



ICISA NEWSLETTER

July 2012

Volume 7

◆ Issue 2

Dear reader,

It is my pleasure to invite you to read this Newsletter which includes articles in relation to the 70th Annual General Meeting of ICISA which was held in Singapore in June. At this meeting ICISA members discussed the global market and industry developments. Our newly elected President Mr Jim Davidson summarized the general mood as follows: "The industry has demonstrated its ability to support clients in a continuing unstable economic environment. The industry's risk appetite is clearly demonstrated by healthy growth while making the reported higher claims payments. The continuation of the deteriorating risk environment is caused not in the least by the increasing restricted financing abilities for traders". An extensive interview with President Jim Davidson can be found in this Newsletter.

Trade credit insurers increased exposures by over 180 billion Euros in spite of a continuing unstable economic environment. This increase of trade credit exposure of 11% demonstrates the industry's ability to support trade in the midst of an economic downturn. This is also supported by the on-going demand for cover with premium growth of 7%, as reported by ICISA trade credit insurance members. However claims increased by 30%, which points to a deteriorating risk environment. Surety members reported premium up by 10%. In general there is concern for surety members with regard to a continued weakness in the construction sector and lack of public spending.

The Association is pleased to announce that at the 70th General Meeting, Jim Davidson, Director at HCC International, was elected President (2012-2013). Andreas Tesch, Chief Market Officer at Atradius, was elected Vice-President. Members furthermore elected SCOR and Zurich respectively to the Association's Management Committee.

The Association is proud to have hosted the inaugural meeting of its Asia Platform. The importance of the Asian region is not only demonstrated by meeting in Singapore -

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the new platform for Asia is a promising development that strengthens the focus and commitment by the Association and its members to this Region. Last but certainly not least I am privileged to inform that R+V Re (Germany) was admitted as the Association's 48th member during the meeting in Singapore.

We hope you enjoy this Newsletter, with an interview with Stephan Knipper of Axis Re, updates by the Chairs of the Credit Insurance Committee, the Committee of Underwriters, the Surety Committee and the Single Risk Committee. Furthermore Mr Cristiano Arlechino of SACE BT gives an update on the UNCITRAL Working Group V meetings in which he represents ICISA. Our column was this time written by Mr Michael Bond of Zurich.

I wish you pleasant reading!

Rob Nijhout
Executive Director





“President of ICISA – A privileged responsibility”

During the 70th ICISA Annual General Meeting in Singapore Jim Davidson, Director at HCC International, was elected 38th President of the association by members of ICISA. Davidson accepted his election “with great gratitude towards the members for making me President for the forthcoming year – it’s 85th year of existence. It is a great honour to have your peers elect you to such an important position and at the moment of election, it was for me, a very humbling experience”.

Besides being elected as President, Davidson indicates that the meeting in Singapore met his expectations and goals. “Asia is of growing importance to our industry and therefore it was decided to organise our Annual General Meeting in Singapore this year. Thanks to excellent guest speakers and a leading role of our Asian members during the meeting we were able focus in much more detail on the Region”. Davidson especially



Mr. Jim Davidson

would like to accentuate the importance of the launch of the ICISA Asian Sub-Committee during the AGM. “It is a notable development and I would take this opportunity of thanking our past President, Joaquín de la Herrán, for having the initiative and drive to make this happen!”

According to Davidson the Association is at the beginning of paving the road in the Asian region for its members. “It is my expectation that over time, the role of the Association will grow considerably in Asia, in line with the needs and priorities of our members in the Region”. He furthermore emphasizes the importance of explaining and advocating the benefits of the product in Asia. “We also enjoyed quite some interest from the local and regional media which underlines the relevance of our members’ products to the Asian business community. The overall increased media attention for our association and our industry reflects the positive work done by ICISA and by our members in general”. Last but certainly not least Davidson proudly mentions that during the meeting the newest member of ICISA has been welcomed. “I am pleased that R+V from Germany was admitted to the Association as its 48th member”.

Davidson underlines that the membership of the Association increases every year which indicates according to him “the structure of ICISA is stable. The Association enjoys a growing prominence on the global stage - the work we are involved in changes constantly in line with the environment our members operate in. There is a much greater need now to engage with regulators and supervisors on behalf of the entire sector, as regulations in Europe and around the World affect our members more and more”.

During his Presidency Davidson would also like to see more concentration on the American region. “In line with our successes in Asia, I would also like to see us expand our focus towards the Americas in the coming year. There are strong surety associations in this part of the World but limited representation in credit insurance where this product shows increasing development and has the potential to be a very large market”. With a wider ICISA network and contact with established colleague associations Davidson would also like to work towards obtaining enhanced and more detailed industry data, Davidson explains that the rapid and often unexpected developments in the global economy can lead to high media attention. “We need the resources to deal with this big challenge to the best we are able and have a greater need for information sharing and creating consolidated data. ICISA continues to be the ideal platform to do this and we are listened to and more reported on than in the past”. Davidson is pleased with the results the many committees and working groups within ICISA reach and how effective they are in addressing concerns that affect the members. “We have great technicians in our groups that are able to meet, discuss and respond to a whole variety of issues but with strong integrity, respecting the positions of their companies and the rules of competition. The value of our ability to speak on behalf of almost the entire trade credit insurance sector cannot be underestimated. Our surety members are often hampered by incomplete or lacking legislation, something ICISA as an association also continues to address”.

