



Global Credit Insurance market survey

2024



Market key facts 2023/2024

2023 MARKET GROWTH

The global credit insurance market continued to grow in 2023, with a 6% increase in premium volume. However, this growth was at a slower pace compared to 2022, which saw an 18% increase over 2021, driven by inflation and a post COVID economic boom.

2024 TRENDS:

The global economy is proving more resilient than expected in 2024, with most countries avoiding a recession.

Nevertheless, growth remains weak or stagnant, particularly in advanced economies. In the Eurozone, growth is projected to be minimal in 2024, hindered by tightened credit conditions and this will impact the results of credit insurers.

RISK EXPOSURE

The risk exposures of credit insurance companies increased by 4.5% in 2023 according to ICISA. This increase is significantly lower than previous years (+15% in 2022, +18% in 2021).

RESURGENCE OF CLAIMS

Insolvencies are increasing across all regions of the world. The following trends are being observed:

- Highly indebted companies have seen their financial situation deteriorate significantly due to high interest rates in 2023.
- The construction, real estate, and retail sectors have been particularly impacted.
- Intense claim activity has been noted in Latin America, particularly with the insolvency of Americanas, a major retailer in Brazil.

AU Group broker's view

RESILIENCE

The traditional credit insurers have remained very profitable over the past few years and some have been better than others at maintaining risk support. New entrants see an opportunity to capture market share by offering different solutions and time will tell if these new companies will continue if claims start to rise. (We note the withdrawal of QBE from the surety market in EMEA due to adverse loss experience).

CREDIT ENHANCEMENT

The use of credit insurance to support receivables financing programmes (factoring, securitisation, asset-based lending) remains one of the market's main growth drivers. Banks, payment institutions and Fintechs wishing to transfer credit risk

to the market and reduce their equity capital represent a fast-growing market for Insurers.

INCREASING GEOPOLITICAL RISKS

Numerous open conflicts (notably in the Middle East and Eastern Europe), the occurrence of exceptional political events (such as the Houthi rebels in the Red Sea) and rising tensions (Taiwan, China, USA) form a cocktail of instabilities that will continue to be omnipresent in 2024.

ARTIFICIAL INTELLIGENCE (AI), ALTERNATIVE PROGRAMME INTERFACE (API) AND BUY NOW PAY LATER (BNPL)

- AI is increasingly embedded in the processing of certain tasks by





insurers: automatic decisions in risk-taking, construction of pricing models, detection of fraud and suspicious transactions, sourcing of new prospects...

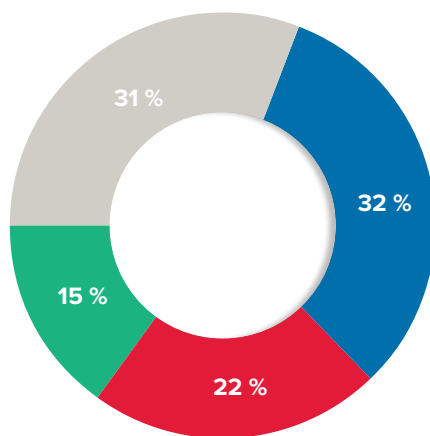
- Instant credit limits granted via APIs is made possible by the ability of some insurers to score a buyer in real time, creating innovative use cases for e-commerce and in-store B2B sales.
- The BNPL boom continues. In recent months, AU Group has advised numerous companies, Fintechs and e-commerce companies in the deployment of «omnichannel» credit protection solutions (such as BNPL, digital credit insurance policies, instant scoring).

As a specialist broker, AU Group continues to be at the forefront of the trade credit insurance market innovation. Our roadmap is simple: secure and finance trade, innovate for our clients, help to deliver faster decisions, optimise costs and automate processes.

Market Share

The market remains dominated by 3 “global” insurers representing more than 70% of the total global market. We estimate the total market premium to be approx. €10 billion (€9.4 bn in 2022). Allianz Trade is the largest credit insurer with 32% market share followed by Atradius with 22% and Coface with 15% as of December 31st, 2023.

-  Allianz Trade
-  Atradius
-  Coface
-  Others



This calculation is an estimate by AU Group, excluding China Export & Credit Insurance Corporation (“Sinosure”), the public Chinese insurance company which had a turnover of approximately €1.5 billion (net premium earned).

