Aon Trade Credit
Unlocking the Value of Trade Credit Insurance
A Growing Risk Issue to Your Business

Managing credit and counterparty exposure has become one of the top risks facing manufacturers, distributors and wholesalers in today’s global economy. The reasons are clear. Accounts receivable is often the largest uninsured asset on a company’s balance sheet—even though it is also the primary source of revenue. In addition, the global economic downturn and the eurozone fiscal crisis have affected risk levels for payables and cash flow. Many companies are also entering new markets and extending their supply chains across multiple regions—all of which further increases the need to protect themselves from risks involving commercial trade debts.

To empower unmatched results for clients, Aon Trade Credit provides customized solutions for trade credit insurance, helping companies manage their credit and counterparty exposure while also supporting growth in new markets or with existing clients.

Trade Credit and the Global Economy

If your business crosses borders, consider these questions:

Do you regularly sell to new customers and markets?

Have you ever experienced credit losses, especially with suppliers overseas?

Are you currently using asset-based financing or factoring?

Are you concerned about the credit or country risk associated with growing your customer base overseas?

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What is Trade Credit Insurance?

Trade credit insurance is an insurance product that indemnifies a seller against losses from non-payment of a commercial trade debt arising from both insolvency and delayed default or slow payment by a buyer. Policies are designed to address buyer risk based on sales turnover.
Protect Credit Assets, Support Growth, Empower Results

Aon Trade Credit can help companies achieve greater continuity, profitability and growth. How?

Continuity
Our solutions offer protection of accounts receivables against non-payment due to slow pay, insolvency or foreign non-transfer risk. Coverage is designed to prevent disruptive losses, reduce risk of key account concentration levels, and provide risk transfer of bad debt issues.

Profitability
Companies can also enhance their bank financing in terms of improving the lending relationship, reducing bad debt allowance, gaining more capital at reduced rates, and reducing concentration risk within key accounts.

Growth
Aon Trade Credit solutions can support sales in new or riskier markets, grow existing accounts, and strengthen customer relationships by helping buyers with letter of credit requirements and other issues.

Use a Data-Driven Approach to Differentiate Risk
Aon Trade Credit uses a detailed, data-driven approach to identify and measure risks in the trade credit insurance marketplace. Our activities can include Form 10-K analysis; the financial quantification of total cost of risk due to the exposure base; and the exploration of alternative risk finance solutions, including the use of captives and reinsurance. We also conduct in-depth discussions about credit, sales channel management, finance, treasury and risk management to review current practices.

Equally important, we consider critical factors impacting the pricing and performance of the end solution. These can include underwriting options such as single-buyer, multi-buyer, top-up cover and syndications. Other factors might involve the choice between cancellable or non-cancellable programs; as well as considerations about current credit management processes and loss history.

Key Industries Benefiting From Trade Credit Insurance

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<tr>
<td>Pulp &amp; Paper</td>
<td>Food Distributors</td>
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<tr>
<td>Chemicals/Polymers</td>
<td>Heavy Equipment</td>
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<tr>
<td>Commodities/Metals</td>
<td>Factoring</td>
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<tr>
<td>Retail (Consumer Goods)</td>
<td>Professional Services</td>
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(Net, Media, Consulting and Advertising)
Your Aon Advantage:
Dedicated Specialists Backed by Global Resources

For each client, Aon Trade Credit provides a team of dedicated managers, including a single point of contact who is fully empowered to deliver ongoing policy and claims support. No third parties or automated systems are used. Instead, the Aon team works with each client individually to understand their specific business needs. In addition, our professionals access Aon’s powerful analytical and diagnostic tools to assess the total cost of credit risk.

As a part of Aon plc, the worldwide leader in risk advice and insurance broking, Aon Trade Credit supports more business and multinational programs across more countries than any other trade credit insurance broker. Our resources include more than 350 specialists in 38 countries, which means that we have both global reach and an understanding of local conditions and requirements.

A leading, well-established software company expanded its product offering to include hardware, to better compete in the dynamic technology industry and to keep pace with its competitors. Given the company’s limited experience in the hardware market, this represented a drastic divergence from their primary sales experience and introduced a large amount of risk and uncertainty to their sale cycle.

Aon Trade Credit developed a cost-effective global solution by utilizing local expertise across multiple geographies. Not only was the company empowered to manage their shifting receivable profile, but they were able to achieve greater financial flexibility through reduced bad debt reserves.

Three Reasons to Use Trade Credit Insurance

Bank Financing
- Enhances lending relationship
- Facilitates additional capital at reduced rates, helping take full advantage of securitized accounts receivable

Catastrophic Risk Protection
- Mitigates disruptive losses to one of the company’s largest unprotected assets
- Reduces risk of key account concentration levels
- Provides risk transfer of bad debt loss

Sales Expansion
- Supports sales expansion into higher risk or new markets
- Helps to grow existing accounts
- Enhances the customer relationship

Aon is the world’s largest credit insurance broker, placing over $700 million of credit risk premium each year.
The Aon Client Promise®

The Aon Client Promise is a 10-point program developed to create distinct value based on a deep understanding of each client’s business and risk issues. In addition, a consistent methodology for delivering value and services helps ensure that all clients receive the best customized risk advice and brokerage services in the industry, regardless of their location, industry or market segment.

Key elements include:

• A global, uniform approach.
• Full transparency in how we create and deliver solutions to clients.
• Personalized client promise plans based on each client’s needs and priorities.
• Accountability through the Aon Client Promise Survey and measurable scorecard.

To learn more

Aon professionals can provide organizations with the experience, tools and deep industry expertise required to ensure optimal risk management solutions for Trade Credit insurance. Contact us to learn more.

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Risk. Reinsurance. Human Resources.