Dear Reader,

Last month ICISA members met in Amsterdam for their annual Autumn Meetings. The mood was positive, probably aided by unseasonal warm and sunny weather, and in spite of the many concerns that were raised. These include the effects of sanctions and tariffs, Brexit, local currency risks, the impact of disruptive technologies, capital requirements for credit insurers, portfolio risk management, Basel III regulations, the legislative frameworks for surety and the promotion of trade credit insurance and surety, to name but a few.

And as at every ICISA meeting, latest developments regarding blockchain and fintech were also reviewed.

Since the last meetings, ICISA members have also been active on various advocacy matters. A consultation by the PRA, the British banking supervisor, on the eligibility of our products as risk mitigation, caused great anxiety in our industry and prompted ICISA to formally respond by sharing our grave concerns. We collaborated closely with other associations and bodies such as the Berne Union, ITFA, FCI and Lloyd’s to coordinate our message. This productive collaboration was effective and bodes well for the future. Members also engaged extensively with the European Commission and EIOPA, the E.U. body of supervisors, on a proposal for recalibration of premium and reserve risks under Solvency II. This proposal is in our opinion based on data that are not representative for trade credit insurance and surety, to name but a few. And as at every ICISA meeting, latest developments regarding blockchain and fintech were also reviewed.

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The new IFRS 17 rules that will come into force were discussed by members to better understand how these can be applied in a consistent manner. A pending review of the Solvency II rules in 2020 is the next topic members will be focusing on.

Members also agreed to start a new large project. Our newly formed LGD Sub-Committee met for the second time to further prepare for the formal start in 2019 of a Loss Given Default data project for credit insurance. We are pleased to partner with PERILS, an independent organization supplying high-quality data to the insurance industry, and Versicherungsforen Leipzig, a provider of research and development for the insurance industry, on this project. Goal is to have an objective external LGD assessment for our sector, that can be shared with supervisors, financiers and all that are interested in trade credit insurance. The project follows on an earlier well received PML/LGD-project that assessed the loss given default for trade credit insurance for the period 2005-2011. If you are interested in the results of that study, please write to secretariat@icisa.org.

Robert Nijhout,  
Executive Director
Surety Committee – Brendan Keating

During the surety committee meetings in Amsterdam, the subject of promoting the surety product continued to be a central topic for our discussions. As previously mentioned in our last committee communication, we believe this is a topic of utmost importance that should be a priority for all ICISA surety representatives and their leaders.

We have seen instances in recent years where concerted efforts by local surety professionals have been impactful in certain jurisdictions. Examples include the near acceptance of bonds for mine rehab obligations in Queensland, Australia, Ontario, Canada public bonding requirements and certain judicial cases within the European Union. All examples exemplify the ability the insurance community has in presenting its ability to responsibly assess risk while illustrating the ability to maintain required capital levels to properly respond to potential, future claims scenarios.

I personally challenged the members of the surety committee to make a concerted effort to commit to an effective strategy in educating major country regulators on the surety product. A committed, joint effort by ICISA and ICISA members will continue to be needed if we are going to be successful in making a lasting impact on the benefits of utilizing insurance companies as acceptable financial institutions to undertake performance and financial obligations. A continued focus on this pursuit will bear fruit and help the surety product become an even larger product utilized in global commerce.

I also believe the topic of leveraging technology is an exciting topic that has recently been brought to the attention of the committee. We had one member introduce the topic during the spring meeting in Munich, and I believe this is something that cannot be ignored. Our ability to deliver the best products in the most efficient manner will allow the carrier population to remain relevant as we continue to remain in times where alternative capital solutions are continually popping up opposing the traditional insurance model, for example.

I believe these two overarching themes are going to be a big part of the future growth and success of the global surety community. We have a chance to impact many years to come by tackling these two opportunities with an industry driven approach coordinated through ICISA.
Committee of Underwriters – Igor Pirnat

I am sitting in the office late in the afternoon wondering how to start with the update on CoU for The ICISA insider, Autumn edition. In general I see myself, or at least, I would like to see myself as a person who’s view on everything is rather more positive than negative. So I would like to start with the positive aspect. I am happy that the global economy, since the last recession, is steadily growing for almost ten years now, and there is still no clear sign of a downturn. Or? Despite the positive economic growth in general we should not neglect the potential negative effects that some recent events, currently on the front pages of most magazines, could have on the global and local economic picture (e.g. The rise of radical extremist parties and nationalism in many European countries; USA protectionism (“trade war”) and so called “Trumponomics”; Slump of Turkey’s currency;… to name just a few).

Next to the common topics that are usually covered during the CoU meetings – Countries, Trade Sectors, Specific Buyers/Risks/Cases and Technical topics – delegates also shared their views on the above stated concerns and how we as risk underwriters can react. I am more than pleased to see that all participants were willing to actively participate in the discussions and contribute their knowledge and expertise, which in the end is the main purpose of the Committee of Underwriters.

Main topics
Countries - Different countries were addressed. Especially Italy and Turkey were discussed in more detail.

Trade Sectors - Different sectors were discussed among which the retail sector in more detail.

Specific Buyers/Risks/Cases - This category, in my opinion, is the one where the added value for participants is the highest. It is true that delegates acting in the same region may compete, but I strongly believe that we have one common goal, that is to mitigate risk with openly shared information. In the Autumn Meeting the discussion was focusing on Aviation Financing; Understanding large Chinese Conglomerates; Growing market capacity of platforms (e.g. Amazon); …

Technical Topics
The following technical topics have been raised:

Sanctions – An Insurer’s and Reinsurer’s view.

Trade and Tariffs - What is the foreseen impact of the taxes put in place on imports by the USA on Canada, EU, China and Mexico, with particular emphasis on the metal and steel industry? What will be the effect of the reciprocity measures by targeted countries? Will this lead to increased credit risk in specific companies/countries that are depending more on the metal and steel industry?

Brexit - What impact can be expected on credit risk? Is it a threat or an opportunity for the credit insurance sector? How to deal with it a “Brexit Continuity Clause”?

Prudential Regulation Authority (PRA) - Consultation paper regarding eligibility of guarantees as credit risk mitigation.

Big data - (automatic decision, single invoice cover, new digital insurers).

Other (Open Debate) topics
We are living in a rocketing fast changing environment, not just in the economy, but in all areas of our life. As these changes will affect also the credit insurance industry, all members were invited to suggest any interesting and challenging topics for discussion and share their opinions and views.
Credit Insurance Committee – Judita Svetin

The Credit insurance committee was looking forward to hosting Mr. Allesandro Terzulli, Chief Economist at SACE. His presentation definitely provoked vivid discussions in the CIC. It was a unique opportunity to hear from an expert in the industry and on the other hand, from a person who has insight information and an excellent overview of the Italian economy. The fact is that Italy is facing restless political and economic times and it is pushing the EU for debt-forgiveness and new spending as the price for staying in the EU. One cannot forget the fact that we are talking about 3rd largest economy in the Eurozone. Its performance from financial and economic point of view is definitely being monitored also by credit (re)insurers.

Evergreen discussion in the CIC was members’ feedback from relevant markets, with focus on GDP movement, insolvency index, new legislation with influence on national economies and industry as such, market development and other relevant information which delegates find interesting to discuss.

ICISA’s project partner, PERILS, provided us with a detailed presentation on their work and mission, with focus on the PML/LGD project.

