Marsh Private Equity and M&A Practice

Trade Credit & Liquidity Strategies for Private Equity

Featuring an Economic Update from Dan North, Chief Economist for Euler Hermes
Trade Credit & Liquidity Strategies for Private Equity

Agenda

1. Introduction
2. Euler Hermes – Economic Update
3. Trade Credit Insurance (TCI) Overview
4. Trade Credit and Liquidity Strategies for Private Equity and Portfolio Companies
5. Client Case Studies – TCI Supported Finance Structures
6. Q&A
Today’s Speakers

ALEX ACKERMAN
Managing Director
Private Equity and M&A Services
Marsh USA
*Moderator*

MIKE TRELEAVEN
Vice President
Credit Specialties
Marsh USA

MICHAEL KORNBLAU
Managing Director
US Credit Specialties
Marsh USA

BRANDON BAKER
Vice President
Credit Specialties
Marsh USA

DAN NORTH
Chief Economist
Euler Hermes North America
Introduction
Trade Credit & Liquidity Strategies for Private Equity Challenges for Private Equity Companies

• Intense competition in the private equity space driving creative insurance solutions.
• Strategic buyers utilizing trade credit as a differentiated tool.
• Important for portfolio companies to establish their own credit facilities with financial institutions to avoid further post-acquisition capital injections.
• Maximizing borrowing availability and managing liquidity will be top priorities.
• Opportunity to utilize trade credit insurance to maximize borrowing availability, improve cash flow and liquidity, provide balance sheet protection, and drive organic revenue growth and profits.
Trade Credit & Liquidity Strategies for Private Equity COVID-19 Impacts to the Credit and Finance Markets

- Diminishing revenues, difficulty in collecting AR, and increased bad debts severely impact cash flow.
- Liquidity shortfalls may in turn trigger loan covenants and put a company’s bank credit lines and ultimately their solvency at risk.
- Credit downgrades and/or financial deterioration make accessing cash and new bank loans a challenge.
- Banks are also putting facility renewals under much higher scrutiny.
Trade Credit & Liquidity Strategies for Private Equity
COVID-19 Impacts to the Credit and Finance Markets

• Except for government-backed EIDL/PPP loans, some banks have become much more restrictive on new loans and facility renewals.

• Prior to COVID-19, insolvencies and trade credit losses were already on the rise.

• Trade credit insurers are open for business but:
  – Appetite is tightening.
  – Premiums are increasing.

• Access to working capital is proving to be the primary line of defense to weather the COVID-19 storm for most companies.

• Solutions remain available, and we encourage clients to pursue them now in case things get worse before better.
Euler Hermes – Economic Update
THE OUTLOOK FOR THE U.S. ECONOMY

Marsh Private Equity and M&A Practice

Dan North, Chief Economist
Euler Hermes North America
June 24th, 2020
EULER HERMES: GLOBAL LEADER IN TRADE CREDIT INSURANCE

- Founded in 1893
- AA S&P Rating and A+ AM Best Rating
- Global leader in credit insurance with 34% market share
- Offices in 52 countries providing coverage in over 200 foreign markets
- Backed by blue-chip ownership of the Allianz Group
- 6,000 employees and 52,000 clients worldwide
- Insure over $150 Billion in US sales and over $1 Trillion globally.
- Pay 85,000 claims per year
- International Risk Database monitors over 85 million companies worldwide

Credit Insurance: Protection against bankruptcy and slow payment losses

- Safer sales growth in the US or overseas
- Knowledge to better manage risk
- Improved borrowing options
- Credit function support
- Reduce bad debt reserves
- Get paid for what you sell
COVID-19 AS OF LAST NIGHT 01
COVID-ALARMINg RESURGENCE

REGIONAL NEW POSITIVE CASES. LINE = 7-DAY AVERAGE

Mar 1 - Jun 15

Northeast  Midwest  South

Today  1,609 (9%)  2,498 (14%)  9,536 (52%)

Source: The COVID Tracking Project

Thousands

Virus Case Growth, Level (7dma)

Tri-State Area  US ex Tri-State Area

Source: JHU CSSE, Goldman Sachs Global Investment Research

Source: ourworldindata.com
THE U.S. OUTLOOK: SHUTDOWN AND RECOVERY
THE FORECAST IS FOR A U-SHAPED RECOVERY

- In theory a sharp rebound should be easy
- We put ourselves into a recession by shutting everything down
- But we also got fiscal and monetary support to tide us over
- And now we can go recover by just opening things back up, right?

