



TRADE CREDIT SOLUTIONS

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Network
INSURANCE GROUP

TRADE CREDIT INSURANCE INFORMATION PACK

Trade Credit Insurance



The cost of a 'bad debt' should be treated much more than simply the loss of money owed. The truth is, one can never make up for the cost of a bad debt. The impact can put stress on cash flow and will damage a company's bottom line. What would be the consequences of one of your largest customers failing to pay?

The value of the debtors' ledger (money owed) is one of the largest assets of a business and yet it is often not insured. Other business assets are normally insured, yet the risk to a business of customer insolvency is one of the most volatile exposures.

What risks are covered by a credit insurance policy?

Commercial Risk Cover

- ▶ Customer insolvency
- ▶ Protracted default

Export and Political Risk Cover

- ▶ Contract frustration (due to war, civil war, riots or commotions)
- ▶ Inconvertibility of currency (inability to pay in the invoiced currency)
- ▶ Cancellation of import or export licences
- ▶ Contract cancellation (resulting from action by the Government of the buyer's country)
- ▶ Contract repudiation (customer's failure to accept goods despatched)

5 questions to ask yourself

- 1 What would the impact on your business be if your largest client could not pay you?
- 2 When was the last time you reviewed the credit worthiness of your top 20 risks?
- 3 How do you assess the credit worthiness of a new or potential client?
- 4 How do you monitor the credit risk factors of your debtors?
- 5 What do you do when an account becomes overdue?

5 reasons why you can sleep better tonight

1 Preserve profit

Too often and too late businesses realise that a bad debt is really lost net profit; a bad debt reserve is not the answer. It won't put cash back in your hands.

2 Protect liquidity and cash flow

The proceeds of a credit insurance claim inject liquid funds back into a business.

3 Confidence to expand

Allow growth, knowing that the cost of potential failures has been covered. Hold a competitive advantage whilst others operate with uncertainty.

4 Strengthen credit management

Firm credit limit decisions are provided on the larger debtors of the business, based on sound analysis and information.

5 Add security

Insuring your debtors ledger often provides a new source of security to offer banks.

How much does it cost?

Premium rates vary and depend on factors such as the type of policy chosen, the level of turnover insured, the level of deductibles, the credit terms extended, the spread of buyer and/or country risks, the quality of debtors and claims history.

The cost is low, usually between 0.10% - 0.35% of a company's insured annual sales turnover. Premiums are tax deductible and can also be paid monthly, quarterly, or annually.

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Credit Risk Management



NCI Credit Risk Management is a vital tool for protecting the financial health of your business. Our credit risk management service is proactive and designed to facilitate your company's sales.

5 things we can do for you

1 Deal with the right entity

Typically most debtors ledgers have an error rate of around 30%. Let us verify your ledger so you know exactly who you are dealing with.

2 Timely advice on changes

We provide you with an early warning of adverse events involving your debtors as soon as we become aware of the facts.

3 Reliable credit limits

Our team of experienced analysts draw on the wide range of data available to us to provide you with a considered opinion on the credit limits for your major debtors.

4 Customer profiles

We provide personalised and accurate customer reports, along with access to our exclusive debtor information database to help protect your debtors ledger.

5 Practical advice

Our team is ready to help you with advice on subjects as diverse as effective ROT (retention of title), directors guarantees, PPSA, or your terms of sale.

How can NCI assist?

- Legal entity checks to ensure you invoice correctly and establish an enforceable debt.
- Access to specialist investigations for an independent third party evaluation of your debtors using information not usually shared with a supplier.

- Direct approaches to your debtors to obtain operational and financial information for your limit decisions.

- Investigation or company reports and searches to further enhance existing credit procedures and information.

Credit risk management process

Information

Identify and confirm the correct entity details and investigate potential adverse information to support a credit insurance policy or provide independent advice.

Assessment

Analyse the information collected and take into consideration the level of credit to be granted. Assess if the information obtained supports the level of risk.

Recommendation

Provide a recommendation outlining the level of credit limit justified. Include commentary regarding the creditworthiness of the debtor.

