Atradius
Managing risk, enabling trade

# Modula Freedom

## Taking your business to new heights

*Effective from 1 November 2020*

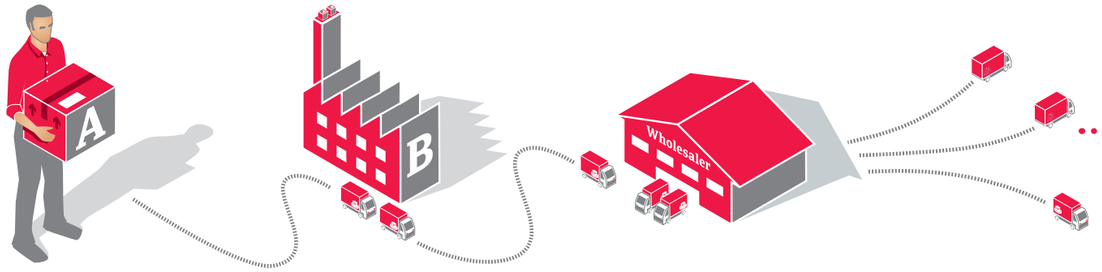
Modula Freedom is designed for your business and will give you the tools to expand your horizons and take your business to new heights.

## Why Modula Freedom makes perfect sense

- Designed for SMEs – for businesses with less than £5 million turnover
- Modula Freedom protects your domestic and international trade in all OECD markets should your buyer be unable or unwilling to pay
- Credit insurance with Atradius will help you gain greater access to finance. You may not need it, but if the time comes, a Modula Freedom policy means you're ready
- With 90% of debts covered you will have peace of mind knowing that you can trade and get paid
- Continue to grow your business with the help of Atradius' knowledge and experience
- Free professional and dedicated Collections service
- 5% discount if you pay upfront, in advance
- A dedicated point of contact and excellent customer service, guaranteeing a 48 hour response on all correspondence

Access to Atrium, our state of the art customer service portal that gives you insights into your trade 24/7

# Modula Freedom at work




With packaging supplied by company A, manufacturer B provides dinnerware to a wholesaler.

Manufacturer B offers the wholesaler 30 days payment terms.

The wholesaler has been a good customer, but as economic uncertainty hits the industry, its own customers have been hit by a retail slump..

Several of its retail customers have closed. The wholesaler, uninsured, starts to suffer from increased bad debts and has cashflow problems of its own.

The wholesaler goes insolvent, leaving creditors with little chance of being paid anything.

Manufacturer B claims on their Credit Insurance policy for any outstanding amounts due by the wholesaler.

Atradius pays the claim, covering up to 90% of the outstanding debt, enabling the manufacturer to meet its own commitments to company A.

Atradius helps to stabilise the flow of trade, guiding manufacturer B away from unacceptable risk and helping them to trade safely. Atradius approaches the wholesaler to recover the money they owe manufacturer B.

Atradius agrees to cover a new customer that the manufacturer has found in Australia using its information database to access the new customer's credit-worthiness.

## Key Features

- Specifically for SMEs with a maximum turnover of £5m
- 90% of the value of any losses covered
- Discretionary credit limit facility up to £10k
- Flexibility to choose most suitable maximum liability (IML) from 10 available options
- Maximum credit terms of 90 days
- 5% discount on premium payable if full payment is made up front
- Trade Financiers or Loss Payees allowable on the policy
- 30 day "cooling off" period
- £500 excess (Minimum Retention)
- Goods sold from consignment stock can be covered under a Modula Freedom policy, adapting to the way you trade
- No obligation to notify queried invoices below a given value
- Maximum aggregate credit limit amount is capped at 3x your annual turnover
- Pre-Credit Risk cover is available should you require it

# Frequently asked questions

### What support is available to us if we need advice on managing the policy?

Although you will receive an initial call from Atradius when the policy is put in place, your Broker is available from the outset to answer any questions you might have and should always be regarded as your first point of contact for any queries that can't be covered on line through our dedicated Atrium facility.