- Well, sort of..
- But then there are some impediments to this U-shaped recovery.
- How we got here is important to understanding how we’ll get out.

Sources: IHS, BEA, Allianz Research

GDP Growth, q/q annualized

Q2-20 -30% (f)

the "Great Recession"
Even before the shutdown, the economy was fragile.

Sources: IHS Global Insight, Conference Board, Fed, ISM, Census, Allianz Research

Plus a trade war (remember?) which is still going on!

Index of Leading Economic Indicators
- y/y (L) before March near lowest since recession
- m/m (R) before March down 5 of 7 months

Durable Goods Orders (DGO), y/y and ISM Manufacturing Index (<50 is contraction)

Consumer Confidence survey: future expectations - present situation
- shaded areas are recessions
Weekly Jobless Claims - last 50 years

Sources: IHS, BLS, Allianz Research
UNEMPLOYMENT – NOT JUST UNPRECEDENTED, IT’S COMPLETELY DIFFERENT

Weekly Jobless Claims - last 50 years

Sources: IHS, BLS, Allianz Research
In the 10 years since the Great Recession, the economy created 23 million jobs... and they were all wiped out in 5 weeks.

Cumulative jobs created since the Great Recession, millions

Incredibly rapid destruction...

... but it has probably peaked

Weekly Jobless Claims - 10 years of job creation wiped out in 5 weeks

... in fact continuing claims show people returning to workforce

Continuing Jobless Claims - last 16 weeks

Sources: IHS, BLS, Allianz Research

In fact continuing claims show people going back to work.
Jobs rebounded in heroic fashion

Retail sales made a fierce comeback

Sources: IHS, BLS, Allianz Research
BUT A BOTTOM DOES NOT MEAN THINGS ARE GOOD.

The end of the recession does not mean we have recovered. It simply means things have stopped getting worse. Things are still bad and we have a long way to go.

Sources: IHS, BLS, Allianz Research
How long did it take in previous recessions?

Cumulative Job Loss By Months of Recession, 000s

Sources: IHS, BLS, Allianz Research
How long did it take in previous recessions?

Cumulative Job Loss By Months of Recession, 000s

This time is different

Cumulative Job Loss By Months of Recession, 000s

How long did it take in previous recessions?

How long did it take in previous recessions?

This time is different

Cumulative Job Loss By Months of Recession, 000s

Cumulative Job Loss By Months of Recession, 000s

How long did it take in previous recessions?

How long did it take in previous recessions?

This time is different

Cumulative Job Loss By Months of Recession, 000s

Cumulative Job Loss By Months of Recession, 000s

How long did it take in previous recessions?

How long did it take in previous recessions?

This time is different

Cumulative Job Loss By Months of Recession, 000s

Cumulative Job Loss By Months of Recession, 000s

How long did it take in previous recessions?

How long did it take in previous recessions?

This time is different

Cumulative Job Loss By Months of Recession, 000s

Cumulative Job Loss By Months of Recession, 000s

How long did it take in previous recessions?

How long did it take in previous recessions?

This time is different

Cumulative Job Loss By Months of Recession, 000s

Cumulative Job Loss By Months of Recession, 000s

How long did it take in previous recessions?

How long did it take in previous recessions?

This time is different

Cumulative Job Loss By Months of Recession, 000s

Cumulative Job Loss By Months of Recession, 000s

How long did it take in previous recessions?

How long did it take in previous recessions?

This time is different

Cumulative Job Loss By Months of Recession, 000s

Cumulative Job Loss By Months of Recession, 000s

How long did it take in previous recessions?

How long did it take in previous recessions?

This time is different

Cumulative Job Loss By Months of Recession, 000s

Cumulative Job Loss By Months of Recession, 000s

How long did it take in previous recessions?

How long did it take in previous recessions?

This time is different

Cumulative Job Loss By Months of Recession, 000s

Cumulative Job Loss By Months of Recession, 000s

How long did it take in previous recessions?

How long did it take in previous recessions?

This time is different

Cumulative Job Loss By Months of Recession, 000s

Cumulative Job Loss By Months of Recession, 000s

How long did it take in previous recessions?

How long did it take in previous recessions?

