Dear Reader,

Members of ICISA met last month for the association’s annual meeting, to discuss the current market challenges and initiate actions for the benefit of members.

At the annual meeting, members reported a healthy growth in insured commitments (+8% for trade credit and +9% for surety), as well as higher premium income compared to 2017 (+6.7% for trade credit and +7.7% for surety).

Trade credit members paid out around EUR 3 billion in claims over 2018, while surety members reported claims of EUR 1.2 billion. This demonstrates the ability of insurers to pay when asked, and underlines the value of being insured as paid claims saved customers over EUR 4 billion that they otherwise would not have received.

A number of initiatives were taken at the annual meeting:

• In the coming months members will be working on different concepts of blockchain implementation to determine viability and industry acceptance, both for trade credit insurance and surety.
• The support for a more responsible way of doing business was clear during a dedicated session on sustainability. Members endorsed a more robust approach by the industry towards better practices and improved communication on improvements and commitments made.
• A project to determine the probable maximum loss for the trade credit sector was approved last year, following a successful earlier study. A project team was set up and reported that they expect to have their 2018 report ready by the end of this year.

Among ICISA’s advocacy initiatives that were reviewed, two stood out:

It is clear that the partnership between banks and credit insurers in financing trade is to the benefit of all, especially the customer. However, pending regulation and how this is applied by national regulators threatens this relationship. The association has a role to play here and we are not alone. ICISA works closely with other associations involved with trade, trade finance and credit insurance, to coordinate our message and to enhance the awareness of our collective concerns. This was done successfully towards the PRA in the UK, and we look forward to an ongoing collaboration with our peers in the years ahead.

A review of the Solvency II regime in 2020 is welcomed. Next to a wish list, members will be making recommendations to remedy some of the unintended negative consequences of the current rules.

At the meeting members re-elected Patrice Luscan (COFACE) as President and Kay Scholz (R+V RE) as Vice President for a second one-year term. Axis Capital and Hannover Re were elected as members of the Management Committee.

Four new members were formally welcomed to the association: Abarca (Portugal), Aviva (Canada/UK), Navigators Re (Switzerland) and Swiss Re Corporate Solutions (Switzerland).

Robert Nijhout, Executive Director
Future ready?

On my last flight back from the Americas I had a seat next to a friendly gentleman who when sitting down immediately presented himself with his business card. You all know this situation, you are tired and all you want is to sleep or maybe watch a movie but certainly not to engage in long discussions with you seat neighbor. The friendly gentleman who was an economist of a large financial institution had other plans, he was in the mood to spend the time on the flight discussing with me. Whilst I tried to show some lack of interest at the beginning I quickly realized that the topic he started to discuss was interesting and definitely also linked to our business. We all realize that the economic outlook is rather gloomy in large parts of the world and is combined with the political uncertainty and conflicts between superpowers a pretty explosive cocktail. Maybe it was because of the tasty wine that the discussion turned into a lively exchange of views and facts on how the world is going to look like tomorrow. My new friend was of the opinion that the global economy is weak but not as weak as suggested by panic central bank activities in recent months. Nevertheless, we agreed that with a global debt burden much higher than 10 years ago, USD 10 trillion of worth of negative yielding sovereign debt, record high corporate debt levels and lower growth trends, the world remains ill-prepared for the next crisis. In his opinion we would not yet face the risk of a deeper recession in this year but that this risk would definitely become higher in 2020/21. The discussion went on for a while until my friend then finally decided to put the head phones on and watch a movie. For me the topic was not yet concluded as I started to reflect what such an outlook could mean for our business. Those who are longer in the run have latest realized in the financial crisis that our industry is not immune against economic cycles or financial markets turmoil and that our business is rather vulnerable if not properly underwritten. The question that crossed my mind was: are we as an industry really well prepared to face the next crisis? I can definitely see the lessons learned from the past, a lot of companies have invested in risk management and tools, have better diversified and robust portfolios, but is this really enough? Looking at current market reality I am not entirely sure. Prices are still down in most markets, exposures are high up and a lot of companies enter into new product fields, partly untested and with long tenors, to make up the business volume that they lack from their traditional business. To be innovative and to respond to market dynamics and demand is not bad per se but can become a quite expensive adventure in our lines of business if not properly done and in the wrong moment of the cycle. Am I too negative? Maybe, the future will tell us and hopefully it turns out better than I forecast today. As many of you already know I will retire by the end of this year and become a ‘leisure-man’ with a lot of time to think about the future. Hopefully it will be a bright one for us all and our industry!

