



INSURANCE, FINANCING, MANAGEMENT OF  
TRADE RECEIVABLES - POLITICAL RISKS

# CREDIT INSURANCE MARKET SURVEY 2021

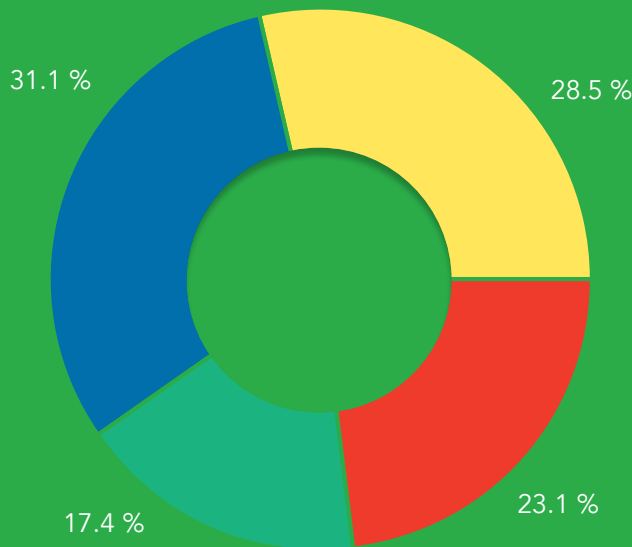


# 2021 MARKET SHARE



- Atradius
- Coface
- Euler Hermes
- Autres

3 “global” insurers continue to represent more than 70% of the total global market. According to ICISA, the total market premium is estimated at around € 6.3 billion in 2020 (slightly lower than in 2019). Euler Hermes remains the largest credit insurer with 31.1% market share followed by Atradius 23,1% and Coface with 17.4% as of December 31st, 2020.



➔ This calculation is an estimate by AU Group

The International Credit Insurer & Surety Association (ICISA) comprises more than 50 members that provide Trade Credit Insurance across the world. However, two main categories of insurers can be distinguished: “Global” and “Niche” insurers.



## «GLOBAL» INSURERS, CHARACTERISED BY:

- a strong international presence
- detailed information on very large numbers of buyers in their global databases
- global capabilities in providing credit management services

Leading insurers in this category: Atradius, Coface, Euler Hermes



## «NICHE» INSURERS, CHARACTERISED BY EXPERTISE IN:

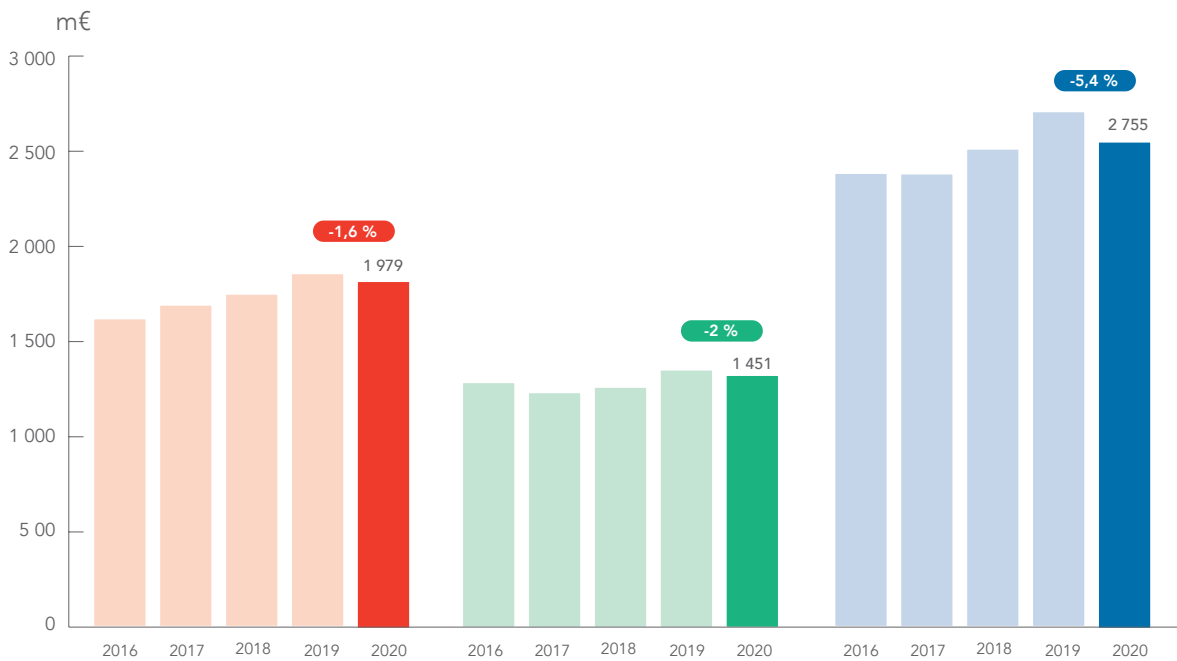
- **particular products:** Excess of loss, shared excess cover, top-up, single risk (e.g.: AIG, Axa XL, Chubb, Garant, Nexus, Liberty Mutual, Lloyd’s, Markel, QBE, Tokio Marine, Zurich etc.)
- **certain geographical areas** (e.g.: ATI, Cesce, Credendo, FCIA, ICIC, QBE, Sace etc.)
- **different types of risk:** political risk, non-transfer (e.g.: Beazley, Liberty Mutual, Lloyd’s, Zurich...)

