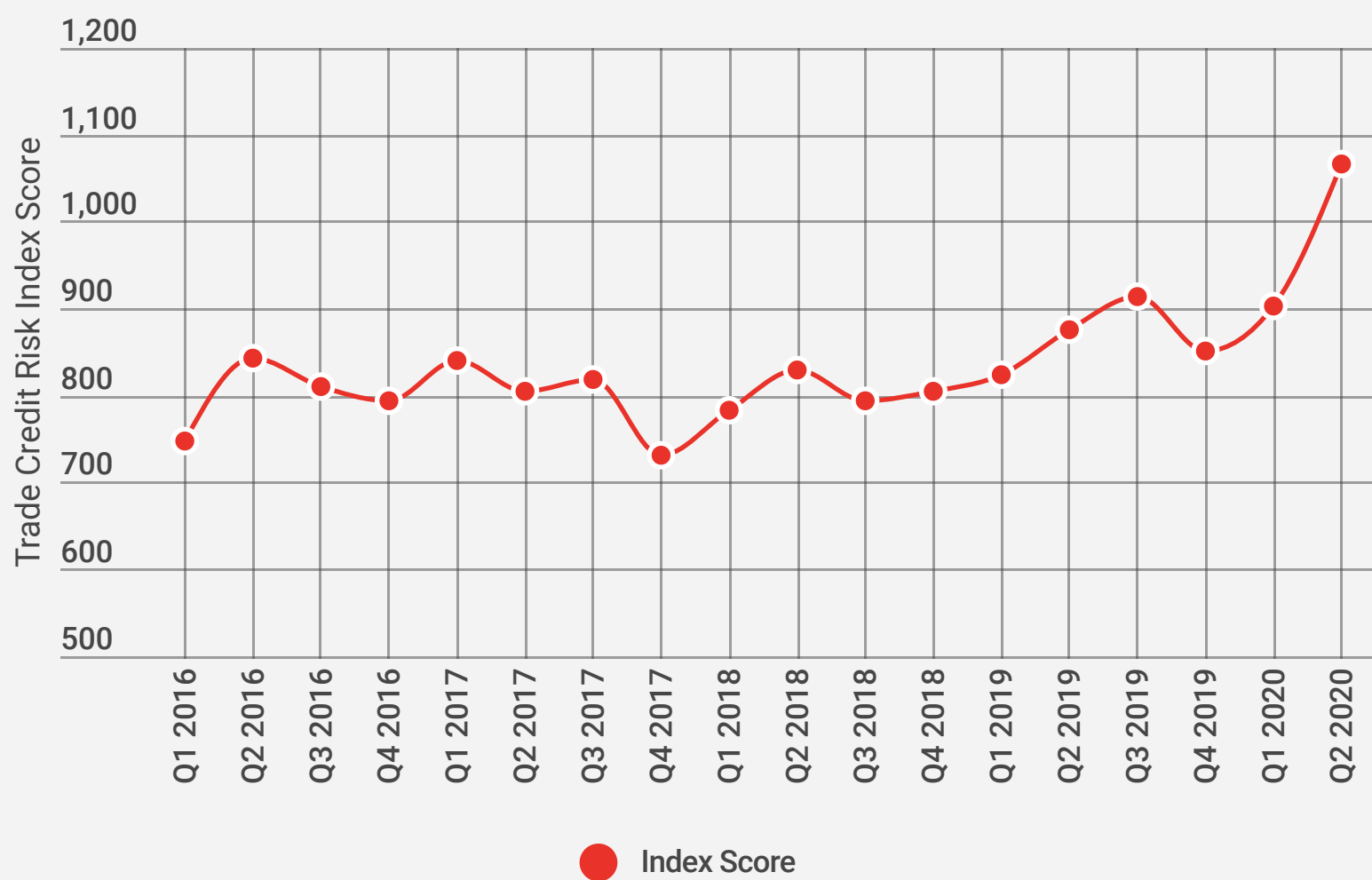


NCI TRADE CREDIT RISK INDEX

Insurer Limit reviews lead to jump in Risk Score

Q2 2020 Index Score: 1,067



Note: The NCI Trade Credit Risk Index score is based on an aggregate of claims data, collection activity, credit limit decisions and overdue accounts.

Q2 2020: Summary

The NCI TCRI has jumped to over 1,000 for the first time in 7 years, due largely to the Insurer credit limit reductions/actions in Q2 of 2020. Fears over potential insolvencies in Q4 of 2020 and Q1 of 2021, led some insurers to dramatically reduce cover.

With government protections such as Safe Harbour and the Debt Hibernation Scheme (BDHS), TCI claims have been lower over the past quarter.

