

# Trade credit insurance recovery effort and claim filing guidelines

These are challenging times for your business and for trade credit insurance companies.

In such an environment, we expect insurance carriers to become increasingly detailed in their evaluation of claims and credit limit requests. We urge you to take the following actions and precautions.

- 1 Observe your reporting deadlines for past-due buyers.
- 2 Do not offer extended payment terms to buyers without getting your carrier's advance written approval. If the buyer fails to make a rescheduled payment, report this to the insurer within seven days.
- 3 Observe your deadlines for stopping the delivery of goods and services to past-due buyers.
- 4 If your insurer lets you manage your own collections and you would prefer to do that when filing a claim, make sure that you:
  - a. Obtain the insurer's written approval to do so at the time you file the claim with the insurer.
  - b. Pursue your collection efforts as aggressively as a collection agency would. This means at least 2 to 4 phone calls and/or emails per month.
  - c. Make and retain notes of every phone conversation with the debtor.
  - d. Keep copies of all email correspondence in the credit file.
  - e. Send the insurer an email update of your collection success or failure at least once per month, with a copy to your Gallagher broker.
- 5 If you file a claim and/or engage an insurer's captive collection agency, remember that all coverage as to future shipments must cease at the time of the claim filing. Shipments that occur post-claim filing must have the insurer's prior written approval, otherwise this may result in a claims denial.

If your policy includes a work in progress, pre-credit risk or binding contracts endorsement (or a similar endorsement by a different name), be aware that these endorsements typically require either the buyer's insolvency or the carrier's withdrawal of coverage in order for you to have a valid cause of loss for a claim. If the buyer cancels a related order, that is not likely to be accepted as a valid cause of loss. However, if you receive such a cancellation, meticulously document your related costs of materials, labor, etc. If the buyer later becomes insolvent, you can try to file a claim.

Lastly, please remember to file all claims directly with the insurer, copying your Gallagher team of course.

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