



## **INTRODUCTION TO DOMESTIC CREDIT INSURANCE**

### **What is it?**

Credit Insurance is protection for a shipper against a customer's failure to pay, for virtually any reason.

### **What does it do?**

The ability to extend a large credit line may make the difference in winning a sale. Credit Insurance encourages the use of competitive selling terms while providing critical protection from default. You will be able to safely expand sales and improve your profitability.

Insured receivables can be used as loan collateral, increase your borrowing base, and possibly reduce your interest costs. Banks look upon credit insurance as a management tool that makes your borrowings more secure and enhancing your financing capabilities.

### **How does it work?**

Credit Insurance is usually offered on a portfolio basis, but can be structured to meet special circumstances. Portfolio policies, which essentially cover all credit sales made during the year, are the most widely used. Policies that cover specific divisions or large customers only can be written and your entire sales base may not be included. A single debtor policy may be written, but it is presumed by the underwriters that the transaction contains a higher element of risk. These policies are usually expensive and have tighter coverage limits. The portfolio policy features broader coverage and lower rates.

### **What does it cost?**

Most portfolio policies cost significantly less than .75% of insured sales. The rate depends on the quality of your customers, industry being sold to, amount of sales being included, and other criteria.

Your company retains total control of receivables and only contacts the insurance company to change coverage or file claims. Coverage is typically for 90% of the outstanding balance without a policy deductible, or 100 % coverage may be available subject to a policy deductible.

### **Where can I get it?**

Global Insurance Services, LLC. has expertise in domestic and export credit insurance. We are brokers and represent your interests to several different insurance companies. It is our mission to determine your wants and needs and identify the best insurers for your unique situation. You will only deal with one party, and will not have to contact three or four insurance companies. After we help locate the insurer and negotiate on your behalf, we service your policy all year. Best of all, there is no additional cost for our services as the insurance companies compensate us. For more information or questions, call John Strayhorn, President at 410-480-0040 or 410-215-4170.