

## Asset Protection: Residual Value Insurance (RVI)

### Case Study: Equipment Leasing

RVI guarantees the future residual value of machinery and equipment, and is therefore attractive to banks and leasing companies. Residual Value guarantees are available for a wide range of capital equipment which has a relatively long life and a healthy resale market.

The benefit of RVI is to reduce the regular payments due under the term of a lease. The value of the guarantee will relate to the expected market conditions for the sale or re-use of the equipment at the end of the agreed lease period.

Leasing is an additional line of credit for businesses; allowing payments to be spread over a fixed term related to the life of the equipment. Terms are often negotiable and can be tailored to meet the expected cash flow of the lessee.

Additionally, unlike overdraft facilities, lease facilities are not generally repayable on demand or subject to annual reviews. You can be sure that as long as payments are made and the terms and conditions of the contract honoured, the lease facility is secure.

RVI is available to businesses of all sizes who can demonstrate strong market demand for their product or service, particularly those incorporating the newest and most advanced technology.

Once a policy is set up, it may be possible to create a "facility", where further lease deals can be made using the benefit of RVI without requiring recourse to creating a new policy.

For further information, or to discuss other opportunities for the application of RVI, please contact Steve Allum (+44 (0)20 7528 4458, [steve\\_allum@jltgroup.com](mailto:steve_allum@jltgroup.com)).