

# ICISA

## INTERNATIONAL CREDIT INSURANCE & SURETY NEWS

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### From the ICISA Secretariat

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The uncertainties resulting from the financial crisis have pushed the need of traders and exporters for credit risk management to the forefront. Not surprisingly, the credit crisis was one of the main topics of debate at the association's annual meeting last May in Vienna. Thanks to an excellent presentation by Guarav Ganguly, Chief Economist at Atradius (for slides see FILE 2008070 on [www.icisa.org](http://www.icisa.org)) members were given a worrying, but as matters stand, realistic insight into what lies ahead. Although the length and depth of the crisis is impossible to determine, there was a consensus among members of ICISA that the consequences of the crisis will be felt throughout the economy. The general conclusion was that this crisis offers our sector the opportunity to demonstrate our strengths and expertise in the area of risk management. Our customers' need for this is probably greater now than ever before. In an increasing risk environment, and deteriorating economic conditions in leading markets, ICISA members are solvent and capable in addressing the growing needs of traders and manufacturers, in their home markets as well as abroad.

At ICISA's Autumn Meetings 2008, which are held this year from 1 to 3 October in Amsterdam, expert specialist representatives from ICISA members will meet to discuss these and other current issues and concerns. Three different committees will meet in parallel sessions, allowing credit insurance, surety and buyer underwriting specialists to look at the effects of the present economic crisis in more detail. By sharing information and experience, and by reviewing the potential options, players will be better informed and prepared to manage their customers' risks.

The credit crisis is not the only issue that will be addressed during the Autumn Meetings 2008; delegates will also be discussing the effects of climate change, the multifaceted relationship between credit insurers and banks, political risk, translations of ICISA's Catalogue of Credit Insurance Terminology, binding orders, changing insurance premium tax to VAT, electronic bonds and a level playing field for

bank guarantees and surety bonds in the EU. With over 90 delegates from around the world, the Autumn Meetings 2008 promise to be a successful event.

A number of other meetings and events are also scheduled for October and November:

Our Solvency II Expert Group will meet to review and manage our lobbying efforts towards EU authorities.

STECIS, the training foundation supported by ICISA, has organised a Surety Seminar on 12 and 13 November in Zurich. It is still possible to register for this course. For more information write to [seminar@stecis.org](mailto:seminar@stecis.org).

To formally mark the 80th anniversary of the association, a birthday celebration will take place on 14 November in Zurich. All former Presidents and Management Committee members, chairs and other officers, past and current, are invited to celebrate this milestone in the country where ICISA was founded in 1928.

## Half year results ICISA Members

Over the last two months several ICISA members have published their company's half year results.

A summary:

The first half of 2008, showed satisfying growth in turnover for **Coface**. The company's turnover was EUR 838 million; up 5.9% compared to the first half of 2007. The two driving forces in this growth are activities "outside Europe" and factoring.

*More information on [www.coface.com](http://www.coface.com)*

**PartnerRe** reported a net loss of USD 26.0 million for the second quarter of 2008. The company adopted FAS 159 as of 01/01/08. Comparable 2007 numbers (profit of 184 mio) do not include the impact of FAS 159. *Full release on [www.partnerre.com](http://www.partnerre.com)*

**QBE** reported an insurance profit of a record USD 1,116 million, a 6% raise compared to the USD 1,053 million in the first half of 2007.

Mr Frank O'Halloran, CEO of QBE, mentioned about the company's results: "We are extremely pleased with the strength and quality of our insurance profit given market conditions and increased catastrophe activity in the first half." *More information on [www.qbe.com](http://www.qbe.com)*

**Euler Hermes** published a turnover growth of 5.5% for the first half of 2008. Mr Clemens von Weichs, Chairman of the Board of

Management, remarked: "The claims ratio of the second quarter 2008 stands at 65.6% compared to 62.9% for the previous quarter."

*Full release can be found on [www.eulerhermes.com](http://www.eulerhermes.com)*

During the first half of 2008, the premium income of

**Groupama** rose 12.1% to EUR 7,711 million, compared to EUR 6,878 million in the first half of 2007.

Profits from operations went up 5.1% to EUR 228 million.

*Full release on [www.groupama.com](http://www.groupama.com)*

**SCOR** presented a record net income of EUR 225 million in the first half of 2008. This is a rise of 24.3% compared to the first half of 2007.

Mr Denis Kessler, Chairman and CEO of SCOR, said: "SCOR's strong first half 2008 results confirm our profitability track record."

*More information on [www.scor.com](http://www.scor.com)*

For the first half of 2008, Allianz Group delivered an operating profit of EUR 4 billion. Michael Diekmann, CEO of **Allianz SE**: "The fundamentals of our business remain strong and we are able to deliver a solid performance."

