

“Broker of Record” Engagement

For Canadian and Foreign Exporters

Purpose:

1. To ensure that you are not overpaying for your Credit Insurance and that you receive the best possible coverage for your customers;
2. To act as your liaison with credit insurers to make sure the risk associated with managing your account is properly represented; and
3. To coordinate Annual Policy Reviews and deal with any sensitive situations that could negatively effect your relationship with the credit insurer.

Process:

1. Third Rock Risk Management Inc. (TRRM) understands the global credit insurance environment. The largest credit insurer in Canada is Export Development Canada, (EDC) but exporters have their choice of many global credit insurers as well. TRRM has experience with, Euler, Atradius, Coface and Zurich, which combined have over 85% global market share.
2. To get the relationship started, TRRM can meet with your CFO, or credit insurance representative and advise on the benefits of being represented by a “Broker of Record” (BOR) with your credit insurers. We can work with your organization to develop a credit insurance strategy that will make sure that your company is in the best position so your customers receive the right amount of credit insurance, and at the lowest cost.
3. In-house credit risk management is essential in order to get maximum payment terms for your customers. TRMM can build risk scoring models that can increase your chances to securing low cost credit insurance coverage. Some models include:
 - a. **Credit Risk Scoring Model** – Each customer is assigned a risk number based on scoring model that is approved by Management. Once all customers have been entered into the model, the portfolio risk can be established. Once the Portfolio risk is determined, this can be used to reduce insurance premiums at the next Annual Policy Review for each respective insurance company or through an



insurance agent. The insurance company will see that their perceived risk has decreased based on this in-house risk management process, and will have to consider reducing premiums.

- b. **BEST Customer Scoring Model** – Only when Marketing/Sales and Credit/Accounting staff operate under an approved **BEST** Customer Model, can the company capitalize on selling the most amount of its product or service to its best customers. Any company that masters this process will gain long term competitive advantage in their respective industry.

Once the tools are in place, TRRM can work with the designated “Risk Manager” within the organization to manage the relationship with the credit insurers. The designated Risk Manager can then work with Senior Management to implement the overall Credit Risk Strategy for the organization. TRRM can assist as required going forward.

Timing Requirements:

BOR contacts are signed between the credit insurer and TRRM. Once you recognize the value of engaging a BOR, you can request to have TRRM become your BOR going forward. This engagement can be facilitated very quickly by just sending the credit insurer an email stating you are requesting this change in your account.

Cost:

This is the best part. After engaging TRRM as your BOR, your insurance premiums don’t change! TRRM is compensated directly from the credit insurer based on a percentage of the current premiums you are already paying. Even better...at the first Annual Policy Review, TRRM has strategies that can reduce the perceived risk of your account and help reduce annual premiums going forward.

When you are looking for credit insurance for new customers, TRRM can survey the full credit insurance market and ensure you get the credit and payment terms your customer requests at the lowest cost possible.

For more information about credit risk management, or to request an appointment, please contact Alon Zack, President/CEO – Consultant, at: azack@thirdrockrm.com or call directly at, (306) 717-6578.