


CONFIDENCE IN THE FUTURE

Credit Insurance

Euler Hermes Collections
Marc Schönfeld
Potsdam / 09 Sept 2020

A company of **Allianz** 

 EULER HERMES

THE COVER OPTIONS



COVER FOR BAD DEBT LOSSES

- Exactly the right credit insurance for your company's needs
- IKV insurance cover for capital goods
- Special solutions for companies with ABS transactions



FIDELITY INSURANCE

- On-demand protection against fidelity and third-party threats



BONDING COVER

- Customized bonds and guarantees for greater cash flow and flexibility
- Variety of bond/guarantee types
- Accompaniment of worldwide projects



PROFESSIONAL DEBT COLLECTION

- Collection by Euler Hermes Collections GmbH

MAJOR INSOLVENCIES 2016-2019



Licence to Mill

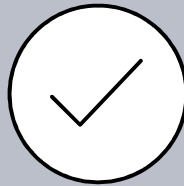
COVER FOR BAD DEBT LOSSES



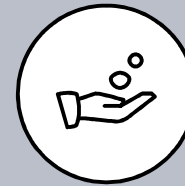
TRADE CREDIT INSURANCE: WE ARE THERE WHEN YOUR CUSTOMER DOES NOT PAY



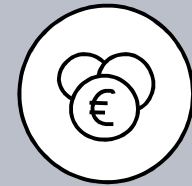
Nearly **worldwide cover**
for your receivables



Professional **assistance**
with debt collection by
Euler Hermes Collections
GmbH



Indemnification already
payable in the event of
prolonged payment
delay (Protracted
Default)



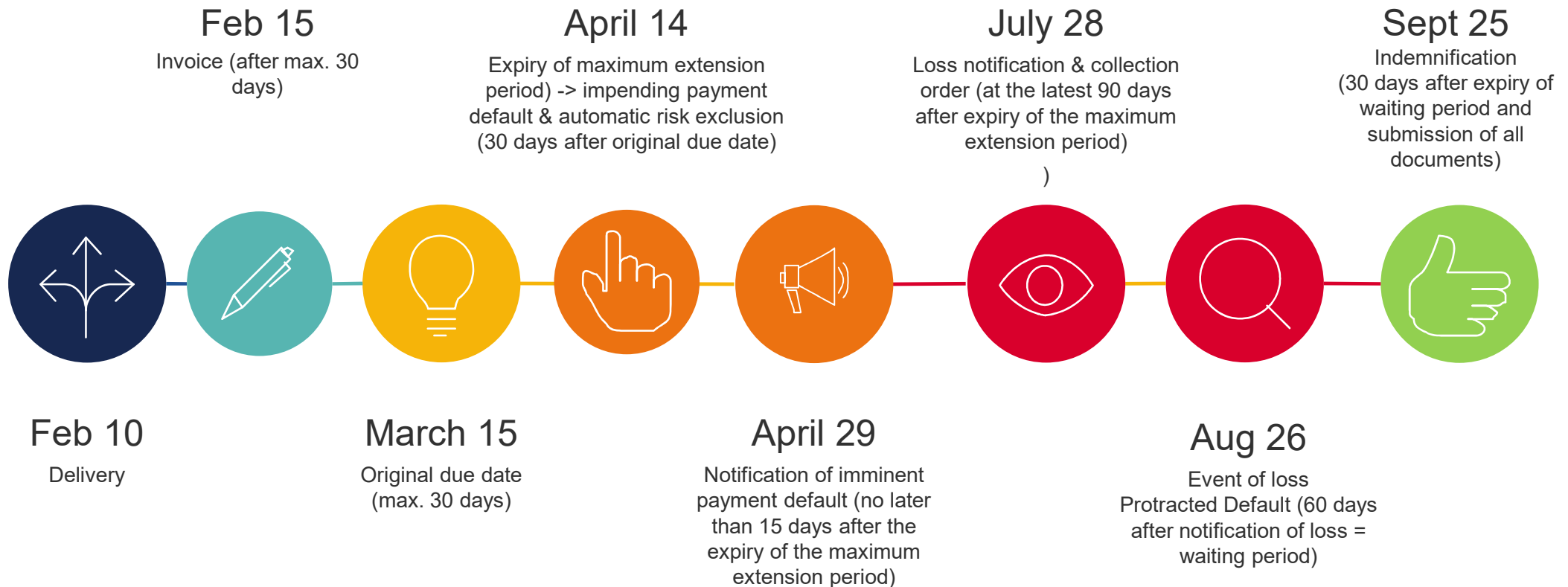
Cash flow security
through **rapid claims**
settlement