“The question that crossed my mind was: are we as an industry really well prepared to face the next crisis?”

Best wishes,
Adrian Kärle

Swiss Re
A Guide to Trade Credit Insurance

A practical and accessible industry-wide reference on Trade Credit Insurance, written by a team of industry experts.

This compact volume is a practical guide for anyone interested in Trade Credit Insurance. The International Credit Insurance & Surety Association (ICISA) presents an approachable but detailed guide written collaboratively by carefully selected industry experts. The guide describes the "life line" of the credit insurance product, from the initial application stage to the expiration phase of the policy, including practical use aspects for credit managers. The volume offers compact information on the history of trade, the need for protection against trade credit risks, and solutions offered by credit insurance providers. The focus is on short term credit, including whole turnover policies and single risk policies.

Readership
Suitable for anyone interested in Trade Credit Insurance, from credit managers to policymakers.

Contents

Key selling points
• Collaboration of a diverse group of experts from top organizations around the world
• Written in an approachable style, accessible to the non-specialist
• Includes extended glossary of key terminology
• Includes a list of relevant resources for further reading

About the Author(s) / Editor(s)
The International Credit Insurance & Surety Association (ICISA) brings together the world's leading companies providing trade credit insurance and surety bonds. ICISA promotes technical excellence, industry innovation and product integrity, as well as addressing business challenges generated by new legislation.

Where to order my copy
Seeing Asia through the eyes of the new Chair of the Asia Committee

The Asia Committee met face-to-face on 4 and 5 April in Singapore. With an attendance of 32 delegates, the Asia Committee meeting set a new record. Topics of discussion included regional trends and challenges, fraud cases and advocacy initiatives. Newly elected Chair of the Asia Committee, Bart Poublon, was happy to share why he accepted the role, how he experienced the meeting and what his views are on the outlook of the credit insurance and surety industry in Asia.

Priorities as Chair
When asked to accept the nomination as the Chair of the Asia Committee, Bart did not have to think twice. “Having attended some of the ICISA Asia events in the past, I have seen them grow from strength to strength. I am driven by a strong desire to keep this momentum going. I see the role as the Asia Chair as an excellent way to challenge myself, during which I will expand my network within the region, develop new skills and being the host for the events in the next two years.” Bart explains. He recognizes that the Asia Committee has seen much progress in recent years and is motivated to build further on this: “Benjamin Gan, the former Chair for the Asia Committee, did an excellent job in the last 2 years and has raised the bar higher for the annual meeting. Luckily for me, I can count on a very strong Vice-Chair, Sylvie Hirn.”

For Bart and Sylvie, one of their main priorities is to organize the Asia Committee meeting in the same welcoming and professional manner as in the past years: “We will start soon to prepare for the meeting in April 2020 to ensure we put together an exciting agenda and invite engaging speakers. So ICISA members, it is a good idea to block your schedule for the April 2020 meeting.” Next to the annual committee meeting, Bart is looking forward to contribute further to the ICISA network: “We also would like to make progress with members on some of the outcomes arising from the workgroups of the last session. Next to that, I am looking forward to get involved in some advocacy work for ICISA as this will be a new experience for me.”

This year’s Asia Committee meeting
Each year the number of participants, and notably the number of Asian representatives, keeps increasing. When asked of the rationale behind this increase, Bart was quick to answer: “I think the ICISA events have been very well-received and, therefore, have earned a good reputation in the industry. So past attendees are happy to come back and recommend new people to join. From the start, I noticed that attendees are open to share their experiences and their observations of the future development and new trends in the market. It is a great opportunity to meet new people and get back in touch with some old acquaintances.”

While the world is becoming increasingly digitalized, Bart likes to stress the importance of face-to-face meetings: “We all have very busy schedules, but at the same time it is important to free up some time to connect with our industry peers and share experience and insights of what we see happening in the region. If you think about it, it is actually a time saver that you can meet the main players in the region in one event and build lasting relationships with each other.”

Bart was very happy with this year’s agenda: “The meeting began with a presentation on the economic outlook for the APAC region. We then had a closer look at trade fraud and the possible recovery options plus red flags you need to be aware of to prevent fraud. All members also had the
opportunity to share the trends or challenges they perceive in APAC during 2018/2019. Other topics on the table were the main responsibility and function of the CBIRC and the status and risks of the factoring market in China. He continues: “ICISA gave several presentations on the state of the industry including any lobbying and advocacy activities in which ICISA is involved. We also discussed the surety market in Singapore/APAC. Towards the end of the meeting, we broke up in work groups to brainstorm on opportunities and threats, plus possible growth drivers for the surety and trade credit industry.”