Already some years ago, the CIC discussed and compared different Insurance Premium Tax (IPT) regimes in members’ countries. The decision was, due to the fact it can have a competitive (dis)advantage, to discuss the topic in due course of time, so we distributed the questionnaire to examine whether there are any changes since the last discussion.

During the last meeting we decided to continue the discussion on the topic of Top Up Cover. One would expect that, in times of a boosting economy, the demand for additional cover is not very high, so members’ feedback was valuable.

Sanctions regime, due diligence and practical experience (if any) from the view of an insurer were also topics that triggered interesting discussions.

During the Spring Meeting we did not manage to cover the index containing CIC agenda topics as from April 1993. As this is an abundant source of knowledge and information, we decided to screen topics in order to see which of them attract our interest most heavily and discussed which need to be updated.

I am sure that all attendees seized any opportunity (also during the social part of the meeting) to exchange experiences and share knowledge, which is the real value of membership of ICISA and its meetings. 😊
Single Risk Committee – Olivier David

The single situation, structured credit and political risk market is more than ever buoyant and now keen to move out of its comfortable confidential shell. The development of regulations, either at country or at European level, affects significantly all stakeholders of our market and we have finally realised that we could have a say, an influence on this regulation projects; but only if we dare acting, and especially if we manage to act together to increase awareness of our support to international trade and finance. ICISA, as an organisation, has impressed with its actions in supporting our market on this matter. Originally, by sponsoring the first market survey, a couple of years ago, which aggregated income, exposure and claims of the largest portion of the market, including non-members. For the past year, ICISA has hired a lobbyist to the EU parliament, who has already achieved results that few of us thought possible. This has brought hopes to all and increased interest in the organisation from non-members.

A new survey is on the way to update the market data, new prominent members are joining our committee, and a new Chair, Stefaniya Ilina, has taken over the torch to bring us closer to our goals.

It has been a privilege for me to act as a chair of the single risk committee these past two years and I can only heartfully thank the ICISA staff led by Rob, my Vice Chair, Pierre Lamourelle, and all the committee members for their commitment and support.

Olivier David
Chair of the Single Risk Committee
Company: Atradius

Atradius
Managing risk, enabling trade
Reinvesting in our future

I would imagine that if a group of 50 surety underwriters and reinsurers from around the world were sitting in a room, and each had to explain how they found their way into the surety industry, you would get nearly 50 different stories. Further, I would guess that very few actually thought about being a surety underwriter or reinsurer growing up. My wife is a 5th grade teacher at a local elementary school in New Jersey in the states. Recently she asked me to stop by her classroom for a visit so she could introduce me to her students. After introductions, I was asked by the students what I did for a living. All they heard from my wife was that I spent a lot of time on airplanes traveling. I tried my best to explain what a surety underwriter is, and the truth is the vast majority of that class had glazed looks in their eyes, and to be honest they were hoping I actually piloted the planes versus being a passenger! Fast forward to the past 3 months where our company actively recruited four recent college graduates to join our Argo Surety team as trainees in our New York City, New Jersey, Houston and Chicago offices. Believe it or not, I saw the same glazed look in their eyes during the interview process when explaining exactly what we do. Once the college graduates had a better grasp, there was some excitement in their faces. The reality is, that after 32 years as a surety underwriter, I can look back at my own career and honestly say that it not only allowed me to help financially support my family, but that it has been an exciting career where I have learned a lot about many different industries, economies and cultures throughout the world. Not many of my friends could say that they have visited the great shipyards of South Korea to inspect bonded ship building projects, or met with brokers and clients in Brazil to discuss tax judiciary bonds, or put on a hard hat and safety gear and toured a bonded coal mine 5 miles underground in Illinois, or flown in a helicopter over the Cook Inlet in Alaska to inspect bonded oil and gas platforms, or simply sat down in a board room one on one with a CEO of a major Fortune 500 company to better evaluate a client or industry that has a need for surety bonding. These are just a few examples of the hundreds of unique meetings and visits I have participated in over my career where surety bonding plays a very important role.

Getting back to my original thought, I do believe that our industry has to do a much better job of selling Surety to the next generation of underwriters. Whether that is through the SFAA or ICISA, or simply taking action on an individual basis and visiting a local high school or university to promote a career in the surety industry. I am in the latter half of my career having underwritten now for more than 32 years, and when I look at my counterparts throughout our industry I see the need for reinvestment. Similar to the shortage that is being seen in the airline industry for pilots, there is going to be a need for new surety underwriters to replace those retiring in the next few years. A recent study in the United States showed that due to the retirement of baby boomers along with industry development, that the insurance industry will be hiring 400,000 positions within the next three years. Millennials are the future of surety, and possess many of the qualities that can take our industry into the next century. They have been trained to adapt to new technologies, work in collaborative settings and have more of an entrepreneurial spirit for solving problems. To me, it is a very easy sell. As an industry we need to work together to get the word out on a global basis that Surety has opportunities for the next generation of underwriters and reinsurers.

I kindly pass the pen to Robert Murray, Global Head of Surety at Zurich, to share his thoughts with the readers of The ICISA Insider.
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 ‘lifeline’ 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
Disruption – it’s not just for the millennials

Disruption is something of a buzzword that we all hear regularly. But it may not be a concept we have all grasped fully for our business. It is clearly not a teenager in a Californian garage challenging our distribution models – well, at least not for reinsurance yet. Even the Insurtech and Fintech initiatives we are working on are not a major shift from our traditional business. But just because reinsurance is not facing the same type of disruption as other sectors, it doesn’t mean we can’t find disruptive forces – or even create them. They exist today even if everyone has not seen them. Below, I refer more to reinsurance but many of the issues will be familiar to the insurance market too.

The Market Cycle
We know two main things about the cycle - there will be a change but we do not know how or when or why. 2008 saw a soft market with strong profitability and high risk appetite. The environment then changed. Claims frequency exploded, risk appetite reversed, capital reduced, reinsurance capacity shrunk and prices for both insurance and reinsurance increased. It was an archetypal event driven, supply and demand oriented soft to hard market cycle. It had quite simple opposite forces, and the balance of power was easy to see how and when it shifted.

"Today’s dynamics will disrupt a typical supply/demand driven cycle to the point where some foundations of our market that were thought to be untouchable will be challenged"

Today there are many more forces pulling in different directions. Many of them will fight the traditional levers to move from a soft to hard market.

In terms of risk in the economy, the forces are both the same and different from previously. Global leverage is higher than before the credit crunch, political risk has increased, protectionism and trade friction is growing where we least suspected it would, the balance of severity versus frequency risk is changing, small interest rate shifts are magnified – the list goes on.

Conversely, the balance sheets of insurers have strengthened – from 2008, the growth in equity in ICISA’s largest members averages between 400% and 500% of the growth in net earned premium over the same period. So Insurers’ ability to act differently compared to the post GFC era is unquestionable. Reinsurers have an even greater surplus of capital globally, with limited erosion, and even fewer options on where to deploy it for a better return. Reinsurer margins are being diluted faster than their clients, whilst diversification benefit is less due to their own surplus capital and the growth in multi-line cedants in the sector.

So today’s dynamics will disrupt a typical supply/demand driven cycle to the point where some foundations of our market that were thought to be untouchable will be challenged.

