

# THE BEACON BULLETIN

## Beacon Monthly Newsletter: Credit and Liability Insurance

**BEACON FAMILY WISHES YOU & YOUR FAMILY A VERY  
HAPPY REPUBLIC DAY!**

### CREDIT INSURANCE

## GLOBAL TRADE FINANCE MARKET - INCREASE IN CREDIT CLAIM IN EARLY 2021

Economists predict a decline in global GDP of 4.3% in 2020. This means the negative impact of COVID-19 is bigger than that of the financial crisis during 2008/2009. Risks to the current forecast are to the downside as many countries are tightening quarantine measures to deal with a resurgence of infections and insolvencies are expected to accelerate.

Although the economic impact of the 2020 pandemic has been severe, the pandemic has plunged the market into recession. Clear new trends have emerged with businesses altering their payment practices in response to the economic downturn. Many businesses increased payment terms. The majority did so in a bid to increase their competitiveness and encourage sales. However, a sizeable proportion reported providing credit to support their customers with short-term finance.

### ? DID YOU KNOW? ?

- Respondents in the market reported year-on-year increases in overdue invoices by 80%.
- Many reported a negative impact on cash flow and revenue.
- Payment terms lengthened by an average of 15 days.
- World trade is expected to shrink by about 15% this year..
- Overdue invoices and write-offs increased dramatically, by two-thirds on pre-pandemic figures
- 94% of businesses in report lengthening Debt Stand Outstanding.

Despite a dramatic surge in late payments and a substantial number of businesses reporting liquidity stress, business confidence is largely buoyant. Although many countries are now entering a second lock down, significant numbers of businesses are optimistic about the outlook for next year.

The insolvency environment is likely to be heightened, with travel, tourism and hospitality sectors expected to be hardest hit. For several years to come, global and local economies will have to cope with the effects of this crisis, which is likely to have a substantial impact on corporate insolvencies.

According to Survey by At radius a significant proportion of respondents stated their businesses have used credit insurance during the pandemic, and intend to continue using it next year. This is a clear message that businesses are fighting back, building trade where possible. Since the Default rates are incredibly increasing day by day and the only insurance solution to safeguard business from payment details is “Trade Credit insurance”.

## PREMISES RELATED LIABILITY EXPOSURES FOR VARIOUS ENTERPRISES

**Visitors** – At each point of time there will be visitors in the premises of any enterprises. All the visitors will have access to entire property of the enterprise including parking. Hence, exposure to general public will be very high.

**Surrounding Population (except visitors) & their property** – Various commercial premises are always surrounded by residential and/or commercial complexes. Neighborhood population can be exposed to premises hazard. For an instance, fire in an industrial unit can spread to nearby premises and may harm the neighborhood people and their property.

There are various hazards arising out of above exposures – however most significant ones are highlighted here below:

**Fire** – Fire in premises represents one of the major risks to owners along with safety risk to and neighborhood people & property.

Fire at premises can be caused due to short-circuit, cooking at food court or restaurants, carpeting, faulty heating and cooling equipment, faulty electrical system or wiring, careless smoking, etc.

Case example: Few shoppers got injured when a major fire accident took place at one of the most popular malls in Bangalore due to fire kitchen.

**Slip, Trip and fall** - Slips, trips, and falls are the most common types of injuries that occur at any premises. Almost 80% of liability related incidents at any premise are slips and falls, and 80% of those happen on the exterior of the property.

It can occur due to wet or slippery floors especially near entrances, beverage and food spills in the food court area; changes in level from one corridor or area to another; and entertainment features, such as an indoor playground or amusement park rides for children, etc.

Case example: A woman slipped in the restroom due to wet floor and got injury on her elbow.

**Elevator and Escalator Accidents** – If any premise (or its accompanying parking structure) spans more than one floor, patrons will encounter escalators, elevators, and staircases. These facilities are not only how people navigate the premises; they also are areas for potential injuries, especially when poorly maintained or lack proper lighting. When an elevator incident occurs, the person who is injured suffers pain, shock or suffocation and psychological problems.

The most common cause of elevator or escalator accidents is mechanical defects, design defect, poor maintenance, lack of regular inspection, negligence by persons using the elevator or escalator, safety consideration, traffic pattern etc.

Case example: In one of the hotel, few people got injury in their spine when an elevator crash landed three floors down after moving up to the first floor from the lower basement.

**Falling Objects** – Debris, improperly stacked boxes, broken ceiling tiles, advertisement banners, or poorly shelved merchandise could all fall and injure anyone standing in the way. The seriousness of the injury can depend on several factors, including the height of the fall and the weight of the object.

Falling object can be caused due to poor maintenance of ceiling, improper support to banners, heavy rainstorm etc.

Case example: A visitor injured his head when a decorative piece falls on his head due to lose fitting.

**Accidents in Parking Area:** Accidents in parking area of premises may include collision of two vehicles, hitting pedestrian by vehicles, theft or theft from vehicles.

Causes of parking lot accident include lack of lighting, inadequate/missing of CCTV, lack of security personnel, lack of well-defined pedestrian walkway, inadequate signage etc.

Case example: A visitor logged complained against hotel as due to lack of security someone stole his car's tyre.

**Electrocution** - Level of protection against electrical hazard is becoming essential in modern days context as our reliance on electrical/ electronic equipment increases. Human beings are extremely sensitive to very small values of electrical currents that may pass through parts of the body as a result of accidental contact with electrically energized conductors.

Electrocution can be caused due to improper grounding, loose or frayed wire, contact with live parts, faulty equipment etc.

Case example: A five year old girl was electrocuted when the girl touched a metal pole that was a part of a decorative installation in the mall.

### ? QUIZ TIME ?

**Q-1:** Inadequate CCTV or missing CCTV facility will result into which hazard?

- 1.Fire
- 2.Slip, Trip & Fall
- 3.Accidents in parking area
- 4.Trampling

**Q-2:** Which of the following hazard is associated with visitors on premise?

- 1.Accidents in Parking
- 2.Slip, Trip & Fall
- 3.Falling Objects
- 4.All of the above

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