

# Trade Credit Insurance

## Global series prospectus

**AUSTRALIA, AUSTRIA, BELGIUM, BRAZIL, CANADA, CHINA, FRANCE,  
GERMANY, INDIA, ITALY, JAPAN, MIDDLE EAST, NETHERLANDS,  
POLAND, RUSSIA, SOUTH AFRICA, SPAIN, SWITZERLAND, UK, USA**

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## What is the research?

Finaccord's international research about trade credit insurance is composed of two overview studies covering ten territories each plus 20 individual market-specific reports for Australia, Austria, Belgium, Brazil, Canada, China, France, Germany, India, Italy, Japan, the Middle East (defined as the GCC countries of Bahrain, Kuwait, Oman, Qatar, Saudi Arabia and the UAE), the Netherlands, Poland, Russia, South Africa, Spain, Switzerland, the UK and the US.

In addition to documenting the development of the market value over a five-year period, the reports also divide it for the most recent year between four key segmentations: between small companies with an annual turnover of less than USD / EUR 5 million and larger companies with a turnover above this threshold; between single-risk and annual policies; between export and domestic trade credit insurance; and (for export trade credit insurance alone) between protection acquired for political risks and cover bought for business risks.

In addition, for European countries other than Russia further additional segmentations are provided between the percentage of the market value underwritten by domestic insurers and that dealt with by underwriters based outside of the country, and between the proportion intermediated by brokers and that underwritten directly.

*continued overleaf*

## What is the research? (continued)

These unique market splits are based in part on a survey of leading brokers and underwriters of trade credit insurance across the 20 markets. In each territory, this same survey also identifies the underwriters of this type of cover used by brokers on a regular basis, gives an input into Finaccord's estimates for the market shares of underwriters of trade credit insurance, provides a basis for commentary surrounding distribution channels used for this type of policy, helps to identify the brokers with the highest distribution share and informs Finaccord's forecasts for the market value through to 2017 (in the case of non-European markets plus Russia) or 2018 (for the European territories apart from Russia).

## What is the rationale?

Finaccord has developed research on the subject of trade credit insurance across 20 territories for several reasons. First, this is the most comprehensive series of studies of the subject ever published across the 20 territories in question in spite of the fact that the combined market was worth around USD 8.8 billion (EUR 7.8 billion) in gross written premiums in 2014 and is forecast to increase in value to around USD 11.6 billion (EUR 10.3 billion) by 2018.

Secondly, it is an unusual market when compared to most forms of non-life insurance that is often subject to quite extreme fluctuations in growth and profitability from one year to the next. Thirdly, some of the markets covered are undergoing a period of strong economic growth thereby creating more demand for business insurance. Fourthly, in most of these markets more and more businesses are trading on an open account basis which means that they are becoming more aware of the need to protect the value of their receivables.

Finally, in keeping with many non-life insurance sectors, it is a market in which optimising use of distribution channels is often critical to the success of the various competitors. These can include not only brokers but also agents, bancassurance, direct sales and affinity marketing via trade bodies, such as national associations of exporters. For the first time in a published format, these studies also provide in-depth coverage of the distribution systems used for trade credit insurance in each territory.

## What methodology has been used?

These reports are based on extensive programs of primary and secondary research conducted between January and March 2014 for the non-European markets plus Russia and between July and September 2015 in the cases of the European countries apart from Russia. In addition to the surveys of significant brokers and underwriters of trade credit insurance, the investigations also comprised parallel surveys of major banks serving business customers and large trade associations, especially those with members involved in export activity. The objective of the additional surveys of banks and trade associations was to ascertain which had a clear proposition for promoting trade credit insurance to their customers or members and, among those that were, the brokers and underwriters with which they maintained partnerships to this end.

# What is the structure of the overview reports?

*Executive Summary:* provides a concise evaluation of the report's principal findings.

*Introduction:* discusses rationale, research methodology, sample breakdown and definitions.

*Overview:* this chapter begins by presenting the development of the market for trade credit insurance across the territories in question in terms of gross written premiums over a five-year period before segmenting the value in the latter year between: small companies with an annual turnover of less than USD / EUR 5 million and larger companies with a turnover above this threshold; between single-risk and annual policies; between export and domestic trade credit insurance; and (for export trade credit insurance alone) between protection acquired for political risks and cover bought for business risks. It then illustrates frequency of usage of all active underwriters across the brokers researched, provides estimates for the market shares of leading underwriters, discusses the relative importance of competing distribution channels and reviews the prevalence of affinity schemes for trade credit insurance set up by banks and trade associations. Finally, it forecasts the value of the total market through to 2017 or 2018.