Bart would like to take this opportunity to encourage all ICISA members who operate in Asia to become involved in the Asia Committee: “It is a great forum to connect with industry peers and openly share experience and knowledge about what is happening in the APAC markets.”

Outlook of the Asian credit insurance and surety industries

According to Bart, the most concerned topic in Asia is the soft market conditions, which “are still there and putting pressure on pricing in both trade credit and surety. At the same time, we see a steady growth in exposure levels across the industry. Today, the economic environment is still good and claims activity is rather benign so the industry can absorb this” Bart notes. “That said,” he continues, “this will be a dangerous trend if the economic climate deteriorates, which will subsequently impact the frequency or severity of claims negatively, as it will put pressure on loss ratios going forward. Other concerns that have been frequently mentioned are Brexit, the US-China trade war, some difficult economies and weaker-performing trade sectors (e.g. retail and electronics).” Overall, Bart is optimistic about the general outlook of the Asian industries: “Everyone is upbeat about the developments in the region. Most players had a good year in terms of growth and claims were under control. We continue to see strong performance in the local economies, and it is clear that growth opportunities are abound and bigger in Asia than in other parts of the world in the longer term. There are obviously challenges ahead, but everyone is confident that we can manage these step-by-step.”

That being said, Bart likes to emphasize that there are key risks that should not be overlooked: “Opinions on risks were quite widespread during the meeting, ranging from difficult markets to underwrite countries like China and India to the deterioration of some traditional strong-performing industries like retail or electronics. The risk of fraud in the region is perceived to be higher than elsewhere, as well as current excess capacity that is driving pricing down.” Other risks include: “the rapid technological developments, leading to increased cyber risk, rise of the likes of Alibaba and possible future disruption of our industry due to AI and blockchain. Another challenge was the difficulties with distribution and regulations in our region” Bart notes.

“It is a great forum to connect with industry peers and openly share experience and knowledge about what is happening in the APAC markets”

“We continue to see strong performance in the local economies, and it is clear that growth opportunities are abound and bigger in Asia than in other parts of the world in the longer term”
Fernando explains that Abarca has been established only recently: “Abarca - Companhia de Seguros, S.A. (in short ‘Abarca Seguros’) has been established on 18 April 2016, having issued its first policy on 8 August 2016, being fully dedicated to the surety bond business insurance.” Since its foundation, the company has seen rapid growth. “Abarca Seguros achieved gross written premiums of circa €3.6 million in 2017 and €8.2 million in 2018, representing a year-on-year growth of 226%, which allowed the company to position itself as the industry leader in Portugal, with a market share of 63% in 2018.” Fernando proudly states. To further introduce Abarca Seguros he explains: “In Spain, where we operated to date under the European Economic Area’s “passport” regime, Abarca Seguros was able to write gross premiums in the amount of €7 million in 2018, now ranking the fourth largest surety bond business insurance company with a market share of 8.90%. Abarca Seguros also obtained authorization to operate in Italy under the same regime later in 2017. More recently, in October 2018, Abarca Seguros was authorized to set up a branch in Spain, whose operations are scheduled to begin on 1 July 2019.”

In relation to its financial strength Abarca Seguros has managed to successfully obtain a B+ rating (“Good”) from AM Best, having seen its rating being renewed in January 2019 with a stable outlook. “Considering the short time since its establishment, we believe this rating to be quite prestigious being a reflection of all the effort and commitment devoted to this project. Indeed, our people are effusively committed to a continuous improvement process with the ultimate objective of getting a rating upgrade at the next review in early 2020” Fernando explains. He continues by emphasizing the importance of attaining a good rating: “The rating attainment was eventually the first key milestone to be seized as we were conscious that being rated would enable Abarca Seguros to enter into a number of strategic partnerships, to cover beneficiaries requiring rated insurance companies and to act as reinsurer.”

Fernando is clear in his expectations regarding the benefits of the ICISA membership for Abarca Seguros. “As any other member, we expect to receive value in excess of our fee. That might be materialized through network upturning, sharing of experiences and information, access to best practices, become knowledgeable of industry benchmarks, attend trainings, etc.” There are no pressing issues that Abarca Seguros would like see addressed, but he would like to see the promotion of surety bonds as a recurring agenda item: “The surety bond business insurance is extremely important for the so-called “real economy” as it enables to withhold liquidity into the economy and enlarge the borrowing capacity at same time. Therefore, it was somehow quite
a surprise to realize that the advantages of the surety bond business insurance was still unknown to many companies. Raising awareness on the enormous advantages of the surety bond business insurance worldwide might be a process where ICISA can add value.”

