

PRESS RELEASE

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ICISA OUTLOOK 2014

Positive growth outlook for 2014 hampered by fragile economic conditions and political turmoil

Trade credit insurance

- **Outlook 2014 positive with growth expected in Asia, NAFTA, Southern Europe, Germany and Russia**
- **Claims development differs widely per country**
- **Increasing insolvencies in most EU countries**
- **Decreasing insolvencies in Asia and US**

Surety

- **Confident outlook 2014 for EU and NAFTA**
- **Most EU markets overall stable with growth expected in several EU countries**
- **Increased competition**
- **Concerns include the slow recovery in some EU countries and the ongoing decrease in public spending in combination with government debt**
- **Construction sector continuous to be a concern**
- **Increased role in PPP projects in the US and Canada**

Reinsurance

- **Market is soft due to ample capacity with increased competition**
- **Increase in political risk cover**
- **Growth in Latin America, US and Asia**
- **Concern about possible overregulation and lack of adequate financing by banks**

The members of the International Credit Insurance & Surety Association (ICISA) reported an overall positive growth outlook for 2014. "There are, however, concerns about the effects on payment behavior from economic volatility in emerging markets, a slowdown in China, the slow economic recovery in many European countries and the political uncertainty in parts of the world", according to Jim Davidson, President of ICISA.

"Government debt in combination with the lack of government spending continues to be a concern as it hampers a strong structural recovery. Growth for the sector is expected in the NAFTA region, Latin America and Asia, and also in several EU countries", he continues.

Trade credit insurance

In 2013 trade credit insurance members' new business growth was negatively influenced by the ongoing economic and political conditions in parts of the world. "Nevertheless strong competition is noted, mainly in the EU and in the NAFTA region. The claims picture in 2013 differs per country with average claims size decreasing in Western Europe, NAFTA and Brazil, while the average claim size was larger in Asia, Northern Europe, Spain and Portugal.

Claims frequency increased in the Nordic region, Germany, Latin America and the NAFTA region. In other markets the number of claims was less intensive”, Andreas Tesch, Vice-President of ICISA explains.

The level of insolvencies in some key markets is high and claims are expected to rise as a result. Tesch notes that “currently the trend in insolvencies shows an increase in most European countries, as well as in some Latin markets. Decreasing insolvencies are reported for some EU countries such as Austria, Denmark, Germany, Hungary, Ireland, Latvia, Romania and the UK, and for main markets in Asia, North America, South Africa and Russia”. Tesch is positive about 2014. “The outlook for 2014 in general is positive supported by increased sales, in spite of a fragile recovery. Lack of government spending is seen as a concern for stable growth, particularly in the EU. Growth is expected primarily in Asia, NAFTA (mainly the US), Southern, Central and Eastern Europe, Latin America and Russia”.

“Members of ICISA have been able to steer businesses through recent and current economic problems by managing risks, preventing claims and maintaining cover”, concludes Davidson.

Surety

Growth was reported for Asia, Canada, US, Argentina, France and Italy. Davidson indicates that “the overall outlook for 2014 is confident for the EU and NAFTA with opportunities seen in product innovation and the development of new markets and the increased role in PPP projects in the US and Canada”.

In 2013 the surety market was characterized by some large claims, increased competition and a troubled construction sector. Davidson expects that the current state of the market will continue in 2014. “Markets in France, Ireland, Italy, Mexico, Portugal and the Netherlands are expected to harden. However the slow recovery in some EU countries and the decrease in public spending in combination with government debt are of concern”.

Reinsurance

Growth is expected in Latin America, the US and Asia. “Reinsurance members report increased competition due to ample capacity. Market conditions are soft and are expected to remain soft in 2014”, Tesch notes. “Product innovation and an increase in political risk cover are opportunities for the current year”. He is however also concerned about “the ongoing political unrest in several countries, the slow economic recovery in most EU countries, restrictive regulation as a reaction to the crisis enforced in some markets, as well as inadequate financing by banks”.

ICISA Update

The association welcomed Arch Re, Argo Surety, Chubb and Ping An as its latest members. “The sector’s growth in Asia and North America is reflected by an increased number of members from these regions.” ICISA welcomed 7 new members in the last 12 months. “The sharing of best practices and the highlighting of concerns on an international level is strengthened with the inclusion of these highly respected players,” says Robert Nijhout, Executive Director.

NOTE TO THE EDITOR:

The International Credit Insurance & Surety Association (ICISA) brings together the world's leading companies that provide trade credit insurance and/or surety bonds. Founded in 1928 as the first credit insurance association, ICISA has currently 50 members in total. The trade credit insurance members account for over 95% of the world's trade credit insurance business. Today, with over USD 2 trillion in trade receivables insured and billions of dollars worth of construction, services and infrastructure guaranteed, ICISA members play a central role in facilitating trade and economic development on all five continents and practically every country in the world.

ICISA members: ACE - Afianzadora Latinoamericana – Arch Re - Argo Surety - PT. Askrimdo (Persero) - Aspen Re - Atradius - AXA Assurcredit - AXA Winterthur - AXIS Re Ltd - Catlin Re - CESCE - China National Investment & Guaranty Co., Ltd - Chubb - CLAL Credit Insurance Ltd - Coface - COSEC - Credimundi - Credit Guarantee - ECICS Limited - Endurance - Euler Hermes - Fianzas Atlas - Garant - The Guarantee Company of North America - Groupama Assurance-Crédit - Hannover Re - HCC International - ICIC - Lombard Insurance Company - Mitsui Sumitomo - Munich Re - Nationale Borg - Novae Group plc - PartnerRe Ltd - PICC Property and Casualty Company Limited - Ping An P&C - PRISMA - QBE - R+v Re - SACE BT - SCOR Global P&C SE - Seoul Guarantee Insurance Company (SGI) - SID-First Credit - Sompo Japan - Swiss Re - Tokio Marine & Nichido Fire Insurance - Tryg Garanti - Zurich Global Corporate UK, Surety - Zurich Insurance plc, Niederlassung für Deutschland - Zurich Surety, Credit and Political Risk

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