The new President also wished to use the opportunity of this interview to highlight some of the achievements by the Association among which “the great progress ICISA has made to the specifics of our industry recognized in the Solvency II proposals”. While the final regime is not ready yet, Davidson is confident that “we will have a workable regulation, thanks to the very hard work of our experts involved in this”.

(> p.3)



(Continuation of interview Mr. Davidson, President of ICISA)

He proudly mentions furthermore the Catalogue of Credit Insurance Terminology which was developed with determination by our Credit Insurance Committee and is now available in 6 languages. "It is a hugely successful publication that continues to prove its value". Davidson is also a strong advocate for the recently formed Single Risk Committee. "Our Single Risk Committee continues to be successful in its pioneering work trying to bring this part of our industry sector together to deliver a clearer framework and transparency to enable clients to have better understanding of what we can do and how to do it".

ICISA is also increasingly, actively involved in setting the tone in the discussions in the Surety industry and he is therefore pleased with the collaboration of ICISA as a member in the International Surety Association and its work in getting recognition of surety products at this year's G8 meeting. "Our own surety committee plays a vital role in dealing with current issues with the professionalism always expected from this sector when its supporting major construction projects in different parts of the World".

Davidson stipulates that these achievements can only be reached thanks to the commitment of the members. "I am always impressed by the hard work and many hours our members are willing to devote to the Association - it is for example the basis for our success in getting recognition in

International Accounting Standards, and gives me great confidence in tackling any future concerns. It would be remiss of me if I didn't mention the excellent work done by Rob Nijhout and his team. There is so much done in the background to keep everything operating smoothly and of course we need an absolute professional when Rob is performing up front".

About what is needed to secure the future of the Association Davidson has a clear opinion. "We will have to be relevant to our wide range of membership needs and aspirations; I expect that it will continue to be necessary to handle the pressure of media interest and commentary whether its adapting to circumstances and fast moving issues or proactively leading the way with the provision of data and topical information; and providing value for money to members while sensibly managing costs. Although modern methods of communications provide many opportunities to save time and cost and an efficient business should exploit them to the full, Davidson also believes there's a time for the old courtesies to establish trust and confidence "a real handshake here, a genuine smile there, and trusting conversations can work wonders for relationships" he says "there will always be a need to meet in person and while our meeting structures have and will continue to change somewhat, our members should continue to meet as they have done over the past 84 years".

THE ICISA YEARBOOK 2012

The ICISA Yearbook 2012 highlights the members of ICISA, our industry and the issues addressed and offers an insight into the current state of ICISA and its members.

It is a unique source of information on the trade credit insurance and surety industry, with additional extended information, interviews and statistics on the 47 ICISA members.

The Yearbook 2012 can be downloaded from the ICISA website (www.icisa.org)

NORWAY SWEDEN IRELAND HUNGARY HONG KONG ARGENTINA INDONESIA FRANCE SWITZERLAND PORTUGAL BELGIUM SINGAPORE POLAND GREECE MEXICO CANADA JAPAN UNITED KINGDOM ISRAEL SOUTH AFRICA SPAIN NETHERLANDS CHINA AUSTRIA AUSTRALIA ITALY KOREA SLOVENIA DENMARK USA GERMANY BRAZIL NEW ZEALAND LUXEMBOURG FINLAND HUNGARY HONG KONG ARGENTINA INDONESIA FRANCE SWITZERLAND PORTUGAL BELGIUM SINGAPORE POLAND GREECE MEXICO CANADA JAPAN UNITED KINGDOM ISRAEL SOUTH AFRICA SPAIN NETHERLANDS CHINA AUSTRIA AUSTRALIA ITALY KOREA SLOVENIA DENMARK USA GERMANY BRAZIL NEW ZEALAND LUXEMBOURG FINLAND HUNGARY HONG KONG ARGENTINA INDONESIA FRANCE SWITZERLAND PORTUGAL BELGIUM SINGAPORE POLAND GREECE MEXICO CANADA JAPAN UNITED KINGDOM ISRAEL SOUTH AFRICA SPAIN NETHERLANDS CHINA AUSTRIA AUSTRALIA ITALY KOREA SLOVENIA DENMARK USA GERMANY BRAZIL NEW ZEALAND LUXEMBOURG FINLAND HUNGARY HONG KONG ARGENTINA INDONESIA FRANCE SWITZERLAND PORTUGAL BELGIUM SINGAPORE POLAND GREECE MEXICO CANADA JAPAN UNITED KINGDOM ISRAEL SOUTH AFRICA SPAIN NETHERLANDS CHINA AUSTRIA AUSTRALIA ITALY KOREA SLOVENIA DENMARK USA



YEARBOOK 2012

INTERACTIVE EDITION



"AXIS Re Europe – Continuation of a success story under new leadership"

With over 25 years of experience in reinsurance, Mr. Stephan Knipper took up his position of President of AXIS Re Europe in May and he kindly agreed to share his views on the developments at AXIS Re and the market.

Knipper emphasizes that "over the last 10 years AXIS Reinsurance has grown to a leading, highly diversified reinsurer with current gross premiums written of about \$ 2 billion. It offers a range of property and casualty products. Over the 10-year period until December 31, 2011, the weighted average combined ratio for our whole reinsurance segment was a remarkable 89%. However, 2011 was a challenging year for the industry with "one of the highest levels of catastrophe losses in history."