*Australia, Austria, Brazil, etc.:* the structure is similar to that outlined above but with analysis and commentary specific to the market in question. Data for the value of the factoring market in each territory is also provided.

## What are the key features of the research?

Key features of these reports include:

- quantification of the market size for trade credit insurance in each of the 20 territories: how much is each market worth, where is the fastest growth occurring and how do they break down into key segments?
- audit of the frequency of usage of underwriters by major brokers of trade credit insurance in each market: to what extent are new entrants effectively challenging traditional competitors?
- presentation of the market shares of underwriters of trade credit insurance based on both the broker survey and other available data sources;
- availability of an accompanying PartnerBASE™ dataset that logs partnerships for trade credit insurance identified by Finaccord across major banks and trade associations in each market;
- forecasts for the value of the market for trade credit insurance in each territory: what is this sector likely to look like in future?

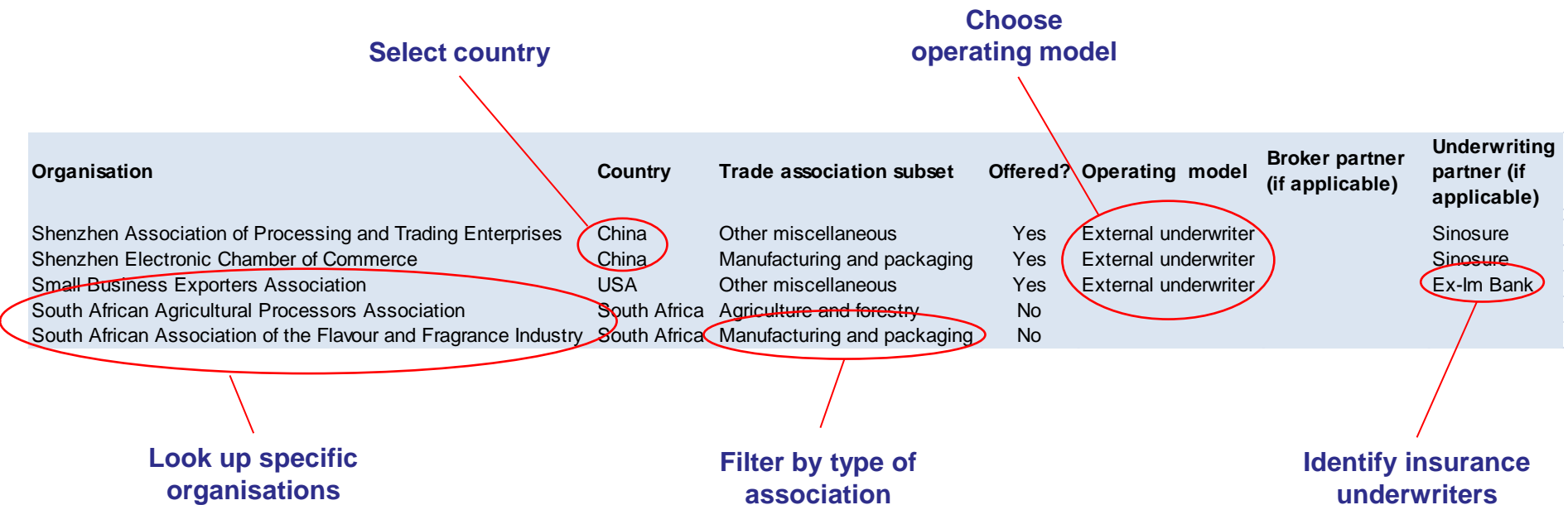


## How can the research be used?

You may be able to use these reports plus the accompanying PartnerBASE™ datasets and market data annexes in one or more of the following ways:

- to compare the size, growth rates and future prospects of trade credit insurance across 20 territories hosting sizeable markets for this form of cover;
- to appreciate the relative importance of export trade credit insurance, single-risk policies and cover for political risks in each market, plus the amount of business attributable to small companies;
- to evaluate the potential for your organisation to increase its share of trade credit insurance broking or underwriting in each territory;
- to understand the competitive environment for underwriting and the degree to which brokers display interest in placing risks with smaller underwriters;
- to gain access to a single comprehensive source of information providing broker and underwriter details for affinity schemes and commercial partnerships set up for trade credit insurance.