Credit report

Issue an NCI credit snapshot report which summarises all the information in a clear format for review. View this information 24/7 via NCILink.

Monitoring Alerts

Continue to monitor the entity assessed. Any information which may change the risk profile, is alerted via NCILink immediately or via a personalised phone call or email.

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Commercial Collections

We all hope customers pay on time but this is not always the case. Not all businesses have access to a trained and dedicated credit team. So who can you call on to assist with chasing those overdue debts?

NCI Commercial Collections embraces an empathetic approach when dealing with problematic customers.

Our broad experience in the trade credit arena has repeatedly proven the value of this. We work closely with our clients, allowing them to focus on long term partnerships with their customers. We preserve relationships while ensuring timely collections.

5 reasons why all is not lost

1 Protect your debtors ledger

Your debtors ledger is probably your greatest asset. The threat of bad debt is often unsettling and sometimes even the best credit management practices cannot prevent a bad debt from occurring.

2 Reduce your costs

Negotiation is more effective than litigation. It can not only prevent a late payment becoming a bad debt, it can also preserve the customer relationship and keep costs down.

3 Improve your cash flow

In addition to helping you with problem debtors, we provide a regular accounts receivable service designed to collect all your payments on time.

4 Risk free collections

You only pay for what you receive. No joining fees or on going subscription fees. We operate on a no success, no fee basis, guaranteeing cost effectiveness.

5 Real time reporting

When information is vital and you need to know immediately, our client portal gives you the freedom to view the status of your collection action, 24/7. We also provide accessible, sound and strategic advice on your debtors at no additional cost via email or telephone.

Why use NCI for your commercial collections?

- No joining fees. We operate on a no success, no fee basis. You only pay on successful results.
- A competitive fee - 12% commission on money recovered with a minimum of \$250 plus GST and maximum of \$6,500 plus GST per debt. This ceiling of commission will save you money. You never have to pay more than \$6,500 plus GST, whatever the size of your debt.
- In many cases, we collect the commission fee from the debtor, hence no additional cost to you.
- Vital compliance advice - to help you stay within the credit insurance policy conditions and protect your insurance cover and 'salvage' rights.
- Local representation through our branch network - to cut out the 'middle man' and reduce extra costs of solicitors, agents or other third parties.
- Regular communication and weekly reports for you to follow your outstanding debt status and progress.

NCI Legal

NCI can assist with ensuring your legal matters are met, to achieve this we have partnered with a comprehensive panel of solicitors. Whether you require a court judgment or just need your terms and conditions reviewed, we have a solution for you.

- Local representation in Australia and New Zealand
- Specialists in preference claims, contract disputes and credit applications
- Many years of knowledge and experience
- Competitive rates for all services
- Receive updates through NCILink
- All managed through your dedicated NCI contact

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Performance Bonds

NCI have negotiated the ability to place unconditional surety facilities with an AA- insurer for companies with a turnover in excess of only \$20m. These surety facilities will include bank guarantees issued for principals who will not accept bonds.

A Performance Bond (Surety Bond) provides a financial security to the beneficiary, the project principal, against a contractor not performing, or defaulting, on a contract during the construction phase or defects period.

The bond facility limit is typically \$2m plus, against which individual performance bonds are issued.

Bonds are widely accepted by the private and public sectors, (including federal, state and local government departments), as an alternative to bank guarantees.

Typical industry sectors include:

- Construction
- Engineering
- Mining
- Oil and gas
- Building

Who can qualify for a bond?