*Full release can be found on [www.allianz.com](http://www.allianz.com)*

**Hannover Re** reported a contraction of operating profit by 14.4% year-on-year to EUR 400 mio following write-downs necessitated by the capital markets turmoil.

"The protracted difficult climate on international capital markets and the restraining effects of exchange rate movements have left an appreciable mark on our company," said Mr Wilhelm Zeller, CEO of Hannover Re

*More information on [www.hannover-re.com](http://www.hannover-re.com)*

**Zurich** reported continued strong operating performance for the first half of 2008. Mr James Schiro, CEO of Zurich, said:

"These are excellent results under any market condition."

Among other figures, Zurich reported a net income of USD 2.7 billion.

*Full release on can be found on [www.zurich.com](http://www.zurich.com)*

**Munich Re** reported a profit of EUR 1.4 billion over the first half of 2008, compared to EUR 2.1 billion over the same period in 2007. CFO of the company, Mr Jörg Schneider: "Given the turmoil on the financial markets, those are satisfactory results."

*More information on [www.munichre.com](http://www.munichre.com)*

Over the second quarter of 2008, **Swiss Re** reported a net income of CHF 0.6 billion, despite the continuing challenging financial market environment. Mr Jacques Aigrain, CEO of Swiss Re, pointed out: "The financial market turbulence continues, but, despite this, we are strongly capitalized and our investment portfolio remains sound."

*Full release on can be found on [www.swissre.com](http://www.swissre.com)*

## Zurich acquires Banco Sabadell

On 19 September 2008, Zurich Financial Services Group announced the completion of the acquisition of a 50% stake in the insurance operations of Banco Sabadell.

“This partnership further increases our market share in Spain to the number two player (as measured by Zurich’s and

Banco Sabadell’s combined gross written premium in both life and general insurance for 2007, source ICEA, Inverco, DGSFP), and aligns with our Global Life strategy as announced in late

May. We are focusing and working on the integration and should see positive benefits for all in the near future.” said Mr Mario Greco, CEO of Zurich Global Life Insurance.



*For full release, please see [www.zurich.com](http://www.zurich.com)*

## Ratings Euler Hermes and SCOR

Standard and Poor’s has published a report at the end of July in which the company affirms Euler Hermes’ AA– rating with a stable outlook.

Standard and Poor’s stated: “The stable outlook reflects Standard and Poor’s Ratings Services’ expectation that Euler Hermes will maintain very strong earnings through the cycle.”

At the same time, Fitch Ratings has upgraded SCOR SE’s ratings to “A” on Insurer Financial Strength (IFS) and to “A” on its Long Term Issuer Default Rating (IDRs). The outlook for both ratings remain stable.

According to a press release from the company, SCOR welcomes the decision by Fitch to upgrade the Group

taking into account “SCOR’s strong business and risk diversification, solid business position and recovering profitability”.

*More information can be found on respectively [www.eulerhermes.com](http://www.eulerhermes.com) and [www.scor.com](http://www.scor.com)*



## Legal and Regulatory Developments

From the International Law Office:

The Parliament in **Ukraine** repealed the law on the Procurement of Goods, Works and Services at State Expense and instructed the Cabinet of Ministers to prepare a temporary regulation based on the November 17 2004 draft of the law, excluding provisions which conflict with World Trade Organization (WTO) requirements. The aim of

repealing the law was to bring the state procurement procedure into line with WTO requirements, achieve transparency in procurement and remove the Tender Chamber of Ukraine and the Special Control Commission from the state procurement process.

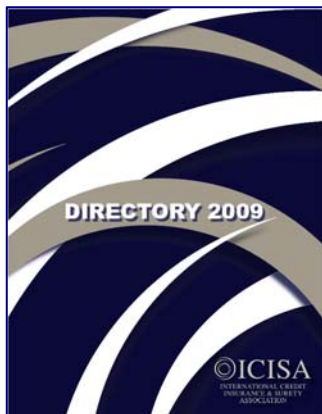
In **France**, a new legal framework for securitization came into effect. One of the major features of the reform is that it allows for the secu-

ritization of insurance risk, including existing risks such as damage to property and people, liability and longevity. The framework for the securitization was drawn up in accordance with the terms set out in the EU Reinsurance Directive.

*For full reports, please go to [www.internationallawoffice.com](http://www.internationallawoffice.com)*



## ICISA Directory 2009



The ICISA Directory 2009 is ready! The first copies will be distributed at the ICISA Autumn Meetings 2008, held from 1 to 3 October in Amsterdam.