This time is different

Cumulative Job Loss By Months of Recession, 000s

Cumulative Job Loss By Months of Recession, 000s

How long did it take in previous recessions?

How long did it take in previous recessions?

This time is different

Cumulative Job Loss By Months of Recession, 000s

Cumulative Job Loss By Months of Recession, 000s

How long did it take in previous recessions?

How long did it take in previous recessions?

This time is different

Cumulative Job Loss By Months of Recession, 000s

Cumulative Job Loss By Months of Recession, 000s

How long did it take in previous recessions?

How long did it take in previous recessions?

This time is different

Cumulative Job Loss By Months of Recession, 000s

Cumulative Job Loss By Months of Recession, 000s

How long did it take in previous recessions?

How long did it take in previous recessions?

This time is different

Cumulative Job Loss By Months of Recession, 000s

Cumulative Job Loss By Months of Recession, 000s

How long did it take in previous recessions?

How long did it take in previous recessions?

This time is different

Cumulative Job Loss By Months of Recession, 000s

Cumulative Job Loss By Months of Recession, 000s

How long did it take in previous recessions?

How long did it take in previous recessions?

This time is different

Cumulative Job Loss By Months of Recession, 000s

Cumulative Job Loss By Months of Recession, 000s

How long did it take in previous recessions?

How long did it take in previous recessions?

This time is different

Cumulative Job Loss By Months of Recession, 000s

Cumulative Job Loss By Months of Recession, 000s

How long did it take in previous recessions?

How long did it take in previous recessions?

This time is different

Cumulative Job Loss By Months of Recession, 000s

Cumulative Job Loss By Months of Recession, 000s

How long did it take in previous recessions?

How long did it take in previous recessions?

This time is different

Cumulative Job Loss By Months of Recession, 000s

Cumulative Job Loss By Months of Recession, 000s

How long did it take in previous recessions?

How long did it take in previous recessions?

This time is different

Cumulative Job Loss By Months of Recession, 000s

Cumulative Job Loss By Months of Recession, 000s

How long did it take in previous recessions?

How long did it take in previous recessions?

This time is different

Cumulative Job Loss By Months of Recession, 000s

Cumulative Job Loss By Months of Recession, 000s

How long did it take in previous recessions?

How long did it take in previous recessions?

This time is different

Cumulative Job Loss By Months of Recession, 000s

Cumulative Job Loss By Months of Recession, 000s

How long did it take in previous recessions?

How long did it take in previous recessions?

This time is different

Cumulative Job Loss By Months of Recession, 000s

Cumulative Job Loss By Months of Recession, 000s

How long did it take in previous recessions?

How long did it take in previous recessions?

This time is different

Cumulative Job Loss By Months of Recession, 000s

Cumulative Job Loss By Months of Recession, 000s

How long did it take in previous recessions?

How long did it take in previous recessions?

This time is different

Cumulative Job Loss By Months of Recession, 000s

Cumulative Job Loss By Months of Recession, 000s

How long did it take in previous recessions?

How long did it take in previous recessions?

This time is different

Cumulative Job Loss By Months of Recession, 000s

Cumulative Job Loss By Months of Recession, 000s

How long did it take in previous recessions?

How long did it take in previous recessions?

This time is different

Cumulative Job Loss By Months of Recession, 000s

Cumulative Job Loss By Months of Recession, 000s

How long did it take in previous recessions?

How long did it take in previous recessions?

This time is different

Cumulative Job Loss By Months of Recession, 000s

Cumulative Job Loss By Months of Recession, 000s

How long did it take in previous recessions?

How long did it take in previous recessions?

This time is different

Cumulative Job Loss By Months of Recession, 000s

Cumulative Job Loss By Months of Recession, 000s

How long did it take in previous recessions?

How long did it take in previous recessions?

This time is different

Cumulative Job Loss By Months of Recession, 000s

Cumulative Job Loss By Months of Recession, 000s

How long did it take in previous recessions?

How long did it take in previous recessions?

This time is different

Cumulative Job Loss By Months of Recession, 000s

Cumulative Job Loss By Months of Recession, 000s

How long did it take in previous recessions?

How long did it take in previous recessions?

This time is different

Cumulative Job Loss By Months of Recession, 000s

Cumulative Job Loss By Months of Recession, 000s

How long did it take in previous recessions?

How long did it take in previous recessions?

