

# CREDIT INSURANCE MANAGEMENT

Ensuring your claims get paid and using an automation platform to optimize your policies.





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## Why Claims Are Denied

The leading cause of claims being rejected is the **failure to stay in compliance due to missed deadlines**, which can be avoided with proper policy management.

While credit insurance is a reliable and powerful tool with a multitude of benefits, it often **requires close attention** to maximize the policy value and guarantee claims are paid.





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## Understanding Policy Structure

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It is important to have an understanding of the nuances related to your policy to ensure your claims get paid.

## Policy Structure

All credit insurance policies are unique and customized based on the client's individual needs, but typically the policy premium is based either on a projected sales figure or the total amount of coverage for the contract term.

In addition to making sure you have adequate coverage on your customers, it is equally important that your policy includes the necessary endorsements (riders) based on your business needs and operations. For example, if you provide your clients with custom goods, you need to have specific endorsements on your policy that will cover your expenses if your client becomes uninsurable before you are able to bill them for the custom products you are providing. This simple endorsement will ensure that your company does not incur unnecessary losses around the custom goods you provide.

## Coverage Limits



### Managing Your Exposures



- Understand your customer’s **coverage limits and exposures**. If outstanding invoices are higher than the approved coverage amount, the carrier will only include the covered portion in the claim settlement.
- Identify the date your coverage begins. Any **invoices raised prior to the start of coverage will not be covered in the event of a claim**.
- If receivables exceed the approved coverage amount, make sure to **request an increase in coverage** prior to the deadline.
- Depending on the type of coverage, the carrier has the authority to **cancel or reduce coverage** based on the credit worthiness of your customer if adverse information is received. Therefore, it is essential to understand the limits.

## Coverage Compliance

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Many policies include some form of coverage compliance that requires regular monitoring.



Depending on the carrier you may see this referred to as “Cease Shipment” or “Stoppage of Coverage”.

This means that future invoices will **not be covered** if the customer is already past due on previously issued invoices.

Typically, this stipulates that coverage on a customer becomes null once the **outstanding receivables reach a certain threshold** (ex: number of days past due and over a certain dollar amount). However, the carrier does not notify the policyholder once the customer has met the established criteria; rather, **it is the policyholder’s responsibility to be aware if or when a customer has become non-compliant**. If this occurs, the policyholder should discontinue extending open terms to the customer until they pay down the past due balance.



## Reporting Requirements



When the policyholder understands and complies with reporting requirements and deadlines, the chances of claims being denied are vastly reduced.

- Most insurance policies require some form of **overdue or past due** reporting requirement.
- “Past Due” typically refers to a **threshold of dollar amount and number of days** past due.
- It is the **responsibility of the policyholder** to keep track of their customer base and acknowledge if or when a customer has met the reporting criteria.
- It is important for the policyholder to **comply with the reporting requirements** as failure to do so can result in denial of a claim.



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**The leading reason  
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## Policyholder Responsibilities

