

Asset based lending fraud solutions



**Rossborough
Professional Risks**

Trusted every day

Are you insured for asset based lending?

Did you know that almost all Bond and Crime Policies either exclude Asset Based Lending or do not cover the key documents which, banks and other lending institutions lend against in this area?

We are aware of numerous instances where banks have been unable to recover under their Bond and Crime Policies for significant fraud losses resulting from Asset Based Lending.

What is asset based lending?

- business loan secured by collateral (assets)
- The loan, or line of credit, is secured by inventory, accounts receivable and/or other balance-sheet assets
- Also known as “commercial finance” or “asset-based financing”
- Asset Based Lending offers a powerful financing solution for companies that seek to maximize the value of their assets, achieve greater liquidity and pursue new growth opportunities

Features of asset based loans

- **Asset Based loans:** an asset based business line of credit that is usually designed for the same purpose as a normal business line of credit - to allow the borrower company to bridge itself between the timing of payments it receives and expenses
- **Factoring:** where the borrower company actually sells its accounts receivables or invoices to the lender
- **Pledging receivables:** another subset of a collateralised loan is a pledging of receivables and an assignment of receivables as collateral for the debt. In these instances, receivables are transferred to the lender when they are pledged as collated
- **Inventory Financing:** a line of credit or loan where inventory is secured as collateral

Product feature

Fraud Coverage for direct financial loss to the lender having made loans, advances or other extensions of credit against (or otherwise acted or relied in good faith and in the ordinary course of business upon) any Account Receivable, Assignment, Factored Account, Inventory, Insurance or Guarantee or Promissory Note which proves to be false or fraudulent.

Contingent Loss of Collateral Coverage for direct financial loss to the lender caused by physical loss or damage to Inventory, where the lender's interest in such inventory arises in the ordinary course of its Accounts Receivable, Inventory Financing and Asset Based Lending businesses.

*This product can also include Employee Dishonesty and Computer Fraud.

Rossborough is a leading insurance broker which boasts local and global expertise

Key benefits

- Covers the key aspects of Asset Based Lending
- Broad insuring clauses and definitions
- Limited exclusionary language
- No hidden conditional language in notification provisions
- USD50m of London Market capacity (inc. Lloyd's of London)
- Wording tailored to modern lending practices and can be custom made for each insured
- Generous non-avoidance provisions that significantly limit the insurer's rights to avoid the policy

Your next step

To discuss your requirements or to explore cover options please contact:

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Rossborough Professional Risks, with the backing of our parent company Arthur J. Gallagher (London, United Kingdom) new Asset Based Lending Fraud Product is designed to fill the gap where traditional Crime and Bond Policies fall short.





Financial Risks

www.rossborough.co.uk