# 2021

## Turnover of the main insurers (m€)

The trade credit market recorded a slight decrease in volume in 2020 (between 3% and 4%). This decline is due to the health crisis and the global recession which have impacted the turnover of credit insurers, not only through the contracting of their policyholders' business, but also through the impact of the government reinsurance mechanisms put in place by the different countries. Indeed, the various government support programmes for insurance companies include not only a sharing of risks with the States but also a sharing of premiums. The fall in volumes was partially offset by an increase in premium rates by several insurers to reflect a higher perceived risk.

- Atradius
- Coface
- Euler Hermes



### Atradius

Atradius has fallen back below the €2 billion mark in revenues but had the lowest decline in activity (-1.6%). A new CEO, David CAPDEVILA, was appointed on 1 January 2020.

### Coface

Coface recorded a 2% drop in turnover in 2020, which is mainly due to a negative currency effect. In February 2020, Natixis, Coface's majority shareholder, sold 29.5% of the credit insurer's capital to the Arch Capital group. Nicolas NAMIAS succeeds François RIAHI as Chairman of Coface SA.

### Euler Hermes

Euler Hermes' sales fell by 5.4% to €2.75 billion. The Covid 19 crisis has impacted the activity of the world leader, notably due to the decrease in turnover of its policyholders but also to the premiums ceded in the framework of state support mechanisms (€582m ceded as of 31/12/2020). Clarisse KOPFF replaces Wilfried VERSTRAETE as CEO of the group on 31/12/2020.

# "Big 3" Footprint

Directly or via frontier partners, the "Big 3" have a global network to provide local service to their policyholders and in particular to assess local risk. Coface has the broadest network in almost 100 countries.

## • LATIN AMERICA

	Atradius	Coface	Euler Hermes
Argentina	•	•	•
Brazil	•	•	•
Chile	•	•	•
Colombia		•	•
Ecuador		•	•
Guatemala		•	•
Mexico	•	•	•
Panama		•	•
Paraguay		•	•
Peru	•	•	•
Uruguay		•	•
Venezuela		•	•

## • NORTHERN EUROPE

	Atradius	Coface	Euler Hermes
Denmark	•	•	•
Estonia		•	•
Finland	•	•	•
Germany	•	•	•
Iceland	•	•	•
Latvia	•	•	•
Lichtenstein		•	•
Lithuania		•	•
Netherlands	•	•	•
Norway	•	•	•
Sweden	•	•	•

## • WESTERN EUROPE

	Atradius	Coface	Euler Hermes
Belgium	•	•	•
France	•	•	•
Greece	•	•	•
Ireland	•	•	•
Italy	•	•	•
Luxembourg	•	•	•
Malta	•	•	•
Portugal	•	•	•
Spain	•	•	•
Switzerland	•	•	•
United Kingdom	•	•	•

## • AFRICA

	Atradius	Coface	Euler Hermes
Algeria		•	•
Benin		•	•
Burkina Faso		•	•
Cameroon		•	•
Djibouti		•	•
Egypt		•	•
Gabon		•	•
Ghana		•	•
Guinea		•	•
Ivory Coast		•	•
Kenya	•	•	•
Mali		•	•
Mauritania		•	•
Mauritius	•	•	•
Morocco	•	•	•
Niger		•	•
Nigeria		•	•
Senegal		•	•
South Africa	•	•	•
Tunisia	•	•	•
Uganda		•	•

## • CENTRAL EUROPE

	Atradius	Coface	Euler Hermes
Austria	•	•	•
Bosnia		•	•
Bulgaria	•	•	•
Croatia		•	•
Cyprus		•	•
Czech Republic	•	•	•
Hungary	•	•	•
Kazakhstan		•	•
Macedonia		•	•
Poland	•	•	•
Romania	•	•	•
Russia	•	•	•
Serbia		•	•
Slovakia	•	•	•
Slovenia		•	•

