

BROKER CREDIT INSURANCE SALES KIT



WORKING WITH EULER HERMES UK

At Euler Hermes UK, we recognise that you may not currently promote credit insurance to your existing clients or new business prospects, perhaps perceiving it as a complex product.

Now is the time to change that perception, because today's market is very different. We'd be delighted to show you the many benefits for your business and your clients of an insurance partnership with Euler Hermes UK.

Our nationwide team of Consultants welcomes the opportunity to work with commercial insurance brokers of all sizes and types. Our experienced and dedicated Credit Insurance Consultants will provide essential business support throughout the process, from your initial enquiry to the closing meeting.

We're here to help you enjoy a smooth transition and simple policy administration.

HOW YOU CAN BENEFIT FROM A EULER HERMES COMMERCIAL BROKER PARTNERSHIP?

- Make your business stand out from the competition
- Give your customers a competitive edge
- Earn good commission by cross-selling to existing clients and new business prospects
- Protect your clients' businesses by giving them access to the full range of risk management and information services we offer

OUR BROKER SERVICE PACKAGE

- A dedicated Credit Insurance Consultant assigned to your brokerage, focused on building long-term relationships and ready to participate in joint meetings or attend meetings on your instructions
- Monthly, bi-monthly or quarterly visits by your assigned Consultant
- A dedicated Account Manager for individual policies capable of dealing directly with the client, resolving queries and issuing all related documentation
- Euler Hermes Customer Line providing support for both you and your clients
- Access to our Underwriters and Risk Analysts
- In-house training for broker staff
- Promotional marketing support available



WHAT IS CREDIT INSURANCE?

Credit insurance safeguards your clients against the failure of their customers to pay their trade credit debts.

- It is an insurance policy against the risk of non-payment of trade receivables (commercial and political risks). Trade receivables are goods or services despatched on short term credit.
- Credit insurance covers the risk of non-payment when a business offers trade credit to a customer. It is an essential risk management tool, that enables companies of all sizes to trade with confidence at home or abroad.

We offer a full credit management solution service providing access to all of our proprietary credit information via our on-line information system, available 24 hours a day, 365 days a year – to help your clients grow their business.

WE OFFER AN INSURANCE POLICY INCLUDING THREE SERVICES

- Information
- Protection
- Collection

WHY MOST BUSINESSES NEED CREDIT INSURANCE

Businesses use trade credit to manage and improve cash-flow. It simply means that a supplier extends the usual 30-day business credit terms, giving the customer extra time to pay for the goods or services provided. It matters because many sources confirm that trade credit is the second largest source of finance for small businesses.

The problem is that businesses negotiate trade credit terms based on the customer's perceived creditworthiness, but a supplier is often the last to know when a business is in financial difficulty.

Companies fail for a variety of reasons, from a change in their environment or management mistakes to suffering a devastating bad debt. Ultimately, lack of cash-flow causes businesses to become insolvent.

**Credit Insurance secures
trade domestically and
around the globe**

THE 3 KEY ADDED VALUE SERVICES WE OFFER

Customer risk prevention

We monitor and assess companies' financial positions daily.

Prevention and recovery of unpaid debt

In case of unpaid debt, Euler Hermes handles amicable and judicial procedures.

Compensation for uncollected receivables

In case of non-payment of the debt and after a pre-determined waiting period, we pay the claim

WHAT KIND OF COMPANY IS A CANDIDATE FOR CREDIT INSURANCE

Essential

- £500k or more turnover
- Trading on credit terms

Optional

- Considering expanding or diversifying
- Exporting
- Previous bad debt history
- Recently invested in the business
- Needs help assessing customers' financial status
- Needs to improve cash-flow

If a customer goes into liquidation, **76%** of the time your client will get nothing.

In the course of a year the average company will lose **more than three** of its active customers because of financial distress, insolvency, administration or receivership.

A £1.5m turnover business earning a 5% net profit margin would have to increase its turnover by **30%** to recoup a bad debt as little as £22,500.

WHY CHOOSE EULER HERMES?

We are the world's leading provider of trade-related credit insurance solutions. We have been supporting clients and helping them respond to changing business environments for over 100 years. And we are backed by Allianz, one of the world's leading providers of financial services.

Many of your clients can benefit from credit insurance, and our role is to make it simple and straightforward for you to provide it. Sometimes you will need a face to face conversation about the best way to handle a business opportunity or need advice to develop your understanding of the market.

