

# FIT trade credit insurance

Do you worry about losing money through unpaid customer invoices? FIT trade credit insurance protects you against financial loss if you don't receive payment. This modular solution can be tailored to your firm's individual requirements.

## What is insured?

FIT trade credit insurance covers unpaid receivables from the sale of goods or supply of services to your business customers on open terms. The insurance covers losses suffered by you – as the policyholder – due to your customers' insolvency.

## It covers losses due to:

- insolvency
- non-payment (can be excluded if you wish)

## It covers receivables that:

- arise as a result of your insured business activities
- can be quantified precisely, are undisputed, and have a due date
- arise and are invoiced during the validity period of the insurance contract
- are payable within the maximum payment period
- are enforced by the courts and are not subject of a complaint or contested for any other reason
- are delivered or supplied to customers whose registered office is in an insured country
- arise in relation to customers for which you have a valid credit limit at the time of delivery or supply

Additional covers such as political risk and manufacturing/resale risk can also be included if you wish.

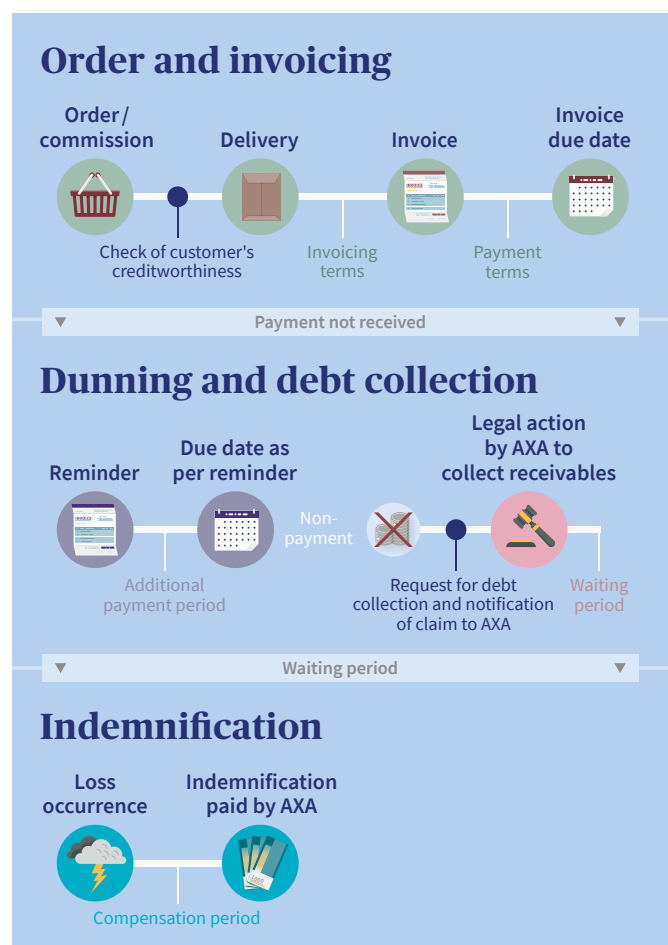
## What is not covered?

Your insurance does not cover receivables that:

- are payable before the date of delivery (cash or advance payments)
- arise due to price deviation or other losses resulting from a change in market prices for goods
- are due from a grant of permission to use movable or immovable objects (e.g. rent, leasehold, leasing)
- are payable in a cryptocurrency
- arise as a result of the supply of goods or services in which trading is not permitted
- give rise to losses that are directly or indirectly attributable to natural catastrophes (e.g. earthquake, flood, solar storm)
- are owed by customers that are economically associated or related to you
- are owed by customers that are already insolvent at the time of delivery
- involve auxiliary receivables (e.g. compensation for damages or interest for late payment)

This list is not exhaustive.

## From order to indemnification: how FIT trade credit insurance works



### 1. Order and invoicing

Your customer submits an order or requests a service from your company. You process the order and send the customer your invoice, which also specifies the payment deadline.

**FIT trade credit insurance service:** AXA's in-house online tool and constant credit checks and monitoring enable you to keep an eye on your customers' ability to pay at all times – and therefore find out about potential insolvencies among your

customers at an early stage.

## 2. Dunning and debt collection

If your customer is unable to pay the outstanding invoice by the due date, the case can be passed to AXA as a collection mandate.

- The additional payment period begins, i.e. your customer is given additional time to pay the outstanding invoice.
- If the invoice has still been not settled, a request for prolongation period can be submitted to AXA or the debt collection process can be initiated. The outstanding payment is overdue from this date, i.e. new deliveries to this customer are no longer insured.
- The debt collection process as well as a six-month waiting period begin no later than the end of the extended extension period.

**FIT trade credit insurance service:** debt collection (which can be excluded if you wish) supports you in relation to pre-legal and legal debt recovery. Regardless of whether it's in Switzerland or anywhere else in the world, AXA will carry out the country-specific collection processes so that you don't have to.

## 3. Indemnification

The loss event occurs on the day on which your customer's insolvency\* is determined or the waiting period has expired.

**FIT trade credit insurance service:** AXA indemnifies for the unpaid customer invoice within 30 days and continues the case until it is finalized.

\* The customer can become insolvent at any time, even in the time between the issuing of the order and the start of collection proceedings. In this event the collection mandate must be submitted to AXA immediately.

## Which companies is FIT trade credit insurance suitable for?

FIT trade credit insurance is suitable for manufacturing, trading and service companies with a turnover of at least CHF 1 million

- that provide their business customers in Switzerland and abroad with goods and services on open terms (not private individuals)
- and offer payment terms not exceeding six months

## What does FIT trade credit insurance cost?

The cost of FIT trade credit insurance varies depending on the company and circumstances specific to a particular market. It is determined by two key factors:

- Insurance premium: a single-digit thousandth of the insured turnover
  - Service fees: credit limit analysis and customer monitoring; one-off fee for each request for debt collection
- Please contact our experts for an individual cost estimate.

## What are the advantages of FIT trade credit insurance?

- Protecting your company's solvency as well as its liquidity, thus making it easier to access new financing opportunities
- Calculable insurance premium instead of incalculable losses
- Your products and services are more attractive due to delivery on open account and the granting of payment terms
- Expansion into new markets with no default risk



For more information about trade credit insurance from AXA, visit [AXA.ch/debtors](https://www.axa.ch/debtors)

### Good to know

#### Insolvency

Insolvency occurs when a business partner is shown to be insolvent on account of one of the following facts:

#### In Switzerland

- commencement of bankruptcy proceedings or their suspension due to a lack of assets
- granting of a definitive debt enforcement moratorium by the probate court
- conclusion of an extrajudicial composition agreement with all affected creditors, resulting in a write-off of insured receivables. AXA must have approved the waiver of receivables in advance.
- a loss certificate due to seizure has been issued or any other foreclosure proceedings against the customer's assets that does not result in full settlement

#### Abroad

- an event corresponding to one of the aforementioned events under the legal system of the country concerned

#### Non-payment

Non-payment (protracted default) occurs when one of your customers has failed to pay an invoice – in whole or in part – when a jointly defined waiting period expires. The waiting period starts when the loss is reported.