TWO KINDS OF INSURERS CAN BE DISTINGUISHED: “GLOBAL” AND “NICHE”:

«Global» insurers, characterised by:

- a strong international presence
- detailed information on very large numbers of buyers in their global databases
- global capabilities in providing credit management services

Leading insurers in this category: Allianz Trade, Atradius and Coface.

«Niche» insurers, characterised by expertise in:

- particular products: Excess of loss, shared excess cover, top-up, single risk, single buyer, e-commerce (e.g.: AIG, Amynta, Axa XL, Chubb, Credendo, Garant, Liberty Mutual, Lloyd’s, Markel, Mercury, Nexus, QBE, Tokio Marine, etc.)
- certain geographical areas (e.g.: ATI, Cartan Trade, Cesce, Credendo, FCIA, ICIC, Intact, QBE, Sace etc.)
- different types of risk: political risk, non-transfer (e.g.: Beazley, Liberty Mutual, Lloyd’s...)

FOCUS ON MGA:

The MGA boom continues. MGAs stand for Managing General Agents and underwrite policies on behalf of reinsurers. MGAs do not bear the risk of the insurance policies they underwrite. This risk is transferred to the insurance companies they represent. MGAs concentrate on distribution, underwriting and customer service.

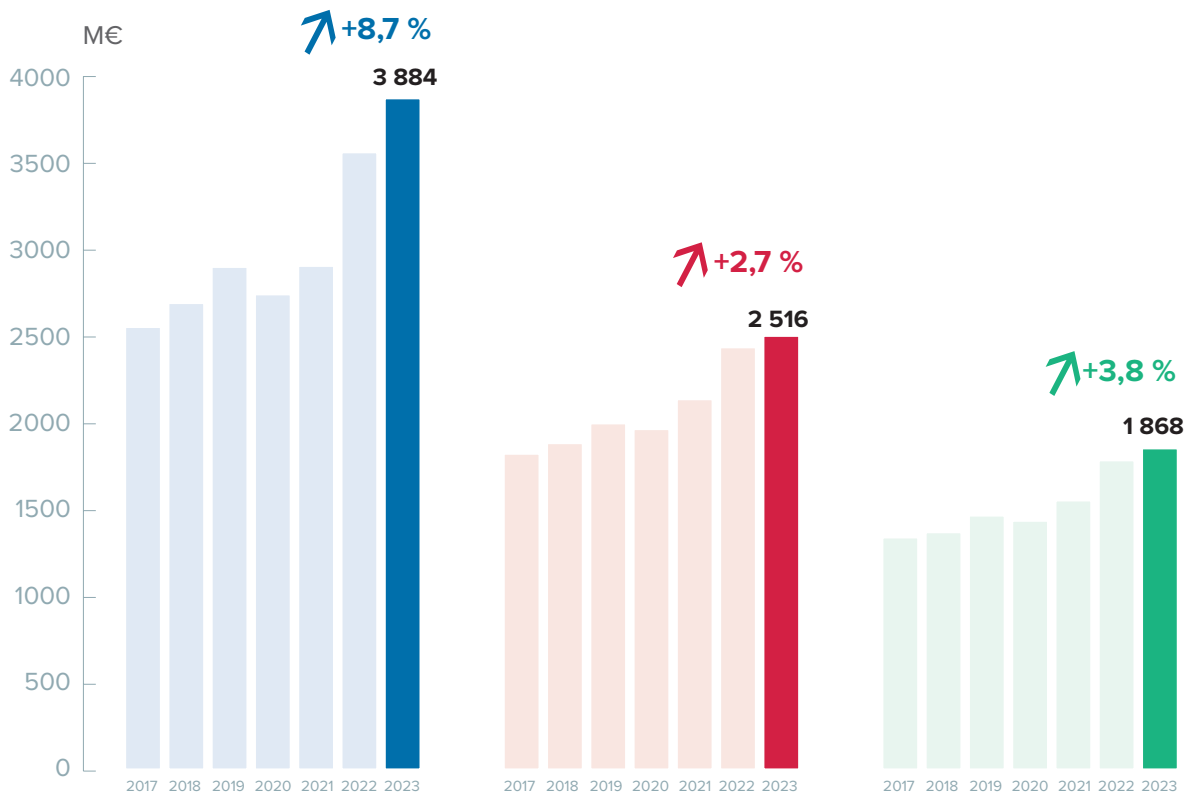
Turnover of the main insurers (m€) and key facts

In 2023, the volume of insurance premiums worldwide rose by an average of 6% against a backdrop of sluggish global economic growth. For the record, 2022 saw average growth of +15% (the strongest increase in its history), mainly due to the increase in

policyholders' sales and the inflation effect.