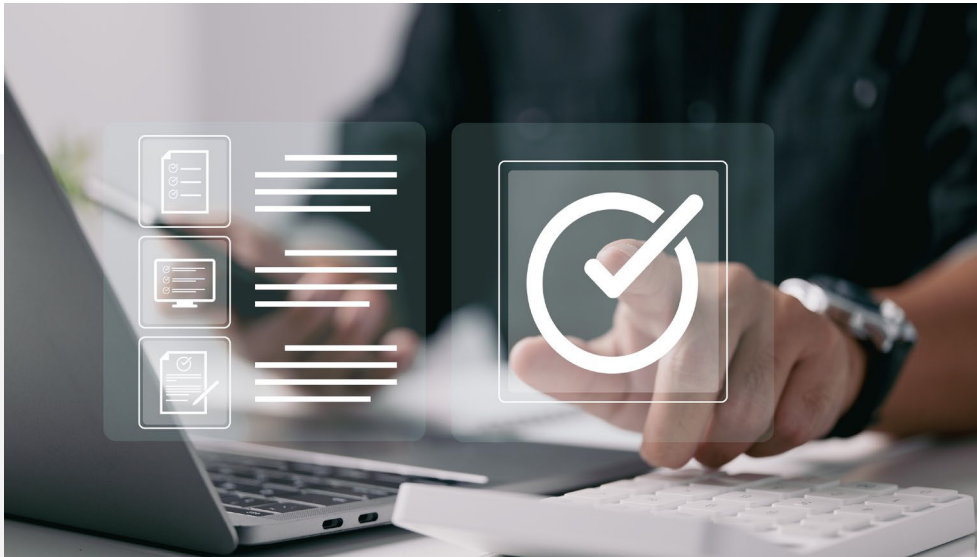


### Responsibilities Include:

- **File your claims on time.** One of the main reasons claims are denied is late filings.
- **Pay your premiums on time.** Regardless of the policy structure, the carrier will cancel the policy if the premium is not paid, thus rendering the coverage null and leaving your receivables exposed. Reinstating a policy that has been canceled for non-payment can be very difficult, so it is critical that invoices are paid on time to the carrier.
- **Request coverage on the entity legally responsible for payment.** It is crucial that you are requesting coverage on the entity that you are trading with. While this may seem obvious, there may be several other companies with similar names, so it is important that coverage is placed on the entity responsible for payment in the event of a default to ensure a successful claim.



## Policyholder Responsibilities (Continued)



- **Monitor customer outstanding receivables.** Coverage can become null and void once certain thresholds are reached (ex: number of days past due, credit terms offered, extensions provided without approval, etc.)
- **Communication with the carrier once a client has become non-compliant.** Reporting requirements are typically based on a dollar threshold and/or number of days overdue.
- **Discontinue extending open terms for clients who are substantially over-due.** Claims for invoices generated once a customer has become non-compliant will not be covered.
- **Discontinue shipments to clients if they are out of compliance.** Claims for goods shipped once a customer has defaulted on payment will not be covered.
- **Understand and comply with reporting requirements.**

Failure to meet these responsibilities may result in denial of a claim.



## What is a Credit Insurance Management Platform?



A credit insurance management platform actively monitors all aspects of your policy in real-time.

Credit insurance management platforms help you **automate your policy monitoring processes**. In essence, they replace the spreadsheets and portals typically used to manually manage limits and compliance.

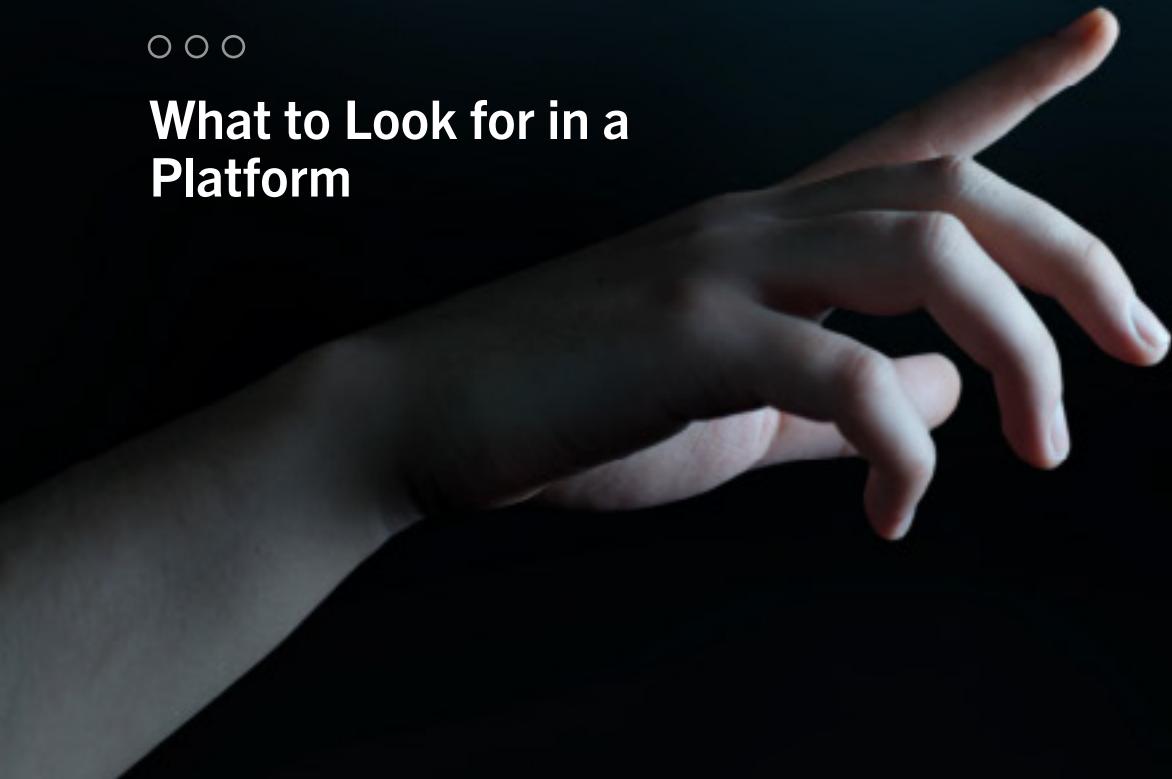
By **receiving alerts** any time something related to your policy has changed, a deadline is approaching, or a decision is received from the carrier, it **saves the insured valuable time and resources**.



