

# TRIPs Advantages Over Alternative Forms of Protection

	Factoring	Trade Insurance	TRIPs
<b>Coverage Flexibility</b>	<ul style="list-style-type: none"> <li>Only available on whole turnover (all A/R) basis- not cost effective; vendor pays for coverage on good accounts</li> <li>Minimum A/R thresholds for primary factors</li> <li>Caps for maximum exposure to particular companies</li> </ul>	<ul style="list-style-type: none"> <li>Only available on whole turnover (all A/R) basis- not cost effective; vendor pays for coverage on good accounts</li> <li>Caps for maximum exposure to particular companies</li> </ul>	<ul style="list-style-type: none"> <li>Covers any account as requested by the vendor, whether high or low risk</li> <li>Any public company, most private entities, in any industry</li> <li>A range of types of coverage- length of coverage, amounts, etc.</li> <li>No minimum or limit to covered amount</li> </ul>
<b>Termination - Modification and Covered Events</b>	<ul style="list-style-type: none"> <li>Modifiable (penalty/surcharge) or terminable at the will of the factor</li> </ul>	<ul style="list-style-type: none"> <li>Normally, cancelable on notice at the will of the insurer</li> </ul>	<ul style="list-style-type: none"> <li>No cancellation/termination right: <u>the protection is real</u></li> </ul>
<b>Product Availability</b>	<ul style="list-style-type: none"> <li>Not normally available in bankruptcy or prohibitively expensive</li> </ul>	<ul style="list-style-type: none"> <li>Not normally available in bankruptcy or prohibitively expensive</li> </ul>	<ul style="list-style-type: none"> <li>Available before bankruptcy and during bankruptcy</li> </ul>
<b>Pricing / Cost</b>	<ul style="list-style-type: none"> <li>Only available to fully cover outstanding receivables (cannot protect cost only)</li> <li>Surcharge added to high-risk accounts</li> </ul>	<ul style="list-style-type: none"> <li>Deductibles</li> <li>Surcharge added to high-risk accounts</li> </ul>	<ul style="list-style-type: none"> <li>Can be structured to cover sale price or to cover cost only</li> <li>No deductibles</li> <li>Minimal capital outflow</li> <li>Monitoring of customer's credit status not necessary</li> </ul>
<b>Customer Education</b>	<ul style="list-style-type: none"> <li>Not a primary focus</li> </ul>	<ul style="list-style-type: none"> <li>Not a primary focus</li> </ul>	<ul style="list-style-type: none"> <li>Yes – forecasts for problematic companies and industries, understanding of bankruptcy process, updates on distressed situations</li> </ul>