At AU Group, we estimate the size of the market at around 10 billion euros in premiums in 2023 (versus 9.4 billion in 2022). It should be noted that, as the

International Credit Insurance & Surety Association (ICISA) pointed out in a recent press release, estimating market size remains an uncertain task, as access to data is complicated.



Allianz Trade

Atradius

Coface

Allianz Trade's sales reached a record level of 3.88 billion euros, thanks to strong new business generation in both business lines of credit insurance and surety combined with a solid retention. The German group's subsidiary continues to widen the gap with its competitors, showing the best performance in the market (+8.7%).

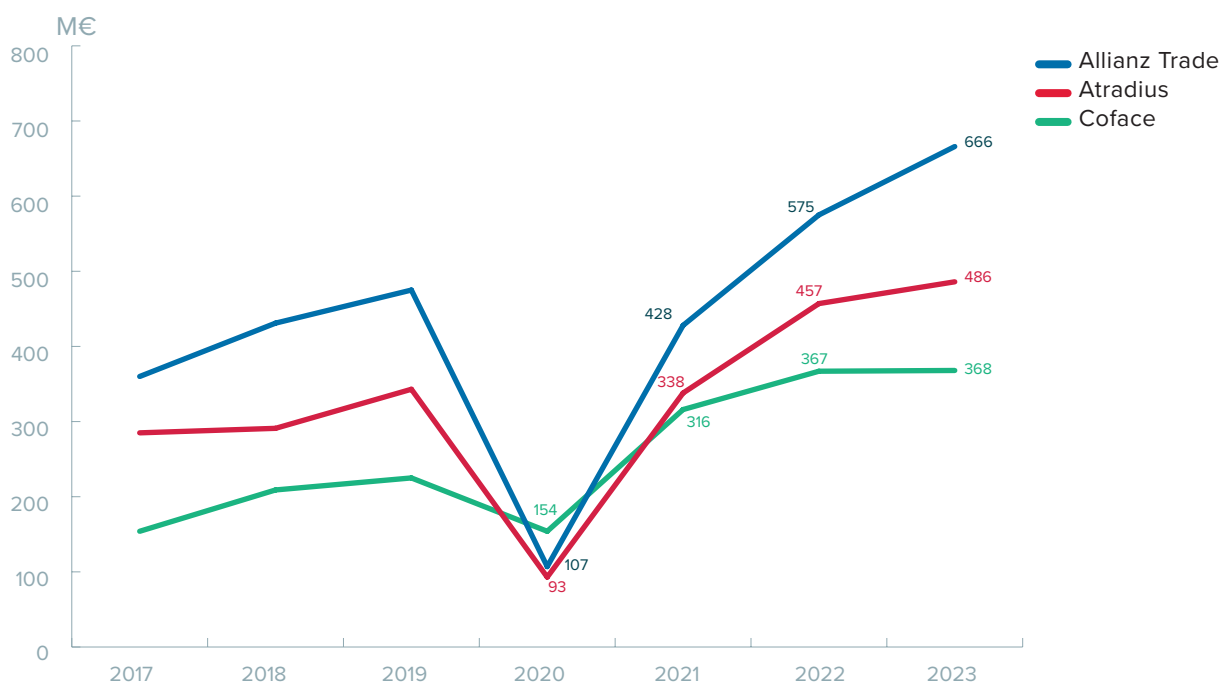
Atradius, the Spanish-Dutch insurer, also recorded the highest level of income in its history (2.51 billion euros as of 31/12/23) ensuring a steady growth. However, Atradius is the insurer with the lowest increase in new business compared with its competitors. Customer retention is robust.