Business Appetite
As the traditional ceded premium has not grown in line with balance sheets and appetite, so some reinsurers have expanded their appetite in different directions to deliver growth and diversification. Meanwhile others are retrenching. The disruption is then about who becomes more or less relevant to the wider market. The vast majority of our sector’s ceded premium is now through brokers, and we have influence to steer revenue to different reinsurers – especially innovators and trusted followers. Of course, it is always in our client’s best interest, but whilst insurers typically know their preferred...
leader, there is often not much differentiating followers – how many well-rated, highly capitalised companies are there competing for a share on a programme today?

I suggest this influence is greater than many reinsurers realise, or perhaps want to acknowledge. This power may not disrupt the market hugely in a softer environment – but it contributes to a possibility where some may become more or less relevant to the market overall. It may affect an individual reinsurer’s volatility, enhancing or reducing their performance relative to peers, and then their appetite post loss.

Those reinsurers who are the most supportive and innovative alongside us help to grow our business and the overall market, and increase diversification. Ultimately, we believe, this will improve their longevity to the benefit of all our clients. It doesn’t mean they will write every thing though – the days of a “broker’s open cover” are long gone. Those cedants not naturally aware of who is in one camp or the other could be exposing themselves to greater volatility in future reinsurance terms and capacity without even realising it.

Capital

The excess capital has already disrupted our market place by driving pricing lower for longer than we have probably ever seen. But there are many more moving parts than this. In traditional market cycles across the wider sector, capital erosion was driven by large catastrophe losses, unrealised investment losses in times when reinsurers were more equities geared, and other...
pressures on liability classes and reserve levels. With capital tight, most reinsurers were less diversified too. Today, the same circumstances are earnings rather than capital events. Plus, the third party capital providers seeking an enhanced return on their funds showed they were able to withstand losses and reload quickly, to the chagrin of many traditional reinsurers. Whilst this external capital has very limited appetite for credit classes – they can access enough comparable, and familiar, risk through their traditional activities – it pushes multiline reinsurers into specialty areas where competition is hoped to be less intense. This has an impact on today’s market and how it may evolve in the future.

Regulators and Solvency II
Regulatory risk is clearly on the rise – both for the underlying risks written by clients, and the reinsurers’ own businesses. A significant element of today’s burgeoning Cyber market is driven by regulatory risk. Further, who really knows how the plastics sector will be affected by regulators reacting to popular sentiment? In recent months, a European regulator has issued its first enforcement action on a reinsurer in respect of Solvency II breaches. Lloyd’s and the Prudential Regulation Authority (PRA) have taken action to review and even shut down some divisions whilst further action may be even more catastrophic for those affected.

But Solvency II does not have to be just a drag on companies’ results. It presents a huge opportunity for both buyers and sellers of reinsurance. In our sector, too much regulatory capital is trapped unproductively on risks the regulator defines. In negative interest rate environments, it not only traps capital, but erodes it.

So we are designing and delivering a number of different reinsurance solutions. These release trapped capital for regulatory defined risk to deploy it into more productive areas of the business. Many of our specialist reinsurers are simply not familiar with them because they are innovative for our line, even though they build on traditional structures from other lines. It might not be easy to change from some of the very comfortable reinsurance approaches but if our environment changes, then so should we. In other classes, nobody is buying the same basic reinsurance structure they did 10 years ago, so why would we?

These forces are disrupting the market to favour those shifting their buying behaviour from reinsurance purely protecting the company to those buying strategically to support running their company.

Brokers
There is no doubt that people are the greatest disruptors – we are in a people business after all. We last saw it in 2009/10 when underwriters became available, took business plans to other companies and expanded our market. Without this, we wouldn’t have today’s large, knowledgeable marketplace - plus the competitive pressures.

The broker market has been even more concentrated for a long time – arguably quite cosy. The big three global reinsurance brokers were perceived as dominating the market and playing together reasonably nicely (at
least compared to other classes). Others were active but not really acknowledged in the same way – one of the best kept secrets has been just how large JLT Re has been for many years.

Now it is changing. Some of the old guard may see the next hard market but almost certainly not the one after that – although who knows when the next phases will come. Teams such as ours at JLT are growing, bringing together expertise and ideas from different companies to challenge the way things have been done. Not change for the sake of change, but because our clients need it.

It highlights a rare phenomenon – a capital shortage. But this is human capital – a flaw that has been obvious to many for a while but not easy to address. We have learnt from succession issues faced across the market so we must provide the longest term, sustainable value. We also know what works, and what we need to do fundamentally differently to be the most advanced adviser in the market.

The word “adviser” is key here. The model of being a transactional broker has been consigned to history. Yes, we should deliver transactional excellence with sophisticated analytics. But being a capital optimiser and arranger, an acquisition finder, a product developer, a strategic adviser, an information source, is of more value than being a “placing broker”. We cannot be bound by the conventions of what we did last year, let alone 10 years ago. Our bespoke, exclusive model combining banking and reinsurance methodologies is already changing the way our clients view their business, and their needs to come. We look forward to a new phase at JLT and hope you benefit from it as a result.

And then along comes more disruption! And once again, nothing to do with the millennials.
Blockchain – fail fast and scale!

Interview with Jags Rao, Business Development Lead – Distributed Ledger Technologies at Swiss Re

“Blockchain is an ecosystem solution and therefore requires a network of counterparties to realize economic value”

Jags argues that collaboration is essential for blockchain solutions to add value. “Blockchain experiments which are limited to enterprise boundaries are struggling to take it beyond prototyping as there is not sufficient scale to justify the business case for use of blockchain.” He continues: “Blockchain is an ecosystem solution and therefore requires a network of counterparties to realize economic value. When critical mass of players participate in the joint experiment, results are indeed possible. Consortia like B3i and RiskBlock have evolved using this concept and remain as the most promising initiatives to drive down insurance cost at industry level. They have also realized that going beyond prototypes/MVPs and putting blockchain code in production for enterprise grade applications has outstanding challenges.”

Swiss Re’s involvement in Distributed Ledge Technologies

Co-led by Jags, Swiss Re is involved in a wide array of initiatives from inside and outside of the traditional insurance value chain. “Swiss Re takes a holistic view of the emerging Distributed Ledge Technologies (DLT) option spheres. B3i is one among them, one in which we played an important role. But it is important to recognize that B3i is an independent company since March 2018 and Swiss Re’s role in B3i will continue proportionate to our investment and the benefit we see as a user of the platform services. We are pro-actively assessing other emerging DLT cooperatives – including the ones coming from outside insurance value chain – and engaging with those where it could help expand and/or transform our business.”

Opportunities for the trade credit insurance and surety industry

Jags recognizes a strong need for the trade credit insurance and surety industries to adapt to blockchain and distributed ledger technologies. “The trade credit insurance industry needs to embrace the innovation shaping at their end customer. Technological advancements will bring significant changes to current business processes. Change is the only constant. Those enterprises who are
"Those enterprises who are slow to adapt to change will find it hard to survive in the new order."