Mr. Stephan Knipper

Knipper has been Deputy CEO since the very start of the European office in October 2003 and was strongly involved in the build-up of the business. According to Knipper the European operation had a very positive development in their target product areas until today. "From 2003 onwards AXIS Re has been committed to writing Credit & Bond business with a specialized team based in Zurich. In 2011 Credit & Bond business constituted 15 % of our whole reinsurance business and about 7 % of the AXIS Group gross written premium.

Commenting on the economic environment Knipper points out: "We currently see low or no GNP growth in mature markets and higher GNP growth in emerging markets. Besides, we have shorter credit cycles. The Euro zone crisis increases the level of uncertainty that the insurance industry has to face. There is a change of insured values and – for insurance products like professional indemnity classes, Directors & Officers liability and Credit and Bond - a potential for higher loss frequency.

This economic paradigm change impacts the global demand for credit and bond reinsurance and ultimately leads to a territorial shift of insured exposures". Knipper wants to stipulate that "it is important that we study these

trends carefully and closely monitor and manage our exposure development in our target markets".

"These current developments and the economic outlook remain a challenge for our industry. Against this backdrop we will emphasize our process of carefully selecting our partners and accurately managing our portfolios. Professional risk management and market intelligence are key to the successful cycle management of our portfolio".

The change of leadership at AXIS Re Europe will not change the general approach to Credit & Bond business. "Under the leadership of Karl Mayr we successfully developed Credit and Bond as a core business and we remain fully committed to this market. I am particularly proud of the development of AXIS Re Europe and the way we could built this organization to a leading P&C and Credit & Bond reinsurer. We achieved this success with highly professional people, a clearly defined strategy, very strong

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Stephan Knipper (President of AXIS Re Europe)

Mr. Stephan Knipper is President and Deputy CEO of AXIS Re Europe. He assumed the role of President AXIS Re Europe in May 2012 and has been Deputy CEO since October 2003. Prior to his role as President of AXIS Re Europe he was COO of AXIS Re with worldwide responsibility. Knipper has 25 years of reinsurance experience. Before joining AXIS, he had been a member of the Board of Management of Gerling Global Re Group. He previously served as CEO of Gerling Global & General Re UK in London and as Chief Underwriter for Casualty, Credit & Marine at Gerling Global Re Group in Cologne where he successfully built a specialized credit & bond team from 1990 onwards. He was a director on the board of several Gerling Group companies. Knipper began his career with an international law firm and accountancy firm. He has degrees in Law and Economics.

AXIS Re

AXIS Re is part of the AXIS Capital that was founded in 2001 with a starting capital of \$ 1.6 billion and the aim to make it the leading specialty insurer and reinsurer. At December 31, 2011 the group reported gross premiums written of \$ 4.09 billion and the capital base had grown to \$ 6.6 billion. Over the 10-year-period AXIS Group achieved a return on average common shareholders' equity of 14.2 %. At December 31, 2011 the reinsurance premium volume was about \$ 2 billion. AXIS operating subsidiaries have been assigned a financial strength's rating of "A+ (Strong)" by S&P and "A" (Excellent) from AMBest.



(Continuation of interview Mr. Knipper, President of AXIS Re Europe)

financial outfit, solid infrastructure and good timing. With our strong underwriting team we continue to strive for being a leading professional reinsurer as well as a predictable partner to our clients”.

The client focus will be one of the key targets in the new role of Knipper. “After having left the position as the COO of the Reinsurance segment my focus is on being more actively involved with clients again. I look forward to an intense dialogue with our clients and brokers to provide efficient solutions for our industry”.

To be successful as an industry it is important that the needs of the industry are met regarding regulations and supervision. “This is a valuable role for ICISA. A while back ICISA has successfully started to engage with government bodies to present and defend the needs of the credit & bond insurers and reinsurers. The association is doing a very good job for our industry by addressing the relevant

industry topics, whether it is Solvency II or product and market development”. He underlines however that “when it comes to our lobbying activities our industry can still learn a lot from the banking industry”. To conclude the interview Knipper expresses his wish list regarding the association and the credit and bond industry. “Overall I would welcome further ICISA initiatives regarding the marketing of the trade credit product and the enhancement of the market intelligence of the Credit & Bond insurance industry”.



**Join over 1900 other industry experts
in the ICISA group on LinkedIn**



STECIS, the Credit Insurance & Surety Academy, is endorsed by the International Credit Insurance & Surety Association (ICISA) and promotes knowledge and professionalism in the theory and practice of trade credit insurance and surety underwriting or related topics.

For more information, please visit www.stecis.org

Next Meeting:

The ICISA Autumn Meetings are held 19 - 21 September in The Hague, the Netherlands.



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Q & A's Committee Chairs

Credit Insurance Committee

"Facilitating trade is our mission. Optimism must be one of our qualities."

The Chair of the Credit Insurance Committee and Director Insurance Technique Coface Nederland, Mr. Martin van der Hoek, shares his views on the developments in the Committee.

What are your Committee's main activities and achievements since the last General and Associated Meetings?

The Credit Insurance Committee met in Amsterdam (September 2011) and in Ljubljana (March 2012).