# How can the PartnerBASE™ be used?



Source: Finaccord PartnerBASE for Trade Credit Insurance

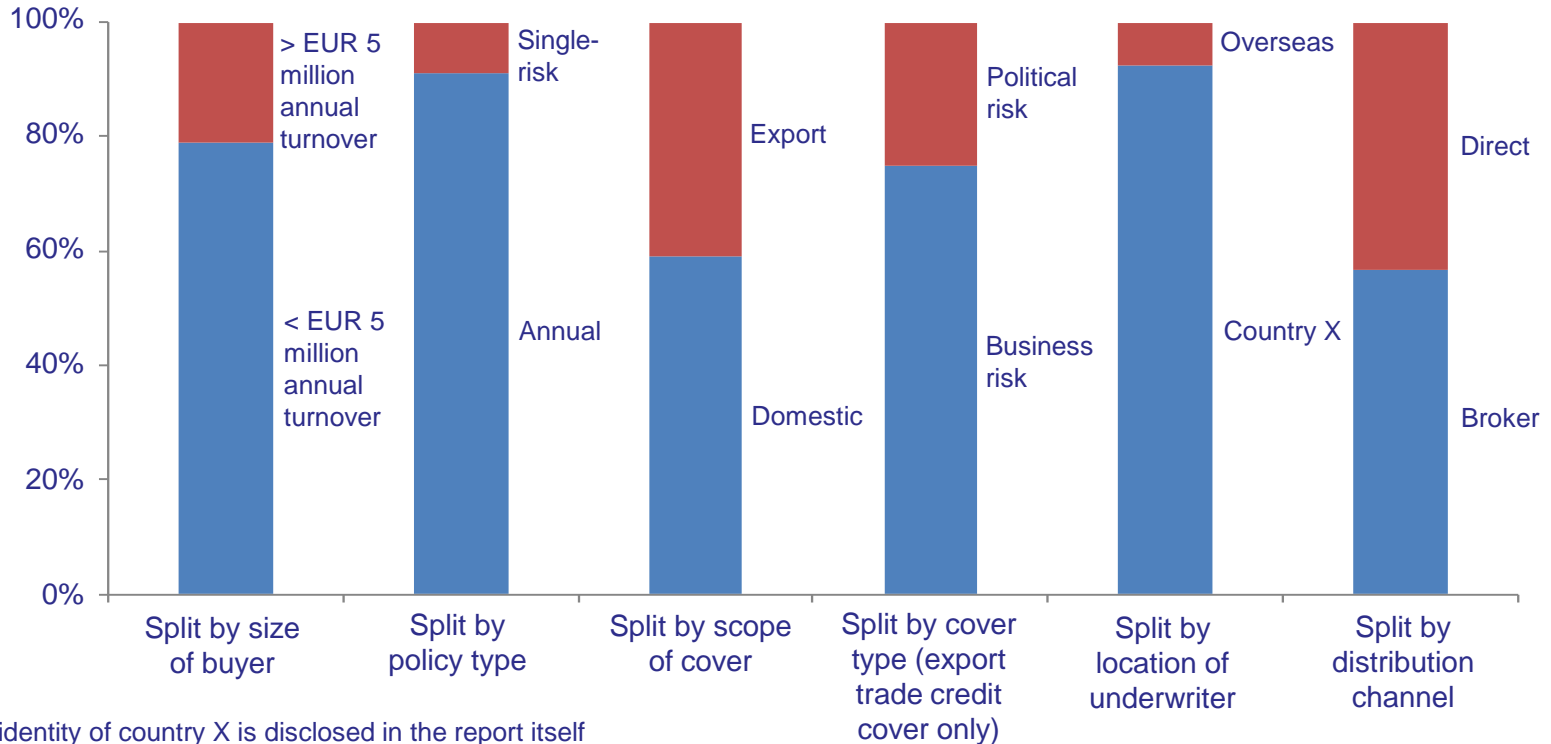
*Note – for each country, the PartnerBASE™ also includes data for the number of members of trade associations and a separate field is provided covering partnerships between banks and providers of trade credit insurance*

## Who can use the research?

1. *Insurance underwriters:* tailor your company's strategy armed with the most in-depth research yet published about trade credit insurance in Australia, Austria, Belgium, Brazil, Canada, China, France, Germany, India, Italy, Japan, the Middle East, the Netherlands, Poland, Russia, South Africa, Spain, Switzerland, the UK and the US;
2. *Insurance brokers:* identify the most significant brokers of trade credit insurance in each market and appreciate the distribution share of brokers for this form of cover relative to alternatives such as agents and direct sales;
3. *Banks and factoring companies:* assess the potential for your organisation to act as a distributor of trade credit insurance given the size of the market as a whole and the apparent importance of banking institutions as distributors;
4. *Management consultancies:* are you helping a client firm to understand its own strategy with respect to trade credit insurance in one or more of these territories? These studies will provide you with rapid insight into the subject, saving time and effort on researching the subject yourself.