Coface sales reached a record high of 1.86 billion euros, up 3.8% (+6% at constant exchange rates). This performance was driven in particular by sales of commercial information (+17%), especially its URBA 360 product. Also noteworthy was the launch of a new digital credit risk management platform for its policyholders: Alyx.



Profitability of the main insurers (m€)

- Operating result (M€)



In 2020, the impact of the pandemic on the business of the three world leaders was clearly visible (decline in insured sales and sharing of risks and premiums with the governments of certain countries). Since 2021, the return to profitability has been spectacular, particularly for Allianz Trade, which posted operating income of €666 million (+16% on 2022), and for Atradius at €486 million (+6% on 2022), while Coface stagnated at €368 million.

- Net profit after tax

The historical low level of claims explains these robust results. **Net profit after tax** results have followed the same trend :

- Allianz Trade does not disclose its P&L bottom line, but on the basis of an operating result of €666M, we expect the German insurer to have the largest profit after tax in the industry.
- Atradius has earned €372M (versus €332M in 2022)
- Coface posted the same result as for 2022, at €240 million.

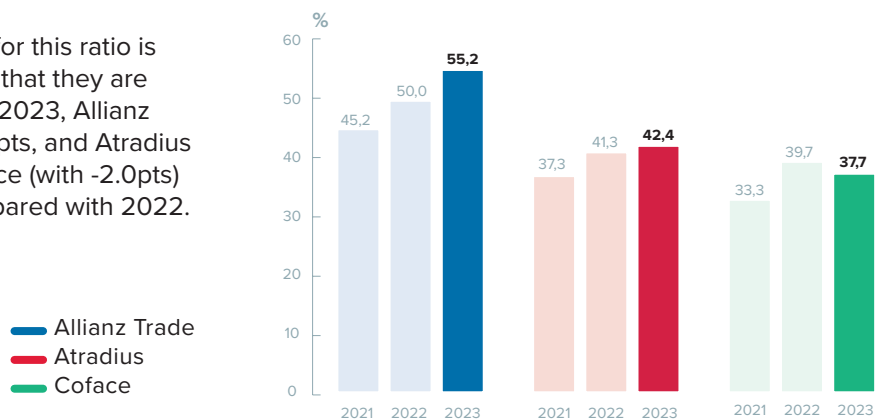


- Loss ratio (claims/premiums) and combined ratio (%)

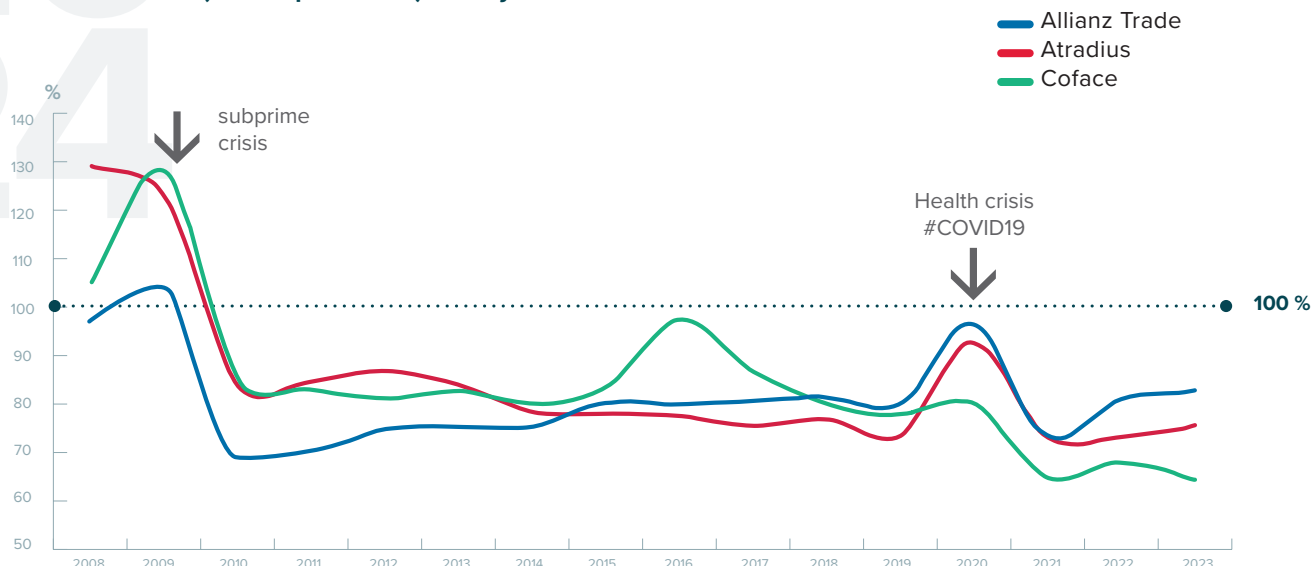
Insurers' profitability is determined by their Loss Ratio (claims/premiums) and their Combined Ratio (Loss ratio plus overhead expenses).