Main topics for discussion were:

- the lessons learned from State Support Schemes for Credit Insurance,
- the different ways to allocate recoveries,
- whether or not credit notes from buyers lower the the insurable turnover and the premium to be charged,
- the exceptions made to the maximum liability,
- bonus/malus systems, risk attached or losses occurring
- the exclusion of political risks in an "insolvency only" policy,
- non-cancellable credit limits,
- excess of loss policies,
- retention of title,
- the interaction between various contract items and policy conditions,
- cross border credit insurance,
- extra-contractual obligations as well as excess of policy limits,
- third party claims,
- political risks,
- the impact of sanctions,
- third country risk.
- contract repudiation.



Mr. Martin van der Hoek

It became obvious that the current debt crisis, especially but not only in southern European countries, asks for policy conditions that may support the business of our customers but also may protect them against risks which would undermine their continuity and profitability. The open exchange of views on a great number of subjects was welcomed as a support for members' reaction to changing economic circumstances.

Are there goals or tasks that your Committee set last year and that you were unable to meet? If so, what are the reasons for this?

After a Japanese version of the Catalogue of Credit Insurance Terminology was published this year, the Committee works on a third edition of the original booklet.

Many members contribute to the draft of the ICISA Book on Trade Credit Insurance.

The appreciated contribution of individual members compensates the extra time for or the delay in the production of these documents. Members with a full time job showed their commitment to do more than only attending Committee meetings.

What are the main topics for your committee in the coming year?

Anticipating on economic developments will require our creativity as far as conditions of cover are concerned. Two risks are to be avoided: covering only AAA-risks and refusing cover head over heels. Conditions of cover have to remain supportive in hard times. Members' know how and experience as well as an open exchange of views are the prerequisites for fruitful discussions.

When the draft of the ICISA Book on Trade Credit Insurance has been reviewed the first edition is expected to be published in the coming year.

During the Autumn Meeting In September 2012 in The Hague the Committee will choose a new Chairman. Members are invited to submit new topics for this meeting to be dealt with in the coming year.

In what way is the Asian region of interest to your Committee and what are your expectations regarding this region?

The Asian region is of great interest for our customers and therefore also for our members. Local legislation as well as requirements to satisfy Asian customers may need a reflection in the conditions of cover. Furthermore the positive economic situation of some important Asian countries will stimulate trade not only locally but also worldwide.

From your Committee's perspective, are there particular challenges or opportunities that stand out for the Asian region?

Where credit insurance should facilitate trade, the chances to proof the benefits of our product will be our dominant opportunity in the Asian region. China and India (> p.7)



(Continuation of interview Credit Insurance Committee)

but also other Asian countries will continue to be a priority market for our sales efforts. The combined experience of ICISA-members will support local initiatives as well as cross border branches which are already successful.

Could you summarize from your point of view as Chair from the CIC the discussions during the Annual Meeting in Singapore that impressed you most?

The strength and positive attitude of the credit insurance industry was clearly illustrated by the Tour the Table, especially by the presentation of results of the three major groups and the leading reinsurers.

What would you, again from the point of view as Chair of the CIC, consider the top 3 results of these Annual meetings?

1. The dialogue with experts in the Asian markets
2. The opportunity for Committees to present their activities and agendas
3. The quality of discussions during break-out sessions

What should the readers furthermore know about your Committee?

Since more than 40 years the Credit Insurance Committee is a unique platform to discuss existing and developing conditions and procedures to cover credit risks worldwide. The eagerness to become and to continue to be a member of the Committee is reflected in the quality of the meetings as well as in the studies and documents produced by members of the Committee.

Committee of Underwriters

“Another slowdown, another challenge”

The Vice-Chair of the Committee of Underwriters and Director Credit Insurance of Mapfre, Mr. Felipe Buhigas shares his views on the developments of the Committee.

What are your Committee’s main activities and achievements since the last General and Associated Meetings?

Usually more than 10 countries (most of them European) are represented in the Committee of Underwriters through its members granting a very rich level of contribution from many perspectives.

It is agreed to discuss in each meeting about the following topics:

- The current economic situation on different countries

- Trade sectors: best and worst performing industries
- Specific buyers (sensitive risks)
- Payment trends
- Recent socioeconomic events and their implications in our job as underwriters



Mr. Felipe Buhigas

Each member is invited to comment during the meeting the above mentioned topics from its home country perspective, allowing interesting debates afterwards.

More specifically, during last meetings the Committee focused on the following topics:

- The Arab Spring and the consequences in Credit Insurance
- Outlook on the world banking system
- Pension systems reforms in Europe
- Special focus on southern Europe: Spain and Italy (different presentations have been given)
- Special focus on other specific countries: China, UK, Brazil and Hungary.
- Risk portfolio management.
- Cooperation between sales and risk underwriting teams
- And more recently: the Eurozone crisis

Are there goals or tasks that your Committee set last year and that you were unable to meet? If so, what are the reasons for this?

The Committee of Underwriters always tries to adapt the agenda to latest economic news, meaning that sometimes we have to postpone the debates on certain interesting topics in order to focus on higher topical subjects. It actually happened with certain countries and trade sectors on which we had decided to have a deeper view, but I think it is very much appreciated to have the flexibility to adapt focusing on current affairs of much more concern.

On the other hand it is true that sometimes can be difficult to get a speaker to give a presentation on a very specific issue. As underwriters we are interested on a lot of topics affecting to different industries in different parts of the world and I wonder if we should encourage the possibility of having external speakers for that purpose.