This time is different

Cumulative Job Loss By Months of Recession, 000s

Cumulative Job Loss By Months of Recession, 000s

How long did it take in previous recessions?

How long did it take in previous recessions?

This time is different

Cumulative Job Loss By Months of Recession, 000s

Cumulative Job Loss By Months of Recession, 000s

How long did it take in previous recessions?

How long did it take in previous recessions?

This time is different

Cumulative Job Loss By Months of Recession, 000s

Cumulative Job Loss By Months of Recession, 000s

How long did it take in previous recessions?

How long did it take in previous recessions?

This time is different

Cumulative Job Loss By Months of Recession, 000s

Cumulative Job Loss By Months of Recession, 000s

How long did it take in previous recessions?

How long did it take in previous recessions?

This time is different

Cumulative Job Loss By Months of Recession, 000s

Cumulative Job Loss By Months of Recession, 000s

How long did it take in previous recessions?

How long did it take in previous recessions?

This time is different

Cumulative Job Loss By Months of Recession, 000s

Cumulative Job Loss By Months of Recession, 000s

How long did it take in previous recessions?

How long did it take in previous recessions?

This time is different

Cumulative Job Loss By Months of Recession, 000s

Cumulative Job Loss By Months of Recession, 000s

How long did it take in previous recessions?

How long did it take in previous recessions?

This time is different

Cumulative Job Loss By Months of Recession, 000s

Cumulative Job Loss By Months of Recession, 000s

How long did it take in previous recessions?
How long did it take in previous recessions?

This time is different

Cumulative Job Loss By Months of Recession, 000s

<table>
<thead>
<tr>
<th>Recession</th>
<th>Months to Recover Jobs</th>
<th>Months to Recover GDP</th>
</tr>
</thead>
<tbody>
<tr>
<td>'74</td>
<td>20</td>
<td>24</td>
</tr>
<tr>
<td>'80</td>
<td>11</td>
<td>12</td>
</tr>
<tr>
<td>'81</td>
<td>29</td>
<td>21</td>
</tr>
<tr>
<td>'90</td>
<td>33</td>
<td>15</td>
</tr>
<tr>
<td>'01</td>
<td>49</td>
<td>12</td>
</tr>
<tr>
<td>'08</td>
<td>77</td>
<td>42</td>
</tr>
<tr>
<td>Average</td>
<td>36.5</td>
<td>18.8</td>
</tr>
<tr>
<td>Average ex-'08</td>
<td>28.4</td>
<td>16.8</td>
</tr>
</tbody>
</table>

seems like a good start, but it’s a long way to go

Sources: IHS, BLS, Allianz Research
• Even before Covid-19, economy was fragile.
• Response devastated economy.
• Massive job losses and consumption.
• But now data has bottomed.
• However that does not mean things are good, they’ve just stopped getting worse.
• A long way to go to recover jobs and GDP.

• Let’s look at some headwinds to the recovery, and some tailwinds...
CONSUMERS RESUMED SPENDING, BUT THE INCOME NEEDED TO SPEND IS ABOUT TO FALL OFF A CLIFF

Real Personal Income m/m%

previous record +5.8%

April +13.4%

US: A series of forthcoming income cliffs

Monthly change in personal income

Source: Oxford Economics/Haver Analytics

Sources: IHS, Census, Allianz Research
CORPORATE PROFITS NOT BOTTOMED YET. DEBT IS ALARMING

Sources: IHS, Census, Bloomberg, IIF, Deutsche Bank Datastream, Worldscope, Allianz Research
DELINQUENCIES, BANKRUPTCIES, ON THE RISE

Sources: IHS, Fed, US Courts, Allianz Research

Change to more creditor-friendly laws in ‘06 lead to surge in filings in ‘05… …same will happen end of ‘20
NEITHER WORKERS NOR CONSUMERS WILL BE RUSHING BACK

With extra $600/wk unemployment benefits, in 37 states many people will make more staying home, until July 31st.
NEITHER WORKERS NOR CONSUMERS WILL BE RUSHING BACK

And at the same time, consumers are apparently in no rush to come back out.

% of U.S. adults who said they're currently comfortable doing the following

- April 29-30
- May 26-29
- June 9-11

- Going out to eat
- Going on vacation
- Going to a shopping mall
- Going to a museum
- Going to the movies
- Going to the gym
- Going to an amusement park
- Going to a concert
- Traveling abroad

Based on polls among at least 1,501 U.S. adults for each data range
Source: Morning Consult
BUT IT’S NOT HOPELESS: OTHER INDICATORS REBOUNDING

Local businesses are opening up.

