

NEW DEVELOPMENTS IN EXPORT CREDIT INSURANCE

U.S. exporters are using export credit insurance more than ever before to help them expand their international sales. Export credit insurance enables you to extend competitive payment terms to your customers overseas while protecting your foreign receivables against commercial and political nonpayment risk.

The export credit insurance market is evolving: More credit insurance companies are coming on-stream with fresh underwriting capacity, policy structures are becoming more flexible, and automation is making policies easier to use.

As one of the country's most active specialty brokers, Meridian Financial Group offers a complete range of policies from every insurer that writes export credit insurance. We help exporters to comply with policy requirements, minimize paperwork, and get the greatest benefits from their coverage.

For more information, check out our website at www.meridianfinance.com, call us on 310-260-2130 or send an email to gmendell@meridianfinance.com.



- **Remind collectors to focus on the quality of collection calls placed and completed, rather than on the quantity of calls completed.**
- **Require customers to promptly provide supporting documentation for deductions taken. If they refuse to do so, consider placing the account on hold until the documentation is provided.**
- **Schedule follow up calls daily until you receive a commitment to clear a past due balance.**
- **Set clear and challenging but achievable targets or goals for every collector. Without goals, there is no objective way to measure individual performance.**
- **Sometimes a customer will claim the person who ordered merchandise did not have the authority to do so. One way to resolve the problem is to demand the return of the merchandise. The customer cannot have it both ways.**

Excerpted from "1001 Collection Tools, Tips and Techniques."

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Questions and Answers

Question: Can a salesperson bind our company to unacceptable terms by signing the customer's Purchase Order? Our standard terms are net 30 and the salesperson signed a quote that said that we would get paid for the goods we supplied to a construction site when the general contractor [our customer] gets paid by the building owner.

Answer: I am not an attorney, so this is not legal advice. I believe that if a salesperson's title is such that the buyer can reasonably assume the salesperson has the authority to bind the company, then the Doctrine of Apparent Authority will create a binding agreement in the scenario you have described.

Q. We are in a cash crunch and management wants me to offer a discount of 1% to our customers to encourage them to pay in 15 days. Our standard terms are net 30 with no discount. The terms I have been asked to 'sell' would be 1% 15 days, net 30 days. What do you think?

A. In my opinion, a 1 percent discount is not likely to be a strong motivator for customers to pay in 15 days. In my experience, a discount of 2 percent or more is often required to motivate customers. In other words, a 2 percent discount is enough of an incentive that it becomes the tipping point in favor of customers taking advantage of a discount being offered for faster payment.

Q. Can I accept a stamped signature on a credit application or a personal guarantee?

A. This is a great question. I am not an attorney and I cannot answer your question authoritatively. I have been told that anything that is intended as a signature is a signature. I encourage you discuss this question with your attorney <http://www.lectlaw.com/def2/s047.htm> .

Q. Are sales made to Indian casinos in California taxable?

A. This is another great question. According to the State Board of Equalization's website, "Persons making sales for resale of tangible personal property to retailers conducting business on an Indian reservation should obtain resale certificates from their purchasers." For more information, please check the information available at no charge on this official state website: <http://www.boe.ca.gov/pdf/reg1616.pdf> .

Q. Can you explain an adverse opinion letter?

A. An “adverse opinion” is issued by an independent auditor. An auditor issues an adverse opinion letter when it discovers information during the audit that demonstrates material noncompliance.

Q. Can I accept a faxed copy of a personal guarantee?

A. I think so. The federal Electronic Signatures in Global and National Commerce Act, known as the E-Sign Act permits the use of electronic signatures, contracts and records. It seems to afford them the same validity as their handwritten and hard copy counterparts. This federal law provides that a signature or a contract shall not be denied legal effect or enforceability solely because it is in electronic form, and a contract relating to such transactions shall not be deemed invalid or unenforceable solely because an electronic signature or electronic record was used in its formation.

Q. What exactly is a surety bond?

A. As it is used in construction, a surety bond is an arrangement under which a surety company assures the building owner that the contractor will complete the contracted construction project and/or supply the capital equipment contracted for. The building owner sometimes requires the contractor to obtain a surety bond as a condition for awarding the contractor the contract.

Q. What action should we take after placing a customer with a third party collection agency? Should we also continue to pressure the debtor for payment?

A. I recommend that once a debtor is placed for collection that you discontinue all collection efforts. If the debtor contacts you, the most likely reason is that the debtor thinks cutting a deal with you will be easier than continuing to deal with the collection agency.

Q. Can you reprint the job description for a collector?

A. Yes. Here it is:

I. MAJOR RESPONSIBILITIES/ESSENTIAL FUCTIONS

A. To identify when delinquent accounts need to be called based on their terms of sale and call promptly once an account becomes past due.

B. To follow up frequently for payment commitments.

C. To provide detailed information in the on line credit notes.

D. To handle all requests for documentation and to conduct all research resulting from the morning calls in the afternoon.

- E. To reconcile at least one disputed account per day.**
- F. To provide superior customer service to our internal and our external customers.**
- G. To inform sales representatives of significant changes in account status in a timely and professional manner.**
- H. To compile and submit information about problem accounts to the Department Manager.**
- I. To maintain good customer relations.**

II. OTHER FUNCTIONS

- A. To perform other tasks as assigned**
- B. To work as a team with sales, customers, other departments and members of this department to increase sales and accelerate cash inflows and reduce credit risk**

III. JOB SPECIFICATIONS

- A. Education: Bachelor's Degree preferred.**
- B. Experience: Minimum of three years of experience in collections.**
- C. Skills/Characteristics necessary to perform essential functions:**
 - 1. Excellent verbal and written communication skill.**
 - 2. Exceptional interpersonal and negotiation skills.**
 - 3. Problem solving skills.**
- D. Performance Expectations:**
 - 1. You must follow the instructions given by your manager.**
 - 2. You must respond to written inquiries from your manager within one business day.**
 - 3. The telephone needs to be your primary collection tool – not emails, letters, faxes, etc.**
 - 4. You are expected to be on the telephone *no less than* two hours a day.**
 - 5. Focus on speaking to a decision maker. Leaving voice mails is ineffective.**
 - 6. Do not place accounts for collection without prior written approval.**
 - 7. Do not place accounts on credit hold without approval from your manager.**
 - 8. Your goal is to call every delinquent customer by the time the account is fifteen days past due.**
 - 9. Follow up calls should be placed daily once a customer has been contacted.**
 - 10. When accounts payable tells you they cannot make a reasonable payment commitment, ask to speak to their manager. .**

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