

# Full Metal Insurance



For LN Metals (LN), Credit Insurance is more than just a prudent decision, it is a pre-condition for the trade finance funding it requires in order to operate as a global metal merchant.

A leading trader in non-ferrous physical metals, LN has traded since 1998 as a high volume, high value leveraged operation. Finance Director, Kevin Rhodes, explains:

“With a predicted turnover of \$360 million in 2007, we are very reliant on external funding. The security that credit insurance affords enables LN to generate leverage with the banks. Credit Insurance is vital and it would not be an exaggeration to say that our business could not function without it.”

LN has been credit insured with Euler Hermes UK for nine years.

“Wherever there is an open risk, we have our customers insured and are very happy with the flexibility and level of indemnity Euler Hermes delivers,” he continues.

“We apply for limits online, which is both quick and easy, and have also used the Collections service in the past. The account management has always been excellent and we are continually impressed with the level of customer service. We have made a few small claims in the past, but the recent failure of Dolgarrog led to our first significant claim.”

Dolgarrog, based in North Wales, supplies aluminium to the aerospace industry and is a major employer in the area. Its fall into administration, due to cash flow issues in August this year, was a surprise to all concerned.

“We have dealt with Dolgarrog for over three years and would go as far as to say they were the perfect customer,” continues Kevin. “We trade in all corners of the world, including Eastern Europe, and would certainly have regarded Dolgarrog as one of the more secure credits.”

“As soon as we were informed that the company had been placed into administration, we informed Euler Hermes and they confirmed the claim within two weeks. A week later payment of \$2.15 million was arranged. We were very impressed by the quick resolution and speed of the payment. Not only did it save us from a potentially difficult situation, but gave our investors the reassurance that Credit Insurance really does work, which will facilitate LN to receive further funding in the future.”

“We have also been impressed by Euler’s proactive, forward-looking attitude. They have granted a line of credit to continue securely trading with Dolgarrog’s administrators, which may also give them the chance to recover the debt in the long term.”