US small business credit card sales are recovering

Source: CardFlight, Morgan Stanley Research
BUT IT’S NOT HOPELESS: CONSUMERS, BUSINESSES, FINANCIAL MARKETS ALL EXPECTING IMPROVEMENTS.
CONCLUSIONS

03
• Even before Covid-19, economy was fragile.
• Response devastated economy, by some measures worse than the Great Depression
• Massive job losses and consumption.
• But now data has bottomed.
• However that does not mean things are good, they’ve just stopped getting worse.
• A long way to go to recover jobs and GDP.
• Impediments include income cliff, corporate profits and debt, bankruptcies, and a slow return of employees and consumers.
• But it’s not hopeless, there are many indicators looking up.
• Q2 has been a brutal shock, but we expect a recovery in Q3 forward.
Q&A
Trade Credit Insurance Overview
Trade Credit & Liquidity Strategies for Private Equity

Trade Credit Insurance Overview

Covers non-payment of legal and enforceable accounts receivable, loan, or lease obligations.

Available for export and domestic transactions on a single-debtor or multi-debtor basis.

Covers repayment terms up to 180 days for non-capital goods/services or up to one year for capital goods or project finance transactions.

Pre-shipment cover available for customized products.
Trade Credit & Liquidity Strategies for Private Equity
Trade Credit Policy Types

Single-Debtor Policy

• Available for export and domestic transactions.
• Typically more stringent credit underwriting criteria and higher premium as a percentage of sales due to concentration of risk.
• Some underwriters only consider investment-grade credits, but most will consider coverage for sub-investment-grade obligors case by case.

Multi-Debtor Policy

• Available for export and domestic transactions.
• More commonly structured on a whole-turnover basis covering all credit sales, but select-risk portfolios can be considered.
• Spread of risk facilitates lower premiums as a percentage of sales and increases likelihood of obtaining coverage on higher-risk credits.
Excess of Loss

- Policies with larger deductibles and discretionary credit limits (DCLs).
- Underwriting focus on quality of credit management team and procedures.
- Most buyers covered with the DCL.
- Insurer only makes credit limit decisions for the largest customers or for those in more volatile markets.
- Coverage typically non-cancelable.

Traditional/Ground Up

- Policies traditionally with low deductibles and DCLs.
- Insurer makes all or most credit limit decisions, i.e., they underwrite the customer portfolio “from the ground up”.
- Insurer may cancel or reduce customer credit limits if risk deteriorates.
Trade Credit and Liquidity Strategies for Private Equities and Portfolio Companies
• Many companies benefit from having the insurance in place to protect against unforeseen credit losses.

• Many factors are difficult or impossible to underwrite and predict how they may impact individual customers.

• TCI serves to even out losses year on year, bringing more predictability to write downs for bad debt and ultimately liquidity.
Trade Credit & Liquidity Strategies for Private Equity
TCI as a Credit Risk Management Enhancement

- One reality for many companies today - fewer people are doing more work.
- Credit teams are often pressed to keep up.
- TCI may allow companies to outsource certain aspects of credit underwriting, ongoing credit monitoring, and collections.
- May also allow for reduction in annual credit information spend and reduction of collection costs.
- Credit profiles have drastically changed in the last 3 months as a result of COVID-19.

TCI serves to help sellers re-evaluate customer creditworthiness and react more quickly once business resumes to normal levels.
Can extending these maximum repayment terms allow your company to sell substantially more to existing customers and more readily allow you to win new customers from competitors?

• Trade credit insurers are open for coverage in most countries around the world, to include BRIC and other emerging markets where companies often see the most growth potential but nonpayment risk is much higher.

• TCI policies can support maximum repayment terms of:
  – 180-days open account for the sale of non-capital goods or services.
  – One-year open account for the sale of capital equipment.
Trade Credit & Liquidity Strategies for Private Equity
Using TCI in Tandem with Bank AR Purchase Facility

Offered by numerous financial institutions and similar to traditional AR Factoring except that seller continues to manage collections after AR sale.

Subject to legal and accounting opinions, these facilities allow for the non- or limited-recourse sale of the AR off the balance sheet that meets FASB “true sale” guidelines.