Net Loss Ratio (claims/premiums) over the last 3 years

The theoretical break-even point for this ratio is 70%, with companies considering that they are operating at a loss above 70%. In 2023, Allianz saw its loss ratio increase by +5.2pts, and Atradius by +1.1pt. On the other hand, Coface (with -2.0pts) saw its loss ratio decreasing compared with 2022.



Net Loss Ratio (claims/premiums) history



- The theoretical break-even point of the combined ratio is 100% (above which Insurers consider that their operations generate a loss).
- Two major crises have had a major impact on insurers' combined ratios in the last

20 years: the subprime crisis, with a sharp rise in corporate failures and consequent compensation payments to policyholders. The COVID 19 crisis, for its part, led to a deterioration in insurers' combined ratios due to the sharing of premiums with

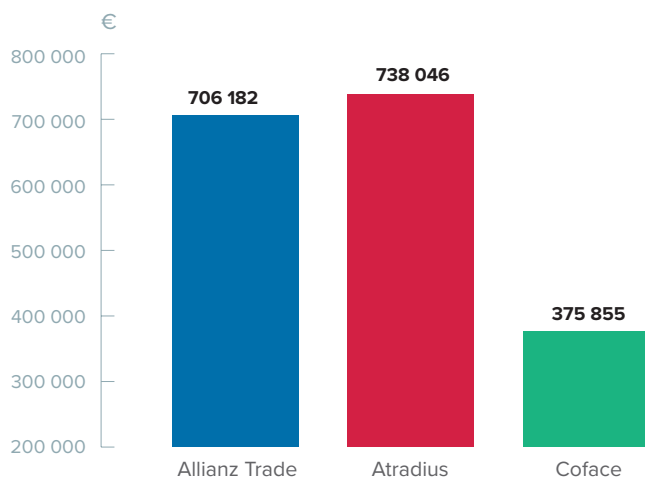
governments under state reinsurance agreements.

- The end of government business support schemes and the trend towards a gradual increase in claims confirm a return to normal levels of insolvencies.

- Staff

Productivity	Allianz Trade	Atradius	Coface
Headcount	5 500	3 409	4 970
Revenue per Headcount (in €)	706 182	738 046	375 855

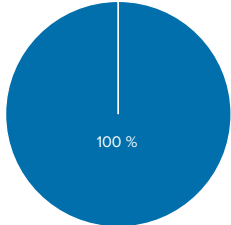
Allianz Trade employs around 5 500 persons, Coface 4 970 and Atradius only 3 409. The headcount to revenue ratio reflects the company's productivity.



For the past 5 years, Atradius has posted the best ratio Turnover per employee. Nevertheless, Allianz Trade saw its ratio improve sharply this year, and the gap is narrowing year by year.

Shareholder

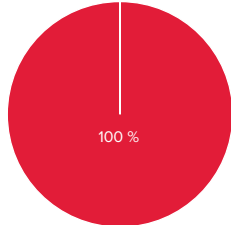
Allianz Trade



■ Allianz

Allianz Trade is fully integrated into the German insurance group Allianz.

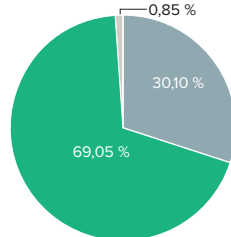
Atradius



■ Grupo Catalana Occidente

Atradius is based in Amsterdam but belongs to Spanish family holding company : Gruppo Catalane Occidente.

