

# With growth comes added risk; **ARE YOU ON THE SAFEST ROAD?**

## SELF-INSURANCE

Self-insuring through a bad debt reserve may come without a direct cost, but it offers limited benefits in the event of catastrophic loss. Using this approach can be extremely difficult to manage and may leave you with many questions to answer.

... is it 1% of sales, or what you wrote off last year?

### Potential drawbacks of self-insuring:

May result in overly conservative limits that reduce potential revenue



Company bears burden and cost for internal credit management resources



Ties up working capital and impacts capital allocation of the balance sheet



Typically does not protect from large and unexpected catastrophic loss



Creates reliance on often-unreliable third party data sources



## CREDIT INSURANCE

When compared to self-insurance credit insurance provides companies with safer and more strategic accounts receivable management.

### Benefits of Credit insurance:



Empowers companies to confidently grow sales without credit concerns



Guaranteed protection against non-payment or slow payment



Enhances efficiency of a company's internal credit department with fast credit limit requests and ongoing buyer monitoring



Allows exporters to offer safe, open terms overseas



Expands a company's financing options by increasing its borrowing base with secure receivables

## HOW MANY OPPORTUNITIES ARE YOU TURNING AWAY BY SELF-INSURING?

Every dollar of credit insurance is worth more than every self-insurance dollar. Find out more about using credit insurance for an innovative approach to credit management. Contact us today at [www.eulerhermes.us](http://www.eulerhermes.us).