



**Credit Guarantee Insurance Corporation of Africa Limited**

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CREDIT INSURANCE & BONDS

# No need for Bad Debts to ruin your Business!!

## Who is CGIC?

Credit Guarantee is the leading insurer of company debtors in Africa. Also known as CGIC, Credit Guarantee has been a mainstay of the South African business community and is an 'Accredited Financial Services Provider' (No17691)

## What is Trade Credit Insurance?

*It is insurance against the risk of non-payment by your debtors*

## How does it work?

A Trade Credit Insurance policy is issued, covering your local and international debtors. CGIC researches each of your debtors and covers you against payment default by them.

## What sort of business can benefit from Trade Credit Insurance?

Any business that provides goods and services to its customers on credit terms

## Why should my business credit insure?

Trade Credit Insurance is a credit risk management tool. It gives you the confidence to trade and grow your business without being concerned about the effects of possible bad debt.

## What are the benefits of Trade Credit Insurance?

- Improved cash flow and productivity
- Safeguard accounts receivable
- Improves financial planning
- Have better access to capital (Banks place greater value on credit insured accounts receivable)
- Enhances cash flow
- performance
- Enhance competitiveness by improving customer retention and relationships
- Reduce risks of entering new markets

## What is a Surety Bond or Guarantee?

*Purpose of the bond is to protect the Employer against non-performance by the Contractor. It covers against an increased cost of completion as a result of Contractor default*

## Types of Bonds Offered

**Bid/ Tender Bonds** - Issued as part of a bidding process by the surety to the

project owner, to guarantee that the winning bidder will undertake the contract under the terms at which they bid

**Performance Bonds** - A performance bond ensures payment of a sum in case the contractor fails to fulfill performance of the contract

**Retention Bond** - Guarantees that the contractor will carry out all necessary work to correct structural and/or other defects discovered immediately after completion of the contract, even if full payment has been made to the contractor

**Advance Payment Bonds** - Part of a contractually due sum that is paid in advance for goods or services, while the balance included in the invoice will only follow the delivery

**Materials off Site** - The Employer is providing the Contractor with an advance payment specifically to purchase materials specific to the contract. This is done to secure the manufacturing/supply of the goods in time for when the contract requires it.