We are perfectly placed to help, because we are the only credit insurance provider with a sales force dedicated to commercial brokers.

EULER HERMES IN BRIEF:

- Global leader in trade credit insurance
- 2.5 billion Euros consolidated turnover
- 52,000+ clients worldwide
- Presence in over 50 countries on 5 continents
- 6,000+ staff worldwide
- €789 billion of business transactions protected worldwide
- Over 40 million companies monitored in our risk database
- 85% of credit limit requests processed in less than 48 hours
- 20,000 credit limit requests
- AA financial rating by Standard & Poor's
- A company of Allianz, one of the world's leading provider of financial services.

DEALING WITH CUSTOMER OBJECTIONS

Here are frequently heard customer objections, and suggested answers

**OBJECTION:
IT'S TOO EXPENSIVE**

ANSWER

- Consider how disastrous a bad debt of £50,000 would be to your business
- Perhaps you're not worried about the risk of bad debt because previous ones have been small, but what's the guarantee the future will be the same?
- Remember you can incorporate the cost of credit insurance into your quotes to clients, and spread the cost with our instalment options.
- Compare the cost with other things you pay for monthly. Do any of them bring the same level of protection to your business?
- You also have a chance to sell higher volumes because you trust customers more when the receivables are insured.
- Your credit insurance comes as a package with our outstanding management services and information no-one else can provide. We can help you make money as well as protect you from losing it. A £100,000 increase in turnover, will cover a £10k premium at 10% margin.
- Credit insurance is a cost you can plan, protecting you from non-payments and late payments that are unplanned problems.

**OBJECTION:
I'M CONSIDERING A COMPETITOR**

ANSWER

- Euler Hermes is the largest player in the market, and rated AA by S&P.
- We have the widest information base on your buyers, whether local or worldwide.
- We are also the leading product innovator, with a range of products that can help you maximise your trading relationships.
- Ours is the most best resourced organisation with a wealth of risk analysts, company information experts, debt collection specialists and dedicated contract handlers

**OBJECTION:
I DEAL WITH A LOT OF NON-REGISTERED COMPANIES
AND/OR SMALL ACCOUNTS**

ANSWER

- You'll have cover under your discretionary limit for smaller accounts.
- We write cover for all types of businesses including registered, limited liability, partnerships and sole proprietorships demonstrates that we offer a valued service.

**OBJECTION:
YOU'VE REMOVED MY COVER IN THE PAST**

ANSWER

- We are now writing much higher levels of cover, so let us have a look at your ledger and it's very likely that we can offer you a policy.
- With a limit satisfaction rate of over 80%, we are confident we can provide the credit cover you require.
- Euler Hermes has a global exposure of over €789 billion and more than 52,000 clients who value our service.
- We are constantly improving and investing in our risk gathering and analysis services, so we'd welcome the opportunity to show what we can do in terms of policy cost, structure and cover.

**OBJECTION:
I'M REALLY CLOSE TO MY CUSTOMERS AND KNOW
THEM BETTER THAN YOU EVER WILL**

ANSWER

- It's what you don't know that can hurt you.
- Do you know how they are paying their other suppliers or how their customers are performing?
- If your customer has a problem caused by one of their customers failing, or by a reduction in bank lending, we are likely to know about that before you do.

**OBJECTION:
I SELF INSURE AGAINST BAD DEBT BY PUTTING MONEY
AWAY EACH MONTH**

ANSWER

- That's prudent but may not be enough.
- Only credit insurance can protect your business against all default and late payment situations.
- The sums companies typically provide for bad debt don't cover their maximum exposure to main customers, whereas credit insurance does.

**OBJECTION:
I USE A RISK DISK/TRADE REFERENCES**

ANSWER

- Great, but beware: filed accounts tend to be out-of-date.
- You could find yourself basing credit decisions on information that's 12–18 months old.
- You can only get an accurate understanding of how a business is trading from its current payment performance, management accounts and public data, and having it all professionally analysed for trends.
- We offers this service, but status agencies don't.

**OBJECTION:
WE DON'T NEED CREDIT INSURANCE BECAUSE WE HAVE
EXCELLENT CREDIT CONTROL**

ANSWER

- Credit insurance is designed to work with your credit control, not replace it.
- Credit control can't protect you from unexpected insolvencies, as you'll know if you've ever had a customer become insolvent.
- The quality of your credit control will be reflected in the premium you pay.



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