

"Recently, businesses have been stockpiling finance as a cashflow contingency in response to market uncertainty caused by the pandemic and Brexit. Where this is the case, Directors are mitigating personal exposure under the facility with Personal Guarantee Insurance."

Keir Cox, Operations Director

£250k

Funding amount

£150k

Personal Guarantee insured

**Unsecured
Loan**

Type of loan

£6,000

Annual premium

£150k PGI cover for established shipping and logistics firm

Overview to the deal

The Directors of this established shipping company took out an unsecured business loan financed by the alternative finance market part way through the pandemic as a cashflow contingency to support the business in the event of difficulty. The first few months of the pandemic had been particularly difficult for the business as the company had to negotiate the varying international policies in terms of border control when attempting to move customers' goods around the world.

After overcoming these initial logistical issues the order book for the company began to improve considerably as global freight air-fleets were grounded, causing the excess demand to be shifted to the shipping industry. Despite the big increase in demand for services, the board were still concerned about the potential impacts of Brexit on their distribution services following the end of the transition period in December 2020 and the knock-on effects this could have if the company entered an insolvency process and a call on the Personal Guarantee was made by the lender.

The Directors therefore made enquiries to their insurance broker about the availability of Personal Guarantee Insurance and were introduced to Purbeck Insurance. The underwriters worked closely with the Directors to understand the key business risks and we were able to put in place the cover in a timely manner which enabled the Directors to focus on their business and providing financial peace of mind.

Interesting facts about the case:

-> Cover can be considered as a contingency and not just in support of growth finance; the insurance is available to support a wide range of business finance strategies.

-> The insurance broker earned over £500 by making the simple introduction to Purbeck Insurance.

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