Coface

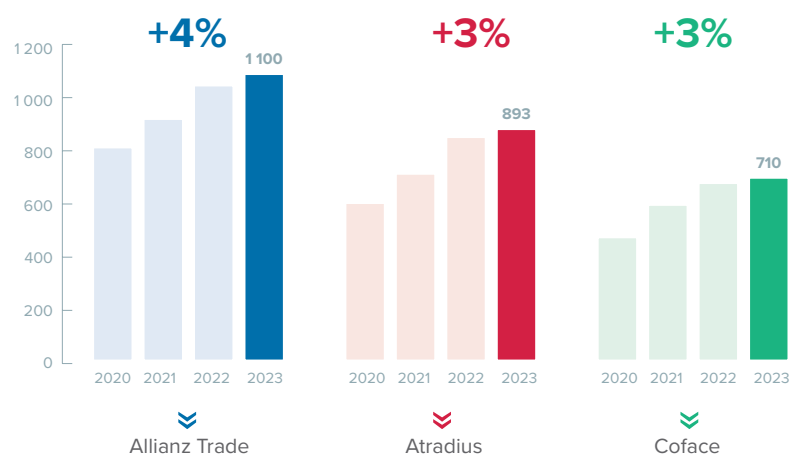


■ ARC capital Group
■ Floating
■ Others

Almost 70% of Coface's capital is held by floating shareholders and 30% is held by Arch Capital, an American fund based in Bermuda.

Total potential exposure (in BNE)

THE MAIN CREDIT INSURERS HAVE INCREASED THEIR TOTAL POTENTIAL EXPOSURE IN 2023 AS FOLLOWS:



The potential exposure for the three main insurers has increased by 3.6% in average compared to 2022. This increase should be seen in the context of their 2023 sales, which rose more rapidly (+6%).

As of December 31st, 2023, the total exposures were:

- > Allianz at €1 100bn(*) (€1057bn in 2022)
- > Atradius at €893 bn (€863bn in 2022)
- > Coface at €710 bn (€690bn in 2022)

(*) Estimate



Ratings

Update: june 2024

COMPANIES	FINANCIAL STRENGTH RATINGS			
	Standard & Poors	Moody's	Fitch	A.M. Best
AIG	A+ outlook positive	A2 outlook positive	A+ outlook stable	A outlook stable
ALLIANZ TRADE	AA outlook stable	Aa2 outlook stable		A+ outlook stable
ATRADIUS		A1 outlook stable		A outlook stable
AXA	AA-outlook stable	Aa3 outlook stable		A+ outlook stable
CHUBB	A+ outlook stable	Aa3 outlook positive	AA outlook stable	A++ outlook stable
COFACE		A1 outlook stable	AA- outlook stable	A outlook stable
CREDENDO	A outlook stable			
GROUPAMA			A+ outlook stable	
LIBERTY MUTUAL	A outlook stable	A2 outlook stable		A outlook stable
MARKEL	A outlook stable	A2 outlook stable		A outlook stable
QBE	A+ outlook positive		A+ outlook stable	A outlook stable
ZURICH	AA outlook stable	Aa3 outlook positive		A+ outlook stable

2024

«Big 3» footprint

Directly or via fronting partners, the “Big 3” have a global network to provide local service to their policyholders and in particular to assess local risk. Coface has the broadest network in 100 countries.

AFRICA

	Allianz Trade	Atradius	Coface
Algeria			•
Benin			•
Burkina Faso			•
Cameroon			•
Djibouti			•
Gabon			•
Gambia			•
Ghana			•
Guinea			•
Ivory Coast			•
Kenya		•	•
Mali			•
Mauritania			•
Mauritius			•
Morocco	•		•
Niger			•
Nigeria			•
Senegal			•
South Africa	•	•	•
Tunisia	•		•
Uganda			•

ASIA PACIFIC

	Allianz Trade	Atradius	Coface
Australia	•	•	•
Bangladesh		•	•
China	•	•	•
Hong Kong	•	•	•
India	•	•	•
Indonesia	•	•	•
Japan	•	•	•
Malaysia	•	•	•
New Zealand	•	•	•
Pakistan		•	•
Philippines		•	•
Singapore	•	•	•
South Korea	•	•	•
Taiwan	•	•	•
Thailand	•	•	•
Vietnam		•	•

