

# Residual Value

## Residual Value Insurance Policy

Miles Smith are pleased to announce the launch of a new facility secured with A+ rated Standard & Poor's Insurers for the placement of Residual Value Insurance.

### Residual Value

A residual value insurance policy provides protection to banks, manufacturers and other leasing industry participants for residual asset value at the termination date of a lease. It is more of a financial instrument than traditional insurance, and it is designed to support manufacturers, financial institutions and leasing companies in asset financing transactions. Residual value insurance is not credit insurance, nor is it intended to cover outstanding lease or debt balances.

Many financial institutions are not prepared to assume the residual value of equipment as a risk, and therefore have sought guarantees of the value of the equipment. The addition of a residual value insurance policy converts the undesired asset risk to a financial risk more acceptable to such institutions.

Residual Value Insurance can be applied to most assets including Property, Aircraft, Trains, Plant and Equipment, Machinery etc, but tends not to be available for 'High Tech' equipment or private passenger vehicles, as they have a tendency to depreciate too quickly.

This A+ rated Company focuses on the following per individual risk:

- Focus on transactions that have at least one exit route
- Qualitative and quantitative risk assessment
- Identify transaction alignment and allocation of transaction risks

Term limitations – Up to 10 years (12 for new or nearly new aircraft) plus a preceding 18 month period for construction and/or delivery period.



*For contact details see over*

For further information please contact our Residual Value Team:

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