

# VANTREO

INSURANCE BROKERAGE

Published on *VANTREO* (<https://www.vantreo.com>)

[Home](#) > Is One Of Your Largest Assets Unprotected?

---

## Here's why businesses should seriously consider Credit Insurance.

Accounts Receivable typically represents 40% of a company's assets and is the most vulnerable to unexpected loss. Credit insurance can protect businesses from losses and empower safe top line growth.

### What is Credit Insurance?

Credit insurance coverage protects businesses from non-payment of commercial debt. It makes sure invoices will be paid and allows companies to reliably manage the commercial and political risks of trade that are beyond their control. It ensures that:

- Capital is protected
- Cash flows are maintained
- Loan servicing and repayments are enhanced
- Earnings are secure

A trade credit insurance policy allows companies to feel secure in extending more credit to current customers, or to pursue new, larger customers that would have otherwise seemed too risky. The protection it provides allows a company to increase sales to grow their business with existing customers. Insured companies can sell on open account terms where they may have previously been restrictive or only sold on a secured basis. For exporters, this especially can be a major competitive advantage.

While commercial credit insurance can be a smart investment for many companies, it may not be applicable to companies that sell exclusively to governments or retailers since trade credit insurance only covers business-to-business accounts receivable.

### Why consider Credit Insurance?

- Sales Expansion - Safely take on new customers and confidently extend more credit to existing ones
- Catastrophic Risk Protection - Prevent disruption of cash flow by guaranteeing invoice payments
- Credit Function Support - Expand the efficiency and speed of your credit department because you will also receive leading company data, monitoring, and risk expertise
- Export Sales Expansion - Offer safe, open terms to your customers overseas with no need for letters of credit
- Financing Options - Borrow more working capital at better rates when your domestic and foreign AR is backed up by a top-rated insurance carrier

### **How does Credit Insurance work?**

At the onset of the credit insurance policy, the carrier will analyze the creditworthiness and financial stability of the policyholder's insurable customers and assign them a specific credit limit, which is the amount they will indemnify if that insured customer fails to pay.

Unlike other types of business insurance, once a company purchases trade credit insurance coverage, the policy does not get filed away until next year's renewal ? the relationship becomes dynamic.

A trade credit insurance policy is constantly updated and cross referenced over the course of the policy period.

It is the credit insurer's responsibility to proactively monitor its customers' buyers throughout the year to ensure their continued creditworthiness.

Throughout the life of the policy, the policyholder may request additional coverage on a specific buyer should that need arise. The insurer will investigate the risk of increasing the coverage and will either approve the additional coverage, or maintain with a detailed explanation. Similarly, policyholders may request coverage on a new buyer with which they'd like to do business.

When signs indicate a company is experiencing financial difficulty, the insurer notifies all policyholders that sell to that buyer of the increased risk and establishes an action plan to mitigate and avoid loss.

If an unforeseeable loss should occur, policyholders would file a claim with supporting documentation, and the insurer would pay the policyholder the claim benefit, typically within 60 days from the date of loss on domestic claims.

**The ultimate goal of credit insurance is not simply to indemnify losses incurred from a default, but to provide businesses with the support and knowledge needed to avoid foreseeable losses from the start.**

Source: Euler Hermes, an Allianz company

VANTREO is here to help. If you have questions, want to explore pricing, or would like a complimentary copy of the super helpful eBook, **A Guide to Trade Credit Insurance**, just **[reply here](#)** <sup>[1]</sup> and let us know.

**(800) 967-6543**

Fax: (707) 546-2915  
[info@vantreo.com](mailto:info@vantreo.com)

**Santa Rosa**

100 Stony Point Rd #160

Santa Rosa, CA 95401

### **San Rafael**

851 Irwin St, Ste 300  
San Rafael, CA 94901

### **Larkspur**

700 Larkspur Landing Cir  
Larkspur CA 94939

- 
- 
- 
- 

[Shop SKIM](#)  
[Contact Us](#)  
[Privacy Policy](#)  
[Sitemap](#)



---

**Source URL:** <https://www.vantreo.com/one-your-largest-assets-unprotected>

#### **Links**

[1]

<mailto:executiveservices@vantreo.com?subject=Yes%2C%20please%20send%20A%20Guide%20to%20Trade%20>