

# CORONAVIRUS

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## Looming Payment Defaults: Act Now on Your Trade Credit Insurance

In this historically volatile time, there is significant uncertainty in every marketplace. With financial volatility comes the expectation that many vendors and debtors will likely repay debts late or never, creating a slew of payment defaults. For companies with trade credit/credit risk insurance, these looming defaults mean they need to act quickly to protect their coverage. While credit insurance may not be a top business priority during these unprecedented times, companies must take steps to protect their insurance rights by adhering to their policy notification and reporting process in a timely fashion.

### KEY STEPS TO PROTECT YOUR COVERAGE

Our experience is that insurers will often use highly technical reporting requirements as bases to deny, delay, or limit payments to policyholders. While they are facing a slew of other challenges, policyholders need to focus time and resources in the near term to understand and satisfy these requirements. It will be vital for companies to use all of their professional resources, including outside counsel, to protect their ability to recover under their trade credit/credit risk insurance.

Late/nonpayment of a due amount frequently requires reporting within a specified timeframe to the insurer about past due amounts, not only to protect insurance rights for

the immediate default event, but also to continue coverage protections for future credit transactions. These past due reporting amounts are but one example of the technical reporting that trade credit insurers have written into policies, and that they have cited as bases to refuse payments to their policyholders.

Policyholders should immediately review their own credit insurance policies for these common reporting requirements, which include among other things:

1. the amount of outstanding debts/credits insured under the policies;
2. the value of the collateral; and
3. the status of any past payment default events in the lending or credit agreements.

### MAXIMIZING INSURANCE RECOVERY

Pursuing trade credit/credit risk insurance claims is often a complex and challenging process. Even sophisticated businesses unknowingly commit errors in assessing, documenting, and quantifying their losses, or when interpreting their insurance policies, that later limit or even bar potential insurance recovery. Policyholders should carefully review their coverages, comply with all policy conditions, and strategically approach their insurance claims to maximize coverage and avoid pitfalls.

## OUR FIRM

Blank Rome LLP's [Insurance Recovery](#) practice works with policyholders in a wide range of industries and takes a creative and business-minded approach to insurance. Our strength lies in finding coverage where others are not able to. With decades of proven success in recovering billions on innovative theories, our clients—from Fortune 50 companies to the most prominent consulting firms and law firms—turn to us for our analysis, experience, reputation, and record of success.

Attorneys in our national insurance coverage practice have been industry leaders for more than 30 years. We break new ground, making new law for our clients and shaping it for others with precedent-setting litigation, mediation, arbitration, and settlement strategies that lead to landmark rulings, new types of coverage, and major advances. And, our novel legal theories are widely recognized by both the courts and commentators.

Blank Rome's [Coronavirus \("COVID-19"\) Task Force](#) is continuing to monitor the COVID-19 crisis and will provide further updates for policyholders as they become available.

### For additional information, please contact:

**John A. Gibbons, Washington, D.C. Office**  
Partner & Vice Chair, Insurance Recovery  
202.420.3644 | [jgibbons@blankrome.com](mailto:jgibbons@blankrome.com)

**Linda Kornfeld, Los Angeles Office**  
Partner & Vice Chair, Insurance Recovery  
424.239.3859 | [lkornfeld@blankrome.com](mailto:lkornfeld@blankrome.com)

**Jared Zola, New York Office**  
Partner, Insurance Recovery  
212.885.5209 | [jzola@blankrome.com](mailto:jzola@blankrome.com)