“…Opposing the industry’s humdrum existence underpinned by ongoing efforts to be innovative at all times will be the major benefits stemming out from our membership”

Fernando indicates that the main focus will be on the discussions within the Surety Committee: “As Abarca Seguros solely operates the surety bond business insurance, we would be interested in cooperating with the Surety Committee only.” Fernando concludes the interview by emphasizing “We try to be innovative in the way we see this line of business. Therefore, we believe that opposing the industry’s humdrum existence underpinned by ongoing efforts to be innovative at all times will be the major benefits stemming out from our membership.”

Catalogue of Credit Insurance Terminology

The new English edition of the catalogue is available. It can be downloaded from the ICISA website (www.icisa.org). To order a hard copy, please send an email to secretariat@icisa.org
Escalating US-China Trade and Technology Wars Add to Storm Clouds Facing China

Summary
The combined impact of the US-China technology war and the escalating US-China trade war is clouding the near-term outlook for the Chinese economy amidst signs that domestic economic growth momentum has also softened. A protracted US-China trade war could trigger a slowdown in Chinese economic growth with wider transmission effects across the Asia-Pacific manufacturing supply chain.

Sharp Escalation in US-China Trade Tensions
The decision by President Trump that the US would ramp up tariffs on USD 200 billion of Chinese exports from 10 per cent to 25 per cent on 10th May 2019 has created renewed fears that the US-China trade war could escalate further and become protracted. This would add to significant existing headwinds already facing the Asia-Pacific region from a range of factors, including the sharp slowdown in global electronics new orders and weak new orders in the Eurozone manufacturing sector.

US President’s Executive Order Triggers Technology War
Furthermore, on 15th May 2019, President Trump signed an executive order that will ban US firms from using telecommunications equipment and services supplied by firms that are deemed to pose a national security risk. While no country or company was specifically named in the executive order, the US Department of Commerce’s Bureau of Industry and Security immediately added Huawei Technologies Co Ltd and 70 of its affiliates to its Entity List. This immediately bans US firms from selling or transferring technology to Huawei without first obtaining a US government license. However, the Department of Commerce did subsequently soften for a temporary period of 90 days some aspects of the ban in relation to software updates for existing handsets and in relation to maintenance of existing networks.

President Trump’s executive order will intensify the US-China technology war, with the US Department of Commerce having been tasked with implementing the executive order. This could eventually result in a US ban on use of equipment and services provided by other telecommunications companies from mainland China.

The US executive order follows just days after the US Federal Communications Commission rejected an application by China Mobile to provide communications services in the US. Many recent Chinese M&A proposals for acquisition of US technology companies have also been rejected by the US Committee on Foreign Investment in the United States (CFIUS), a US government interagency committee that screens proposed M&A deals to assess the national security implications. The heightened US regulatory restrictions have resulted in a collapse of Chinese M&A acquisitions in the US during 2018 and early 2019 by deal value.
US government’s decision to hike tariffs on USD 200 billion of Chinese products from 10% to 25% on 10th May, increasing tariffs on around USD 60 billion of US products. This next tranche of US tariff measures against China are under preparation, with a 25% tariff planned to be imposed on a further USD 300 billion of Chinese products that are exported to the US.

Adding to the downside risks for China’s export sector, the US government announced on 13th May that another tranche of US tariff measures against China are under preparation, with a 25% tariff planned to be imposed on a further USD 300 billion of Chinese products that are exported to the US. This next tranche of US tariffs would be another significant negative shock to China’s export sector.

It is not a realistic strategy for China to try to mitigate the impact of the 25 per cent tariff by allowing further sharp declines in the yuan. A key priority for the Chinese government since 2015 has been to stabilize the exchange rate and prevent large capital outflows, in order to protect its foreign exchange reserves. Furthermore, if the US assesses that there has been significant currency manipulation, additional US countermeasures could be applied by ratcheting up the tariff rates on Chinese imports to even higher rates.

Further Tariff Increases Planned
As the US-China technology war has escalated, the bilateral trade war has also intensified. Following the US government’s decision to hike tariffs on USD 200 billion of Chinese products from 10% to 25% on 10th May, China has retaliated with countermeasures on 13th May, increasing tariffs on around USD 60 billion of US products from 1st June.