Jags Rao co-leads the DLT (Distributed Ledger Technology) practice at Swiss Re and is a recognized thought leader in the insurance industry on blockchain. He introduced blockchain to Swiss Re in 2015, spearheaded insurance industry’s first prototype on blockchain and since then driving Swiss Re’s strategic agenda for a successful business change using DLT. He was the cofounder and instrumental in the launch of B3i, Blockchain Insurance Industry Initiative. Jags coauthored a technical paper on privacy on blockchain networks and significantly contributing to Swiss Re’s innovation leadership position. He chairs the Blockchain Working Group, to share know-how and raise awareness on the impact of DLT to Insurance Business. In 2016 Jags founded Swiss Re Incubator (now called CrowdPassion) platform to drive grass root innovation at Swiss Re in a fast, flexible and agile manner. Jags also contributed to the launch of Swiss Re’s first ever start-up accelerator program. Jags has over 22 years of experience in solution consulting, innovation management and sales leadership with a blend of technology, business and entrepreneurial experience. He is raised in India, resident of Switzerland since 2001, has lived in the USA and briefly in Japan.
Interview with Patrice Luscan, Marketing & Innovation Director at Coface

New President, new roadmap

During the General and Associated Meetings in Stockholm last June, the ICISA membership elected Patrice Luscan as their 41st President. Though Patrice had been representing Coface in the Management Committee of ICISA since 2015, he was at first hesitant about accepting the nomination for the role as President of the association. Here he shares his motivation for having – happily – accepted the new role and sets out his main priorities for the coming years.

When his nomination to become the 41st President of ICISA was first broached with Patrice, he was not convinced he should accept: “To be honest it took me some time to come to that decision. I felt relatively unprepared for the job, although I had been on the MC for a few years. Taking on responsibility within an industry association is not a natural career step, and there’s no development plan to get you there… It’s true, too, that it raises questions of positioning”, Patrice notes. He continues: “Beyond this initial prudent stance, I think I needed to get a better idea of the contribution I could make to ICISA before I signed up. So I reflected on this, and when my ideas started to take shape, I was naturally more eager to make it happen. Then I was really motivated to take the role.”

The value of ICISA

When asked about the value that ICISA as an association delivers to its members, Patrice notes two main areas. He notes that, first and foremost, ICISA is there to represent the interests of its members: “There’s a wide range of instances where that can happen, with two limitations: first, there must be an alignment of interests between members, and secondly there cannot be any risk incurred in connection with antitrust regulations.

Patrice considers advocacy towards authorities and regulators as a top priority for members in a context of an increasingly demanding compliance framework. “Advocacy is particularly important for members acting in several leading regulatory environments. Defending the interests of members may also entail speaking out in the media when the industry risks getting ‘a bad press’ for its role in the context of a severe economic crisis. By definition this role is not always visible, but we do have a sleeping group of Communication Managers that could be activated any time to take up the challenge,” Patrice notes. He furthermore emphasizes that there is an implicit expectation from an association to promote its industry and products: “Public promotion is very important for an industry like ours with modest penetration rates. At the same time, it’s difficult to address this need with, for example, high-impact campaigns, given both available resources and ICISA’s very broad geographical scope.”

The second main area where Patrice sees ICISA delivering value to its members is by organizing industry-wide exchange of information and experience: “This covers everything from the simple collecting and sharing of figures, through to discussion of the most critical and technical issues facing the industry - behind closed doors in the committees. The substance of these discussions and the benefit members get out of them is essentially what these same members bring to the table. I think this is where the value delivered by ICISA to its members is not entirely the right question to ask. ICISA’s value essentially comes from its members’ common efforts, and the Secretariat is probably more of a facilitator than a significant contributor.”

Patrice is happy to mention some recent achievements that underline ICISA’s added value as a facilitator for these ‘common efforts’: “I think the position letter sent recently by a member of the European Parliament to the Commission about the prospective – and unfavorable – recalibration of Solvency 2 capital requirements in the standard formula is an achievement. Though it isn’t a result in itself, it’s proof that our organization for advocacy, around the Regulatory subcommittee and our advisor in Brussels, is becoming more efficient.”

Priorities

Patrice emphasizes that he sees advocacy as a key priority: “The advocacy agenda is not entirely known at the start of a given presidency, of course. But we know for a fact that the regulatory frameworks of Solvency 2 and Basle 3 and their eventual evolution will have
a decisive impact on TCI in Europe. For surety, where the law is a key
driver of demand, the potential impact is even greater. I believe that
affecting the changes we want as an industry will take time and mem-
bers will have to sustain their efforts to achieve the desired results.”

“investing together in certain standards or
infrastructure blocks, using blockchain perhaps,
is more likely to make sense for all members”

On a different level, Patrice intends to use his presidency to put the
industry’s key transformation challenges on the agenda. “Digitalization
of trade, and the spread of artificial intelligence in risk services, will
pose many challenges for our industry over the next couple of years.
The starting point is to reach a common understanding of what has to
stay in the hands of each members and what might be better under-
taken within the context of the association.” Patrice notes. While he
acknowledges that this is not an easy discussion, he does recognize
simple guiding principles can be inferred by asking two key questions:
- “Can members achieve the initiative on their own or does it require
  industry-wide scale?”
- “Does the initiative have differentiation potential for the members
  individually?”

Patrice continues: “So I think I can safely say that joining our efforts to
use more data science in risk underwriting is unlikely to happen. On
the other hand, I guess that investing together in certain standards
or infrastructure blocks, using blockchain perhaps, is more likely to
make sense for all members.”

Patrice is keen to highlight the increasing importance of remaining
open to collaboration with non-traditional players to be able to adapt
to what is a rapidly changing environment: “Beyond helping members
prepare for the future – in those areas where the association can
usefully contribute – I think another question will have to be raised
at some point about the relevant ecosystem for ICISA in the future.
There might be new key players we should connect with in the digital
space… Perhaps, marketplaces will one day set-up their own indus-
try associations! Or these players will take other forms, such as the
self-administered groups of nodes in some blockchains, or it may be
about trying to build relationships with individual and dominant global
players.”

Patrice Luscan currently serves as Marketing & Innovation Director at
Coface. Patrice graduated from Reims Management School (now Neoma)
and started his career in 1997 with Gerling Namur (now Atradius). After 4
years he joined an 8M€ telecom service provider as Company Secretary.
He was back in credit insurance in 2003, joining Euler Hermes to launch
their second generation of international offers. During the 9 years at EH
he then served as Head of products & services and Marketing director of
EH France, before switching to the new EH World Agency where he was
managing the French desk. Patrice joined Coface in 2012 as Deputee
group organization director and Group marketing director a year later. His
present role covers value propositions, client experience and innovation.

Patrice published a book (in French) about the current practice of credit
management and possible innovations.
(“Crédit interentreprises : le credit management doit-il se réformer?” –
Editions EMS)
Will Turkey’s Crisis Trigger Contagion to Asian Emerging Markets?

Overview
With Asian emerging markets accounting for over 75% of the MSCI Emerging Markets index, concerns about emerging markets contagion have risen since the Turkish economic crisis escalated. A number of large emerging markets including Argentina, Venezuela and Turkey, are currently engulfed by severe economic crises. Russia and Brazil, two of the BRICS nations, have only recently staged a gradual recovery from protracted recessions. The escalating US-China trade war, US trade frictions with the EU and other NAFTA partners, as well as US implementation of economic sanctions on Russia and Iran have also compounded anxieties amongst Asian governments and multinationals about the downside risks to global growth from a world trade slowdown.

East Asia continues to be haunted by the ghosts of crises past, with the contagion triggered by Thailand’s economic crisis in 1997 having resulted in the protracted Asian financial crisis in 1997-98. One after another, many East Asian tiger economies were toppled by financial markets contagion and capital flight, plunging their economies into protracted recession, banking crises, corporate failures and bursting of stock market and property market bubbles.

