



## HDFC ERGO LAUNCHES TRADE CREDIT INSURANCE POLICY SECURING TRADE RECEIVABLES

*Credit Insurance is an ideal risk mitigation tool for businesses against the risks of defaulting clients*

**Mumbai, 9<sup>th</sup> January, 2017:** HDFC ERGO General Insurance Company, India's third largest non-life insurance provider in the private sector, announced the launch of its new policy for corporate, the Trade Credit Insurance Policy. The new policy, also known as Credit Insurance Policy, safeguards suppliers against the risks of non-payment for the goods or services delivered to the buyers. Under this, the insurer covers a portfolio of buyers and pays an agreed percentage of the invoice or receivables that remain unpaid as a result of insolvency, bankruptcy or protracted default.

Liberalization and globalization has exposed the exponentially growing Indian businesses to various risks, many of which are beyond suppliers' control. The failure of the buyer to pay for the goods or services purchased is the greatest risk that may threaten the survival of a supplier. This reality has brought to focus the importance of Credit Insurance as a risk mitigation tool to protect interests of businesses against the risk of client defaults.

Speaking on the launch of the new product under its Commercial Insurance offerings, **Mr. Anuj Tyagi – Executive Director, HDFC ERGO General Insurance Company** said, *“With the advent of globalization, trading opportunities have grown manifold which in turn has made managing receivables even more complex. No industry or company is immune from trade credit risk and the failure of a buyer to pay for the goods or services purchased can have a catastrophic impact on the viability of a supplier. Trade Credit Insurance will provide a safety net for supplier to do business with peace of mind. The policy acts as a risk mitigation tool, playing a pivotal role in the trading cycle of a company by protecting its profit, cash flows, sales growth, the balance sheet and a company's customer base.”*

The Trade Credit Insurance Policy covers the business of the insured against the commercial risks of their buyer's default. Under the policy, the insurer covers a portfolio of buyers and pays an agreed percentage of an invoice or receivable that remains unpaid. The causes of loss covered under this policy are:

- **Insolvency:** The insured business entity can protect its business against the risk of non-payment if a buyer becomes insolvent
- **Protracted Default:** When buyer fails to pay the receivable within a pre-defined period calculated from the due date of payment of the receivable

HDFC ERGO's Trade Credit Insurance Policy will be available for all Indian companies – big and small, manufacturers as well as service providers and from SMEs to multinationals – to cover them against trade credit risk that they face in the course of their business.

With this new policy, HDFC ERGO is playing a proactive role in helping customers trade more securely and helping businesses taking prudent risk management decisions about who to trade with.



For more information on the policy and the full range of HDFC ERGO Insurance products, please contact your local broker or HDFC ERGO representative. Also, for further details on risk factors, exclusions, terms and conditions, please read the sales brochure before concluding the sale.

**About HDFC ERGO:**

HDFC ERGO General Insurance Company is a 51:49 joint venture between HDFC Ltd.; India's premier Housing Finance Institution and ERGO International AG; the primary insurance entity of the Munich Re Group of Germany. The company offers complete range of general insurance products ranging from Motor, Health, Travel, Home and Personal Accident in the retail space and customized products like Property, Marine and Liability Insurance in the corporate space. HDFC ERGO is expanding its network across the country and is today present in 108 branches spread across 91 cities with an employee base of over 2000 professionals. The Company also has a wide distribution network besides its own direct sales force.

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