While the implementation of President Trump’s executive order will most likely impact on various mainland Chinese communications firms, a key uncertainty will be the ‘long-reach’ implications of the US executive order for other non-Chinese international communications firms that use products and services from or supply to mainland Chinese communications firms. The US ban applies to goods having more than 25 per cent US content, including both technologies and materials. President Trump’s executive order may also have wider geopolitical implications for key US allies, such as the UK and other Western European countries that are considering allowing the use of Chinese communications equipment in their 5G rollouts.

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Impact on China’s Economic Outlook

The combined impact of the US-China technology war and the escalating US-China trade war is clouding the near-term outlook for the Chinese economy amidst signs that domestic economic growth momentum also softened in April.

Weak Chinese industrial production and retail sales data for April highlight the downside economic risks to the Chinese economy in 2019 from moderating domestic demand combined with the impact of the escalating US-China trade war. China’s retail sales in April moderated to a 7.2% year-on-year growth rate, compared with an 8.7% y/y pace in March. The April retail sales growth rate was the weakest since May 2003, sixteen years ago. New vehicle sales fell by 14.6% year-on-year in April, according to the China Association of Automobile Manufacturers, the tenth consecutive month of declining auto sales.

With private consumption having become an increasingly important growth engine for the Chinese economy in the past five years, the significant slowdown in the pace of retail sales growth in April is a warning sign. If weakness in private consumption persists in coming months, this could become a key downside risk to the growth outlook for China in 2019-2020.

Confronted with increasing downside risks to the economic outlook, Chinese policymakers will therefore need to roll out further fiscal and monetary policy stimulus measures to ensure that GDP growth in 2019 reaches the target range of 6.0% to 6.5% that was set by the Chinese government in March in its annual Government Work Report presented by Premier Li Keqiang.

Contagion Effects in APAC Region

China has been the largest growth engine for the APAC region over the last decade, with its rapidly growing economy having driven strong growth in bilateral trade with many Asia-Pacific economies. With Chinese economic growth expected to be dented by the impact of the intensifying US-China trade and technology wars, contagion effects will spill over into the Asia-Pacific manufacturing supply chain.

Economies such as Japan and South Korea, which send a high share of their total exports to China, are particularly vulnerable to any further slowdown in China’s export sector and signs of softer domestic demand in China. South Korean exports fell by 2 per cent year-on-year in April and then by 11.7 per cent year-on-year in May 2019 according to preliminary trade data, with semiconductors exports down 33 per cent year-on-year. Japanese exports fell by 2.4 per cent year-on-year in April, with exports to China declining by 6.3 per cent year-on-year. Singapore’s non-oil domestic exports also contracted in April, down by 10 per cent year-on-year.

### Asian Exports Hit by US-China Trade War

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<th>Country</th>
<th>April 2019, year-on-year change</th>
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<tr>
<td>China</td>
<td>-2</td>
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<tr>
<td>Japan</td>
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<td>South Korea</td>
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"If weakness in private consumption persists in coming months, this could become a key downside risk to the growth outlook for China in 2019-2020"
Significant uncertainties and downside risks to the export outlook have contributed to the decisions by a number of APAC central banks to ease monetary policy settings so far this year. The People’s Bank of China announced another cut in the reserve requirement ratio for small to medium-sized banks on May 6th, immediately after President Trump’s announcement on May 5th that he would hike tariffs on Chinese imports. The Reserve Bank of New Zealand, Bank Negara Malaysia and the Philippines central bank, Bangko Sentral ng Pilipinas, also announced rate cuts in early May, with the weaker export outlook being among the factors cited in their rate cut decisions. The Reserve Bank of India has also eased policy rates twice already in February and April, albeit driven mainly by moderate domestic inflationary pressures and concerns about overall growth momentum in the domestic economy.

Many APAC economies also have scope to use supplementary fiscal measures to boost economic growth to mitigate the impact of weak export growth. The South Korean government introduced a USD 5.9 billion supplementary budget on 23rd April, with a key focus of the fiscal measures being to boost the weak export sector through programs such as boosting export credit financing.

However, the escalating US-China trade and technology wars are likely to reinforce trade diversion effects, as US buyers shift their orders to other manufacturing hubs. Multinationals are also increasingly likely to restructure their manufacturing output across their global supply chains to reduce exposure to the US tariff measures.

Therefore some emerging APAC manufacturing hubs would likely gain increased export orders from the US as a result. ASEAN manufacturing hubs such as Vietnam, Malaysia and Thailand are likely to benefit from some diversion of export orders as well as stronger foreign direct investment flows over the medium-term, as multinationals diversify their global supply chains away from China.