# What are some of the key findings?

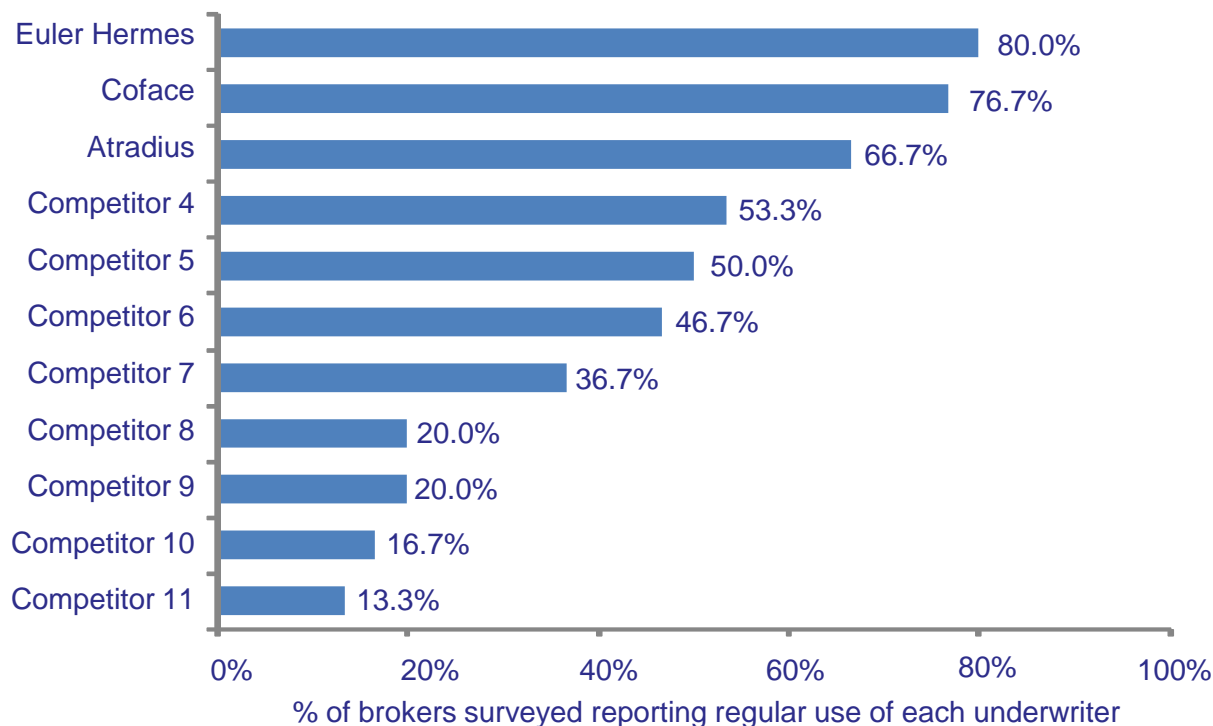
**1. In country X, trade credit insurance is composed primarily of domestic cover intermediated by brokers and dealt with by underwriters in the country itself, and that is bought on an annual basis by customers with an annual turnover of more than EUR 5 million**



Note – the identity of country X is disclosed in the report itself  
**Source: Finaccord Trade Credit Insurance Broker Survey**

## What are some of the key findings? (cont.)

**2. In country Y, Euler Hermes, Coface and Atradius are each used on a regular basis by over two thirds of brokers of trade credit insurance surveyed**



