

Fuel Guarantees for Retail and Commercial Clients

A fuel guarantee is security provided to the Fuel Company against default payment made by the Retailer/Commercial Customer for fuel products delivered by the Fuel Company. The guarantee enables the Retailer to trade on a debit order system (ACB) and the Commercial Customer to enjoy Credit Terms. Without a fuel guarantee, the retailer/commercial client effectively trades on a “hard cash” basis.

Fuel Guarantee Benefits for Retailers

- Payment for fuel via ACB debit instead of pre-payment
- Premium written off against taxable income
- No assets nor cash collateral required as security
- Capital in the business can improve cash flows and reduce any loan risks or trading risks
- Existing Bank Guarantees can be replaced or topped up (if insufficient) to free up assets
- Opportunity cost

Fuel Guarantee Benefits for Commercial Clients

- Payment for fuel on Credit Terms instead of pre-payment (hard cash)
- Existing Bank Guarantees can be replaced which will release valuable capital or assets tied up with the Bank.
- Commercial clients include transport companies, mines, wholesalers, distributing agents, etc.

Note: The Fuel Guarantee is limited to the respective Fuel Companies that have entered into an agreement with CGIC. Strict underwriting standards will apply to commercial customers.