

Single Risk - Case Study

What are the conditions to benefit from Unlock Focus?

You are not credit-insured

The duration of your order does not exceed 12 months (between order and invoice due date)

You need to cover a transaction above €1 million

You work in sectors such as manufacturing, capital goods, machine tools, etc.

Context of the order

- The company INDEX, a supplier specialized in machine equipment, received a major order for one of its customers, the company PEI, a parts assembly company in Romania. This customer is not new to INDEX, but this is the first time it has placed such a large order.
- The amount of this order exceeds the internal credit limit set for this customer based on their internal credit management procedure, payment history and current solvency.
- Acceptance of this order is essential for the company's growth but poses a major challenge in terms of credit risk management.
- INDEX must find a way of securing this transaction without exposing the company to excessive financial risks, destabilizing the company's health in the event of non-payment of the invoice.

What are the risks for the company?

Without suitable insurance cover, accepting this order could entail significant financial risks for INDEX. A payment default by the client PEI could have several serious consequences:

1 Impact on cash flow:

INDEX's cash flow could be severely affected, limiting its ability to finance day-to-day operations and invest in new projects.

2 Disruption to Operations:

Cash tensions could lead to delays in payments to suppliers, affecting the supply chain and potentially resulting in penalties or stockouts.

3 Reputation and Commercial Relations:

Relationship management with PEI and other customers could be compromised, impacting the confidence of business partners and investors.

4 Financial stability:

A payment default of this magnitude could destabilize INDEX's financial situation, limiting its borrowing capacity and access to credit.

Unlock Focus by Cartan Trade

To minimize these risks, INDEX uses targeted credit-insurance through the Unlock Focus product offered by Cartan Trade. This solution provides a single credit limit for the company, covering the amount outstanding with PEI, for the duration of the contract.

The single credit limit was quickly set up:

Discover how to?

1

CONSULTATION AND APPLICATION

The credit limit request was submitted to Cartan Trade, detailing the outstanding amount required and the desired duration.

2



RISK ANALYSIS

Cartan Trade assesses PEI's creditworthiness and proposes suitable cover.

3

ORDER ACCEPTANCE

With the Unlock Focus guarantee, INDEX can accept the order with confidence.



4

FINANCIAL HEALTH MONITORING

INDEX benefits from a monitoring of PEI's financial health and is alerted in case of deterioration to take the necessary steps to limit its risk.



5

PAYMENT INCIDENT MANAGEMENT

In the event of non-payment, INDEX will declare the unpaid amount to Cartan Trade, who will proceed with the recovery of the debt and the indemnification of the sums not recovered.



With Cartan Trade's targeted credit insurance, INDEX was able to secure a strategic order without compromising its financial stability. This solution guaranteed stable growth while minimizing financial risks. Good risk management is a key factor in relationships with bankers and financiers.

As a Credit Manager, **it is essential to secure important transactions while protecting the company's financial interests.** The use of **Unlock Focus guarantees offers an effective solution for managing credit risks** and ensuring INDEX's financial stability.



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