



Dear Manufacturing NI member,

I am writing to you today with a very important message. This message is relevant for almost every company based in Northern Ireland that relies on credit from their trade suppliers.

WTW Trade Credit & Surety have tried to be reasonably circumspect about forecasting possible outcomes for our clients as a result of Brexit. It is far too hard to predict and we all feel that it is hard for us to influence or control outcomes.

However, I urge you to please spend a few minutes reading this email to understand the possible adverse implications of Brexit on your Company's own Credit Rating. If you are presently a user of credit insurance, you will be more aware than most of the workings of credit insurers and how vital their credit ratings can be in your decision to supply on open credit. Even if you are not currently a user of credit insurance it is still equally important for all Northern Ireland businesses to understand what actions they should consider in order to protect their own Credit Rating and minimise the possibility of disruption to their supply chain due to a hard or disorderly Brexit.

All the credit insurers are poised to review their credit ratings on all Northern Irish companies in the next few months. It is highly likely that their default position will be to review downwards the ratings on specific Northern Irish companies who they feel will be adversely effected by Brexit especially as a no-deal scenario becomes more likely. They may do that on an individual company basis or in an "at risk" sector or, if the Brexit is hard or disorderly, they may do it simply by altering the algorithms of their internal risk assessment models that would effectively downgrade all companies. Their views would take into account potential foreign exchange movements, potential logistic issues, potential supply chain failures, potential Tariffs and a myriad of other threats. Their decision may be as random as the unscientific opinion of a single underwriter in an insurer or a random downgrading of credit limits as a result of a decision taken at HQ.

In the 2008/ 2011 period we saw millions of pounds of credit limits cut on Northern Irish companies by the credit insurers. This had a very serious negative impact on their cashflows as their suppliers reduced or cut the amount or duration of credit they were prepared to offer them.

What can you do to protect your Credit Rating?

Be Aware – Make sure that you and your colleagues are aware that your Credit Rating may be randomly reduced as a result of Brexit.

Be Prepared – Prepare a communication strategy to the credit insurance markets. There are upwards of 20 different insurers covering sales to Northern Irish Companies, either from at home or abroad, and your suppliers could be insured with any of these.

Be Positive & Proactive – Take control of the message and supporting information on your business so that it is ready to be sent at the right time to the appropriate person at your suppliers or your suppliers' credit insurers.

How can WTW help you to protect your Credit Rating?

Willis Towers Watson Trade Credit and Surety Limited is by far the largest and most experienced specialist credit insurance broker in Ireland. We also are a part of a large global specialist credit insurance practice within the WTW Group. This gives us great credibility and the confidence of the credit insurance markets with whom we have the experience of dealing with these type of issues on a day to day basis (We also have been through it all before in the last recession). We will help you decide what message to give, what information to include and to whom you should give it.

I am available to take a call with you or a suitable colleague at any time to talk through any concerns that you may have on this issue. I am happy to advise on the basic steps within your control to help to positively influence the important credit decisions taken by your suppliers' insurers.

I urge you to take five or ten minutes to get in touch.

Best Regards

A handwritten signature in black ink, appearing to read 'Nigel Birney', with a large, stylized flourish above the name.

Nigel Birney

Head of Trade Credit Northern Ireland

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