THE PILLARS OF CREDIT INSURANCE



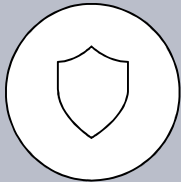
*Debt collection by Euler Hermes Collections GmbH

COVER FOR BAD DEBT LOSSES: THE MOST IMPORTANT DATES* (EXAMPLE)



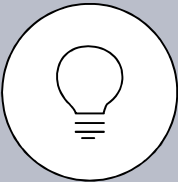
*This diagramme is an example. The deadlines in the contract documents apply.

CAP AND CAP+: EXTRA COVER FOR SPECIAL RISKS



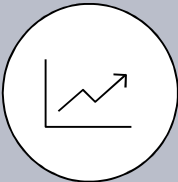
SAFETY PLUS

You opt for additional cover for gaps in cover that arise in **transactions with an increased default** risk.



COST TRANSPARENCY

You pay **fair and above all comprehensible premiums:** Additional premiums for CAP/CAP+ are only charged by us for extra cover applied for and granted by us.



PLANNING SECURITY

Simply peace of mind: you can do business **with your customers without worrying all the time.** And: you can also deliberately accept a higher risk.

CAP AND CAP+: THE DIFFERENCES

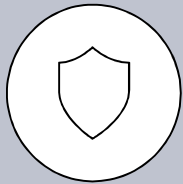
Euler Hermes **CAP** is the right choice when

- transactions for which an approved credit limit already exists are to be covered, but it is not high enough.
- You want to double the maximum cover.
(However, the amount of extra cover may not exceed EUR 2.5 million)

Euler Hermes **CAP+** is the right choice when

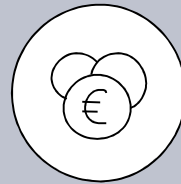
- the credit limit request has been rejected for a new client under Euler Hermes credit insurance, or insurance cover has been cancelled for an existing client
- cover of up to 50,000 euros is to be made possible.

EULER HERMES DUO - STABLE PROTECTION FOR IMPORTANT TRANSACTIONS



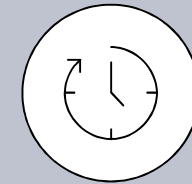
PLANNING SECURITY

For selected customers, you secure a constant, **non-cancellable amount insured for 12 months.**



CASH FLOW

Important customers often mean large order volumes and thus high potential bad debt losses. Euler **Hermes Duo** **minimises this cash flow risk.**



SPEED

A payment remains unpaid?
We indemnify at an early stage - even in the event of prolonged non-payment (Protracted Default).

EULER HERMES DUO - LONG-LASTING COVER FOR IMPORTANT TRANSACTIONS

These are the requirements:

- Your company has an insurable annual turnover of at least 50 million euros.
- You already rely on qualified credit management with defined and documented procedures.
- You use specialist credit managers.

SINGLE TRANSACTION COVER (IKV)

What can be covered?

