



**Important information**

AXA SmartCredit Insurance is underwritten by AXA Insurance Pte Ltd. This brochure is not a contract of insurance. The specific details applicable to the insurance are set out in the policy, which is the operative document.  
All information stated in the brochure is correct as of 1 April 2018.

# Assurance you can trust

**AXA SMARTCREDIT INSURANCE**

A comprehensive credit management solution that guards against the risk of customers' non-payment.



GLOBAL  
INSURANCE  
BRAND  
FOR THE 9<sup>TH</sup>  
CONSECUTIVE  
YEAR

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We know that every unpaid invoice adds on to the risk of a financial loss. Your customers may default on payments, leaving you to bear the consequences. Protect your business from potential financial losses with **AXA SMARTCREDIT INSURANCE**, a solution designed to help ensure effective credit management for your company.

## Why credit insurance is necessary for your business protection

### Trust alone is not enough



### Every invoice is a loan

Every company who delivers goods or renders services is like a creditor or a lender as they unwillingly take on a part of their customer's business risk. If their customer is unable to pay, the company usually goes away empty-handed and any possibility to recover the pending amount usually takes a long time.

### Every obstacle is a compromise

Many companies around the world are constantly looking for ways to expand their businesses. In a small country like Singapore, as much as companies can expand locally, it is important to consider overseas opportunities to enable your business to flourish<sup>1</sup>. Increasing globalisation, economic turbulence, and cut throat competition can, however, prevent or delay payments, setting back your company's business growth and compromise expansion plans<sup>2</sup>.

### Guard against insolvency



### The domino effect

Insolvency is highly contagious. Internationally, corporate insolvencies are expected to rise by 2%, while the Asia Pacific region might face an increase of 13% in bankruptcies. Companies need to be prepared for the domino effect where major bankruptcies can lead to further bankruptcies of smaller firms<sup>3</sup>.

### Red alert

To prevent poor payment habits, it is important to keep track and send reminders to customers who are taking more time to pay. In the majority of these cases, it might be too late to carry out a credit check after the payment period has expired.

### Input expenses

Depending on the sector and trading level, companies often incur substantial input expenses before an order can be fulfilled. If the customer then fails to pay, the service provider has to absorb all costs such as raw materials, production, salaries, logistics, rental, etc. Such losses can easily jeopardise a company's survival.

### Increase in sales required to cover a debt loss

Debt loss	Additional sales needed with a net margin of		
	8%	5%	2%
S\$20,000	S\$250,000	S\$400,000	S\$1,000,000
S\$100,000	S\$1,250,000	S\$2,000,000	S\$5,000,000
S\$500,000	S\$6,250,000	S\$10,000,000	S\$25,000,000

## Giving your business a clear advantage

AXA SmartCredit Insurance covers more than just financial loss. We provide constant monitoring of your business partners, support in managing the recovery of amounts outstanding, and give your company timely warnings of the imminent insolvency of your customers.

### Loss prevention



A new customer undergoes an initial investigation and is then monitored constantly. The credit limits approved by AXA are professional credit recommendations. With in-depth knowledge of the markets, our specialists will identify any negative changes in your debtors' financial behaviour, and change the credit limits to suit the new situation.

Such a warning system is effective in preventing unpleasant surprises. In such cases, it would be prudent to deliver goods or render services to a specific customer only against collateral or advance payment.

### Loss minimisation



Receivables collection can be included in the credit insurance policy. Using a professional collection service helps customers to keep track of outstanding payments. When the collection service does not receive any response to its reminders, it takes immediate legal action to collect your debts.

This service is particularly advantageous in the export business where foreign languages, laws, and customs can be overcome to ensure the prompt collection of debts.

Sources:

1. <http://www.businesstimes.com.sg/government-economy/singapore-budget-2017/going-global-many-singapore-businesses-do-get-it-says-ie>

2. <https://longitudes.ups.com/why-companies-need-trade-credit-insurance/>

3. <https://www.insurancebusinessmag.com/asia/news/breaking-news/asia-pacific-bankruptcy-risk-up-by-13-49379.aspx>

## Loss coverage



The credit insurance plan covers all claims up to the approved credit limits. AXA would pay up to 90% of your insured debt loss should your customer default on their payments.

## Calculable benefits



AXA will customise the credit insurance policy to meet your specific needs and priorities. In other words, you only pay for the benefits that serve your company.