## • NORTH AMERICA

	Atradius	Coface	Euler Hermes
Canada	•	•	•
Etats-Unis	•	•	•

## • MIDDLE EAST

	Atradius	Coface	Euler Hermes
Bahrain	•	•	•
Brunei		•	•
Israel	•	•	•
Jordan		•	•
Kuwait		•	•
Lebanon	•	•	•
Libya		•	•
Oman	•	•	•
Qatar	•	•	•
Saudi Arabia	•	•	•
Turkey	•	•	•
UAE	•	•	•

## • ASIA PACIFIC

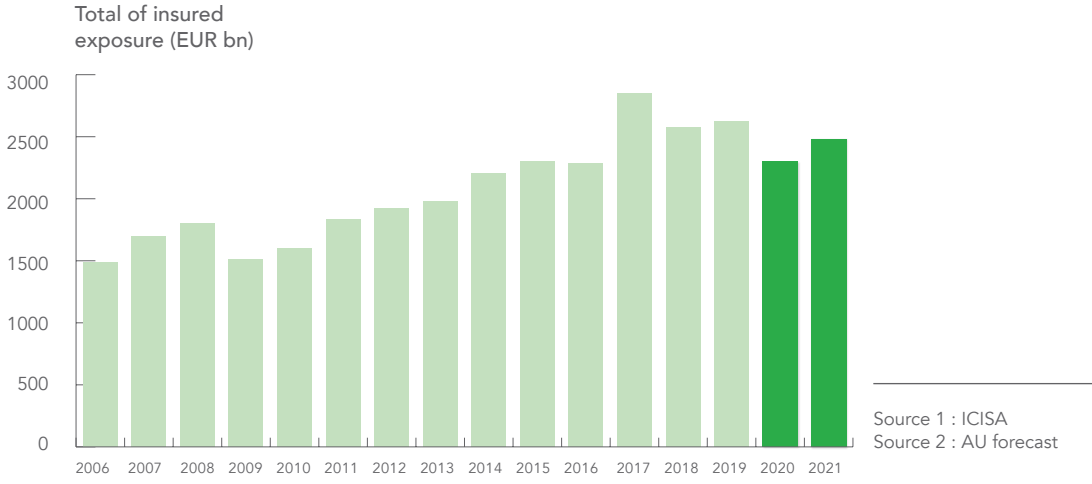
	Atradius	Coface	Euler Hermes
Australia	•	•	•
Bangladesh		•	•
China	•	•	•
Hong Kong	•	•	•
India	•	•	•
Indonesia	•	•	•
Japan	•	•	•
Malaysia	•	•	•
New Zealand	•	•	•
Pakistan		•	•
Philippines	•	•	•
Singapore	•	•	•
South Korea	•	•	•
Sri Lanka		•	•
Taiwan	•	•	•
Thailand	•	•	•
Vietnam	•	•	•

# 2021



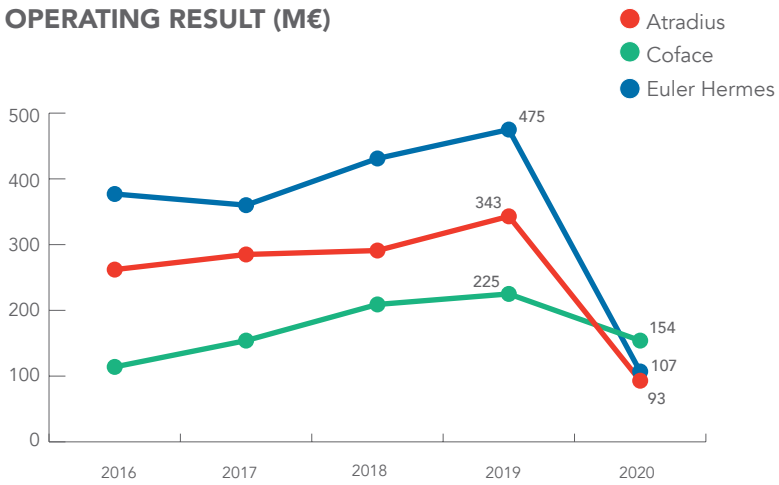
## Volume of transactions insured

While 2017 remains an exceptional year in terms of insured transaction volumes, 2020 corresponds to an anticipated drop: the decline in insured turnover and a targeted risk withdrawal policy by the insurers causing insured volumes to fall. In 2021, these volumes are expected to increase sharply, particularly in North America and Asia.