- Receivables from purchases and contracts for work and services
- Receivables from service contracts
- Receivables from leasing contracts
- Receivables from hire-purchase agreements

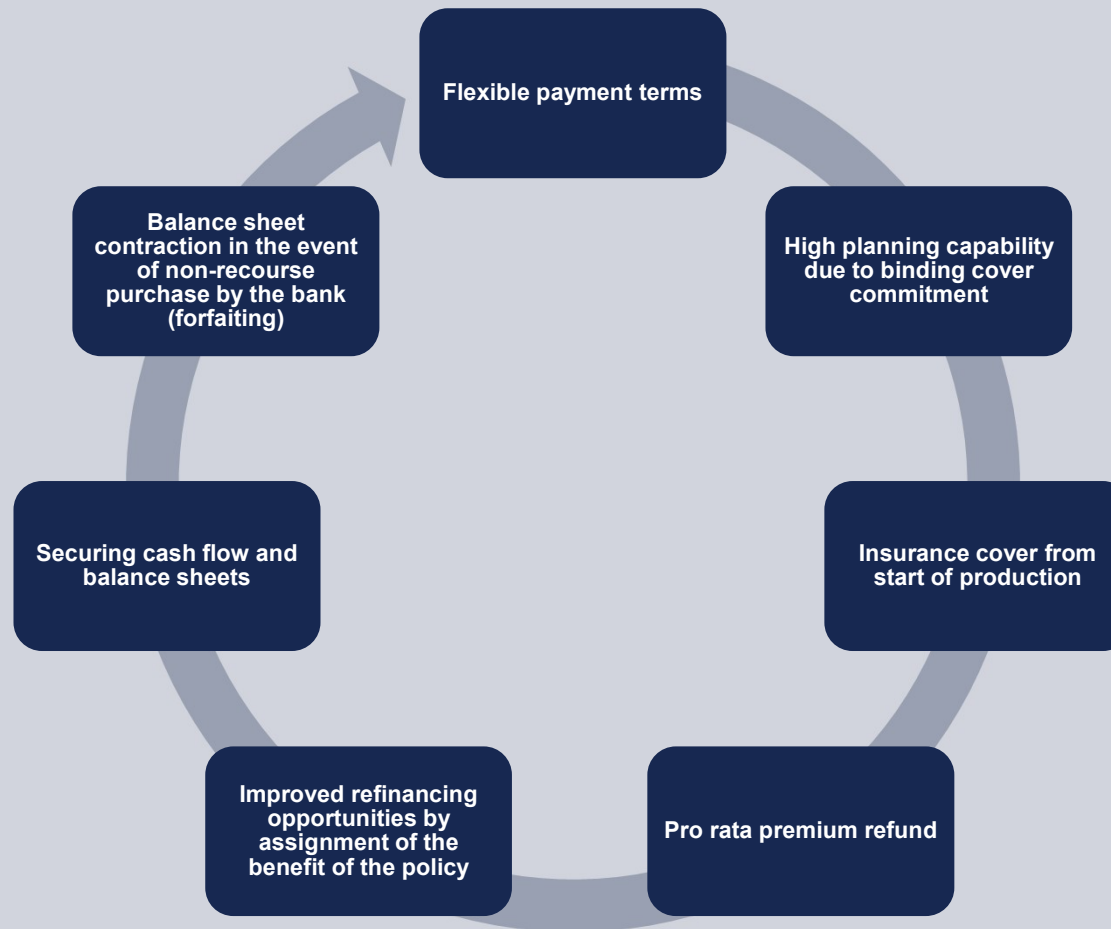
Other risks

- Political risk
- "Fair and unfair calling" of demand guarantees
- Prepayment ("IKV Reverse")

