



CASE STUDY: NAP INDUSTRIES

Growth through Customer Bankruptcy

The 30-year partnership between NAP Industries and Allianz Trade has been a cornerstone for NAP's growth. And when the unexpected happened, such as losing a major customer to bankruptcy, owner Jack Freund knew he had a strong partner in Allianz Trade to handle NAP's protection so he could continue to focus on running his business.

The need for trade credit insurance

NAP Industries provides flexible packaging for food, technology, clothing, and other products throughout the US. For NAP, the demand for credit among their customer base is ongoing. "A primary business concern is making sure we have enough business coming in and that our credit situation is covered," explained Freund.

To expand the business and establish new customer relationships, NAP utilizes Allianz Trade's credit expertise to know when it's safe to extend credit to customers—secure in the fact that they will get paid if a payment default should occur.

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Founded: 1960

Started partnership with Allianz Trade: 1990

Region:

United States



Sector:



Plastics and Packaging

Challenge:



Customer bankruptcy

Policy Benefits:



Increased sales growth



Protection against catastrophic loss



Ability to offer flexible terms



Thorough customer insights and risk information

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The challenge

Although NAP Industries has been in business for nearly 60 years, they aren't immune from the unexpected. In early 2019, one of their largest customers suddenly declared bankruptcy—and to say the bankruptcy was a surprise would be an understatement.

"We didn't know about [the customer's] problems," said Freund. Since this customer considered NAP to be a critical supplier, they had always paid on time.

Fortunately for Freund, he had Allianz Trade on his side and knew he would be protected from this catastrophic loss. And although he was surprised by the swift decline of this large account, he wasn't concerned. He had a reliable team to assist him through the process so he could focus on growing through the disruption.

The solution

To help NAP Industries resolve the situation, the Allianz Trade team brought their depth of expertise to bear on Freund's behalf. They guided Freund through the complicated bankruptcy case and helped him deal with the demands of the bankruptcy court. Once the customer's attorney acknowledged the debt they originally listed as disputed, Allianz Trade was able to pay NAP's claim within 24 hours.

"A customer bankruptcy is not the best experience to go through," said Freund. "But once it happened, the claim process with Allianz Trade went as smoothly as possible—just as we expected it would."

From growth, to predicting trade risk, to offering nonpayment solutions, Freund has found great value in his partnership with Allianz Trade. "Trade credit insurance is an investment that gives me the ability to do business." If something goes wrong, "you get your money's worth, not only when you make a claim, but when you use it to stay on the right track when doing business," said Freund.

The outcome

The situation showed Freund another benefit to having trade credit insurance as part of his business. Just a week before this customer filed for bankruptcy, Freund received a positive credit report on them from a credit rating agency. However, the Allianz Trade risk team was moving in the opposite direction. The risk team faced resistance from the now-bankrupt customer's management team when they tried to obtain current financial information. When the company refused to cooperate, Allianz Trade began to have concerns.

The Allianz Trade team recognized and communicated the warning signs that this customer was struggling, which enabled NAP to start working down their balance. Freund and his team rely on Allianz Trade not only to insure outstanding credit, but to gain access to their data and expert insight into the creditworthiness of potential and existing customers.

"Allianz Trade is in the business of eliminating risks," said Freund. "If there's a customer that Allianz Trade will not insure, I know that I definitely can't take them on. This gives me a great comfort level when doing business."



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Owner of NAP Industries