This Directory 2009 contains information on all ICISA members, including subsidiaries, as well as gen-

eral information on surety, credit insurance and the work of the association. The publication now also includes an overview of where ICISA members are licensed to do business. Separate lists of where credit insurance and surety is available per country demonstrate the global

availability of products offered by members of ICISA.

For your personal free copy of the ICISA Directory 2009, please write to [secretariat@icisa.org](mailto:secretariat@icisa.org).

## ICISA Member Highlight: Garant

### AUSTRIA

Capital  
Vienna

Official language  
German

Currency  
Euro

Government  
Republic

President  
Heinz Fischer

Population (estimate in 2007)  
8,316,487

The newest member of ICISA is Garant (Austria). The company was admitted as member of ICISA in July 2008 and is highlighted below. Chairman of the managing board is Mr Louis Habib-Deloncle.

Garant provides credit and political risk insurance to protect international exporters in their traditional trade activities and overseas investments.

Established in 1958 by Ingosstrakh, the leading Russian non-life insurer, Garant has been operating in the field of credit and political risk insurance for 50 years. The company was originally set up to cover the non-payment and political risks of international trade contracts between the former USSR, its satellites, and Western European countries. After 1991-1992, Garant focused on property damage and credit indemnity in Eastern and Central European countries.

Backed by new management and new shareholding structure, the company has specialised in credit and political risks since 2003 with a strong focus on political risk coverage in emerging markets

where its unprecedented expertise is well recognised. With ONDD's participation in Garant's equity since 2006, the company represents a unique Euro-Russian partnership in the credit insurance market.

Highly experienced in commercial and political risk, Garant delivers tailor-made solutions on import/exports and investments risks to protect its global customers in 150 countries worldwide.

Garant has achieved very encouraging results in 2007 with a growth of its premium volume by 70% to 13.5M EUR, a technical result improved by 86% and a final result positive by 600T EUR before equalisation reserve.

With a total outstanding exposure around 700M EUR, Garant has participated in the coverage of transactions amounting to over 4 billion Euros and maintains a very good spread of its portfolio in terms of countries of location of the risk (over 150), of tenor (from 30 days to 7 years with an average period of 26 months) and of industrial sectors.

Meanwhile, Garant intends to keep its growth well under control. Adding to the three preceding years, 2007 provides further evidences that a niche, highly specialised company may play a useful role in the market, even if it is relatively small.

Garant belongs to the handful of credit and political risks insurers who may claim to have accumulated wide expertise and many years of experience, mainly in the field of single risks.

As demand for ever-greater amounts of cover grows, there are very few cases where a single insurer may offer to carry the whole risk on its own.

Risk-sharing is essential in this sector and Garant keeps building up synergies with other market players, primarily ONDD and Ingosstrakh, its shareholders, as well other external insurers in the continental market and beyond.



*Mr Louis Habib-Deloncle,  
Chairman of the managing board  
of Garant*

## Solvency II bulletin

This ICISA Newsletter includes a Solvency II Bulletin. It is the intention of the Solvency II Expert Group to give an update on their work and developments through this bulletin, which will form part of ICISA's bi-monthly newsletter.

In this edition of the SII Bulletin, an introduction from the Solvency II Expert Group chairman, Mr Jan Piekoszewski from Atradius is featured.

Other topics include:

- the development of the Solvency II Directive;

- CEIOPS' Quantitative Impact Study 4 (QIS4);  
- ICISA and the CEA;  
- Work of the Solvency II Expert Group.

*For the full Solvency II Bulletin, please see [www.icisa.org](http://www.icisa.org) under Newsletter, Solvency II Bulletin*



*Mr Jan Piekoszewski,  
Chairman of the  
Solvency II Expert Group*

## Atradius in Latin America and China

Atradius Collections, a business unit of Atradius, is the first global collections firm to sign a cooperation agreement with a business partner in China: Fleum-Loenermark in Nanjing. Mr Raymond van der Loos, director of AtradiusCollections, hopes this cooperation will

further boost Atradius' business in China and Asia.

At the same time, Atradius, which has a leading position in Mexico and Chile, may look to enter other Latin American markets.

"Atradius' primary focus is on building activities in Mexico, Brazil and Colombia. We will look at other markets as our overall growth strategy and our customer needs dictate," said Mr Isidoro Unda, chairman and CEO.

## ICISA Autumn Meetings 2008 in Amsterdam

On 2 and 3 October, the ICISA Autumn Meetings 2008 will take place at the Barbizon Palace Hotel in Amsterdam.

Over 90 delegates and accompanying persons will be welcomed with a dinner at the hotel on 1 October with commit-

tee meetings scheduled for the following two days. The Committee of Underwriters, the Credit Insurance Committee and the Surety Committee will meet in parallel sessions, preceded by a joint meeting of the 3 committees.