LATINE AMERICA

	Allianz Trade	Atradius	Coface
Argentina	•	•	•
Brazil	•	•	•
Chile	•	•	•
Colombia	•		•
Ecuador			•
Guatemala			•
Mexico	•	•	•
Panama			•
Paraguay			•
Peru		•	•
Uruguay			•

MIDDLE EAST

	Allianz Trade	Atradius	Coface
Bahrain	•		•
Brunei			•
Egypt			•
Israel	•	•	•
Jordan			•
Kuwait	•		•
Lebanon			•
Oman	•		•
Qatar	•		•
Saudi Arabia	•	•	•
Turkey	•	•	•
UAE	•	•	•

NORD AMERICA

	Allianz Trade	Atradius	Coface
Canada	•	•	•
USA	•	•	•

NORTHERN EUROPE

	Allianz Trade	Atradius	Coface
Denmark	•	•	•
Estonia	•		•
Finland	•	•	•
Germany	•	•	•
Iceland		•	•
Latvia	•	•	•
Lichtenstein			•
Lithuania	•		•
Netherlands	•	•	•
Norway	•	•	•
Sweden	•	•	•

WESTERN EUROPE

	Allianz Trade	Atradius	Coface
Belgium	•	•	•
France	•	•	•
Greece	•	•	•
Ireland	•	•	•
Italy	•	•	•
Luxembourg		•	•
Malta		•	•
Portugal	•	•	•
Spain	•	•	•
Switzerland	•	•	•
United Kingdom	•	•	•

CENTRAL EUROPE

	Allianz Trade	Atradius	Coface
Albania			•
Austria		•	•
Bosnia			•
Bulgaria	•	•	•
Croatia		•	•
Cyprus			•
Czech Republic	•	•	•
Hungary	•	•	•
Kazakhstan			•
Macedonia		•	•
Montenegro			•
Poland	•	•	•
Romania	•	•	•
Russia			•
Serbia		•	•
Slovakia	•	•	•
Slovenia		•	•

PRESENCE

	Allianz Trade	Atradius	Coface
TOTAL COUNTRIES	55	57	100

AU Group

AU Group supports its clients in structuring, negotiating and implementing solutions for:

PROTECTING
AGAINST DEBTOR'S
PAYMENT DEFAULT

FINANCING
WORKING
CAPITAL

POLITICAL
RISK

MANAGING TRADE
RECEIVABLES

E-COMMERCE /
BNPL SOLUTIONS

The world's largest adviser exclusively specialised in trade receivables topics

Created in

1929

100%

independent

Located in

50

countries

97%

retention

A team of

260

professionals committed

+5 100

clients

+380

Bn € annual
insured receivables

110

countries where policies are
issued

Document («the Survey») is published by AU Group for information purposes only. The Survey cannot be considered as providing specific advice. Readers should make their own independent assessment of this information in order to make their own decisions. The Survey was prepared on the basis of information published by ICISA, insurance companies operating in the credit insurance market and rating companies. It contains data and estimates made by AU Group based on several assumptions. Although the information collected from ICISA, insurance companies, and rating companies are believed to be reliable, they have not been independently verified by AU Group. AU Group gives no warranty (express or implied) with respect to this information, regarding the accuracy, completeness or adequacy of this information. AU Group cannot be responsible for any loss or damage resulting in any way from the use of the Survey. In no event will AU Group, its related companies, partners, agents or employees, be liable to anyone for any decision made or action taken in reliance on the information contained in this study, nor for any consequential, direct or indirect, damages. Unless otherwise stated, any views, forecasts and estimates are those of AU Group as at 20/06/2024 and are subject to change without notice. This document is the exclusive property of AU Group. It cannot be used, reproduced, represented, modified or communicated in any other format without the prior and express permission of AU Group. This document is not intended to be distributed in any jurisdiction in which this would be prohibited.

91 rue du Faubourg Saint-Honoré
75008 Paris - France
T. +33 1 42 66 66 46

au-group.com

au
GROUP

Tomorrow
is today's business