What are the main topics for your committee in the coming year?

For our next meetings the economic situation in Europe will be one top priority, paying special attention to Greece, Portugal and Spain. Our aim would be to have presentations on these countries in order to introduce debates and share experiences.

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(Continuation of interview Committee of Underwriters)

It has been decided as well to review the economic situation in China from the credit insurance perspective and we will try as well to give a presentation in order to introduce debates among members.

In what way is the Asian region of interest to your Committee and what are your expectations regarding this region?

The region (developing Asia) is maintaining an impressive growth trajectory. However 2012 brings some uncertainty for the region: the eurozone is grappling with its sovereign debt crisis; and more generally, stagnation in the major industrial economies of the United States, Europe, and Japan - developing Asia's main trading partners - is stunting demand for Asia's products.

The growth in the region is expected to ease to 6.9% in 2012 (from 7.2% in 2011) before coming back to 7.3% in 2013.

According to some analysts, the region will have to adjust to lower export demand from the advanced economies for some time to come. These economies are expected to expand by just 1.1% in 2012 and 1.7% in 2013, as austerity measures, fiscal consolidation, and weak private domestic demand stall their growth for the next 2 years. Increased local demand in Asia has offset some of this lost trade, but it will need to take up more of the slack.

From your Committee's perspective, are there particular challenges or opportunities that stand out for the Asian region?

Of course we see a lot of opportunities and they all have to do with the development of credit insurance in the region. During the last years and probably due to economic globalization and political changes in some Asian countries, the demand for credit insurance has significantly increased in the region, especially for export transactions, where in addition Asian suppliers are becoming increasingly worried about the creditworthiness of their trading partners' in Europe and the US, sparking increased interest in using trade credit insurance to protect their trade receivables.

On the other hand the exports to the Asian region from Europe are increasing as well and the majority of European credit insurers are increasing exposures on the region. This situation is improving our knowledge about the creditworthiness of Asian companies and our experience in these markets.

Within our Committee the contribution of members coming for the region is always much appreciated and we think it would be very positive for our meetings to increase the number of Asian members.

What should the readers furthermore know about your committee?

Our committee is an underwriters meeting spot where professionals of our industry coming for many different countries and companies have the opportunity to share experiences and exchange viewpoints with other colleagues. It is always much appreciated and an enriching experience to know more about how the economic situation is evolving in certain countries or about the performance of different trade sectors or buyers from the credit insurance perspective.

Surety Committee

"The Surety Committee's local and global ambition"

The Vice-Chair of the Surety Committee and Director Bonds Sweden and Nordic of Atradius, Mr. Lennart Rönquist, shares his views on the developments of the Committee.

What are your Committee's main activities and achievements since the last General and Associated Meetings?

The related topics to EU level playing field, mapping on how the members treat/handle joint ventures, custom bonds and environmental bonds.

We have also commenced interactions with local Surety/ Insurance Associations. The first "Articles on Surety" is ready to be published.



Mr. Lennart Rönquist

Are there goals or tasks that your Committee set last year and that you were unable to meet? If so, what are the reasons for this?

The PML Study is going at a slower pace than anticipated.

What are the main topics for your committee in the coming year?

Finalizing the differences on how members treat/handle J/Vs and certain type of bonds (see above) and thereby have a clearer picture for the benefit of reinsurers, but also for the Sureties. The ambition is also to move the PML Study further onto finalization.

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(Continuation of interview Surety Committee)

What should the readers furthermore know about your committee?

That it is our ambition to develop the industry in many aspects. This could for example be done by increasing our visibility in EU/EC related issues, increase our interaction with local associations and take part of their work and support when needed, increase the interaction between members in the committee, exchange information on developments in different locations and discuss different topics in more depth - for example the current public finance crisis.

Single Risk Committee

“Single risks viewed from Asia”

The Chair of the Single Risk Committee and Chairman of the Management Board of Garant, Mr. Louis Habib-Deloncle, is pleased to share his views on the single risk market.

What are your Committee's main activities and achievements since the last General and Associated Meetings?

The Single Risk Committee has been working on the market survey, has organized the third annual open forum in London before the IBC conference early March and participated in a panel of the said forum about Basle III influence on the market.

The Single Risk Committee is also going to participate to the Amsterdam trade and supply chain finance convention in two weeks as a panelist about the growing complexity of trade flows and risks resulting from it

The Autumn and Spring meetings allowed to tackle new technical topics such as public and private debtors as well as political violence coverage.

Are there goals or tasks that your Committee set last year and that you were unable to meet? If so, what are the reasons for this?

The Single Risk Committee is now resuming its completion of a catalogue of terminology which had been interrupted by a change of position by the people in charge.

The completion of the market survey is taking longer than anticipated due to the complexity to gather from a wide range of players pertinent and consistent data.



Mr. Louis Habib-Deloncle

The Single Risk Committee is presently reviewing its questionnaire and will propose direct assistance to the companies or syndicates which would require more precise definitions.

What are the main topics for your committee in the coming year?

The crunch in trade and export finance by banks remain the most crucial challenge for global trade in the future. Its impact on the single risk activity from both the demand and the risks stand point shall be addressed.

Another important matter is the evolution in the structure of contracts in international trade, mainly with demand by local players dealing with public buyers.

Proliferation of national and international regulations with their possible conflicting implementation is another matter of concern.

