

Adviser

Trade Credit Claims: Most Common Reasons for Rejection

Underwriters may offer reduced settlement, or reject claims entirely, due to breaches in policy terms. Below are the main reasons why, in our experience, claims are either rejected or only paid in part.

| 90% OF REJECTIONS | 10% OF REJECTIONS | |
|--|---|--|
| <ul style="list-style-type: none"> • Failure or late reporting of an account which has breached reporting requirements/the maximum extension period (MEP). • Credit limit issues – lack of justification/no credit limit. • Delivery of goods after the MEP/stop shipment has expired and/or applied. | <ul style="list-style-type: none"> • Non-disclosure of a material fact. • Failure to submit the claim within the submission deadline. • Lack of (third-party) collection action after expiry of MEP/stop shipment. • Cover obtained on the wrong entity. • Contractual terms of sale greater than those endorsed to the policy. • Failure to obtain satisfactory proof of debt/confirmation of debt. • Failure to take relevant recovery actions in order to mitigate loss. • Failure to raise invoices within the required period. | <ul style="list-style-type: none"> • Failure to adhere to your credit control procedures. • Failure to consult and obtain agreement from your insurer to a debt rescheduling. • Failure to consult with the insurer prior to the termination of any distribution franchise, or similar arrangement. • Invoices in dispute which are not covered by the policy. • Failure to obtain prior approval to a recoveries/salvage waiver from your insurer to trade with a company after date of loss/date of crystallisation, or its insolvency. |

Carefully following your policy terms and conditions will help ensure that all of your claims are settled promptly and in full.



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