



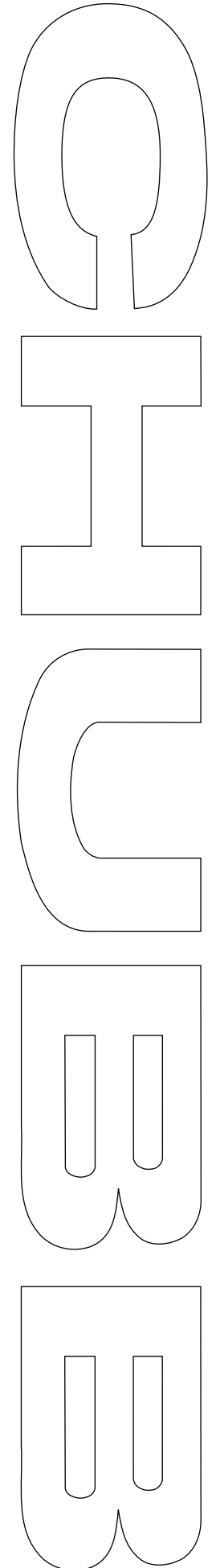
## Trade Credit Insurance from Chubb

Are you ready to  
**unleash**  
the **power** of  
your accounts receivable?

Extending credit to a customer is serious business. Once a sale is made, accounts receivable yield no further revenue and soak up precious capital. And, commercial customers who are unable to or won't pay their debt can be a real problem for your company's bottom line. Yet, accounts receivable—trade receivables—can be employed as a powerful tool for managing cash flow, enhancing borrowing power and growing a business. Many companies still are unaware of how to unleash this power. Trade Credit Insurance from Chubb is the key.

Trade Credit Insurance from Chubb helps assure that you (the policyholder) will be paid for merchandise shipped or services rendered to your commercial customers (debtors). It protects the integrity of your credit sales by insuring the unpaid credit balance.

An assurance of payment, from a trusted and financially strong company like Chubb, strengthens your balance sheet from the viewpoint of lenders, investors, shareholders and corporate management. As a result, a Chubb-insured accounts receivable portfolio can be an effective launching pad for new sales opportunities both domestically and abroad.



# Can you benefit from Trade Credit Insurance?

A broad range of businesses can benefit from Trade Credit Insurance. We recommend Trade Credit Insurance for companies that are manufacturers, processors or distributors of goods or service companies that sell on credit terms and are:

- Keen to strengthen their credit and risk management strategies by transferring the risk of customer non-payment
- Uncomfortable with cross-border political and economic risks arising from export sales
- Interested in minimizing risk concentration when consolidation of industries creates greater exposures from a small number of customers
- Looking to achieve better borrowing capacity or to lower borrowing costs
- Anxious to comfortably offer competitive payment terms to customers by moving away from highly secured forms of repayment such as a letter of credit
- Seeking to improve financial measurements through limited-recourse sale of insured trade receivables

We have  
**options** to  
meet your needs

Trade Credit Insurance from Chubb provides broad protection—it will respond to non-payment by your debtor(s) for any reason except specified exclusions such as trade disputes. Following, typically, a 90-day waiting period, Chubb will pay for verified losses in excess of any deductible and co-insurance. The policyholder usually is granted discretion—within a predefined limit—in approving insurance on their customers without Chubb's prior review.

## Could this happen to you?

- A U.S. supplier exports to a customer in Latin America. The exporter does its best to analyze the country risk and the credit-worthiness of its customer by reviewing credit reports, financial statements, trade references, published country reports, etc.

Following an especially large sale, the U.S. exporter learns that there has been a currency devaluation in the country of its customer. As a result, the importer is able to pay only a portion of the amount due because the invoice requires payment in now-very-expensive U.S. dollars. The importer promises to pay the balance due when the situation stabilizes and they are able to pass on their increased costs to their customers.

The importer is dealing with many suppliers in the U.S. and Europe. Unfortunately, one such supplier who was not paid in full forces the importer into bankruptcy. The balance owed to the U.S. exporter never gets paid.

- A supplier shipped and invoiced to a long-standing customer a truckload of laminated brass gears; payment terms are net 30 days from date of delivery. The amount due of \$600,000 now has become 90 days past due and the customer will not return telephone calls or acknowledge demand letters sent by the supplier. All efforts to collect have been unsuccessful. The supplier is eventually forced to write off the amount due — \$600,000 — as a loss.

Chubb's Trade Credit Insurance policy can be tailored to meet your unique needs. We offer you several options to insure the accounts receivable of your business:

- You may elect to insure your domestic and/or your export sales.
- You have a choice of insuring either all of your credit customers or just your key credit customers (those customers above a specific sales volume or credit line).
- You may request—subject to Chubb's approval—that the policy limits be non-cancelable by Chubb for the duration of the policy period.

Chubb offers several plans for reporting insured transactions and paying any additional premium that may be due above the minimum premium amount. Under certain conditions, you also may have the opportunity to earn a premium credit in the event that there are no claims.

## Why should you purchase Trade Credit Insurance from Chubb?

When you purchase an insurance policy, you need to be sure that your insurance company can back up its promise to pay in case of a loss. For some 119 years, Chubb has provided property and casualty insurance solutions to commercial customers worldwide. Chubb receives the highest ratings for financial stability from A.M. Best and Standard & Poor's, which is particularly important with a line of insurance so dependent upon strong, solvent and well-established insurers. In addition, we have built a strong reputation for offering superior service and personal claims contact, for paying claims swiftly and fairly, and for managing claims with empathy.

