

## Still Using Credit Insurance?

# 5 Reasons to Consider UCC Filings Instead

While Credit Insurance Companies Slash Coverage, Credit Professionals Shift Focus to UCC Filings

Suppliers have widely used credit insurance to protect their accounts receivable, but **credit insurance companies are cutting coverage and slashing policies to maintain their own bottom lines.**

While insurance companies deliver crippling blows to businesses' financial security, credit departments have been carefully reevaluating risk mitigation strategies, and it's brought **UCC filings into renewed focus.**

## 1. Costs

The cost of filing a UCC is nominal compared to the premiums and deductibles for credit insurance.

Credit insurance premiums may range between 0.2% - 0.8% of your company's estimated annual sales. If your company sells approximately \$10 million a year, the annual premium to cover the entire AR could be \$20,000 - \$80,000. UCC filings cost approximately \$200 per filing and filings are in place for 5 years.

With UCCs, you don't have to deal with annual premiums, deductibles, etc. UCCs are a low-cost solution, ensuring you aren't throwing good money away.

## 2. UCCs Don't Judge

A UCC isn't going to cease simply because your customer's risk profile changes.

Unlike credit insurance, UCC filings aren't judgmental.

The state of Delaware isn't going to contact you and say "Listen, we see your customer's debt has grown, so we're going to have to unperfect your UCC." UCC filings will secure your receivables if you have properly perfected the security interest, regardless of your customer's creditworthiness or the economic climate.

## 3. Pick & Choose

With UCC filings, you choose the accounts to secure, you set the risk threshold, you are in control.

Credit insurance companies are in the business of making money – they aren't charity organizations.

You will be required to insure good accounts to justify insurance on the riskier accounts. This way the insurance company collects premiums on the accounts that are likely to remain solvent, to make up for the money they will pay out on the accounts likely to default.

## 4. Value of Public Record

Recording your Financing Statement creates a public record.

Let's not forget the immense value of the public record. A public acknowledgement of the financial agreement can be invaluable in a volatile economy. As an example, if you have filed a UCC and your customer decides to sell its business without telling you, that UCC is out there in the public record and can halt the sale, helping to ensure you are paid.

Credit insurance doesn't do that.

## 5. More Sales

UCC filings create a competitive advantage.

As you know, the business world is aggressively competitive.

UCC filing is more than reducing risk; it's an opportunity to expand your market, by providing you with the security needed to sell to marginal accounts and by providing the added security needed to increase existing clients' credit lines.

## Choose UCC Filings!

When the economy is good, obtaining and maintaining credit insurance is reasonably uneventful. When the economy is bad, insurers start dropping marginal accounts and overall portfolios like a bad habit, leaving creditors unprotected.

As insurance companies cut your portfolio coverage, consider supplementing coverage with UCC filings.

**UCC filings offer the security needed to extend credit at a fraction of the cost.**

**Need help filing UCCs?**

**Contact NCS today & Secure Your Tomorrow!**



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