Rajiv Biswas is the Asia-Pacific Chief Economist for IHS Markit.
Navigators Re joins ICISA

ICISA is proud to welcome Navigators Re as a new member to the association. Winfried Knust, Head of Credit, Surety and Political Risk at Navigators Re (and no stranger to the ICISA membership) kindly agreed to discuss his company and their expectations as an ICISA member. He further elaborates on Navigators Re can contribute with their experiences as a new reinsurer.

Navigators Re is a specialist reinsurer with a focus on niche insurance products, Winfried notes: “Our success is driven by our team of highly experienced veteran underwriters, who provide substantial technical know-how, creative customized solutions and a deep understanding of cultural nuances across the countries we serve globally.” He continues: “With an established presence as a surety reinsurer in Latin America, Navigators Re is broadening its geographical and market scope by writing reinsurance for credit, surety and political risk on a global basis. Navigators Re has an established presence in the United States, the United Kingdom and Continental Europe, in addition to a Miami-based team that serves Latin America.”

“ICISA is an exceptional place for the exchange of information and news on the credit and surety market”

Asked why Navigators Re decided to join the ICISA membership, Winfried comments: “ICISA is an exceptional place for the exchange of information and news on the credit and surety market. We are looking forward to fruitful discussions and to learning about new market trends, especially from ICISA’s primary insurance members. We appreciate the discussion of new trends as well as the working groups for recent topics that may affect all market participants, such as blockchain.” He sees ICISA as a strong platform where knowledge can be shared and where collaboration between members is facilitated to pursue goals of mutual interest: “ICISA covers a broad range of issues and is engaged in a multitude of initiatives such as the upcoming LGD study or the discussions with financial regulators on insurance as a capital relief mechanism. We are looking forward to ICISA continuing to drive dialogue on new products and developments and to help shape the credit insurance market going forward.”

Winfried emphasizes that Navigators Re has a keen interest in all ICISA committees: “We see the committees as providing room for productive discussions on market developments and product innovation. Our current focus is on the Credit Insurance and Single Risk committees, where we see some especially challenging trends on the horizon. At ICISA, the credit market can come together to shape those discussions and to ensure a strong future for an insurance line that has successfully supported domestic and international trade for a long time.” Winfried kindly underlines that he values the ICISA membership as a two-way street and therefore hopes to share their experiences with other members: “As we’re expanding Navigators Re’s footprint in the global credit and surety market, we are having interesting discussions across markets and geographic regions. At ICISA we look forward to contributing a fresh and current bird’s eye perspective, shaped by our experiences as a new reinsurer on many treaties.”

The ICISA INSIDER | July 2019 | INTERVIEW

Interview with Winfried Knust, Head of Credit, Surety and Political Risk at Navigators Re
Update from the Chairman of STECIS

STECIS is progressing further

As usual, STECIS ran the Trade Credit Insurance and Surety Basic and Advanced courses in April 2019. This time a new location was chosen: the Steigenberger Airport hotel, next to Schiphol – Amsterdam. This was appreciated by the participants, who came from a variety of countries. The courses all received very positive feedback and there was a lot of interaction and lively discussions.

As planned the separation between ICISA and STECIS has been effectuated, that means that STECIS is now responsible for arranging the courses by itself and also the financial part is dealt with by the STECIS staff.

The Board of STECIS has recently decided to enhance the group of tutors to ensure that there will be enough qualified tutors in the future to handle the various courses and keep them up to date with the latest market developments. Also a Masterclass for Trade Credit Insurance will be created, comprising all recent market developments like trading platforms, artificial intelligence and blockchain technology. The same counts for Surety: a new course will be created that captures the latest developments in the Surety industry.

STECIS also started the process of creating a new design for the website. The new website will have a more appealing look and feel and it will allow the possibility to book courses online with automated invoicing. Also the logo of STECIS will be renewed to get a more modern appearance.

The planning is that the new website will be up and running in the third quarter of 2019.

Rob Klouth
Chairman of STECIS

For more information

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Liberty Mutual Insurance Group announces agreement to acquire the domestic and international surety and credit reinsurance operations of AmTrust

Liberty Mutual Insurance Group announced it has signed a definitive agreement to acquire the global surety and credit reinsurance operations of AmTrust Financial Services, Inc. (AmTrust), a multinational property and casualty insurer specializing in coverage for small to midsized businesses.

