

# THE BEACON BULLETIN

## Beacon Monthly Newsletter: Credit and Liability Insurance

**BEACON FAMILY WISHES YOU & YOUR FAMILY A VERY  
HAPPY NEW YEAR 2021 !!**

### CREDIT INSURANCE

## HOW CREDIT INSURANCE WORKS WITH TRADE FINANCE?

If the profit margins are 5% and a customer defaults on a debt worth INR 2,000,000 then a company would have to create INR 40,000,000 in sales to make up this loss. This can put any company out of business quite rapidly. Trade credit insurance can help to mitigate these losses, so the company can continue its operations. It is important not only to get the losses covered, but to work with an efficient provider who can get losses covered quickly. Access to liquidity is imperative for the smooth functioning of any company



When dealing with large international trades, trade credit insurance becomes very important. Companies go out of business all the time for a myriad of different reasons. And they never advertise the fact that they are having financial difficulties. For this reason, taking out a policy with an insurance company that monitors their creditworthiness is something of a necessity.

There are a number of advantages to trade credit insurance. The main is that companies are indemnified in the event of unpaid debts, which can occur to many businesses both large and small. Generally, the larger and more frequent the trade occurs, the more important it is to have some type of safety net or buffer

If a customer does not pay the invoice, then it will have a negative impact on vital cash flow which is necessary for general day to day operations. Lack of finance will also result in opportunity cost, where companies are unable to capitalise on opportunities as they arise. Companies can also gain access to credit experts through the purchase of trade credit insurance, and the financial services provider supplying the insurance will in many instances collect the debt for the policy holder. Costs incurred to reclaim the debts are also frequently covered.

**? DID YOU KNOW? ?**  
*Some 25% of bankruptcies are attributed to unpaid invoices.*

## GENERAL LIABILITY INSURANCE FOR MANUFACTURING COMPANIES

Risks go hand-in-hand with businesses. General liability insurance can safeguard a manufacturing company's income and assets against everyday risks, such as a visitor injury at your factory. When an accident happens, this policy can pay for medical bills or the cost of replacing someone's damaged property. If you're sued over an incident, this policy can help address your legal expenses, too. This policy provides liability coverage related to:

- 3rd Party Injuries
- 3rd Party Property Damage
- Product liability
- Advertising injuries

### 3RD PARTY INJURIES

If a distributor or delivery person slips and falls at your facility, there's a chance you could be blamed for the injury. If the person sues, you could end up paying for medical expenses – plus the cost of hiring a lawyer. In accidents involving third-party injuries, general liability insurance covers:

- Medical bills
- Attorney's fees
- Court-ordered judgments
- Funeral expenses in fatal incidents

While general liability insurance covers many common risks, it does not provide complete protection. Employee injuries can also occur at any enterprise. To cover employee injuries, you'll need to carry workmen compensation insurance policy.

Workers' compensation insurance is required in almost every enterprise for manufacturing or any businesses that have employees. This policy can cover medical costs for occupational injuries and illnesses including death. This policy shall be dealt in detail in our upcoming issues.

### 3RD PARTY PROPERTY DAMAGE

If property belonging to a customer, delivery person, or visitor is damaged at your factory, your business could be held responsible. General liability insurance protects you when someone else's property is damaged.

For example, if a client's expensive jacket is torn on your manufacturing equipment, your general liability policy could help pay for the cost of repair or replacement.

If someone decides to sue over more expensive damages, general liability could cover:

- Your attorney's fees
- Court-ordered judgment
- Other costs related to the lawsuit.

### PRODUCT LIABILITY

As a manufacturer, you could be sued if one of your products causes an injury or illness. For instance, your perfume might cause a customer to suffer a serious allergic reaction, which results in a lawsuit. General liability insurance can pay for legal costs related to harm caused by your products, including property damage.

Most general liability policies include product liability insurance for these risks, but it's important to check that your policy includes this coverage. You may see it included in your products-completed operations coverage, which guards against defective products and/or faulty workmanship. Product Liability shall be dealt in detail in our upcoming issues.

### ADVERTISING INJURIES

While advertising your manufacturing company and its products, it's possible to unknowingly imitate a competitor's slogan or logo. Accidental advertising injuries are covered by general liability insurance, including:

- Defamation, both libel (written) and slander (spoken)
- Copyright infringement

For example, if a competing manufacturer sues because the logo on your product is similar to its logo, general liability can cover costs stemming from the lawsuit.

### CLAIM PERSPECTIVE

Claims related to General Liability shall be dealt in detail in our next upcoming issue.

**KINDLY STAY TUNED!!!**

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