

The Face of The ICBA



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Skills:

Trade Credit Insurance

Finance

International Business

In the current climate I would imagine your clients require more support than ever. How are you meeting this need?

The ICBA India team was ready with their vast accumulated knowledge to face this crisis in the Indian market and so help our clients in many areas - including but not limited to the scope of Trade Credit Insurance.

Our interactions with clients have always been two-way; more than clients simply calling us for clarification on policy compliance. We constantly reach out to clients, updating each one on the best way of managing their receivables. However, in the current crisis the frequency of client interactions has increased significantly because clients are seeking reassurance on the validity of their policy due to:

1. Force majeure.
2. Validity of claims due to postponement of compliance due to lockdown.
3. Extent and quantum of the coverage currently due to regular withdrawal of limits.
4. Any other relaxation modifications of the insurance conditions by the underwriters due to lockdown.

Some of the most significant non-Trade Credit Insurance topics on which we are consulting clients actively (through our research driven analysis to align their businesses in the current uncertain environment) are:

- Expected time horizon of disruption in business activities due to the pandemic.
- Impact on specific business segments in domestic/ export market.
- Economic recovery time frame and Current changes in legal frameworks and government interventions due to the pandemic

In the last three months, ICBA India has organized a series of webinars with many focused industry participants. These have addressed major macroeconomic changes and their impact on structuring, procurement, and management of Trade Credit Insurance.

With premiums rising and limits being pulled or reduced do you think Trade Credit Insurance will retain its purpose and its popularity moving forwards or, will it have to justify its seat at the business table?

The current price increase was much anticipated "course correction" in the Indian market. It was due for some time. The timing and impact of the pandemic has ensured implementation is uniform and fast.

India is a price sensitive market. Therefore, Trade Credit Insurance policies are not so popular in India, especially with premiums generally much higher than other general lines of insurance. Sometimes a single policy premium is equal to or a little higher than all the general insurance policies put together for a company.

However, the current pandemic has brought the worst fear alive for many corporates in India. They are now willing to look at the availability of cover as a priority over price. This is certainly raising the popularity of Trade Credit Insurance.

On the other hand, many existing policyholders are facing challenges with limit withdrawals and reductions - but they are not cancelling their policies. This confirms to us that Trade Credit Insurance justifies its seat at the business table NOW, more than ever.

How influential is the ICBA in shaping the discussions about Trade Credit Insurance and the outcomes at board level of the main insurers?

The ICBA Executive Committee periodically collects local information and exchanges it with major Trade Credit Insurance underwriters at their board level. This enables global underwriters to chart out the best strategies for any specific region or around the world.

ICBA India is in frequent contact with the top Trade Credit Insurance underwriters in the Indian market. We provide them with industry specific insights, so they are well positioned to pitch for India specific cases with their Regional offices or Boards.