

Credit Insurance

Who has not been confronted yet with bad debts or even worse, actual credit losses. KBC Commercial Finance offers a simple and affordable solution: a credit insurance.

A credit insurance has real added value for export oriented companies or companies with risk concentration issues. It is also in the interest of start-ups and fast growers to build in credit insurance as a safety net for their future growth and to protect their cash flows. To put in other words, any company confronted with uncertainty related to their client relationship.

What is credit insurance?

A credit insurance policy will indemnify you up to 85-90% of a credit loss. A credit loss will occur in case of a bankruptcy but also if a payment remains overdue for more than 5-6 months (presumed bankruptcy). The credit insurance will have full effect as from the delivery of the goods or services.

The cover can be extended, including all expenses related to the pre-production process. Take the example of a printing company which produced 90% of the job and then its client files for bankruptcy...

It is also feasible to include the political risk. Notwithstanding the excellent reputation of your client, a payment may be delayed because of war, foreign currency regulation, etc.

In practice, you will have to apply for a credit limit per client. These limit requests will be screened by the credit insurance company and a maximum cover per client will be confirmed. It goes without saying that the credit insurance company will continue to monitor your clients and the outstanding limits and review them when relevant.

The credit insurance company does not intervene in your commercial process. You remain in charge of the commercial follow up, will send reminders or call your clients in case of unmet due dates. If everything fails, you will request the credit insurance company to recover the claim including legal action. The credit insurance company will indemnify you at the moment of the (presumed) bankruptcy.

KBC Commercial Finance: an independent broker

KBC Commercial Finance is an experienced and specialized broker.

Specialized

We are a broker in credit insurance only.

Given the complexity of the business, you will require an expert. Indeed, contrary to most insurance products, a credit insurance “lives”, it is an integral part of your business.

As a specialist in credit management we offer a one-stop-shop and would be pleased to share the tips and tricks of the trade with you.

Independent

We work with all major players active on the Belgian market. We advise you, listen to your specific needs and offer the most relevant solution available on the market, at the best price. We do not have a preferred relationship, we choose the best company to cater you needs.

Our role as a broker

We offer you a full service without any additional cost:

Before signing the contract

- we screen your current client management;
- we will draft a request for proposal and send it to the respective players on the market;
- we will provide you with an in-depth analysis of the respective proposals including the premiums, limits, cover particularities, charges, etc;
- advice on the choice of the credit insurance policy;
- further negotiations.

After signing the contract

- we remain your contact person to manage the contract. Your daily business will be handled by the credit insurance company but we remain available for any additional advice;
- we will assist you with managing the respective credit limits and with the credit claims;
- we commit ourselves to an annual evaluation of the credit insurance policy, and will benchmark with the (changed) market conditions if relevant.

Advantages of a credit insurance policy

It will ensure the continuity, profitability and liquidity of your company

It goes without saying that a bankruptcy of one of your (important) clients will have adverse effects on your profitability and capital but it may also affect your cash flow. As a result, you may need additional credit lines which may not be available as your financial status has deteriorated. At the same time your own suppliers may be reviewing their payment terms. Murphy is often looking around the corner...

Avoid the chain reaction

1 out of 4 bankruptcies is due to the bankruptcy of a major client. We have noticed that a lot of companies were quite profitable but the limited capital base was not sufficient to absorb the unexpected loss.

Support tool for prospecting and client monitoring

It is not easy for export oriented companies to have access to relevant and reliable financial information on say, an Italian or Spanish client. Even in neighboring countries publication of the annual report is not always mandatory. Moreover, it is quite difficult to translate the available information in a relevant credit limit. The latter is precisely the added value of a credit insurance company. They do not rely on financial information only but can include statistical and historical data to fine-tune their position.

Unlike an information provider, they will meet their commitments even when their initial appraisal proved to be wrong.

National and international dunning service

All credit insurance policies include a free dunning service. In this way you receive the best possible support during the collection procedure.

Protect your franchise

As you have safeguarded your income from slow paying or insolvent clients, you will be increasing the value of your franchise. It will be easier for a bank to grant credit facilities.

Who can opt for credit insurance?

Companies with

- a turnover exceeding € 500.000,00;
- in a business-to-business environment;
- and maximum payment terms of 180 days.

What is the cost of credit insurance?

You will pay to the credit insurance company:

- a premium based on the covered turnover. The actual premium will depend upon the cover, quality and concentration of your clients, payment terms, export countries, historical risk statistics, etc;
- a cost to screen and follow up your client portfolio;
- a legal tax of 9,25% on the premium.

As mentioned above, our broker services are free of any charge.