In what way is the Asian region of interest to your Committee and what are your expectations regarding this region?

No need to be a prophet to predict that trade flows from and to Asia are going to increase in proportion as part of the global trade.

The single risk market is already active in Asia, mainly from Singapore and Hong Kong where underwriting platforms have developed over the past decade.

Though the payment risk perception is quite different in Asia from Western countries, the need for capacity and expertise is bound to increase.

From your Committee's perspective, are there particular challenges or opportunities that stand out for the Asian region?

The main issue for a single risk player is to assess the size and pace of the market growth, which shall dictate whether there is room for developments of local operators.

The development of local insurance regulations might as well restrict the access to capacities.

Could you summarize from your point of view as Chair from the Single Risk Committee the discussions during the Annual Meeting in Singapore that impressed you most?

Among the topics discussed in the Singapore AGM, I think the discussions bearing on 2012Q1 evolution of results has shown that despite the present uncertainties in the Eurozone, Credit insurance business has been growing and though claims are expected to increase in the coming months, no fear has been expressed by anyone that it could evolve towards a 2008/2009 type of scenario.

(> p.10)



(Continuation of interview Single Risk Committee)

Another interesting feature has been the presentation of Asian regional trade and its opportunities. Credit insurance shall adapt to these different regional contexts with a substantial educational effort to be made. In the Single risk segment, the Export financing crisis is apparently having as well an impact in Asia though local banks are less contracting their portfolio than their Eurozone counterparts.

What would you, again from the point of view as Chair of the Single Risk Committee, consider the top 3 results of these Annual meetings?

It has been a good idea to hold this meeting in the Far East, despite the distance for many of ICISA members. The development of ICISA network in Asia is a positive step forward. The prospective discussions in the workshop I have been honored to chair have been of high interest though time slot was a bit too tight.

And the presentation by external participants have brought a lot of value to improve members perception of the Asian context.

Would you share other comments regarding the AGM with the readers?

It is always useful to take some distance from day to day business. Being in South East Asia enabled us to better understand the opportunities which may exist in this continent and the need for cooperation and sharing of risks and expertise. ICISA would certainly enhance its added value, reproducing this kind of regional focus in other regions of the world.

What should the readers furthermore know about your committee?

Protection of national interests is doubtless a real trend in global trade as a result of the international economic slowdown. Political risks are developing and evolving and demand should follow.

Report UNCITRAL – Working Group V

By Mr. Cristiano Arlechino (Head of Legal Affairs, SACE BT)

The United Nations Commission on International Trade Law (UNCITRAL) is the legal body of the United Nations system which is in charge of the modernization and harmonization of rules on international business. Within the Commission, six working groups have been established to perform the substantive preparatory work on topics within the Commission's programme of work.

In particular, the Working Group V of the Commission deals with insolvency law matters. It is composed of all States members of the Commission, non-member States, Organizations of the UN system, intergovernmental and international non-governmental Organizations. The Working Group V held its 41st session in New York from 30 April to 4 May 2012.

As international non-governmental organization, the International Credit Insurance & Surety Association (ICISA) participated at the session.



Mr. Cristiano Arlechino

In the last two decades, the work of the Working Group V particularly focused on cross-border insolvency matters and international aspects of bankruptcy. Two fundamental texts were adopted in the last years by the Commission on the basis of the works above indicated: (i) the 1997 UNCITRAL Model Law on Cross-Border Insolvency and (ii) the 2004 UNCITRAL Legislative Guide on Insolvency Law. The Model Law outlines the general provisions, defines and regulates the access of foreign representatives and creditors to courts in the enacting State, as well as the recognition of foreign proceeding, treats the cooperation with foreign courts and foreign representatives and, finally, deals with the concurrent proceedings.

The Legislative Guide is intended to be used as a reference by national authorities and legislative bodies when preparing new laws and regulations or reviewing the adequacy of existing laws and regulations. The Guide assists in evaluating different approaches available and choosing the one most suitable in the national or local context. To address both the requirements of domestic insolvency law and cross-border insolvency issues, the Guide also includes the text and Guide to Enactment of the UNCITRAL Model Law on Cross-Border Insolvency.

(> p.11)



(Continuation of the report by Mr. Arlechino, SACE BT)

The future work of Working Group V is addressed to matters relating to director's responsibilities and liabilities in insolvency and pre-insolvency cases, as well as further clarification of the Model Law selected concepts (such as the clarification of the notion of centre of main interests - COMI).

In this regard, at its 41st session the Working Group dealt in primis with the topic of directors' obligations in the period approaching insolvency. In addition, the Working Group discussed the draft revisions proposed for the Guide to enactment of the Model Law, approving the reordering of the draft text and amending the text proposed where held necessary. Finally, the Working Group requested the Secretariat to prepare texts and materials for consideration in future sessions.

The next session of Working Group V is scheduled for 26-30 November 2012 in Vienna. Any further information about Working Group V future work is available on the web site www.uncitral.org

Mr. Cristiano Arlechino (*Head of Legal Affairs, SACE BT*)
 Graduated from "LUISS – Guido Carli" university of Rome and attorney at law since 2002, started his career in international Law Firms, with specialties in civil corporate, commercial law and M&A.

After other experiences as in-house attorney for main Italian TLC companies, he was head of legal, litigation and ISVAP claims department at SACE BT since 2004 to 2012. Now, he is in charge as coordinator of credit, surety and construction risks Unit at SACE.

