

NAP INDUSTRIES: GROWTH THROUGH CUSTOMER BANKRUPTCY

The 30-year partnership between NAP Industries and Euler Hermes has been a cornerstone for NAP's growth. And when the unexpected happened, such as losing a major customer to bankruptcy, owner Jack Freund knew he had a strong partner in Euler Hermes to handle NAP's protection so he could continue to focus on running his business.

THE NEED FOR TRADE CREDIT INSURANCE

NAP Industries provides flexible packaging for food, technology, clothing, and other products throughout the US. For NAP, the demand for credit among their customer base is ongoing. "A primary business concern is making sure we have enough business coming in and that our credit situation is covered," explained Freund.

To expand the business and establish new customer relationships, NAP utilizes Euler Hermes' credit expertise to know when it's safe to extend credit to customers—secure in the fact that they will get paid if a payment default should occur.

Years in Business: 60
Years with Euler Hermes: 30

Region:



United States

Sector:



Plastics and Packaging

Challenge:



Customer bankruptcy

Policy Benefits:



Increased sales growth



Protection against catastrophic loss



Ability to offer flexible terms



Thorough customer insights and risk information

THE CHALLENGE

Although NAP Industries has been in business for nearly 60 years, they aren't immune from the unexpected. In early 2019, one of their largest customers suddenly declared bankruptcy—and to say the bankruptcy was a surprise would be an understatement.

"We didn't know about [the customer's] problems," said Freund. Since this customer considered NAP to be a critical supplier, they had always paid on time.

Fortunately for Freund, he had Euler Hermes on his side and knew he would be protected from this catastrophic loss. And although he was surprised by the swift decline of this large account, he wasn't concerned. He had a reliable team to assist him through the process so he could focus on growing through the disruption.

THE SOLUTION

To help NAP Industries resolve the situation, the Euler Hermes team brought their depth of expertise to bear on Freund's behalf. They guided Freund through the complicated bankruptcy case and helped him deal with the demands of the bankruptcy court. Once the customer's attorney acknowledged the debt they originally listed as disputed, Euler Hermes was able to pay NAP's claim within 24 hours.

"A customer bankruptcy is not the best experience to go through," said Freund. "But once it happened, the claim process with Euler Hermes went as smoothly as possible—just as we expected it would."

From growth, to predicting trade risk, to offering nonpayment solutions, Freund has found great value in his partnership with Euler Hermes. "Trade credit insurance is an investment that gives me the ability to do business." If something goes wrong, "you get your money's worth, not only when you make a claim, but when you use it to stay on the right track when doing business," said Freund.

THE OUTCOME

The situation showed Freund another benefit to having trade credit insurance as part of his business. Just a week before this customer filed for bankruptcy, Freund received a positive credit report on them from a credit rating agency. However, the Euler Hermes risk team was moving in the opposite direction. The risk team faced resistance from the now-bankrupt customer's management team when they tried to obtain current financial information. When the company refused to cooperate, Euler began to have concerns.

The Euler Hermes team recognized and communicated the warning signs that this customer was struggling, which enabled NAP to start working down their balance. Freund and his team rely on Euler Hermes not only to insure outstanding credit, but to gain access to their data and expert insight into the creditworthiness of potential and existing customers.

"Euler Hermes is in the business of eliminating risks," said Freund. "If there's a customer that Euler Hermes will not insure, I know that I definitely can't take them on. This gives me a great comfort level when doing business."

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– Jack Freund, Owner of
NAP Industries

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