Can typically sell AR monthly, weekly, or daily depending on needs.

Many companies pass the insurance and bank finance costs through to the customer in exchange for the materially longer terms and larger credit lines.
Trade Credit & Liquidity Strategies for Private Equity
AR Purchase Facilities – Key Benefits

• Efficient monetization of AR assets.

• Improves liquidity, free cash flow, days-sales-outstanding metric.

• May improve debt-to-equity ratio.

• Non-recourse sale of AR results in credit risk transference to the bank, which in turn requires insurance to cover the non-payment risk.

• No disruption in customer relationships – seller continues to handle day-to-day interactions with customers and collections unless default or insolvency occurs.

• Obtain the credit limit underwriting feedback on buyer creditworthiness and, from some insurers, ongoing credit monitoring.

• Program may allow for the extension of substantially longer repayment terms to customers to help drive revenue growth.

• Potential to pass insurance and cost to sell AR on to the customer in exchange for materially longer terms, thus improving margins.
Trade Credit & Liquidity Strategies for Private Equity
AR Purchase Facilities – Key Features

• AR must be free and clear of liens and assignable to the bank.

• Limited recourse – generally no recourse except for specified repurchase events, e.g., uninsured amounts.

• Banks can typically purchase AR from entire customer portfolio, select segments, or individual customers, depending on minimum facility size requirements and insurance availability.

• Depending on the bank and/or insurance structure, banks typically purchase 90% to 100% of invoice amount less bank discount margin.

• Typically LIBOR- or Prime-based rates with some one-time set-up fees and other minimal annual fees.

• Bank typically requires cash dominion on collections – customer payments go to dedicated bank account.

• Documentation – account receivable purchase agreement.
Trade Credit & Liquidity Strategies for Private Equity
TCI as a Tool to Maximize ABL Borrowing

• Many PE-owned companies are highly leveraged and banks commonly offer asset-based loan (ABL) credit facilities.

• Wrapping AR with TCI often allows banks to:
  – Include foreign AR or AR with higher-risk customers.
  – Increase AR advance rates.
  – Loosen concentration caps imposed on large customer AR.
  – Reduce rates or fees due to the credit enhancement insurance provides.

• This results in the company being able to borrow substantially more every month and possibly obtain larger credit facilities from the banks.
Trade Credit & Liquidity Strategies for Private Equity  
Taking Advantage of Economies of Scale

• TCI premium rates fall to their lowest when the sales volume to be insured and the spread of risk is high.

• For PEs that own multiple businesses, it would not usually make sense to insure them under one policy.

• However, they can still take advantage of economies by negotiating TCI for their businesses collectively.

• If one global insurer is able to provide sound coverage under different policies for each business, the volume discounting is often substantial.
Client Case Studies – TCI
Supported Finance Structures
Trade Credit & Liquidity Strategies for Private Equity Case Study – Value to Funds

Fund seeks to invest in AR asset class with attractive returns. Lack of infrastructure (origination, distribution and monitoring functions) limits optimal access to asset class.

Marsh, in partnership with FinTech AR marketplace platform, LiquidX, delivered an investment program to Client which arbitrages pricing differential of insured AR.

Initial $50M facility quickly grew to $350M within a year. The investment program has run cleanly for the Client and the Insurer. Client seeking to deploy additional funds to similar programs.

Key Benefits

- Ability to deploy capital into a new trillion dollar asset class and allows funds to enter into a market place dominated by traditional banks.
- The cost of insurance is easily covered within the margin of the transaction.
- Banks provide further leverage to fund to increase returns.
A leading hardware, software and communications equipment company with a large book of AR was unable to underwrite a large number of clients with marginal financials. Client was challenged to provide longer payment terms while maintaining key financial performance metrics.

Marsh arranged insurance coverage for these challenging receivables. Structure supported 180 day payment terms to more than meet customer demand and allow the bank capital relief.

The facility quickly grew from $100 million to more than $500 million while satisfying both the Client’s need to improve cash flow while still offering the longer terms to customers.

**Key Benefits**

- Corporate received more than 50% improvement in its advance rates from the bank through the insurance program.
- Borrowing costs reduced through the added collateral enhancement as well as the ability for the bank to reduce reserve requirements.
- Corporate improved its competitive position versus its competitors by offering longer sales terms and providing additional working capital to its clients.