Turkey’s current economic crisis is very reminiscent of the economic crises experienced by East Asian economies such as Thailand, Indonesia and South Korea during the Asian financial crisis. Although the trigger for the intensifying Turkish crisis has been the announcement of US sanctions and tariff measures on Turkey, the underlying causes of the economic crisis are much more deep-rooted macroeconomic imbalances, including a large current account deficit, excessive reliance on foreign portfolio capital inflows and high levels of external debt. Turkey’s gross external debt is estimated to have reached USD 467 billion by March 2018, or 52.9% of GDP, according to Turkey’s Ministry of Treasury and Finance.

With the Turkish lira depreciating rapidly, having fallen by around 40% versus the USD since the beginning of January until mid-October, the sharp depreciation is intensifying external debt problems while continued portfolio capital outflows put further downwards pressure on the Turkish lira. According to IHS Markit CDS spreads data, Turkey’s 5-year sovereign CDS spreads widened significantly in the first two weeks of August, reaching 580bps on 13 August, the first time they have approached the 600bps level since the Global Financial Crisis, before easing to 523bps by 10th September and compressing further to 421bps by 8th October.

Concerns have already mounted about contagion from Turkey’s economic crisis to the European banking sector, with Spanish banks having the biggest collective exposure, at around Euro 81 billion, while French banks have an estimated Euro 35 billion of exposure to Turkey, according to BIS statistics. Some European countries also have significant trade exposure to Turkey, notably Greece and Russia.
Are Emerging APAC Economies Vulnerable to Contagion?

The direct transmission links between Turkey and APAC through trade flows are significant for a number of APAC economies. Six APAC countries are among Turkey’s top twenty sources of imports, led by China, which is Turkey’s largest source of imports. The Turkish economic crisis and slumping lira will impact on bilateral trade, as the cost of imported goods will rise significantly in Turkish lira terms due to the sharp currency depreciation this year. For example, Malaysian bilateral trade with Turkey grew rapidly in 2017, reaching a level of Ringgit 12.1 billion for the calendar year, with Malaysian exports to Turkey having reached Ringgit 10.5 billion. However, the steep depreciation of the lira is likely to hurt Turkish orders for Malaysian products in 2018-19. In contrast, the competitiveness of Turkish imports to APAC nations will be boosted by the slumping lira.

However, the more significant concern for APAC nations would be if the Turkish economic crisis results in contagion to emerging markets currencies and equities, which could potentially trigger significant capital outflows from emerging markets. US Fed monetary policy tightening has already resulted in the depreciation of many emerging markets currencies against the USD since the beginning of 2018, with further US Fed tightening expected during 2019.

For many APAC countries, these risks to currencies and equity markets are mitigated by the significant improvements in macroeconomic resilience since the Asian crisis. During the past two decades many Asian economies that were at the center of the Asian financial crisis, including South Korea, Thailand, Malaysia and Indonesia, have made tremendous progress in addressing the macroeconomic and financial vulnerabilities that contributed to the Asian financial crisis. Among the major achievements, there have been significant progress in the sophistication of macroeconomic management, as well as far-reaching banking sector reforms that have resulted in stronger prudential regulation of banks, much improved capital adequacy ratios in the banking system, better risk management systems and adoption of macro-prudential measures to manage risks related to real estate lending.

Many Asian economies have also built up their foreign-exchange reserves to improve their resilience against volatile international capital flows as well as strengthening their financial resilience by adopting macro-prudential measures when required. The Chiang Mai Initiative, agreed in 2000 in the aftermath of the Asian financial crisis, has also created a regional mechanism for cooperation among the ASEAN countries plus China, Japan and South Korea for financial crisis prevention.
and resolution, initially built around a network of bilateral currency swaps.

Indonesia and the Philippines have also substantially improved their fiscal positions with very substantial reductions in government debt as a share of gross domestic product (GDP). Malaysia, Indonesia, Thailand and the Philippines have also taken steps to deepen their equity and bond markets, improving the diversity and liquidity of their capital markets.

Macroeconomic Vulnerabilities among APAC Nations

Despite the significant progress by many APAC emerging markets in improving their macroeconomic resilience, some Asian developing countries still remain vulnerable to contagion risks due to macroeconomic imbalances or political risk factors. Global investors have continued to differentiate among the various APAC economies, based on their differing vulnerabilities to political and economic risks.

In South Asia, several nations are already facing external debt problems. Sri Lanka is already a recipient of an IMF Extended Fund Facility, and faces further challenges due to high foreign debt repayments required over the medium term. The newly elected Pakistani government led by incoming prime minister Imran Khan also faces an imminent external debt crisis reflecting heavy new foreign borrowing of around USD 29 billion in the past three years. This is mainly in relation to Belt & Road projects, which have contributed to pushing total external debt to an estimated USD 92 billion, creating a mounting debt burden that may eventually require another IMF bailout.

Contagion in Emerging Markets Currencies

“Cecily, you will read your Political Economy in my absence. The chapter on the Fall of the Rupee you may omit. It is somewhat too sensational. Even these metallic problems have their melodramatic side.”

Miss Prism to Cecily, Act 2, “The Importance of Being Earnest” by Oscar Wilde

Some larger Asian emerging market economies may also be vulnerable to contagion resulting in currency depreciation and portfolio capital flight. India is one of the more vulnerable APAC emerging markets to external account shocks, as rising world oil prices have pushed up India’s oil import bill, resulting in a widening current account deficit. The Indian rupee (INR) and balance of payments position is also vulnerable to foreign portfolio capital outflows, if investor sentiment about the political or economic outlook turns bearish. The INR has already hit a series of record lows against the USD through August, September and October, depreciating by around 14% in 2018 to date.

Indonesia also continues to be regarded by global investors as one of the more vulnerable large APAC emerging markets to global contagion. An important source of vulnerability for Indonesia relates to potential hot money outflows because of the high share of foreign ownership in the local equities and bond markets. Indonesia recorded net portfolio outflows in the first quarter of 2018, the first quarter of outflows since the third quarter of 2015. Foreign ownership of rupiah-denominated government bonds remains at about 40%. In addition, non-
residents hold 61% of total general government debt, amounting to about 16–19% of GDP. Corporate-sector exposure is also significant, with 45% of corporate debt in Indonesia being held by foreign investors.

Indonesia’s central bank, Bank Indonesia, raised policy rates by a cumulative 150 basis points between May and September, in response to the substantial depreciation of the rupiah that the bank was unable to stabilize by intervention in foreign-exchange markets. After depleting more than USD12 billion of foreign-exchange reserves during the first six months of 2018 in attempts to stabilize the rupiah, the Indonesian central bank has resorted to aggressive and “pre-emptive” tightening of monetary policy to help stabilize the currency. The rupiah has depreciated by around 11% against the USD during the first nine months of 2018.

In contrast, APAC economies with sound macroeconomic settings, strong external account positions and substantial FX reserves such as South Korea, Taiwan and Thailand have been relatively resilient, despite recent turbulence in emerging markets currencies that have been triggered by factors such as US Fed monetary policy tightening and fears of emerging markets contagion risks.

Risks to the APAC Outlook

Despite severe economic crises in a number of large emerging markets, including Argentina and Turkey, many APAC emerging markets have so far shown resilience to emerging markets contagion due to their strong macroeconomic fundamentals. Global investors have continued to differentiate between Asian economies based on vulnerabilities to macroeconomic, external account and political risks.