Further possibilities

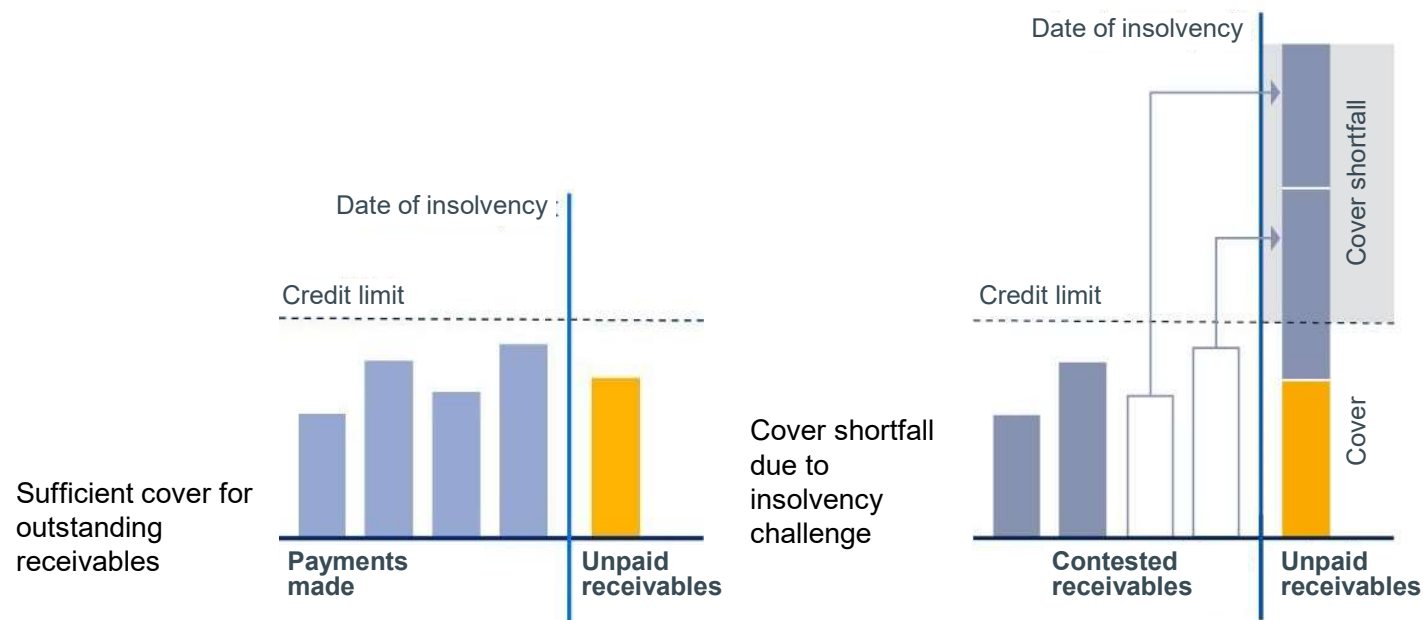
- Receivables from seasonal business
- Receivables from sponsoring agreements

SINGLE TRANSACTION COVER : ADVANTAGES



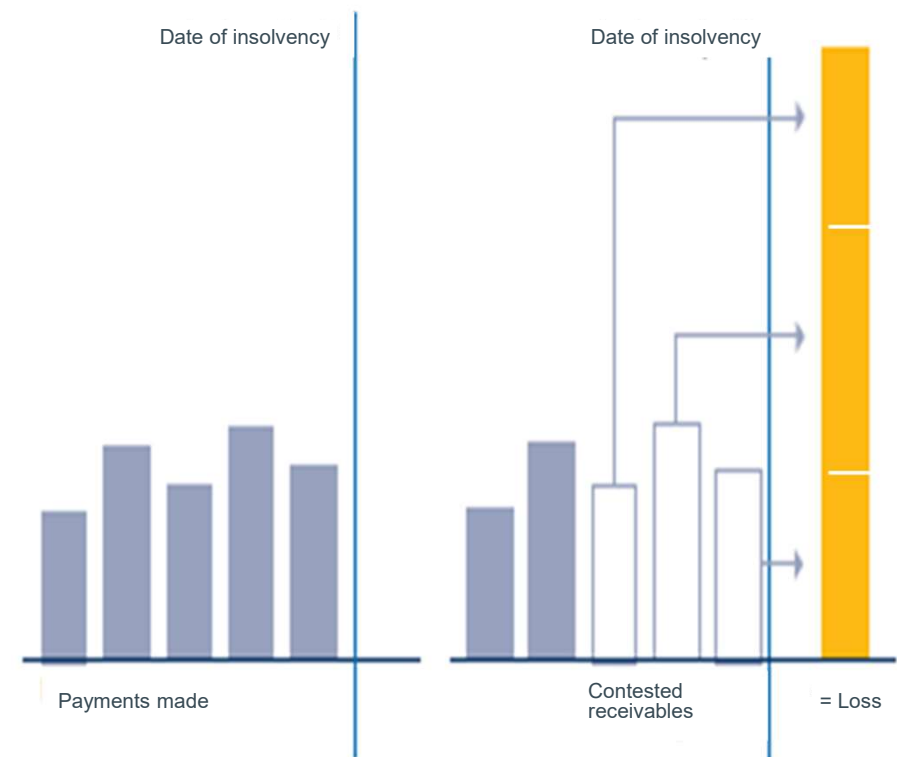
THE RISK OF AN INSOLVENCY CHALLENGE (WITH WKV)