Chubb offers a depth of knowledge and a proven expertise in the area of complex insurance products. As trade credit professionals with many years of experience, our underwriters understand the business and its issues and how Trade Credit Insurance can help your company. In addition, we are committed to building long-term relationships with you based on trust and mutual respect.

## Increase your borrowing power and grow your business

A company is using its accounts receivable as collateral for its revolving credit line with its bank. The bank allows utilization of the credit line up to 75% of the company's month-end accounts receivable balance, subject to an agreed-upon maximum amount with an interest cost of prime plus 1.5%.

The company decides to purchase a trade credit insurance policy from Chubb to enhance the collateral provided by the accounts receivable. As a result, the bank allows the company to utilize its credit line up to 90% of its month-end receivable balance at an interest rate of prime plus 1.0%.

The cost of the trade credit insurance policy is offset by the greater availability of the company's credit line, by the interest savings from the reduced borrowing rate and by the profits generated from the resulting new sales.

# Chubb is your Multinational Partner

Trade Credit Insurance from Chubb is just one of the many innovative products offered to you through Chubb's Multinational Risk Group (MRG). Formed in 1995, Chubb's Multinational Risk Group is a leading insurer of mid-sized multinational companies dedicated to bringing together the products, services and in-country resources you need to structure an insurance program all under one roof. MRG's regional multinational underwriters, located in Chubb's 134 offices in 31 countries, and our MRG insurance experts based in our Warren, N.J., home office, can work with you to develop insurance solutions to meet your needs.

By tapping into our vast store of insurance products, we can help you round out your program. For instance, companies that conduct business across borders (and who doesn't these days?) can rely on Chubb's Exporters Package Portfolio which offers 13 different insurance coverages for the firm that does business in foreign countries but doesn't have "bricks and mortar" overseas. Once you've purchased several overseas facilities, turn to our Controlled Master Program to provide seamless protection both here and abroad. We also are one of the few insurance companies to offer stand-alone political risk insurance to help protect your physical or financial investment in countries that may lack political stability. And there's more. From marine insurance to Chubb's package program with our optional global extension, we can provide whatever protection you need to help you build a tailored multinational insurance program.

For more information on Trade Credit Insurance from Chubb, contact your agent or broker.

## What should you look for in your credit insurer?

Purchasing credit insurance is the same as making any other financial decision for your business. You need to be sure that the service and product you receive are the best match for your business needs.

- ✓ Does your credit insurer carry a high financial rating?
- ✓ Does your credit insurer have an *owned* global network and infrastructure?
- ✓ Does your credit insurer provide broad (political and commercial) risk insurance protection?
- ✓ Does your credit insurer permit you adequate discretion to make decisions without its prior approval?
- ✓ Does your credit insurer offer non-cancelable credit limits?
- ✓ Does your credit insurer offer you an option to include your domestic and/or your export sales?
- ✓ Does your credit insurer offer a policy with a consistent claim-filing waiting period across all countries?
- ✓ Does your credit insurer promise to pay 30 days after approval of a claim?
- ✓ Does your credit insurer have a good reputation for service and claim payments?
- ✓ Does your credit insurer offer you the opportunity to earn a premium credit in the event that there are no claims?
- ✓ Does your credit insurer offer solutions for your other commercial insurance needs?

# Trade Credit Insurance from Chubb: the **smart** solution

**Business today is swift and demanding.**

**Fueled by the challenges of a complicated and competitive marketplace, companies are increasingly integrating trade credit insurance into an overall financial, credit and risk management strategy. Moreover, a smart solution like trade credit insurance becomes even smarter with a strong insurer like Chubb.**

**Trade Credit Insurance from Chubb provides companies like yours with a powerful management tool for safeguarding accounts receivable and exploiting the financial potential of credit sales.**

**Let us show you how to unleash the power of your accounts receivable...**

## Do you need Trade Credit Insurance?

Just answer these questions and find out now if Trade Credit Insurance can benefit your business.

- ✓ Is the largest uninsured asset category on your balance sheet your accounts receivable?
- ✓ Are you comfortable that your company is not exposed to unforeseen or catastrophic credit losses arising from general economic conditions, business consolidation, industry cycles, or political and currency changes?
- ✓ Do you sell to customers located outside your "home" country?
- ✓ Is your company reliant on letters of credit to the detriment of sales opportunities?
- ✓ Do you or could you leverage the power of your accounts receivable through financing arrangements with a bank?
- ✓ Would your shareholders or potential investors prefer (or perhaps, expect) that the company's exposure to credit risk be managed by a combination of internal controls and risk-transfer mechanisms?

If you answered "yes" to even one of these questions, your business may benefit from Trade Credit Insurance from Chubb.



**Chubb Group of Insurance Companies**  
Warren, New Jersey 07059  
[www.chubb.com](http://www.chubb.com)

Chubb refers to the insurers of the Chubb Group of Insurance Companies:  
Federal Insurance Company, Pacific Indemnity Company. Not all insurers do  
business in all jurisdictions.

This literature is descriptive only. Actual coverage is subject to the language of  
the policies as issued.  
Form 11-01-0135 (Rev. 10/01)