are some characteristics companies must have in order to be considered for trade credit insurance. The first two – the capacity to trade on open credit terms and an annual turnover of at least £300,000 – are essential. Once these have been ticked off, there are a number of other features that point towards a company that would benefit from trade credit insurance.

Businesses looking to expand in size or sell to new customers and expand their client portfolio are good candidates. Equally, any company that has plans to export their goods abroad will also gain from using trade credit insurance.

It is also beneficial for companies with a history of bad debt and late payments or those wanting to improve their cashflow situation. Trade credit insurance will also serve any business that is looking to assess the financial status of current or potential customers.

Read everything you need to know about trade credit insurance **here**.

## AT-RISK SECTORS

We assess the risks of non-payment by companies in 18 industry sectors across 70 countries so you can keep on top of which businesses could be most in need of trade credit insurance. Find out more about that **here**.

In the UK, for example, the transport industry has presented elevated risk of non-payment this year as it is displaying structural weaknesses. In Europe, the retail sector has an equally unfavourable outlook in France and Spain. Worldwide, automobile manufacturers and suppliers are suffering, notably in China and the Middle East.

## THREE KEY QUESTIONS

Once you have identified a business, there are a number of questions you can ask to get them thinking about whether they would benefit from trade credit insurance. Here are three key ones to get started:

- How do you vet new customers?
- Have you experienced any bad debts or late payments in the last 12 months?
- If one of your biggest customers was to stop paying you for any reason, what impact would this have on your business?

Read 8 reasons why you need to think about trade credit insurance today **here**.

## STORIES WORTH SHARING

We are a global insurance leader with more than 55,000 clients in over 50 countries. Demonstrating how other companies have successfully used trade credit insurance to grow their business is a great way to start a conversation with new and existing clients about how they could benefit.

Abbey Glass, a bespoke glass and glazing company based in South Wales, for example, hopes to grow by 10-15% annually over the next five years. As it expands, it is using trade credit insurance to protect itself against the greater financial risks associated with bigger clients and more complex contracts. Richard Green, Managing Director, Abbey Glass, says: "The insight [we get] on new accounts that want to have a credit facility with us is invaluable."

M2M Direct, a £100m technology business that distributes memory and storage products such as graphics cards and memory chips, also relies on trade credit insurance to help it grow internationally. "We cannot expand unless we have the comfort, knowledge and security of trade credit insurance," explains founder Ged Mitchell.

If you have any questions or want to book an appointment with an Euler Hermes Consultant, please call us on +44(0)800 056 5452 or visit [www.eulerhermes.co.uk](http://www.eulerhermes.co.uk).

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