## Profitability of the main players (m€)

With operating results of -73% for Atradius, -32% for Coface, and -77% for Euler Hermes, the impact of the pandemic on the activity of the three world leaders is clearly visible, both in terms of the drop in turnover of the insured and the sharing of risks and premiums with governments in certain countries.



## Covid 19: Focus on economic support mechanisms

From the second quarter of 2020, many governments became concerned about the solvency of companies and their ability to weather the looming crisis.

However, the sometimes-brutal disengagement of the largest insurers ran counter to the government's desire to rely on inter-company credit to get through and overcome this difficult period. Governments quickly put in place mechanisms to support the economy,

some of which were to support the credit insurers with reinsurance schemes.

In addition to these public measures, credit insurers have shown more flexibility in supporting their clients: extension of the time limit for notifying an unpaid debt, support in reviewing risks on a case-by-case basis, etc.



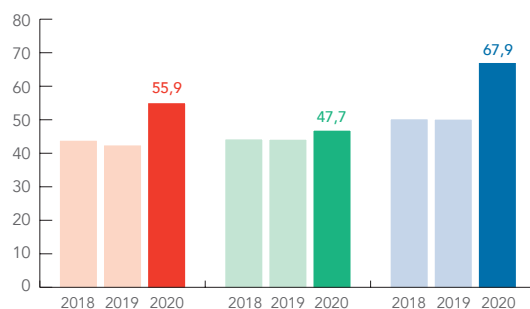
## → Measure of performance

### LOSS RATIO (CLAIMS/PREMIUMS) AND NET COMBINED RATIO (%)

Insurers' profitability is determined by their Loss Ratio (claims/premiums) and their Combined Ratio (Loss ratio plus overhead expenses).

- Atradius
- Coface
- Euler Hermes

### Net Loss Ratio (claims/premiums) over the last 3 years

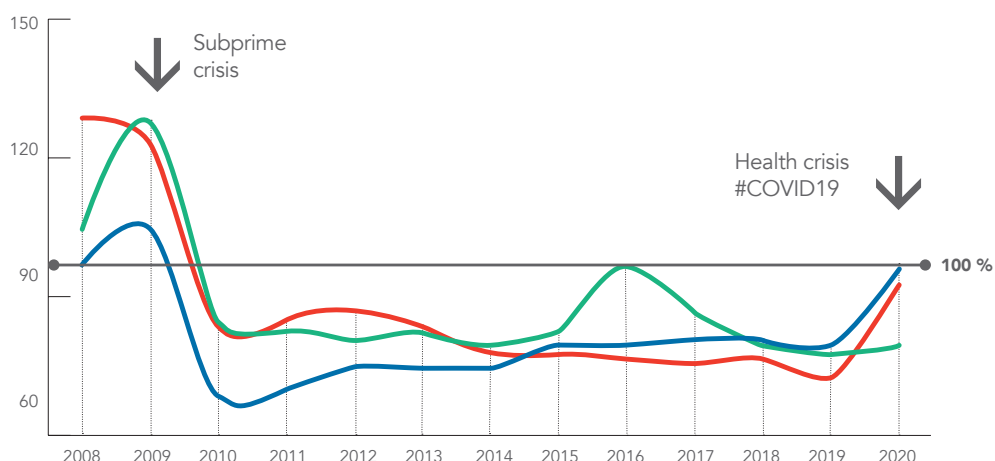


The theoretical break-even point for this ratio is 70% (above which Insurers consider that their operations generate a loss).

### Net combined ratio over 10 years

→ The theoretical break-even point of the combined ratio is an estimated 100% (above which Insurers consider that their operations generate a loss).

→ During the subprime financial crisis, all insurers were badly impacted by the increase in company failures and in the claims paid to their policyholders. The COVID 19 crisis led to a deterioration in the combined ratio of insurers due to the sharing of premiums with governments under State reinsurance agreements.

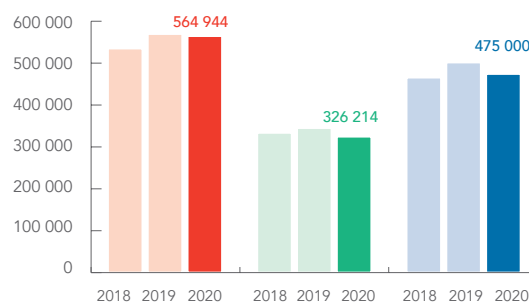


→ With the gradual end of government business support schemes, claims are expected to rise again this year. Credit insurers are expecting a 20-30% increase in claims for the year 2021.