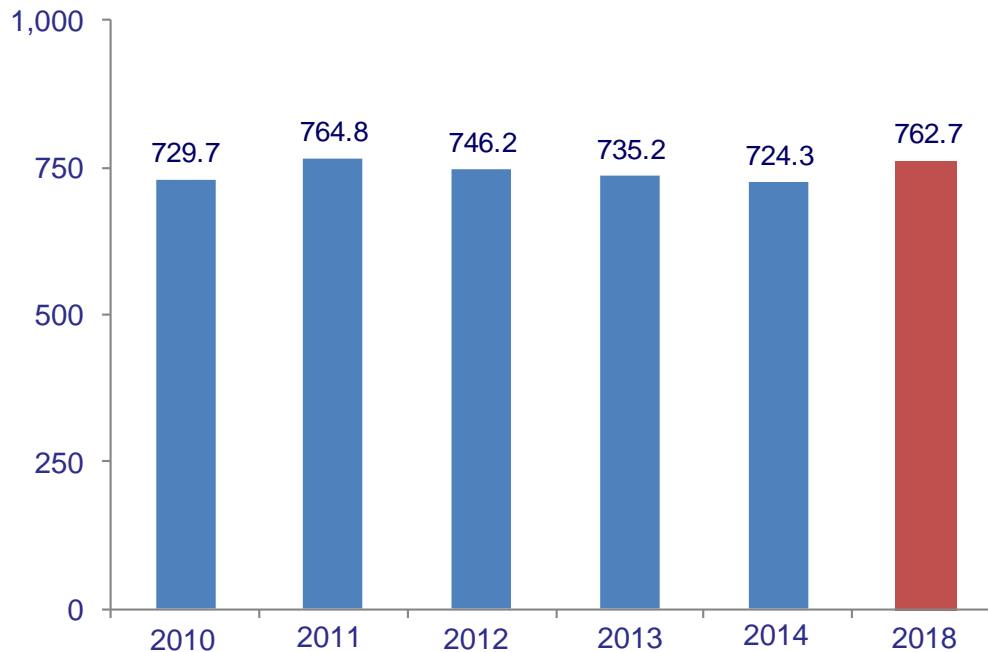
Note – the identities of country Y and competitors ranked from 4 to 11 are disclosed in the report itself

**Source: Finaccord Trade Credit Insurance Broker Survey**

## What are some of the key findings? (cont.)

**3. In country Z, the market for trade credit insurance retreated in value from 2011 to 2014 but modest growth is predicted up to 2018**

Gross written premiums, EUR billion



Note – the identity of country Z is disclosed in the report itself

Source: Finaccord analysis

## What are the costs and format?

These reports about trade credit insurance in different markets are available as standard PDF documents. The PartnerBASE™ datasets and market data annexes that accompany them at no further charge are in *Excel* format. Prices for these research sets are as follows:

| <b>REPORT</b>                                  | <b>COST *</b> | <b>REPORT</b>                             | <b>COST *</b> |
|--|---------------|---|---------------|
| Trade Credit Insurance in Europe               | GBP 2,995     | Trade Credit Insurance in Italy           | GBP 595       |
| Trade Credit Insurance in Major Global Markets | GBP 2,995     | Trade Credit Insurance in Japan           | GBP 595       |
| Trade Credit Insurance in Australia            | GBP 595       | Trade Credit Insurance in the Middle East | GBP 595       |
| Trade Credit Insurance in Austria              | GBP 595       | Trade Credit Insurance in the Netherlands | GBP 595       |
| Trade Credit Insurance in Belgium              | GBP 595       | Trade Credit Insurance in Poland          | GBP 595       |
| Trade Credit Insurance in Brazil               | GBP 595       | Trade Credit Insurance in Russia          | GBP 595       |
| Trade Credit Insurance in Canada               | GBP 595       | Trade Credit Insurance in South Africa    | GBP 595       |
| Trade Credit Insurance in China                | GBP 595       | Trade Credit Insurance in Spain           | GBP 595       |
| Trade Credit Insurance in France               | GBP 595       | Trade Credit Insurance in Switzerland     | GBP 595       |
| Trade Credit Insurance in Germany              | GBP 595       | Trade Credit Insurance in the UK          | GBP 595       |
| Trade Credit Insurance in India                | GBP 595       | Trade Credit Insurance in the USA         | GBP 595       |

*\* VAT at the prevailing rate will be added to the basic price for UK-based buyers. Costs quoted are for a single office, single country licence only. For corporate user licence options, please see the next slide for further details. Invoices can be paid in EUR or USD, at the prevailing exchange rate, if preferred.*

## How can the research be purchased?

Simple. Just go to the relevant area of the Finaccord web site available at [www.finaccord.com/order\\_trade-credit-insurance.htm](http://www.finaccord.com/order_trade-credit-insurance.htm) and fill in the online order form, clearly indicating:

- report required
- type of corporate user licence, if required \*
- billing name
- address and e-mail address
- purchase order number, if applicable

Please allow up to one working day for the delivery of electronic copy by e-mail.

\* For the **corporate user licence** please choose one of the following options:

1. One office, one country: no supplement over and above basic cost of reports ordered
2. Multiple offices, one country: additional 20% over and above basic cost of reports ordered
3. Multiple offices, two to ten countries: additional 50% over and above basic cost of reports ordered
4. Global (unlimited offices in unlimited countries): additional 100% over and above basic cost of reports ordered

*VAT at the prevailing rate will be added to the price of any corporate user licence acquired by UK-based buyers.*