- Your credit insurance from Euler Hermes protects you reliably against bad debt losses - **in principle, however, only unpaid invoices are covered.**
- However, if one of your customers becomes insolvent, the insolvency administrator can also reclaim payments already made in **the context of an insolvency challenge.**
- This means that the cumulative lost receivables can suddenly and unexpectedly go up to exceed your credit limit – if the worst comes to the worst, **large amounts can then be uninsured.**



THE RISK OF AN INSOLVENCY CHALLENGE (WITHOUT WKV)

- If one of your customers becomes insolvent, the insolvency administrator can also reclaim payments already made in the past **within the scope of an insolvency challenge**.
- The risk of a payment being contested can affect you at any time and cause **unexpected cash flow bottlenecks for your company**.
- Euler Hermes' Preferential Payments Insurance offers you an **individual risk solution to cover contested payments**.



SUPPLIER CREDITS REMAIN CONTESTABLE.

No relaxation by reducing the deadline for challenging payments to 4 years

- In any case, most of the disputes had already related to a period of up to four years in the past.
- In fact, one year after the reform the number of challenges has even increased.

Shifting the burden of proof to the insolvency administrator does not mitigate the situation

- Even after the legal reform, the insolvency administrator still has a large number of options to successfully challenge payments made.
- It is his job to raise money and he will use all avenues open to him to do that.

Cash transactions as unassailable receivables are not a practicable solution

- A cash transaction will only be considered as such if there are no more than 30 days between delivery and receipt of payment.
- Who has such short payment terms? These are not the normal terms used in business.

The key point is this: Despite the reform, the supplier stands alone.
There is no legal solution - only an economic one.

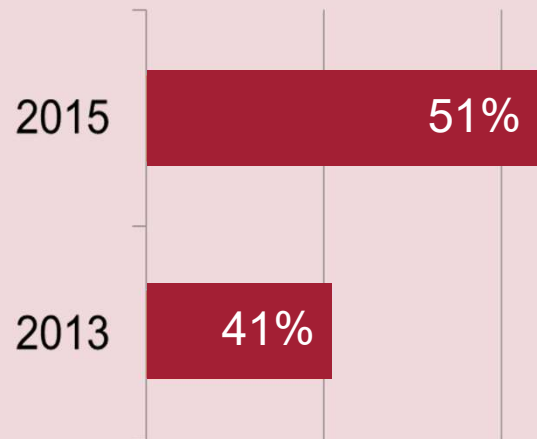
FIDELITY INSURANCE



WHY TAKE OUT FIDELITY INSURANCE?

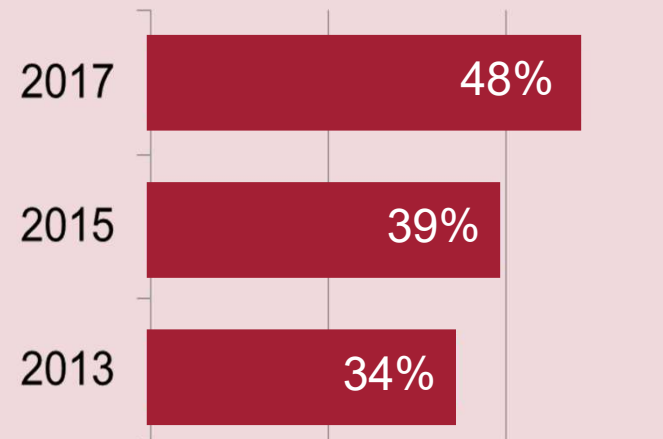
White-collar crime and cybercrime are on the rise, the probability of attack being independent of sector, company size and IT user behaviour (IHK Hannover, Allianz 2015)

- Over **60%** of perpetrators come from within the company
- Already more than **one in two companies** are affected by white-collar crime:



*Source: PWC study "White-collar crime in the analogue and digital economy" 2016 (720 companies surveyed in Germany).