Several topics will be discussed, among which are the credit crisis and the effects of climate change on our industry.

A review of the Autumn Meetings will be published in the next Newsletter.



*NH Barbizon Palace Hotel*

## Aon to buy Benfield at 350p per share

At the end of August 2008, Benfield agreed to an offer from Aon, the US insurance group, that values the reinsurance broker 350p a share or £844 million an represents a 29 per cent premium to the previous close. (*source Financial Times of 22 August 2008.*)

The two companies said the merger would create a truly global, diverse reinsurance franchise. Benfield would be merged into Aon's reinsurance business, to be renamed Aon Benfield Re.

The deal is expected to close at the end of 2008. Aon said it

had already received commitments from Benfield shareholders representing approximately 25.4 percent of the outstanding shares to support the transaction.



## Appointments and Announcements

### Meeting calendar

Autumn Meetings 2008

Amsterdam

1 - 3 October 2008

STECIS Surety Training

Seminar Zurich

11 - 13 November 2008

Management Committee

Meeting Zurich

14 November 2008

Solvency II Expert Group

Meeting Madrid

27 November 2008

Spring Meetings 2009

Krakow

11 - 13 March 2008

67th General and Associated  
Meetings

Jeju

10 - 13 June 2009

*On photo's from left to right, top to bottom: Mrs Kim Wiehl, Secretary General of the Berne Union, Mr Pietro Lanzilotta, CFO of Nationale Borg, Mrs Marketa Stržínková, General Manager Atradius in the Czech Republic and Mrs Susanne Gross, Head of the Special and Financial Risks Department at Munich Re.*



### ICISA Catalogue of Credit Insurance Terminology

So far 3750 copies of Catalogue of Credit Insurance Terminology have been distributed worldwide.

ICISA's Credit Insurance Committee is currently finalising translations of the catalogue into German, French, Italian and Spanish. These translations are expected to be published by the end of 2008. For free copies of any language version write to [secretariat@icisa.org](mailto:secretariat@icisa.org). Please specify the desired language.

### New President ALASECE

*Mr Bart Pattyn* from Coface was elected President of ALASECE at the association's annual meeting in September 2008. He took over from *Mr Karel van Laack* from Atradius, who was President of the association of Latin-American Export Credit Insurers during the past two years.

### New office Berne Union

The Berne Union has moved offices.

Their new address is:  
*27-29 Cursitor Street*  
*London, EC4A 1LT*  
*United Kingdom*  
Telephone number of the Berne Union Secretariat is +44 20 7841 1110.

Email addresses remain unchanged.

### Appointments at Coface

*Mr Didier Morand* was appointed Risk Director of Coface Holding. He took over the position of *Mr Alain Paupert*, who retired in August 2008.

*Mrs Corine Troncy* was appointed Sales and Business Development Director of Coface Holding, while *Mr Fouad Bitar* was appointed Organisation and Production Director of Coface Holding. These two positions were newly created within the context of Coface Holding's reorganisation.

### New CFO for Nationale Borg

After the departure of *Mr Klaes Visser*, the shareholders of Nationale Borg plan to appoint *Mr Pietro Lanzilotta* as the new CFO of Nationale Borg. His appointment still needs to be approved by the Nederlandsche Bank, which is required in the Netherlands. *Mr Lanzilotta* comes from Atradius.



### Mr Mark Chessher from Zurich to Aon Limited

*Mr Mark Chessher* will become the new CFO of Aon Limited and ARS (UK). He currently holds the position of CFO of the North American large corporate customer division based in New York and will join Aon Limited later this year.

### New general manager Atradius in Czech Republic

In August 2008 *Mrs Markéta Stržínková*



became the new general manager for Atradius in the Czech Republic. At the same time she will be the CEE region director for Atradius.

### PartnerRe appoints new Group Finance Director

On 4 August 2008, PartnerRe announced the appointment of *Mr William Babcock* as the Group Finance Director. He will report to *Mr Albert Benchimol*, CFO of PartnerRe. *Mr Babcock* will have overall responsibility for Group finance functions, including Group Finance and Reporting, Treasury and Group Tax.

### Changes at Munich Re

*Mrs Susanne Gross* was appointed Head of the Special and Financial Risks Department at Munich Re.



She succeeds *Mr Richard Wulff*, who left the company in August 2008.

*Mr Sascha Bibert*, Head of Investor Relations of Munich Re, will leave the company mid-November 2008 at his own request. He will take a new position within the capital markets, outside the insurance industry. A successor still has to be appointed.