## Platform Considerations

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What to Look for in a Platform





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## A Centralized Location

A well-known challenge of policy management is that each carrier has its own portal which generally only supports their own policies.

Whether you work with multiple carriers or multiple policies across a single carrier, having the ability to centralize your process will provide increased efficiency for the credit team and a significant improvement in visibility for the executive team.

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## Oversee all Exposures

Accurately keeping track of your coverage's footprint at any given moment is critical to policy management.

Therefore, it's important to have the ability to easily review your coverage in real-time and broken down by policy, by country, and by customer. This granularity will truly allow your team to effectively manage your policy.

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## Real-Time Alerts

When it comes to policy management, deadlines are crucial. That's why the receipt of real-time alerts for changes, amendments, or requests from the insurer are essential. The more accurate the alert system is, the faster your team can react to any coverage decisions that need to be made and avoid policy gaps.

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## Current and Past Data

Data is everything. The more historical data around limits, ratings, and analysis that you can centralize, the more informed your decisions will be for each customer. Historical data is also important to develop predictive trends for potential losses and to use for background knowledge when challenging a carrier decision is necessary.



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## The Claims Process

Staying on top of filing deadlines, requests from the carrier for additional documents, and any needed responses can expedite how quickly the claims process takes. Carriers respond well to policyholders that are on top of their process and can efficiently provide all necessary information. A platform should alert you and facilitate all of the above.

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## Take Policies to Market

Inevitably your policy will eventually expire and need to be renewed. However, learning how to manage a new policy from a different carrier requires time and resources. A credit insurance management platform that can effortlessly switch between carriers allows you to confidently take your policy to market and select the policy and carrier that best supports your needs.

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## Foreign Currencies

If your business deals with multiple currencies, it is imperative that you choose a platform that has the ability to support your needs. For example, if you have a US policy based in USD, and receivables in multiple currencies, you need a system that can seamlessly convert foreign currencies to USD so you can accurately compare coverage.

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## Access to Carrier's Databases

We live in a global economy which requires constant communication across time zones. A cloud-based management platform provides your team with access to all carrier databases anywhere in the world and at any time of the day, enabling your team to proactively address risk when and where necessary.

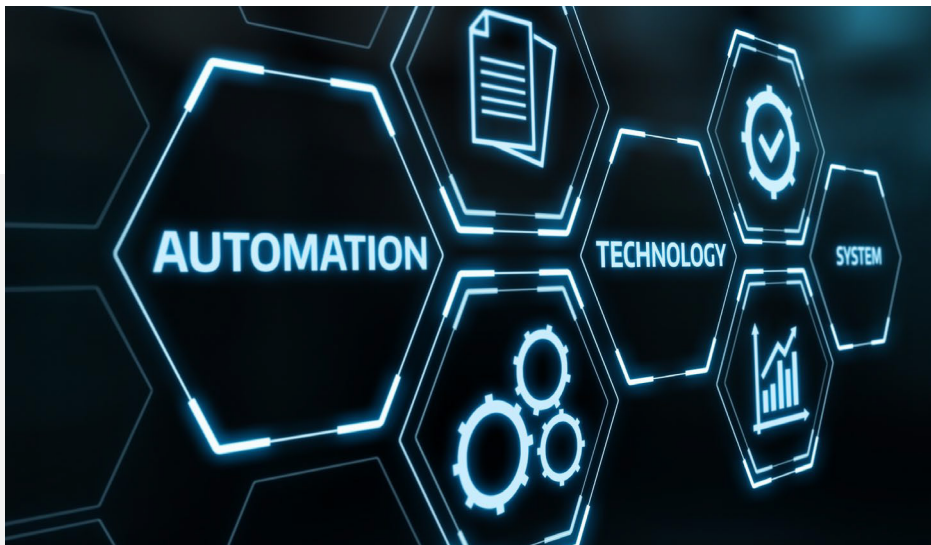
## Which Platform Is Right for You?