- Turnover in excess of \$20 million (an average of \$20m, over a 3 year period)
- Must have a minimum net tangible worth of \$3m
- Strong industry experience, track-record and reputation
- Positive cash flow
- Positive working capital
- At least 3 years of continuous profitability
- Operating for at least 5 years

Key benefits:

- Improves your balance sheet and liquidity
- Unsecured, no tangible asset or collateral required
- Release your cash for growth (i.e. take on more contracts), acquisitions or debt reduction
- Allows for greater flexibility and opportunities
- Works alongside your existing bank facilities
- Risk mitigation, less exposed to bank credit decisions or reviews

“Bond facilities can compliment existing bank guarantees”

Other types of bonds

- Bid / tender bonds
- Advance payment bonds
- Retention bonds
- Off site materials bonds



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Funding Solutions

At NCI, we support our clients in all areas of cash flow management

A better way to explore finance options

- Fast and flexible – funding solutions to assist with both suppliers and account customers.
- Unlocking cash flow – lending against your balance sheet, freeing up your working capital and securities for other needs.
- Supporting your supply chain with additional funding, enabling growth.
- Assisting start-ups through to large private and public companies.

Finance options include:



Trade and creditor finance



Debtor finance



Import finance



Supply Chain Finance



Export finance



Inventory finance



Progress claim finance

Why use a specialist?

- Extensive experience and expertise in cash flow funding solutions.
- Relationships with over 30 bank and non-bank specialised trade, debtor finance & cash flow lenders to approach and obtain various options for your consideration.
- Trusted advisors to a number of these lenders – in many cases managing their credit insurance and credit risk management requirements.
- Access to multiple options and the best rates available across the entire market to suit your immediate and future needs.

What we do

- Review existing facilities for market comparison.
- Identify a financier amongst the many available to us that will best suit your individual situation and ensure you have the most cost effective solution possible.
- Manage permanent, temporary or top-up funding requirements.
- Assist in the raising of capital, retirement of senior debt, through to the management of ATO debt and business restructuring.

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NCIRadar, early alerts when you need them most.



NCIRadar alerts help you make informed decisions, to assist in avoiding bad debts.

✔ Market Data ✔ Data unique to NCI

- ✔ Insolvency information
- ✔ Listed defaults
- ✔ Change of company details
- ✔ De-registration of companies
- ✔ Bankruptcy listing / update
- ✔ Default updates
- ✔ ASIC updates
- ✔ Court actions
- ✔ Repayment arrangements / plans
- ✔ Underwriter information
- ✔ Access to specialist NCI forensic team
- ✔ Personal advice
- ✔ Industry specific knowledge
- ✔ 1,000,000 monitored businesses via NCILink

- ✔ International information in over 174 countries
- ✔ Information from NCI Commercial Collections
- ✔ Insurer decisions on over 150,000 companies
- ✔ Monthly overdue reporting data
- ✔ Local and international company financial information

Additional NCI Benefits:

- ✔ Collections
- ✔ Assessments
- ✔ Insurance
- ✔ Compliance
- ✔ PPSR
- ✔ Privacy
- ✔ Terms & Conditions
- ✔ Credit Training

Save time and get paid faster with easyAR.



Cashflow is the lifeblood of a business and easyAR helps businesses collect money quicker.

easyAR is a new tool which has been developed to help businesses turn the money they are owed into cash in the bank more quickly and efficiently. Companies in Australia can be time poor and, as they focus on other aspects of the business, it's easy to lose track of their accounts receivable. Manually, this can be an extremely time-consuming aspect of any business, but, with easyAR, time spent on your outstanding debts can be cut in half!

How many businesses can actually say they have a good overall picture of their accounts receivable at any given time? Often, by the time you realise you have let this fall off the radar, it can be too late.

Here are 3 reasons your business needs easyAR:

1. Managing Clients

easyAR allows you to manage all your clients and their outstanding debts. With just the click of a button, you can see how much you are owed and by whom. This saves you the hours it would take to follow up each client manually.

2. Collect your debts faster

With easyAR, you can collect your debts in record time! We have seen a 43% average reduction in the value of outstanding debts, which will clearly have a significant improvement to your incoming cashflow.

3. Automatically reconcile incoming payments

easyAR can automate reminders, invoices and even integrate with your accounting software. Best of all, easyAR reconciles incoming payments automatically, so you don't have to spend hours hunched over spreadsheets and bank statements.

easyAR is the best accounts receivable solution for your business and in no time, you will begin to see a positive impact on your business. There is no need to put in any more manual hours than necessary, with easyAR, let's make managing your accounts receivable a quick and easy process.

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