In general, all aspects of your policy management including applying for credit limits and submitting claims can be done through Atrium, where you can find a range of supporting material for guidance. Beyond this you also have access to a dedicated customer services team which can be contacted on Tel 0330 6780221 or emailed at cst@atradius.com

### If I change my mind after I've taken out a policy are there any cancellation charges or penalties?

You can cancel the policy within 30 days of the start date without incurring any charges other than a pro-rata payment to cover any credit limit applications and decisions undertaken during the time your policy was active.

### How will we know how much we have to pay?

The pricing model for Modula Freedom has been designed to be as transparent as possible. Your broker will choose the suitable Insurer's Maximum Liability (IML) based on your business' loss profile, choose the appropriate premium amount and add 10% to cover your credit limit applications in order to calculate the total amount payable by yourselves.

### Are credit limits included in the tariff guide price?

Yes. You will have access to an unlimited number of credit limits included in a fee of 10% of the premium payable.

### Can I set my own credit limit without referring to Atradius?

Yes, this is referred to as your Discretionary Limit. You can use your past trading experience with a company to justify your Discretionary Limit. You can only trade on the same terms that you used to establish the discretionary limit e.g. If your past trading was on 30 days credit then under the discretionary limit you can only trade on 30 days. Your limit is equal to the total payments received from the buyer and paid on time. The maximum period that you can use for past payments to establish cover will be stipulated in months in your policy.

### Can additional features be added to the Modula Freedom policy?

Modula Freedom is a standard policy and if you were to outgrow the £5m turnover on the policy, or require to trade with markets not included with the policy, we can move you over to a Modula Whole Turnover policy.

### Do I have to have 'All Monies RoT' in my contracts?

An 'All Monies' RoT clause is a condition of our policies, with particular onus on countries and trade sectors whereour experience leads us to believe there is significant value to be gained by its presence. Please check your policy.

### When should I notify you of a claim?

You must notify us of a claim within 30 days of the expiry of the Maximum extension period (MEP) unless any specific policy modules override this requirement. All claims should be submitted through Atrium.

### Is there a maximum amount that can be paid out under the policy?

Yes – this is the level of the Insurer's Maximum liability (IML).

### What guidance would you give to prevent us having a claim declined?

Always check your policy and credit limit conditions and ensure that you follow them, as failure to do so will affect the validity of the claim. In addition, ensuring that the correct information is provided to us on time when making a claim, will also help us to help you.

### What is the scope of the Collections service and how do I access it?

Our Global Collections service is one of the world's largest specialised collections businesses and you have free access to their services. They work as a seamless part of the Atradius policy on your behalf by automatically chasing outstanding monies and thus helping to ensure that your cashflow is maintained.

## Pre-Credit Risk

Pre-credit risk is known by many names in the market, pre-shipment cover and work in progress cover to name a few.

It refers to the period after a contract has been signed but before any despatches are made where a business may manufacture a bespoke product specifically for one customer, e.g. branded uniforms, bespoke machinery.

Often, manufacturing bespoke goods can be a costly process – what happens if the buyers becomes insolvent before dispatch even takes place?

Atradius can cover the costs incurred via Pre-Credit Risk cover. This is chargeable at 5% of the total premium payable per month.

# Transparent Pricing

Our simple matrix gives complete clarity and transparency.

## The price is determined by you

1. Based on your loss profile, choose a suitable Insurer's Maximum Liability (IML)
2. Calculate Premium amount
3. Add 10% for your credit limits

| Insurer's Maximum Liability (IML) | Premium | Total payable (inclusive of credit limit charges) |
|---|---|---|
| £30,000 | £2,575 | £2,830 |
| £50,000 | £3,035 | £3,335 |
| £75,000 | £3,680 | £4,045 |
| £100,000 | £4,875 | £5,360 |
| £125,000 | £5,940 | £6,530 |
| £150,000 | £7,110 | £7,820 |
| £175,000 | £8,280 | £9,105 |
| £200,000 | £9,450 | £10,395 |
| £225,000 | £10,620 | £11,680 |
| £250,000 | £11,790 | £12,965 |

Insurance Premium Tax (IPT) and VAT will be payable in addition

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