Professor assistant of civil law at "Tor Vergata" university of Rome and credit insurance law at international business law master of "La Sapienza" university of Rome, he published legal articles on these topics.

He represents ICISA at UNCITRAL – working group V (insolvency law) since 2008.

The ICISA Catalogue of Credit Insurance Terminology is available in six languages

The English, French, German, Italian and Spanish versions are already highly appreciated as books of reference by a large international audience of professionals interested in the trade credit insurance industry.

Thanks to the dedicated work by Mr. Jiyunichi Sekiguchi of Tokio Marine & Nichido Fire Insurance Co. Ltd, the Japanese catalogue is now the sixth language version of the Credit Insurance Catalogue published by ICISA.

All six versions of the Credit Insurance Catalogue are available on the ICISA website (www.icisa.org), where you can also order your printed version.





COLUMN

Michael Bond, Zurich Surety, Credit & Political Risk

We are all in this together

I would like to thank my friend Jorge Orasco Laine for the honor of passing the pen to me and continuing the ICISA tradition of hearing views and opinions from many different parts of the world. Passing the pen is a demonstration of the connection and dependence we have on one another, from one country to the next. The credit and surety business in the US no longer depends just on what happens on Main Street or Wall Street. It depends on what is happening on the Paseo de la Reforma, on the Place du Luxembourg and Tiananmen Square.

Every day the interconnection between countries and continents becomes more evident. Besides the tremendous human tragedy of the earthquake and tsunami in Japan on March 11, 2011, the aftershocks spread to all corners of the earth. According to Swiss Re, the earthquake and tsunami cost the insurance industry approximate \$35 billion. The direct impact was felt by our companies and by our reinsurers. Business Insurance reported that in 2011 insured losses from natural catastrophes and man-made disasters were the second-highest sum ever - \$116 billion. Catastrophes in far-away places - the flooding in Australia, the tsunami in Japan and the tornados in the United States led to billions of dollars of capital leaving the insurance industry. We saw the impact on insurance company earnings last year and a hardening of the property/casualty market in 2012.

Two years ago we saw the volcanic eruption in Iceland disrupt the flow of goods coming into and out of Europe. Tulips at the famous Amsterdam flower mart wilted, unable to be flown out to markets in North America. Following the Japanese earthquake, multinationals like General Motors, Toyota and Sony had to stop production, halting exports of cars, electronics and phones. Associated Press reported that the flooding last year in Thailand, which produces nearly 40% of the world's hard drives, impacted the manufacturing facilities of companies like Seagate and Western Digital and may lead to a worldwide shortage of hard drives. The disruption in the flow of consumer goods and commodities - at a time when many companies' balance sheets are already under stress - could lead to higher credit losses.



Mr. Michael Bond, Zurich

But it is not all risk. The connections between countries, the ease of global communication and trade is creating tremendous opportunity and benefits. Companies are no longer looking just at their home country or region for opportunities, but are looking at the world. With economic growth for many emerging markets, such as Brazil, China and India, in the high single digits, the appeal is undeniable. Optimism over growth in the emerging markets is grounded in the

long-term demographic and socioeconomic changes that are expected to take place in the coming years.

But opportunities exist even in developed markets. In the US, we have seen Spanish, Chinese, South Korean, and French contractors entering the construction market, bringing their unique skills in tunneling, bridges or public-private partnerships. Where just a few years ago foreign participation in the North American construction market was limited to a handful of companies, every day we see foreign companies on the bid lists of the large infrastructure projects being awarded. Even the construction industry, which used to be local and parochial, is becoming more international in its scope. This continues the trend of globalization and interconnectedness that we have seen in other industries. The world is just getting smaller and we will depend on each other that much more.

In continuing the tradition of passing the pen, I would like to invite my friend, Yoshitaka Takahashi of the Tokio Marine & Nichido Fire Insurance Co., to write the next column and share his view from Japan.

The column expresses the personal opinion of the writer and does not necessarily reflect the views of ICISA or any or all of its members.

**All ICISA columns are now available on
the ICISA website**



Appointments & Announcements

Laurent Mignon takes over from François David as Chairman of the Board of Directors of Coface

The Board of Directors of Coface appointed Laurent Mignon Chairman of the Board of Directors of the company. Laurent Mignon is the Chief Executive Officer of Natixis, shareholder of Coface. He takes over from François David, whose mandate has ended.

"I would like to pay tribute to the remarkable work carried out by François David who was Chairman of Coface for more than 18 years. During these years, Coface expanded into 66 countries and became a worldwide leader at the service of companies and their international development", said Laurent Mignon.

This change of presidency takes place in the continuity of the strategic orientations and the Board of Directors fully supports Coface's refocusing on its core business, credit insurance.

Implemented by Jean-Marc Pillu, Chief Executive Officer of Coface since December 2010, this refocusing, combined with a refined management of risks to better accompany clients has already proven its pertinence through the acceleration of the profitable growth of Coface in 2011".



Laurent Mignon is the Chief Executive Officer of Natixis since 2009. Mr. Mignon spent 10 years at AGF from 1997 until 2007, where he was successively Chief Financial Officer, member of the Executive Committee, Deputy Chief Executive Officer in charge of the Life and Financial Services sector, Chief Executive Officer of AGF Group, Chairman of the Executive Committee and member of the Executive Committee of Allianz.