However, with the US-China trade war escalating in recent weeks, a slowdown in APAC regional trade growth and negative impact effects on the East Asian manufacturing supply chain remain an important downside risk to Asian emerging markets APAC countries are among the most vulnerable in the world to an escalating US-China trade war. South Korea, Taiwan, Singapore, Malaysia, Vietnam, Thailand and the Philippines are among the most vulnerable economies to the shock waves of a such a trade war.

Furthermore, the APAC region has become increasingly vulnerable to the downside risk of a China hard landing scenario due to the rising importance of China as the largest economy in the region. While a China hard landing still remains a low probability scenario, if it did in fact occur, it would unleash a tsunami of contagion across the APAC region through negative shocks to regional trade and investment flows and turmoil in regional financial markets.

“Despite severe economic crises in a number of large emerging markets, many APAC emerging markets have so far shown resilience to emerging markets contagion due to their strong macroeconomic fundamentals”

Rajiv Biswas is the Asia-Pacific Chief Economist for IHS Markit.
Afianzadora is launching “BuildAnalytics”

Afianzadora Latinoamericana has introduced “BuildAnalytics”, a new tool for the efficient administration of the contract guarantees business.

Based on the BI (Business Intelligence) Platform, this innovating software allows a “just in time” follow-up of guaranteed contract risks run under such method. It generates a virtuous circle between the parties, where being next to the risk means early alerts before any inconvenience, thus making it possible to generate preventive/corrective actions as soon as the fault arises. Likewise, its application results in an improvement in re invoicing, and in an economic benefit for the taker since invoices adjust to the effective advancement of the guaranteed project. BuildAnalytics, a system that lets us all win.

For further information see www.afianzadora.com.ar or follow up in the social networks.

Aseguradora Aserta and Aseguradora Insurgentes operate as the first Caución Insurance Companies in México

Aserta Financial Group announces the start of Caución and Credit Insurance operations in both Caucion Insurance Companies, driving Aserta’s internationalization strategy plan.

Last July, 2018, Aserta Financial Group announced as a major achievement that Aseguradora Aserta and Aseguradora Insurgentes received the final authorization to operate as the first Caución Insurance Companies in Mexico.

This authorization has enhanced both Companies’ business lines, adding Caución and Credit Insurance to their Surety Bonds’ operations. At the same time, it has changed their business names; Afianzadora Aserta, dated back to 1954, is now Aseguradora Aserta and Afianzadora Insurgentes, founded in 1958, is now Aseguradora Insurgentes.

In Europe, this process boosts Aserta España, according with its internationalization strategy plan.

Besides their leadership in Mexico and start up in Spain, Aserta has strengthened its growing network of international “fronting” partnerships in LATAM.

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.
Changes in the organization of Tryg Garanti

Tryg Garanti has appointed Rasmus Mikkelsen Head of the Danish Account Managers, Surety. Rasmus Mikkelsen joined Tryg Garanti in 2013, where he became part of Risk Management. He has an extensive knowledge of processes and data management in Tryg Garanti. Rasmus Mikkelsen has a Master’s degree in Finance and International Business from Aarhus University.

Tryg Garanti has appointed Henrik Stigkær Head of Centre of Excellence, Client Relations, Surety. Henrik Stigkær joined Tryg Garanti in January 2018 as Country Manager for Tryg Garanti’s new organization in Germany. Henrik Stigkær will continue in this position at the same time as taking on the new responsibilities. Henrik Stigkær brings strong experience from coordinating successful international client relations organizations to the new position. Henrik Stigkær will represent Tryg Garanti in the ICISA Surety Committee with Rasmus Mikkelsen as back-up.

Tokio Marine HCC appoints Luc Reuter as Head of Surety for Continental Europe

Tokio Marine HCC today announced the appointment of Luc Reuter as Head of Surety for Continental Europe as it further expands its international surety capabilities within Continental Europe and beyond.

Luc will divide his time between Tokio Marine HCC’s operations in Frankfurt and Luxembourg in order to develop and direct a surety practice across Europe, supporting clients with their domestic and international surety needs through Tokio Marine HCC’s global network. Luc will report to Martyn Ward, Managing Director, International Credit & Surety. The appointment is effective as of 1 September 2018.

Luc has extensive financial services experience, including eighteen years of underwriting credit and surety. He joins Tokio Marine HCC from Chubb where he developed and directed the company’s European surety business as Head of Surety for Europe for the last six years. Prior to that, Luc held an equivalent position within Zurich for the preceding twelve years. Luc is a former Chairman of the Surety Committee of the International Credit Insurance & Surety Association (ICISA).

Martyn Ward, Managing Director of Tokio Marine HCC’s International Credit & Surety division, commented: “In order to support and enhance the ongoing growth within our successful international surety operations, we are investing in a number of key markets. I am therefore delighted that someone of Luc’s profile and ability is joining us to further expand our surety proposition for European clients in order to grow our platform even further and building on our surety business, which has grown consistently over the last thirty-five years. Luc’s expertise, along with Tokio Marine HCC’s focus on service delivery which is backed by the company’s profile and rating, will prove a compelling offering for both clients and brokers.”

Barry Cook, Chief Executive Officer of Tokio Marine HCC - International Group, added: “Through its global presence and superior credit rating, Tokio Marine HCC has a proven ability to meet our clients’ surety needs in our chosen markets. I am therefore delighted that someone of Luc’s calibre and experience is joining us to expand our surety proposition for European companies beyond that of our current successful surety operation. As a recognised international surety expert, his extensive knowledge and deep understanding of international markets will be a great asset in our plans to further develop our International Surety division.”
Credendo announced a EUR 40 million capital increase in its subsidiary Credendo – Single Risk

The share capital of Credendo – Single Risk has been increased from EUR 25 million to EUR 65 million. Credendo sees rising opportunities in single-risk insurance, as it is a market with high potential growth.

Credendo announced a EUR 40 million capital increase in its subsidiary Credendo – Single Risk. The increase aims at seizing business opportunities arising from the single-risk insurance business segment and global demand for protection against geopolitical risks. The 60th annual General Meeting of Shareholders of Credendo – Single Risk Insurance AG, held in Vienna on 16 May 2018, decided to increase the share capital of the company from its current registered capital of EUR 25 million by EUR 40 million to EUR 65 million.

“This decision provides a great opportunity to grow our business in a competitive but also promising market environment. Our growth strategy is based on our business development plan which aims at generating sustainable returns on a solid capital base,” says Michael Frank, General Manager of Credendo – Single Risk. Referring to the business development plan, he emphasises that there is a growing demand among the company’s existing international clients as well as its target clients for insurance cover for single contracts, transactions and investments in the context of international trade, against a large spectrum of political and commercial risks. He also sees additional potential in seizing cross-selling business opportunities between the different entities of Credendo due to the extensive range of comprehensive and bespoke credit insurance solutions that are available at Credendo entities and that can complement each other. “This capital increase is the key to unlocking existing market opportunities and growth potential as future growth will need to be based on a level of capitalisation that not only meets regulatory requirements but also meets target customers’ criteria for selecting their insurers in the private market. We identified the additional capital requirement at a level of EUR 40 million, allowing us to meet these customer criteria. Furthermore, it enables us to keep the Solvency II ratio above the Credendo target of 150% over a medium-term horizon and to achieve defined profitability targets at the same time,” Michael Frank concludes in his statement following the decision for a capital increase.