- **55 billion €** estimated cyber damage per year in Germany (bitkom 2017)
- **Increasing risk assessment** for own company (KPMG 2017)

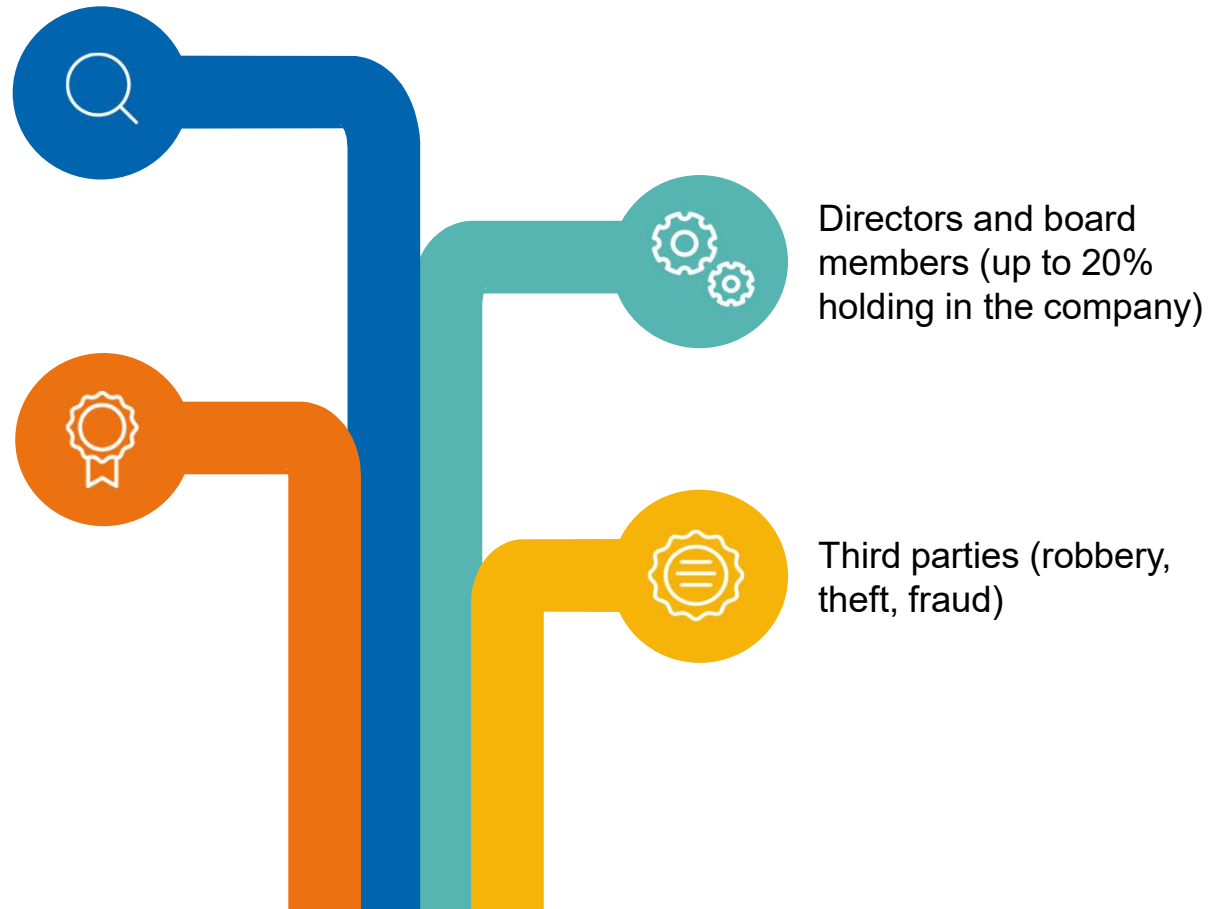


*Source: bitkom study "Economic Protection in the Digital World" 2017; KPMG study "New Thinking, New Action: Insurance Thinking Ahead" 2017

