

Testimonials

Credit limit autonomy strengthens partnership

Italian family-owned industrial group Estral values setting its own credit limits for its customers – recognising that assessing risk is about getting to know the customer well and not just relying on commercial information available. Credendo has been supporting the company’s credit management processes, which is part of the reason why Estral’s partnership with the insurer has lasted for more than two decades.

For 48 years, Italian family-owned industrial group **Estral** has been producing custom-shaped extruded aluminium profiles that are used by customers across Europe, active in construction, the automotive industry, the renewable-energy sector, and many other industries.

After starting with just one small extrusion press with a 600-ton capacity, the company now has five extrusion presses and produces 40,000 tons of high-precision profiles every year.

The company has also prioritised its focus on the environment. In its foundry, it recycles aluminium scrap, which helps the company avoid mining for bauxite and saves energy costs related to producing aluminium from raw materials.

Estral has benefited from Credendo’s support for 22 years and is currently making use of the insurer’s excess-of-loss product.

“Estral is a very good customer for Credendo,” says company CEO Michele Cibaldi.



Credendo has been supporting Estral’s business growth, even during several economic crises, and Estral has been improving its credit management know-how and procedures.

Marco Censi,
Head of Trade Credit Europe and Country Manager Italy
at Credendo

“When Estral asks for something different, Credendo follows our requests. Historically, we haven’t made many claims to cover losses with our customers. We are in a very good relationship,” says Cibaldi, mentioning just one medium-sized claim made in 2011.

Of particular importance to Cibaldi is the ability for Estral to set its own credit limits for its customers, which are then sent to Credendo for approval. He appreciates Credendo’s support and trust in the company’s internal credit management systems, which makes the insurer stand out compared to other European insurers.

“Normally the insurance company dictates the credit limit for the customer’s customers. With Credendo, it is different. We decide whether the credit limit is OK for our customer.”

“Credendo believes in our professionalism,” he says.

Under Credendo’s excess-of-loss insurance, clients have full autonomy to implement their own credit management procedures. They can decide on their policy parameters including liability – the risk borne by Credendo – and the deductible – the risk retained by the insured client.

“We have a flexible and mutually respectful relationship with Estral,” says Marco Censi, Head of Trade Credit Europe and Country Manager Italy at Credendo.

Cibaldi adds that it is important to look beyond the commercial information available when making a credit limit decision. Estral also takes into account how well they know the customer and how long-standing the relationship with the customer is. Cibaldi adds that in today’s market, the larger players



are not always the better payers compared to their smaller counterparts.

Looking to the future, Cibaldi expects the company's relationship with Credendo to strengthen, particularly as risks in Europe are increasing, partly due to the impact of Covid and perhaps more urgently the impact of the Russia-Ukraine conflict that broke out in February.

"Estral managed to weather the Covid pandemic reasonably well," he says. In 2020, the company gave its customers some breathing space by postponing payment deadlines. These outstanding amounts have eventually all been settled within three or four months and no claims have been made under insurance policies.

Estral is one of the first companies in Italy that believed in the excess-of-loss solution and it has been insured with Credendo for more than 20 years.

The partnership has always been a great opportunity for Credendo and Estral to strengthen and improve their relations: Credendo has been supporting Estral's business growth, even during several economic crises, and Estral has been improving its credit management know-how and procedures.

The situation improved in 2021 despite the ongoing presence of Covid. "It was a completely different year.



We are a big boat, and it is obviously easier to turn in a smaller boat, so for us it will take time to turn. We must continue to move carefully day-to-day.

Michele Cibaldi,
CEO of Estral



The economy was so strong. All the customers needed materials, and if they didn't pay, we wouldn't send the materials, so everyone respected their payment terms," Cibaldi says.

In early 2022, against the backdrop of the Russia-Ukraine conflict, Cibaldi says the company is facing huge increases in costs of material – in some cases a doubling of costs – which is pushing up the company's risk exposure.

"Estral may require a greater degree of cover from Credendo if costs continue to soar," he says.

The increases are already forcing Cibaldi to ask his sales team to request a small proportion of orders made in the third quarter to be paid up front in order to minimise the company's risk exposure. "We are asking the customer 'stay with us but let's divide the risk'. We can no longer bear 100% of the risk," he says.

In these changing and worrying times, he notes that "we must be quick to turn with the wind and not hit the storms ahead".

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