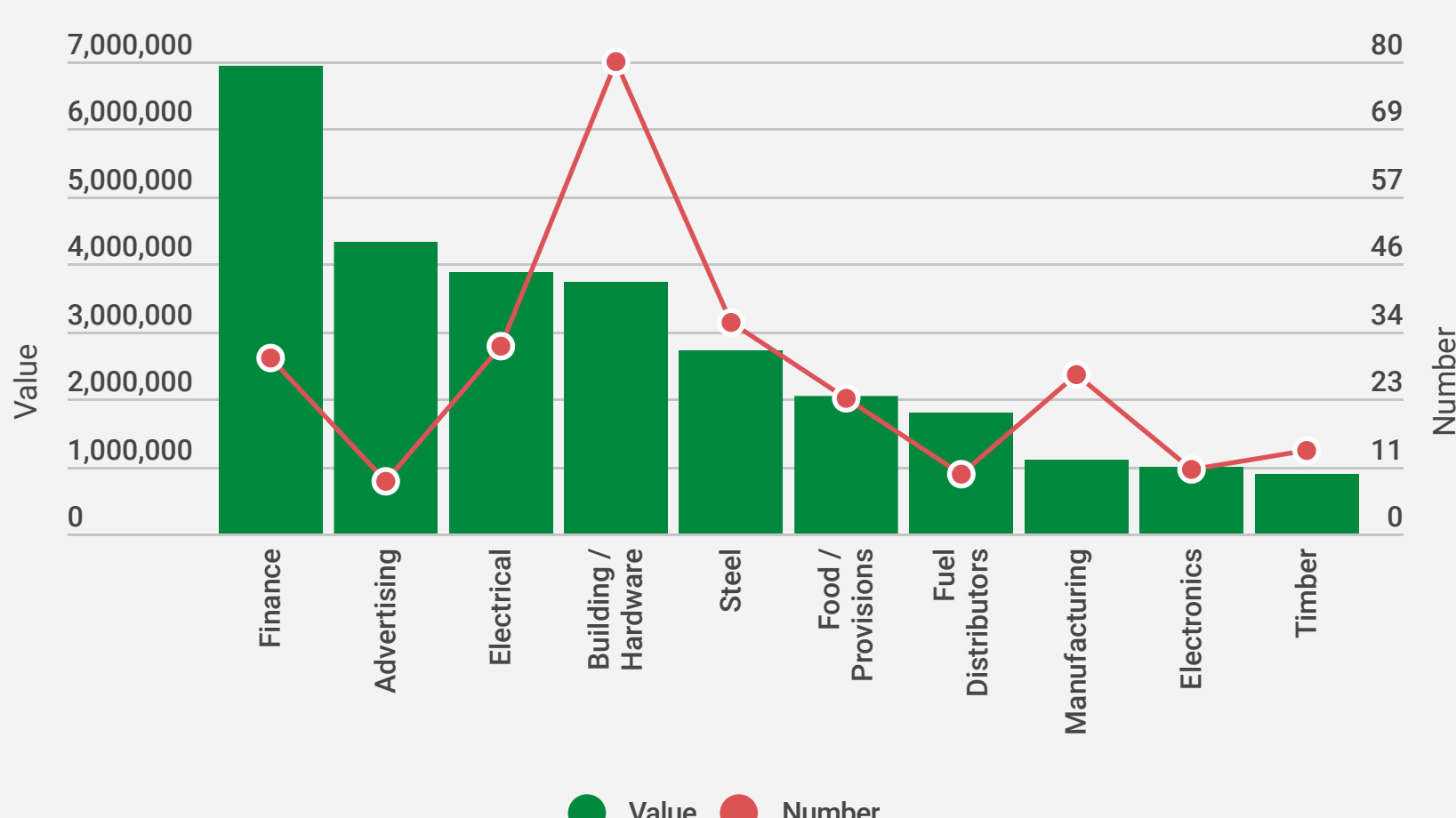
Collection activity remains high and collectability rates have also been strong, showing funds are available when it comes to chasing overdue debts.

MD Kirk Cheesman says – "it is really a Trade Credit mixed bag out there at the moment. Various elements of our risk score appear to contradict themselves, making it difficult to plan or predict what is coming next. Clearly the insurers are very concerned with what is to come once government support is eased, but there is no current evidence that the credit wheels are falling off at this moment in time".

Q2 2019 v Q2 2020



From which industries did claims come in Q2 2020?



Claims received in Q2 2020

390 **\$27.2m**

Number

Value

Notable business failures in Q2 2020

- Decmil Construction NZ Limited
- Drymix N.Z. Limited
- Sika Homes Limited
- Designer Shoes Ltd
- Real IT Limited
- Virgin Australia Airlines Pty Ltd



Where did Q2 claims occur by number?

Region	Auckland	North Island	Christchurch	South Island
Share of Claims	42%	27%	15%	15%

[To find out more about what this means for your business, click here to contact us.](#)

About National Credit Insurance (Brokers) NZ Ltd

As New Zealand's leading trade credit insurance broker, NCI is uniquely placed to report on the 'ups and downs' of the country's inter-business trading climate. With frequent media reports on the fluctuations of business trade credit factors, NCI's quarterly credit risk index is ideally placed to demonstrate the extremes of New Zealand's economy.