Commenting on the capital increase, Dirk Terweduwe, Group Chief Executive Officer of Credendo, the majority shareholder of Credendo – Single Risk, and Chairman of the Supervisory Board of Credendo – Single Risk, declared: “We clearly see rising opportunities in the single-risk insurance business. Credendo – Single Risk is operating in a market with high potential growth shaped by the development of international trade with non-OECD countries and the growing role of the private sector. On the supply side, increased capacities (increased product lines, longer tenors and new entrants) demonstrate how much the political risk insurance market looks attractive. Credendo – Single Risk is very well recognised as a highly specialised private-market single-risk credit insurer, renowned for its professionalism, flexibility and strong reactivity. We will continue to work in this sense and support the long-term growth of the company.” This capital increase strongly enhances Credendo – Single Risk’s ability to deploy specialised credit insurance solutions worldwide, embrace change for the industry and acquire a leading position in its speciality market.
Coface announces the signature of an agreement to acquire PKZ, the credit insurance subsidiary of SID Bank

Coface announces today that it has signed a binding agreement with SID Bank, a Slovenian public bank, to acquire 100% of PKZ capital, a credit insurance subsidiary of SID Bank.

Created by SID Bank in 2005, PKZ is the market leader in credit insurance in Slovenia, with a strong market share. In 2017, the company recorded €15.1m of gross written premiums on an export business focused portfolio. The acquisition of PKZ by Coface is subject to usual regulatory approvals which are expected to be issued in the coming months. Coface expects a slightly positive impact on its earnings per share in 2019 and a neutral impact on its solvency ratio. Declan Daly, CEO Central Europe region commented: “This acquisition will strengthen our footprint in Central Europe and will improve the service we provide to our customers in this region. PKZ benefits from solid market shares and we count on the contribution of its teams, who will join our regional platform to continue its development.” Xavier Durand, CEO of Coface, added: “This acquisition is perfectly aligned with Coface’s strategy. We are strengthening our presence in a strategic and growing region. This agreement demonstrates Coface’s ability to grow selectively and to allocate capital efficiently, in line with the objectives of our Fit to Win strategic plan.”

Gerardo Sánchez, Managing Director of Fianzas Atlas, elected President of AMIG

On June 6 the Board of Directors of the Mexican Association of Guarantee Institutions (AMIG) elected Mr. Gerardo Sánchez Barrio as President for the period 2018 - 2019. He assumes this role at a time when the operation of the new “Seguro de Caución” product is about to start in the country. The Association is made up of the 16 surety companies operating in Mexico, and three reinsurers.

Mr. Sanchez is CEO at Fianzas Atlas since February 2015, following a successful career at Seguros Atlas, which he joined more than thirty years ago. He studied Actuary and Corporate Finance at Instituto Tecnológico Autónomo de México (ITAM), and insurance at Georgia State University. He is elected member of the Board of Conduct of the National College of Actuaries of Mexico, and participates in the Board of Directors of Fianzas Atlas, Seguros el Potosí, Financiera Atlas, CESVI Mexico and Audatex Ltn. The Mexican Association of Surety Companies was established in 1943, being Fianzas Atlas - founded in 1936 and ICISA member since 1997 - one of their promoters. Mr. Alfonso Herrera Salcedo, first Fianzas Atlas CEO, was its first President. Mr. Jorge Orozco Laine, second Fianzas Atlas CEO from 1967 to 2015, and who has had a very important role in the development of the Association and the surety business in Mexico and in the world, has been too President of the Association in several occasions. Mr. Orozco is now Executive Board Delegate of the company.”
Nationale Borg celebrates its 125th anniversary

Nationale Borg celebrated its 125th anniversary last month. The company was founded in 1893 in Amsterdam by a group of investors, led by Jacob Nienhuys. He had made his fortune with the Deli Maatschappij, a company that started as the operator of tobacco plantations in Sumatra in the Dutch East Indies. Mr. Nienhuys, who features prominently in the announcement of the anniversary, would have been proud of the company that was built over those years.

Although there have been numerous changes in ownership over the past one and a quarter century, Nationale Borg is one of the oldest dedicated surety companies worldwide that has always operated under the same brand name as a specialist provider of surety and of credit & surety reinsurance, closing each of those 125 years with a positive result.

Zurich announces organizational changes in its Global Credit & Political Risk business

Zurich announced it has combined its Credit & Political Risk-Single Risk business with its Trade Credit Multi-Buyer business to create one Global Credit & Political Risk business. The change was made to support Zurich’s growth strategy while simplifying its organizational structure.

Lillian Labbat, Global Head of Credit & Political Risk, will lead the combined business, and will continue to report to Brian Winters, Head of Specialty Products, Zurich North America. The Credit & Political Risk-Single Risk business is a global portfolio with leaders across the Americas, Asia, Continental Europe and London. Leaders in all geographies will continue to report both to Lillian, on a strategic underwriting and portfolio management basis, and to their respective local country leadership teams. Lillian will also have oversight of the global Multi-Buyer Trade Credit organization. Ryan Cummings will continue to lead Zurich’s Trade Credit Multi-Buyer business in New York and London and will report to Labbat. The Trade Credit business is a growing global portfolio and represents an opportunity for further expansion. “We believe this new structure will not only support our growth plans in these important business segments, but also simplify our organization to make it easier for customers and brokers to work with us,” Winters said.
Dear friends,

We inform you that on October 23rd, we received the authorization from the Comisión Nacional de Seguros y Fianzas to operate as an insurance company to operate Seguro de Caución. We are the third Surety Bond Company in Mexico to obtain this authorization.

As per this, we changed our name to Fianzas y Cauciones Atlas S.A., and we will be operating as an insurer specialized in surety, being able to handle both traditional bonds and the new insurance bond product.

Shortly we will share additional information about this change.

Sincerely,

Gerardo Sánchez Barrio, CEO

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Join over 3600 other industry experts in the ICISA group on LinkedIn

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Yearbook
ICISA Yearbook 2017 - 2018

The Yearbook 2017-2018 is available. It can be downloaded from the ICISA website (www.icisa.org).
Launch of global brand Liberty Mutual Re

In July 2018 Liberty Specialty Markets announced it had rebranded its reinsurance division as Liberty Mutual Re. At the same time, it announced a new Italian operation and the addition of Marine to the range of US products. The rebrand encompasses all aspects of LSM’s reinsurance division, which includes 180 people in 14 locations.

The branding can be seen in a bold new marketing campaign featuring Liberty employees; a video campaign in which Dieter Winkel, President, Liberty Mutual Re and Susan Barber, Head of Financial Risks, Liberty Mutual Re discuss the newly-relaunched business; and various press articles written by LM Re executives.

Commenting on the rebranding, Dieter Winkel said: “By rebranding as Liberty Mutual Re, the sole treaty reinsurance business within Liberty Mutual Group, we can be very clear about the benefits that our financial strength offers while highlighting the breadth and depth of our offering. Our rebranding signals our intention to leverage the Liberty brand and emphasize the sheer strength of the balance sheet on which the Liberty Mutual Group is founded. This is just the start of the process.”

Further commenting on the rationale, he said: “We already had successful syndicate, European and US businesses built over many years, but we were really known locally in the different markets for different capabilities. We decided that rather than having three distinct businesses, we could support our clients better if we were to present ourselves as one global business, able to offer all of our solutions and capabilities to clients across their global territories. At the same time we wanted to emphasize the financial strength we have from being part of the Liberty Mutual group and the fact that we are the sole treaty reinsurance business within the group. So the natural progression was to rename ourselves Liberty Mutual Reinsurance, which better reflects the size and strength of our business.”