### STAFF

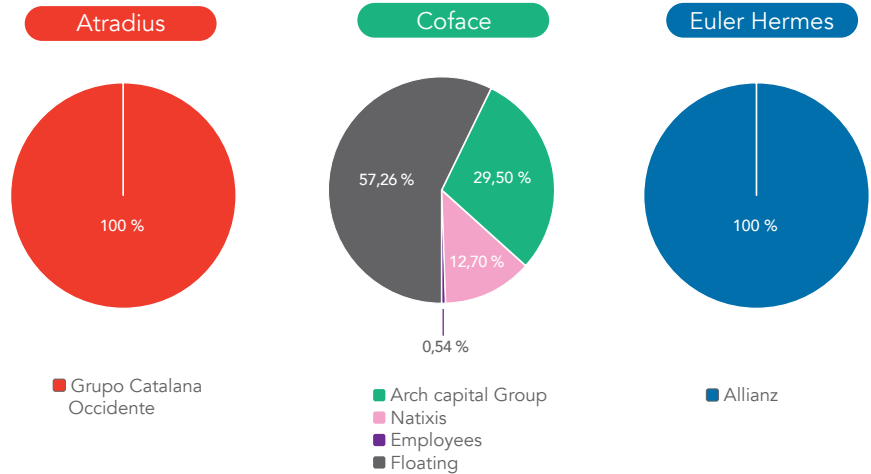
Productivity ratio	Atradius	Coface	Euler Hermes
Headcount at 31.12.20	3 503	4 448	5 800
Revenue per capita	564 944	326 214	475 000

The headcount to revenue ratio reflects the company's productivity.



For the past five years, Atradius has been the company with the highest revenue per capita.

# Shareholder

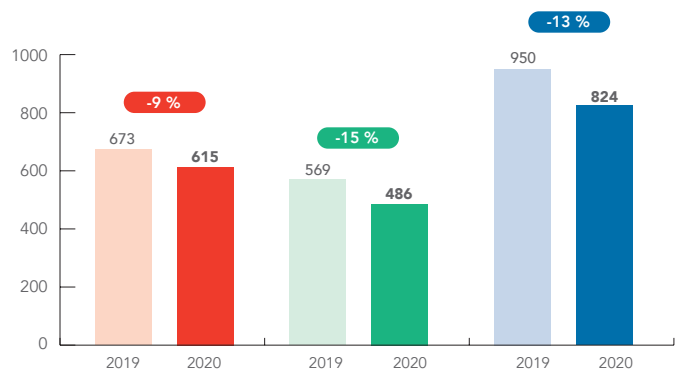


In February 2020, Natixis, Coface's majority shareholder, sold 29.5 % of the credit insurer's capital to Arch Capital Group, a Bermuda-based insurer listed on the New York Stock Exchange. After this operation, Natixis will hold only 12.7% of Coface's capital.

## Total potential exposure (in bn€)

As of December 31st, 2020, the total exposures were:

- Atradius at €615bn (-9% compared to 2019)
- Coface at €486bn (-15% compared to 2019)
- Euler Hermes at €824bn (-13% compared to 2019)



→ The main credit insurers have all reduced their exposure following the health crisis

## Ratings

COMPANIES	FINANCIAL STRENGTH RATINGS			
	Standard & Poors	Moody's	Fitch	A.M. Best
AIG	A+ outlook stable	A2 outlook stable	A outlook stable	A outlook stable
ATRADIUS		A2 outlook stable		A outlook stable
CHUBB	AA outlook stable			A++ outlook stable
COFACE		A2 outlook stable	AA- outlook negative	A outlook stable
CREDENDO	AA outlook stable			
EULER HERMES	AA outlook negative	Aa3 outlook stable		A+ outlook stable
LIBERTY MUTUAL	A outlook stable	A2 outlook stable		A outlook stable
MARKEL	A outlook stable	A2 outlook stable		A outlook stable
QBE	A+ outlook stable	A1 outlook stable	A+ outlook stable	A outlook stable
ZURICH	AA- outlook stable	Aa3 outlook stable		A+ outlook stable

Update: May 2021

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insurance market

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by pledging trade  
receivables to  
finance companies

## POLITICAL RISK

by arranging cover  
for all medium-  
and long-term  
contracts and  
investments

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by optimising credit  
management tools  
and techniques

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payment terms,  
financing online  
transactions

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**40**  
countries



**100%**  
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**260**  
staff worldwide



Over  
**4 500**  
clients



**300**  
BN  
of insured commercial  
transactions



**54**  
offices



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