AXA's selection of credit insurance products consists of sector-specific solutions that can be combined with various benefit components. This leads to optimal insurance solutions that provide value for money and are tailored to meet the needs of your company and customer base.

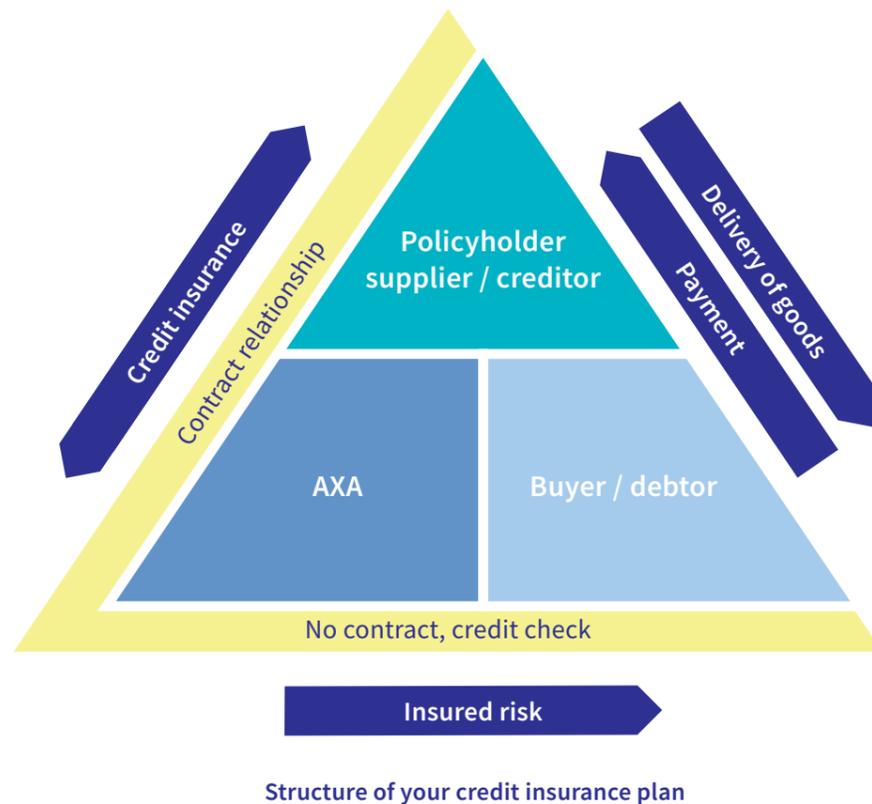
## Cost structure



The cost of the credit insurance policy comprises mainly of the premium amount and credit check fees. These can be managed by the correct selection and combination of benefit components.

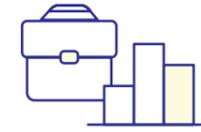
The premium rate is determined by the following factors:

- Turnover
- Previous losses
- Economic sector
- Buyer's sector/country
- Credit rating of buyer
- Active debts
- Payment and reminder deadlines
- Cover ratio amount
- Length of waiting period
- Cover policy (exclusions, discretionary credit, payment history, credit history, deductible)



## The ideal corporate profile for a credit insurance policy

### Criteria for purchasing a policy



To determine how your company can benefit from the advantages a credit insurance policy offers, the evaluation criteria include:

- Business-to-business companies (customers are also companies)
- Manufacturing, trading and service companies that deliver goods or services to domestic and foreign customers against credit/invoice
- Trading under Open Account (O/A) terms
- Annual sales from S\$10 million
- Payment tenor up to 180 days for a registered office in Singapore

### A consultation can clarify the situation



The need for credit insurance has grown rapidly in the past few years and will continue to grow. AXA representatives will explain the advantages and costs of a credit insurance solution tailored to your company's needs i.e. how to make the most out of this opportunity.

## The importance of credit insurance for your business

- Securing your current and new customers**  
Transactions can be concluded even without knowledge of your customer's business morals or financial circumstances.
- Budgets can be set without loss provisions**  
The budget becomes a reliable planning tool once the risks of loss of receivables have been eliminated.
- Better conditions when raising capital**  
Thanks to the much-improved credit rating of companies with credit coverage, investing become easier.
- Professional credit management**  
Credit insurance provides you with an efficient credit management tool, and secures your company's cash flow, without the need to employ additional staff.

Offering fresh alternatives and delivering relevant solutions, arrange for a non-obligated advisory meeting with AXA representatives today.