He was Managing Partner of Oddo & Cie, alongside Philippe Oddo from September 2007 until May 2009. Laurent Mignon is a member of the Board of Directors and Strategic Committee of Sequana, a member of the Board of Directors and the Audit and Accounts Committee of Arkema, Director of Lazard Ltd, a member of the Board of Directors of Coface and Censor at the Supervisory Board of BPCE.

Laurent Mignon, age 48, is a graduate of HEC (1986) and of the Stanford Executive Program.

Mr. François David was President of ICISA from 2004 to 2006.

For more information, please visit www.coface.com

Turnover continues to grow at Ducroire | Delcredere SA.NV.

Although the business climate has been marked by a resurgence in political risk, Ducroire | Delcredere SA.NV. reported another profitable year of activity. The turnover rose by 10% to reach EUR 95 million in

2011, the loss ratio decreased to 41%. 89% of Ducroire | Delcredere SA.NV. clients intend to renew their insurance policy. Ducroire | Delcredere SA.NV. stayed on cover during many crises, particularly for political risk in countries such as Egypt and Tunisia, and was quick to restore cover for Côte d'Ivoire; cover for Libya and Belarus has already been restored.

For more information, please visit www.ducroiredelcredere.be



New appointment in MAPFRE Caución y Crédito management

Fernando Pérez Serrabona has been appointed as General Manager of Mapfre Caución y Crédito as well as a Member of the Board of Directors.

Mr. Pérez Serrabona joined MAPFRE in 1989, where he held several management positions, including Director of Surety, General Manager of MAPFRE America Caución y Crédito and Deputy General Manager.

He holds a degree in Law, Economics and Business Administration from the Madrid Complutense University.

For more information, please visit www.mapfre.com



Mr. Fernando Pérez Serrabona



Appointments & Announcements

Euler Hermes and Mapfre enter joint venture in Spain and Latin America

Mapfre and Euler Hermes have entered a joint venture to develop their credit insurance business in Spain and four Latin American countries. The joint venture will launch its operations in the beginning of 2013, once approvals from the regulatory authorities in the various countries have been obtained.

Mapfre and Euler Hermes will be integrating on a 50/50 basis their existing credit insurance activities in Spain, Argentina, Chile, Colombia and Mexico with a consolidated turnover of €135 million in 2011.

Both Mapfre and Euler Hermes underline the benefits of the agreement for their customers as well as for the development of their respective businesses.

The joint venture will combine Euler Hermes' risk underwriting expertise with Mapfre's wide distribution network in the relevant markets. As Antonio Huertas, Chairman of Mapfre, explains "the joint venture is the result of an ambitious project.

We are creating a strong new platform committed to leadership". Wilfried Verstraete, Chairman of the Euler Hermes Board of Management adds "By bundling our complementary strengths we will be able to serve even better our Spanish and Latin American customers while carrying through our growth strategy."

For more information, please visit www.eulerhermes.com and www.mapfre.com

Euler Hermes appoints Joan Wasylik as Group Head of Communications

Joan Wasylik brings to Euler Hermes more than 20 years of international corporate and marketing communications experience, primarily in business-to-business sectors. Her background includes senior global or European positions with Ahlstrom, Cargill, Enron, Siemens and WABCO. She most recently served as director of corporate communications at GlobeOp Financial Services, a leading hedge fund administrator, in London.



Ms. Joan Wasylik

A native of Canada, Joan Wasylik holds a master's degree in public relations from the University of Southern California in Los Angeles, California, USA.

Euler Hermes appoints Tawfik Benzakour as CEO of Euler Hermes Acmar

Mr. Tawfik Benzakour has been appointed CEO of Euler Hermes Acmar, Euler Hermes' Moroccan subsidiary based in Casablanca.

Mr. Tawfik Benzakour joined Euler Hermes Acmar in 2011 as Risk director. For the past decade he has held senior risk management and internal audit positions with Aksal Group, Ernst & Young and KPMG in Casablanca, Paris and New York respectively.

A native of Morocco, Mr. Tawfik Benzakour holds a master of business administration in investment and finance from City University of New York, New York, USA.



Mr. Tawfik Benzakour

Euler Hermes to launch Excess of Loss (XoL) cover

Euler Hermes will offer Excess of Loss (XoL) insurance coverage from mid-September 2012 through a new specialist underwriting team based in London.

"We believe today's market uncertainty and new financing environment will increase demand for XoL coverage by multinationals who manage their credit risk on a standalone basis or perhaps through captive insurance companies," said Wilfried Verstraete, CEO of Euler Hermes. Nicolas Delzant, CEO of Euler Hermes World Agency adds "London is acknowledged as the global center for XoL coverage, where major companies with large credit limits look for specialist policy and contract support."

"XoL is a credit risk management tool applicable to most industrial sectors. By launching Euler Hermes XoL with an experienced team, we can be nimble and innovative in providing client solutions. In addition, XoL complements our range of tailored credit insurance solutions, which include bonding, credit risk insurance and transactional cover for political risk and trade finance" said Nicolas Delzant.

The underwriting team will include Alexia Parmentier, an international risk and commercial underwriting specialist and Tim Hoggarth, whose global underwriting expertise particularly includes engineering, manufacturing, forest products and emerging markets. Both were formerly with Chartis Europe and AIG UK.

For more information, please visit www.eulerhermes.com