

# CREDIT INSURANCE TRIPLE PROTECTION FOR YOUR BALANCE SHEET

Every year, Swiss companies grant their customers loans worth billions of Swiss francs by supplying goods and services for which payment is on deferred terms. Three risks are associated with very large volumes of outstanding accounts receivable: the credit risk, which requires companies to perform careful ongoing credit checks on their customers, substantial default risks in the accounts and, last but not least, a lack of liquidity. Credit insurance and its sister products – contract bonds and guarantees and export finance insurance – help companies to manage these three risks.

In the 21st century, the global economy is faced with the greatest challenges in its history. Globalization, digitalization and the rise of social networking mean we face a process of disruptive change in today's economy. Although this transformation opens up opportunities, it also represents a challenge that companies and individuals have to overcome.

Nowadays, global supply chains and sales markets are so closely intertwined that problems with suppliers or payment defaults by customers can pose serious threats to companies. The Covid-19 crisis has made this very clear. The lockdown has had a dramatic impact on economies, businesses and jobs. The global economic slowdown is reflected directly in corporate insolvencies. Current estimates expect insolvencies to increase by at least 25% in the US and 19% in Europe this year. In this environment, and particularly with respect to hard-hit sectors of the economy, credit insurance can, if used correctly, provide key support for a business and its balance sheet.

## CONVENTIONAL CREDIT INSURANCE

Credit insurance allows you to strengthen your company's balance sheet in three ways.

### RISK TRANSFER

Credit insurance offers protection in the event of bad debts resulting from the supply of goods and services with payment terms of up to 180 days. The compensation is paid in the event of insolvency, or if after a specified period, a customer remains unwilling to pay. Credit insurance needs to be monitored on an ongoing basis so that action can be taken in response to changes, such as customer acceptance policies/KYC, compliance, supply chain/wholesalers, sales conditions, payment terms, country ratings, currency risk, transportation, storage conditions, etc.

### CREDIT RISK MANAGEMENT

The credit insurer assumes responsibility for the ongoing monitoring of your customers' credit ratings and, if necessary, the collection of outstanding receivables. This strengthens your credit risk management system, particularly for customers in foreign markets in which you may have less experience. If you have a decentralized organization, we can implement and manage a multinational insurance program for you, so that you are able to keep an eye on your credit risks locally.

### CREDIT LINE

Credit insurance also gives you the opportunity to obtain additional credit lines from banks and financial institutions. The accounts receivable portfolio serves as collateral, while credit insurance protects against bad debt risks. We can demonstrate the conditions that need to be implemented so a lender can accept credit insurance as collateral. Our modern portfolio approach makes it easy to insure even large accounts receivable portfolios.

### LONGER PAYMENT TERMS

In the investment and project business, payment terms are longer than 180 days or significant pre-financing is required to complete the sale. Swiss Export Risk Insurance (SERV) is a strong partner that allows you to cover these risks at competitive terms. In addition to SERV, or in cases involving large projects, we work with international insurance companies to arrange cover for longer periods, typically up to five years. We work with Lloyd's, the London market and European markets to find the best solution for you.

### HOW KESSLER SUPPORTS YOU

Advice is provided by our proven specialists in credit risk and export financing. In addition to conventional insurance brokerage services, we also provide support for projects, the sales process with a major customer and due diligence. We provide these services worldwide thanks to our position as the Swiss partner of Marsh. The ongoing management of your credit insurance policy includes the continuous review and negotiation of contractual conditions, the monitoring of your credit limits and support and representation of your interests vis-à-vis the insurer in the event of a claim.

### BLUE LINE CREDIT INSURANCE

For Swiss SMEs, Kessler's blue line credit insurance offers an exclusive solution that gives your company direct access to the credit market. The blue line credit insurance was developed by Kessler and Tradeplus24, with Euler Hermes acting as the primary risk carrier. This solution allows three renowned financial institutions to offer you a credit line at a standard rate.

### INTERESTED? CONTACT US.

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### ABOUT KESSLER

Kessler is the leading Swiss enterprise specializing in comprehensive risk, insurance and pension fund consulting. We advise over 1,000 medium-sized and large Swiss companies from the service, trading and manufacturing industries, as well as the public sector. Thanks to our expertise in each of these economic sectors, our highly qualified staff and our leading market position, we contribute significantly to the long-term success of our clients. As a reliable partner, we inspire our clients and open up new perspectives through the safe and successful management of risks. Founded in 1915, Kessler has 300 employees working at its headquarters in Zurich

and its other sites in Basel, Bern, Geneva, Lausanne, Lucerne, Neuchâtel, St. Gallen and Vaduz. As the Swiss partner of Marsh since 1998, we are part of a network with specialists in all areas of risk management and great experience in handling global insurance programs. Marsh, the world's leading insurance broker and risk advisor, operates in more than 130 countries and is part of Marsh & McLennan (NYSE: MMC).

Further information can be found at [www.kessler.ch](http://www.kessler.ch), [www.marsh.com](http://www.marsh.com), [www.mmc.com](http://www.mmc.com).