Upon closing, Liberty Mutual will acquire four AmTrust businesses:
- AmTrust Surety, previously managed by Insco Dico, which provides contract, commercial, and subdivision bonds primarily in the Western U.S.
- AmTrust Insurance Spain which offers surety bonds in Spain and Latin America.
- Nationale Borg which provides surety, worker disability, and home purchase bonds in the Netherlands and Belgium.
- Nationale Borg Reinsurance (NBRe), a global provider of surety, trade credit and political risk reinsurance.

The AmTrust Surety portion of the acquisition is expected to close in Q2 of 2019, and the AmTrust Insurance Spain, Nationale Borg, and NBRe portion is expected to close in the second half of 2019, subject to regulatory approvals and customary closing conditions. Terms of the deal were not disclosed.

“The transaction will further enhance our strong global surety and reinsurance expertise, market leadership, and geographic footprint,” notes Dennis Langwell, President, Global Risk Solutions, Liberty Mutual, which offers a broad range of primary, excess, specialty, and reinsurance products in the U.S. and globally. “Once the transaction closes, we’ll integrate the acquired operations into our current structure.”

The agreement reinforces Liberty Mutual’s global surety market position. "We believe this transaction will strengthen our best-in-class operation, allowing us to better serve our valued agents, brokers, and customers," notes Tim Mikolajewski, President, Global Surety. “The added scale and key talent aligns well with our model and goals in the U.S., and will provide a platform for broader global development through AmTrust Insurance Spain, Nationale Borg, and Nationale Borg Reinsurance.”

The agreement is an important step in the AmTrust Forward strategic plan to position the company for long-term success. "Earlier this year, we announced our plan to become a leading specialty commercial P&C insurer by focusing on local markets and niche products where we can add significant value," said Barry Zyskind, Chairman and CEO of AmTrust. “The agreement with Liberty Mutual enables us to focus our resources in areas where we can differentiate ourselves through the value we bring to distribution partners and buyers.”

About Liberty Mutual Insurance Group

Liberty Mutual’s purpose is to help people embrace today and confidently pursue tomorrow. The promise we make to our customers throughout the world is to provide protection for the unexpected, delivered with care.

In business since 1912, and headquartered in Boston, Massachusetts, today we are the fifth largest global property and casualty insurer based on 2017 gross written premium. We also rank 68th on the Fortune 100 list of largest corporations in the U.S. based on 2017 revenue. As of Dec. 31, 2018, we had $41.6 billion in annual consolidated revenue.

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Coface appoints Oscar Villalonga to lead its North America Region

Coface has announced the appointment of Oscar Villalonga, 52, as the new CEO, North America Region.

He joins the Executive Committee and reports to Xavier Durand, Group CEO. Oscar takes over from Fredrik Murer, who has decided to pursue career opportunities outside the Coface Group. Over the past two years, Fredrik initiated a deep transformation of the North American business, and played a key role in reorganising its distribution network.

Oscar has more than 20 years’ experience in senior leadership positions in the financial services industry. He spent most of his career in GE Capital, which he joined in 1996, attaining the role of President & COO for Puerto Rico and the Caribbean basin. In 2005, he moved to GE Capital’s headquarters in the US, as Managing Director of the Enterprise Client Group, and became Managing Director of Strategic Pricing & Capital Allocation for the Americas in 2009. In 2010, Oscar was appointed Commercial Leader and Senior Managing Director for Corporate Finance, and more recently led the project financing platform for GE’s Distributed Energy Resources projects.

Oscar brings to Coface a breadth of financial services experience and deep business acumen, including strong organisational skills, combined with a proven ability to lead both teams and complex business initiatives. He holds a degree in Business Administration from the University of Puerto Rico.

Changes in the Ownership of SID First, the leading credit insurance company in Slovenia

Coface has announced the acquisition of PKZ in April 2019, the Slovenian market leader in the credit insurance business. As Coface has acquired all PKZ assets, the merged business will operate under the new company name Coface PKZ insurance Inc. The acquisition supports Coface’s strategy of profitable growth in Central & Eastern Europe region and strengthens the market reputation with Coface PKZ’s local experience.

Founded by SID Bank in 2005, a state owned bank, PKZ is the market leader in trade credit insurance in Slovenia with an export business focused portfolio. In 2018, PKZ recorded a total earned turnover of €15,1m with 75 employees.

With this strategic step, Coface strengthens its market position in the Adriatic region. Offering a broad range of services and a vast international network, Coface will enhance the support of Slovenian exporters. Thus adding value to its clients and contributing to the economic development of the country.

