

Marsh Specialty

Trade credit



Credit Specialties: Enabling growth
in volatile times.

“ We are privileged to be able to support our clients with growing their businesses safely in these volatile times: by leveraging credit insurance to protect against the risk of customer default, secure financing, and confidently expand into new markets with greater resilience. ”



GRAHAM BRISTOW

Managing Director Trade Credit UK
Credit Specialties, Marsh Specialty

What is trade credit insurance?

Trade credit protects against the risk of non-payment by your debtors for services rendered or goods sold on credit.

So while primarily seen as a tool for protection, if used properly it's far more than that.

A well-designed program becomes a tool for growth. It can improve and unlock access to financing, it can help mitigate risks before they materialise, and it can optimise your business's working capital, all while protecting one of the most important assets on your balance sheet.



Mitigating risk



Driving growth



Optimising working capital

The biggest risks impacting trade in 2023



Conflict in Ukraine, and its knock on effects to supply chains, food, and energy.



Cost of living crisis. Inflation continuing to rise, and additional interest rate increases.



Supply chain disruption, and shortages of certain products (e.g. microchip shortage).

Three key benefits of utilising trade credit insurance



MITIGATE RISK

Trade credit helps you mitigate credit risks by:

- Providing cover when your customers become insolvent or are financially unable to pay.
- Providing you with information to identify and mitigate risks before they materialise.
- Aiding corporate governance by supporting, as well as enhancing, existing credit management procedures, including the provision for bad debts.



DRIVING GROWTH

Trade credit can help drive growth by:

- Allowing you to confidently sell to new customers, in new or existing markets, both locally and abroad utilising the information and protection provided by the policy.
- Offering competitive payment terms by transferring credit risks to an insurer, giving you a potential competitive advantage.
- Giving vital insight to your credit management team, allowing them to support sales within your own business, risk appetite.



OPTIMISING WORKING CAPITAL

A trade credit program can help optimise your working capital by:

- Increasing borrowing power and reducing financial costs by decreasing the risks for the financier, potentially unlocking improved access to financing.
- Trade credit insurance is a factor taken into account by the rating agencies when assessing companies. Measures taken to mitigate credit risk weigh positively when considered by rating agencies, investors, and other stakeholders.

A leading advisor on trade credit

Marsh is the world's leading insurance broker and risk advisor. For over 150 years, clients have trusted Marsh to advise them during the most trying and celebratory times, helping them achieve success by becoming more resilient.

Trade credit insurance is a core area of product expertise within our credit specialties business.

Our trade credit team enable businesses to deliver performance through unpredictable economic cycles by providing the security for sustained growth in volatile global markets.

We are a leading advisor on trade credit risk and the arrangement of insurance for loss caused by non-payment of accounts receivables.



We use benchmarking and analytics to put our clients, not underwriters, in control of strategy and program design.



Our trade credit claims service provides you with a team of experienced claims specialists.



Our local presence and integrated global team allows us to tailor our service to your needs.



Marsh uses innovative solutions to get you the right structure for your business to help meet its strategic objectives.



Trade credit in action

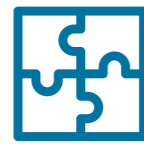
WINNER RECRUITMENT CASE STUDY

Winner Recruitment are a £50 million turnover recruitment company that specialises in placing temporary and permanent staff in driving, warehousing, and industrial roles. The business is rapidly growing and part of this growth has been linked to the use of credit insurance.



The business's problem

Winner Recruitment had a funding agreement in place with their bank which included bad debt protection. Winner Recruitment were frustrated with the bad debt protection facility as it was unwilling to cover some of their larger clients which meant the bank were not willing to fund these customers.



How this was solved

Winner Recruitment asked Marsh's Trade Credit team to obtain trade credit insurance for their business and from carrying out a market review of the credit insurance market, Marsh were able to find substantially higher credit limit appetite with cover on their largest customers. Winner Recruitment purchased a credit insurance policy and from doing so were able to substantially increase funding against invoices of their largest customers.




The outcome

This increased funding has led to a growth in turnover for the business while having the added peace of mind that their debtors were insured and the risk of non-payment was passed over to the insurer.

Contact us

If you'd like to speak to one of our credit experts to find out more about this exciting solution, please contact the below:

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“ The service we have received from Marsh has been fantastic. They have been proactive at all times during the market review and since the policy was put in place. Emails and phone calls with any query however small are dealt with quickly and professionally at all times by the team at Marsh. ”

DAN O'CONNOR
Director, Winner Recruitment



About Marsh

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