

# 3 cases when trade credit insurance might be right for you

Over the years, we have seen different reasons why small businesses buy and keep buying trade credit insurance.

## **Case 1: They have been “burnt” once by a customer failing to pay them on time, and it is not an experience they would care to repeat.**

Why might your customer fail to pay you on time?

- **Process:** You’ve sent the invoice to your usual contact. They share it with their accounts payable team. In some companies (especially the larger ones), two or three people will need to confirm the invoice before it’s paid out. This whole process could end up taking quite a bit of time.
- **Cash:** They are running out of cash and are prioritising their other suppliers.
- **Insolvency:** Your customer is on their way to bankruptcy.

[Discover how trade credit insurance secures your cash flow](#)

## **Case 2: A significant order**

Small businesses will buy credit insurance to secure an order that is larger than usual. Why should you consider this? Imagine this scenario:

You’re ecstatic. One of your customers has decided to double their order this month. This means you need to buy more materials, hire staff, and work overtime to fulfil this order. You know your customer and have been trading with them for a while. They’ve paid you consistently, up until now. But, this is a significant order, and the fact that you need to spend more is putting a strain on your cash flow. You’re worried that if the contract doesn’t go through, you will be left with additional material or staff you can’t use. What if your customer’s customers don’t pay them on time?

[Find out how trade credit insurance protects your business](#)

## **Case 3: Small businesses starting to trade with a new partner, especially when trading abroad.**

Why should you be wary? You have finally found a new customer. Congratulations. You have been meaning to export to Italy for ages. You have checked they are a genuine company, after all, you have not met them face-to-face. You have just sent out your merchandise and invoiced them. A few days later, you start to worry. What if they don’t pay? You know your usual customers well, and you can tell when someone’s going to be late. Even when they are late, you know they will pay. You have built this level of trust over time. However, this customer is new, and you haven’t built that relationship yet.

[Learn how to grow your business with trade credit insurance](#)

## **How does trade credit insurance help?**

[Trade credit insurance](#) covers your receivables due within 12 months so that your cash flow is safeguarded. Our information tracks the financial health of your customers and we update you so that you can trade with confidence. If your customers become insolvent or fall into protracted default, you will be indemnified for the cost of goods and services you have delivered. [Contact us today](#) for more information or visit [allianz-trade.co.uk](http://allianz-trade.co.uk).

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