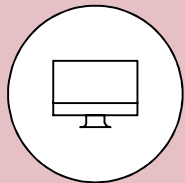
COVER AGAINST FRAUD - PREMIUM

Offences such as theft, misappropriation, fraud, embezzlement and corruption committed by your own employees and other insured persons

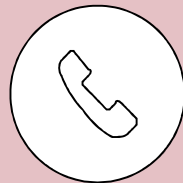
External personnel such as temporary workers, lawyers, tax consultants and auditors



WHY TAKE OUT COVER AGAINST CUSTOMER FRAUD?



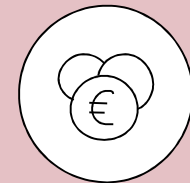
Hackers are increasingly infiltrating corporate databases.



They use the data and **order goods under a false name.**



The fraud is often only noticed when the a reminder is sent to the "real" customer. The goods are long gone.



Losses are increasing and **run into the millions.**

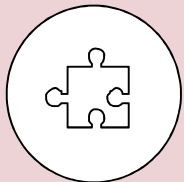


This risk is not covered by trade credit insurance.

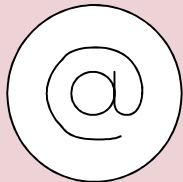
OUR COVER AGAINST BUYER FRAUD

The supplementary cover for trade credit insurance:

Companies that already have trade credit insurance can also protect their business with Euler Hermes against buyer fraud.



An important "gap" in receivables management is closed.



Deliveries and receivables are also protected against the risks of the internet age.

BONDING COVER

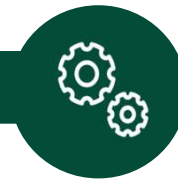


EULER HERMES BONDING COVER: ADVANTAGES

Comprehensive advice with regard to individual document texts and high flexibility with special wordings