Coface PKZ will be integrated into the Central and Eastern Europe region under the leadership of regional CEO Declan Daly. Georg Sattler, Regional Information, Debt Collection and Claims Director Coface Central & Eastern Europe, will become a board member of Coface PKZ. In the course of this year, Coface will run an integration process aimed at swiftly making Coface PKZ part of the Coface Group of companies. Coface PKZ will expand our product portfolio by offering business information and debt collection services and implement our processes, tools and standards.
Qatar Re also announced the appointment of Pantelis Koulovasilopoulos as CUO – Long Tail & Specialty Classes. He formerly served as Qatar Re’s deputy CUO – Long Tail & Specialty Classes.

Sunil Talwar, Chairman of the Board of Directors of Qatar Re, said: “We are pleased to announce that Qatar Re has decided to appoint Michael van der Straaten as CEO. Mike has fitted seamlessly into the position, building on his achievements as our former chief underwriter for Long Tail and Specialty Classes. We are convinced that Mike will bring Qatar Re’s ongoing transition to a business model based on lower volatility and more reliable profitability to a successful conclusion.”

Michael van der Straaten, CEO of Qatar Re, commented: "I am excited to take the helm at Qatar Re at a time when our company is increasingly generating its own business from market segments that we understand thoroughly. We embarked on this course more than two years ago and are starting to reap the benefits. Our expertise in these areas is obviously a major boon for us against the backdrop of stubbornly tough trading conditions in global (re)insurance. I am looking forward to working with the Qatar Re team towards positioning our firm as a profitable enabler of innovative and entrepreneurial business models in insurance.”

Michael van der Straaten joined Qatar Re in late 2016. In February 2017, he was appointed Chief Underwriter Office - Long Tail & Specialty Classes and joined Qatar Re’s Executive Management Committee. Mike started his career in Lloyd’s as a Box Manager and Non-Marine Property Treaty Underwriter. He joined Qatar Re from ACE Tempest Re, where he held the role of Deputy Head of London and Head of Casualty, overseeing the development of their international casualty and motor business. Prior to this, Mike held various underwriting positions with a primary focus on casualty lines alongside wider management responsibilities.

Pantelis Koulovasilopoulos joined Qatar Re in May 2017 as Deputy Chief Underwriting Officer Long Tail & Specialty Classes. Pantelis has over 27 years of experience in insurance and reinsurance. He joined from Chubb Tempest Re International, where he was the Chief Actuary. He was previously Group Chief Pricing Actuary for Aspen and Chief Pricing Actuary at Zurich Global Corporate UK.

About Qatar Re

Qatar Re, licensed as a Class 4 Insurer by the Bermuda Monetary Authority, is a global multi-line reinsurer writing all major property, casualty and specialty lines of business. Qatar Re serves its clients through teams of seasoned underwriting and finance professionals combining in-depth technical and business expertise with industry experience across all markets. Through its headquarters in Bermuda and branch offices in Zurich and London, Qatar Re is close to the world’s major reinsurance markets and the core operations of its clients. Qatar Re is backed by a parental guarantee from Qatar Insurance Company S.A.Q. (QIC) and benefits from QIC’s substantial and growing capital base. Qatar Re is rated “A/ Stable” by S&P Global and “A (Excellent)” by A. M. Best.

For further information about Qatar Re, please visit www.qatarreinsurance.com
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Endorsed Conferences

ICISA endorses numerous conferences related to the trade credit insurance, surety and political risk industries:

Supply Chain Finance Summit – APAC
(15-16 October 2019, Singapore)

BIIA Biennial Conference
(30 October-1 November 2019, Bangkok)

46th Annual International Trade and Forfaiting Conference
(4-6 September, Budapest)

More information on our endorsed conferences can be found on the ICISA website.

In memoriam

Klaus Oppenheimer

On 18 May 2019 Klaus Oppenheimer passed away peacefully in his home in Plettenburg Bay in South Africa, after a remarkable 90-year journey. Klaus was ICISA’s Secretary General and later Executive Director from 1987 to 2001, which was then still called ICIA. He managed the association during a period of strong consolidation in the industry and facilitated regulation that allows reinsurance companies to become a member. As one of the co-founders of the International Surety Association (ISA) he was a strong proponent of international cooperation on surety, resulting in acceptance of surety bonds by the World Bank, and acceptance by and publication of uniform rules for contract bonds by the International Chamber of Commerce (ICC), to name some of his accomplishments. The committee structure of ICISA was set up during Klaus’ term. In his retirement Klaus could focus fully on his big passion, photography. He published many photography books which are a success and continue to sell well. Meanwhile he continued to be very interested in the work of ICISA and its members. I will miss his wisdom, his wit and most of all his friendship.

Rob Nijhout

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