**New Italian operation**
The local Italian operation based in Rome and Milan, has already started trading. Headed by Massimiliano Fantini, who joined from Guy Carpenter Italy, the Italian reinsurance team will write property, casualty and specialty business. Fantini is Liberty Mutual Re’s General Manager Reinsurance for Italy.

Dieter Winkel commented: “The launch of our Italian business is a key step in our plans to grow Liberty Mutual Re’s business. We’re extending our global footprint while building on the close relationships we’ve already developed with clients and brokers in Italy.

“In Massimiliano Fantini, we have found a talented and highly-respected reinsurance professional to lead our Italian team. He also brings with him a wealth of contacts and local knowledge, which will be extremely valuable as we reach out to the Italian market. Massimiliano’s mission is to provide a first-class service to Italian insurance companies, with a complete range of reinsurance products both on a proportional and non-proportional basis.”

Massimiliano Fantini was Guy Carpenter’s country manager for Italy for five years and was previously chief financial officer for Swiss Re Italy, where he spent 15 years in total. Liberty Mutual Re’s Italian office can be contacted on +39 02 2627 081.

**US Marine**
At the same time as launching the new reinsurance operation in Italy, it was announced that the US reinsurance operation was expanding its capabilities to write marine business. Scott Johnson, formerly with
Endorsed Conferences

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

TXF Asia 2018: Export, Agency & Project Finance  
(14-15 November 2018, Hong Kong)

Insuring Short Term Trade Finance  
(27 November 2018, London)

ExCred Commodities New York: Insuring Commodity and Project Finance  
(4-5 December 2018, New York)

BCR Supply Chain Finance Summit  
(24-25 January 2019, Amsterdam)

ExCred International 2019  
(26-27 February 2019, London)

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

Munich Re, has been appointed to the lead Liberty Mutual Re’s newly launched marine account. He reports to James D’Onofrio, Liberty Mutual Re’s general manager for the US.

Scott Johnson joins Liberty Mutual Re’s team in the US as assumed reinsurance underwriting manager – ocean marine. Formerly with Munich Re as vice president, marine and offshore energy, he began his reinsurance career in 1979 with North American Re. He then worked for a range of US-based reinsurers including St Paul Re and GE Employers Re before joining Endurance in 2003 as senior vice president for marine and energy. In 2006, he moved to Munich Re.

Dieter Winkel said: “The addition of marine to our US products is part of Liberty Mutual Re’s strategic ambition to grow its business in both the US and Europe. We’ve written marine products out of our international offices before but wanted to respond to requests from our clients and brokers to introduce this class domestically.”

Scott Johnson joins Liberty Mutual Re’s team in the US as assumed reinsurance underwriting manager – ocean marine. Formerly with Munich Re as vice president, marine and offshore energy, he began his reinsurance career in 1979 with North American Re. He then worked for a range of US-based reinsurers including St Paul Re and GE Employers Re before joining Endurance in 2003 as senior vice president for marine and energy. In 2006, he moved to Munich Re.

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Update from the Chairman of STECIS

STECIS embraces change!

The year 2018 will be a year of change for STECIS. Recently, a new Board was initiated and a Board meeting will take place in October/November.

The constitution of the new Board is as follows:
- Rob Klouth (Chairman)
- Michael Kennedy (Surety)
- Frank Robertson (Surety)
- Peter Evola (Credit Insurance)
- André Düsing (Credit Insurance)

Frank Robertson has a lifelong experience in the surety business and has been a tutor since the start of STECIS. Peter Evola is working at Euler-Hermes in London after having worked at the headquarters in Paris for quite some years. He is an underwriting expert and has a special interest in market platforms and fintechs. André Düsing works at Atradius at the Strategic Commercial Department and is also an expert in fintechs and platforms. With the new Board STECIS wants to extend its training offer. During its ten years of existence, the Basic and Advanced Trade Credit Insurance and Surety Training Seminars were successfully rolled out. The market for credit insurance has however changed drastically during the last years. Blockchain, fintechs and trading platforms have their impact on the market situation and hence also on credit insurance. That is why there is a need for a new type of training that addresses these developments, its consequences, the opportunities and the risks for the credit insurance world. One of the most important tasks for the new Board of STECIS is to create courses that effectively address the current market issues and developments in order to keep up with the rapid changes we see around us.

The STECIS training courses are realised by trainers with a lot of practical experience and contain a number of cases to make sure the content of the training can afterwards be implemented in real life by the participants.

Developments on new STECIS courses can be expected during the first half year of 2019.

Rob Klouth
Chairman of the Board of STECIS

For more information

STECIS - The Trade Credit Insurance & Surety Academy
Tel. +31 (0) 6 53678087
info@stecis.org, www.stecis.org
The Trade Credit Insurance & Surety Academy

STECIS promotes knowledge and professionalism in the technical theory and practice of trade credit insurance and surety underwriting. This includes in-depth analysis of industry developments, the terminology and the current market.

STECIS Basic Training Seminar Program April 2019

STECIS Trade Credit Insurance Training Seminar
(Monday 8 – Wednesday 10 April 2019, Amsterdam, NL)

This two-day in-depth basic level training seminar in Trade Credit Insurance for professionals from inside and outside the trade credit insurance industry with limited experience.

Among others the following subjects will be addressed:
Introduction to trade credit insurance, Market overview, Underwriting credit risks; pricing, problem buyer management, credit solutions for different customer segments, Political risk, Detecting early signs of financial stress, Claims handling, Pre-credit risk, Probable Maximum Loss (PML), Reinsurance.

STECIS Surety Training Seminar
(Monday 8 – Wednesday 10 April 2019, Amsterdam, NL)

‘A Focus on the Fundamentals of Surety’

This two-day in-depth basic level training seminar in Surety for professionals from inside and outside the surety industry with limited experience.

Among others the following subjects will be addressed:
Understanding the Surety business in general, Analysis of the Surety markets worldwide, Objectives and assessment of client and job site visits, Risk management in recession times, Underwriting bonds, Fronting, Risk management policy, Reinsurance, co-insurance and capacity, Early warning signs and reasons for companies to fail.

Discount for ICISA and non-ICISA member companies

As the International Credit Insurance & Surety Association (ICISA) strongly endorses the STECIS training seminar programme, ICISA member companies receive a 5% discount on the total seminar fee. Companies (ICISA members and non-ICISA members) registering three or more participants to one training seminar, receive a 10% discount on the total seminar fee.

For more information: www.stecis.org

Training Schedule 2019

STECIS Advanced Training Seminar Program April 2019

STECIS Trade Credit Insurance Advanced Training Seminar
(Underwriting & Claims Handling)
(Wednesday 10 - Friday 12 April 2019, The Hague, NL)

‘The Essence of Trade Credit Insurance’
Day 1: Underwriting
Day 2: Claims Handling

This two-day advanced training seminar in Trade Credit Insurance for experienced professionals is modular. Participants can choose to attend one or both modules.

STECIS Surety Advanced Training Seminar
(Wednesday 10 - Friday 12 April 2019, Amsterdam, NL)

‘Best Practices in Uncertain Times - Underwriting, Claims Handling and Business Development in Surety Today’

Among others the following subjects will be addressed:

A two-day in depth training in underwriting surety and managing risks during a recession. The seminar is aimed at experienced surety underwriters.

For more information, please visit www.stecis.org