

Introduction to Trade Credit Insurance

*Singapore International Chamber of Commerce
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Overview

- Introduction to Trade Credit Insurance (TCI)
- How can Trade Credit Insurance help your business?
- IE Singapore initiative
- Closing address

Introduction

- Credit is a key feature in B2B transactions.
- Significant number of transactions are done with counter party risks.
- Well run businesses typically seek to limit exposures to counter party credit risks.
 - Limit on credit line
 - Decline to engage in a piece of business if overall credit exposure is too high
- Occasionally businesses lose to the opportunity to engage in a piece of business due to the credit risk being too large to manage.

Interesting Fact: Accounts Receivables typically make up 40% of Total Assets yet, is the only major uninsured asset.

How can TCI help?

- TCI covers the risk of non-payment for open credit B2B transactions.
- Assists in seller's credit management by actively monitoring buyer's risk.



Underrated Benefits of TCI

- Apart from providing cover against credit default, TCI providers other useful benefits:
 - Greater borrowing and financing options
 - Credit-related due diligence of customers
 - Access to risk experts
 - Economic research
 - Risk monitoring (helps with forward thinking decisions)
 - Global specialist collection teams

Empowers growing businesses to grow quicker, ***safer..***

TCl in Action

- Operating Facts
 - Average Accounts Receivables Balance: \$4,000,000
 - Total Yearly Sales on Credit: \$20,000,000
 - Gross Profit Margin on Sales: 10%
 - Total Number of Credit Customers: 100
 - Number of times sold to a customer annually: 5
 - Average Credit per customer: \$40,000
 - TCl Premium: \$40,000
- Financials
 - Amount of revenue required to recover premium: \$400,000
 - Number of new shipments required: 10
 - Total number of new clients required to justify policy: 2

Impact: Increased business capability to write \$10 million – \$20 million worth of new business.

IE Singapore Subsidy

What?

- Enterprise Singapore can support up to **50%** of the minimum insurance premium for policies issued by Singapore registered insurer.
- Maximum lifetime support of **\$100,000**

Who?

- Global headquarters anchored in Singapore
- Turnover of Applicant Company and its subsidiaries should not exceed \$100 million
- Minimum paid-up capital of \$50,000

How?

- The insurer/broker will assist you with the submission of the TCI premium support to IE Singapore

Contact Details:

Uttam P Kripalani
Chairman

kripalani@galaxyconsultants.com

Sunil Chugani
CEO

chugani@galaxyconsultants.com

Josephine Ng
Manager

josephine@galaxyconsultants.com

Address:

101 Cecil Street
#17-01 Tong Eng Building
Singapore 069533
Tel: +65-6222-8737

Email: insurance@galaxyconsultants.com
Company Registration Number: 200509604N

Thank you