

CASE STUDY: INTERNATIONAL FLEET SALES

Using Credit Insurance to Drive Future Growth



Amid a short history of explosive growth, International Fleet Sales learned that its path to continued success would depend on its ability to reduce concentration risk with large clients and to confidently extend credit on larger deals. The company found a strategic solution to those issues with credit insurance.

The challenge

International Fleet Sales (IFS) is a California-based international distributor of U.S.-origin GM vehicles with unrivaled expertise in export services, logistics, parts, service and training. The company has grown fast since its inception, nearing \$1 billion in sales in fewer than 16 years. With this rapid expansion came increasingly

larger credit requests, leaving the company's leadership with difficult risk tolerance decisions. When company leaders realized their conservative approach to credit was restricting new revenue opportunities, they reached out to Allianz Trade for a solution to safely grow sales.

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Founded: 1999

Started partnership with Allianz Trade: 2013

Region:

Worldwide



Sector:



Automotive

Challenge:



Concentration risk

Policy Benefits:



Increased sales growth



Protection from catastrophic loss



Increased competitive advantage



Export protection



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“We had a customer from South Korea that placed a very large order,” said Mike Libasci, President of IFS. “I was convinced he was a good customer but he did not have enough working capital available. We felt it was too risky to extend the credit because we couldn’t handle the loss if we took a hit, but we didn’t want to lose the deal. That’s when we made the call to Allianz Trade to secure a credit insurance policy.”

The solution

Allianz Trade was able to insure the transaction and give IFS the coverage it needed to land the new customer. This initial success story was just the beginning. IFS found credit insurance to be invaluable in managing risk in its overall export portfolio. The company exports to diverse customers in 80 countries worldwide. Credit insurance has empowered IFS to maximize its global revenues not only among its current customer base, but to new buyers as well.

IFS’ success is due in large part to its competitive edge—an edge that its credit insurance policy helps to sharpen. With the ability to approve credit limits faster and offer open terms where its competitors can’t, IFS enjoys a major advantage in the marketplace.

“Credit insurance puts us in a better position than the competition,” said Libasci. “Most of our competitors are manufacturers that require guarantees or letters of credit. Credit insurance eliminates the need for those tools and lets us concentrate our efforts on what we do best.”

The outcome

Allianz Trade collaborated with IFS’ leadership to craft a flexible policy that reflected its unique business structure. IFS began to rely on Allianz Trade as an extension of its internal credit team. With economists and expert underwriters present in more than 50 countries, Allianz Trade is close to IFS’ risk, thus able to make quick and reliable credit decisions for the company’s multinational portfolio.

“We had considered this product in the past but could not find a policy that fit our needs,” said Amy Schweng, Chief Financial Officer of International Fleet Sales. “It was very clear from the start that Allianz Trade really understood our business. Our agent showed us how we could benefit from a policy and collaborated with us to put the pieces together of this great tool. They have been a great partner ever since.”

The threat of a bad debt loss is a risk for every business, especially for companies buying and selling internationally. Credit insurance mitigated that threat for IFS while empowering its growth. The company’s leadership has enthusiastically leveraged its Allianz Trade policy by making it a central pillar of its growth strategy.

“In the short time we’ve been with Allianz Trade, we’re already seeing a great return on investment,” said Libasci. “We’ve brought in deals we would have turned down before our policy was in place. Before credit insurance, I was not sleeping at night. This product is changing the way we do business.”



Credit insurance has allowed us to take on customers and transactions we wouldn’t have felt comfortable taking on by ourselves. It has not only allowed my company to take on larger deals, but be more liberal in terms, and the result has gone straight to our bottom line. Allianz Trade has been a great partner in helping increase our sales.

Mike Libasci
President of IFS