Before you start shopping around for a credit insurance management platform, it's critical to clearly define your needs. By doing so, you will know which type of platform is right for you.



## Credit Insurance Automation Platform Checklist



- Does it hold details of all credit insurance policies across a portfolio of borrowers and multiple carriers?
- Does it oversee all exposures on an ongoing basis, from high-level to granular details in real-time?
- Does it provide immediate alerts for changes, amendments, or requests from the insurer?
- Does it track both current and historical limits and gaps in policies?
- Does it monitor the claims process and administration?
- Does it provide 24/7 access to carriers' databases and the underwriting team?
- Does the platform sync with your company's internal AR management system and my carrier portal?
- Does it handle foreign currencies?



## When Credit Insurance is Monitored Properly, Claims Get Paid

All types of insurance have several moving pieces that require attention. Credit insurance is no different, and if a policy is mismanaged it can result in unpaid claims.

Our experience has taught us that the most effective way to guarantee policy compliance is to implement a **credit insurance monitoring system** which automates policy compliance management and alerts you to any potential issues. For this reason, FGI has developed **T.R.U.S.T.**<sup>™</sup>

T.R.U.S.T.<sup>™</sup> is a **powerful, real-time, web-based credit insurance management platform** that **automates the management and administration of credit insurance policies**. Reach out to us for help on your credit insurance journey.

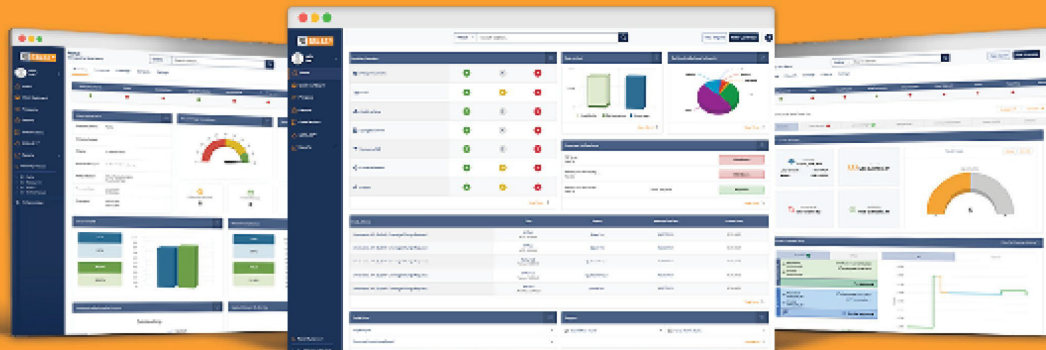






## Seamlessly monitor, manage and maintain credit insurance policies across various carriers.

FGI T.R.U.S.T.™ is a powerful cloud-based credit insurance management platform that automates the administration of credit insurance policies. It allows you to manage any number of clients and any number of policies across multiple carriers in real-time.



### With T.R.U.S.T.™ you will:

- Maximize the value of your credit insurance by effectively monitoring policy compliance in real time.
- Increase efficiencies and cost savings by monitoring policies from one central location.
- Reduce staffing requirements and errors associated with monitoring policies manually.
- Benefit from policy standardization and increased levels of policy management transparency.

**99.6% Success Rate on all Claims  
Managed Through T.R.U.S.T.™**

To learn more or schedule a demo of the platform, please visit the URL below.

[www.FGIWW.com/TRUST/](http://www.FGIWW.com/TRUST/)





## Contact Us

FGI is a global leader in the commercial finance industry, equipping small and medium enterprises with the tools they need to enhance their business. FGI's three principal business units, FGI Finance, FGI Risk, and FGI Technology provide clients with flexible and customized lending along with risk mitigation and credit insurance solutions designed to support international and domestic growth. Headquartered in New York City with offices across the US, Canada, Mexico and the UK, FGI delivers perfectly tailored and relationship-focused solutions for its clients worldwide.



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