Euler Hermes is a recognised customs and tax guarantor

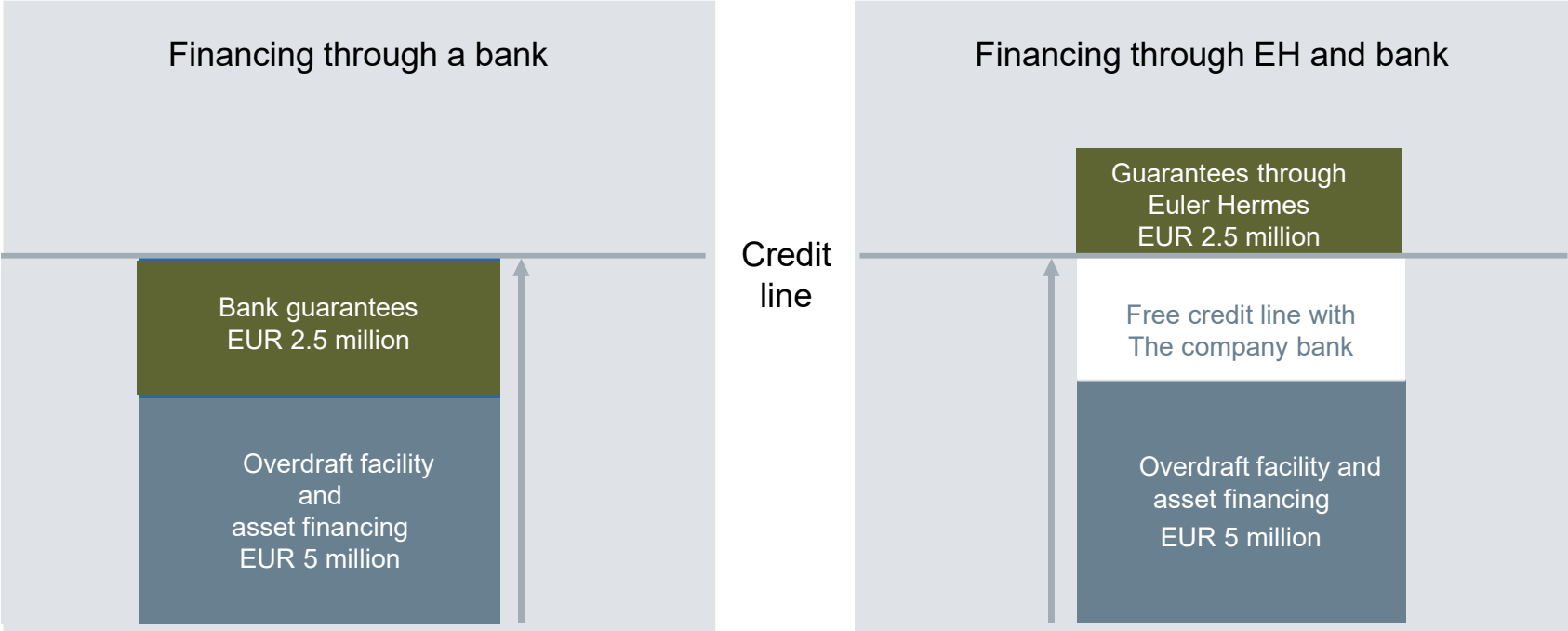


Professional processing of bond/guarantee orders and issuing of guarantees, sureties and bonds



Excellent rating as an argument to use with the client (Standard & Poor's AA)

BONDS AND GUARANTEES – BANK VS. EULER HERMES

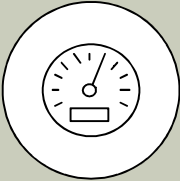


- The credit line of the company bank remains available in full. Euler Hermes bonds and guarantees provide **more cash flow**.
- As regards collateral, the principle of equal treatment between all lenders applies.

BONDING SME & LARGE CORP.

Bonding solutions for small businesses, medium-sized and large enterprises (bonding needs from 5,000 EUR)

3 solution models for every need:



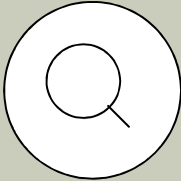
KTV Smart

Companies with a small standard bonding requirement of EUR 5,000 or more in the national area



KTV Dispo

Companies with a bonding requirement of EUR 50,000 or more in the national and international sectors



Individual

Companies with a bonding requirement of EUR 1.5 million or more, provision of larger volumes for large companies (bilateral & multilateral)

SUPPLEMENTARY PRODUCTS AND SERVICES

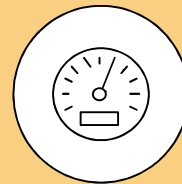


EULER HERMES COLLECTIONS GMBH – YOUR PARTNER IN DEBT COLLECTION



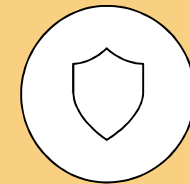
STABILITY

Collect overdue payments faster.
This ensures stability and performance
for your company - and a secure position
over against the banks.



SPEED

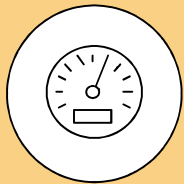
Thanks to **our secure online
systems and the unique collection
app**, you always have the information
you need.



PROTECTION

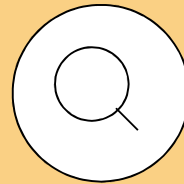
You ensure that you receive the payments
you are entitled to - **protecting your
payment flows**. You can rely on us to
keep your customer relationships in mind.

EH SMARTLINK – YOUR DIRECT SYSTEM INTERFACE TO EULER HERMES



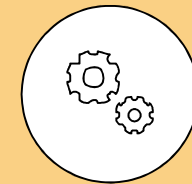
GREATER ACCURACY

You avoid **mistakes** by **eliminating manual** entries.



SUPPORT

SmartLink **supports the implementation** of an automatic reporting and warning function.

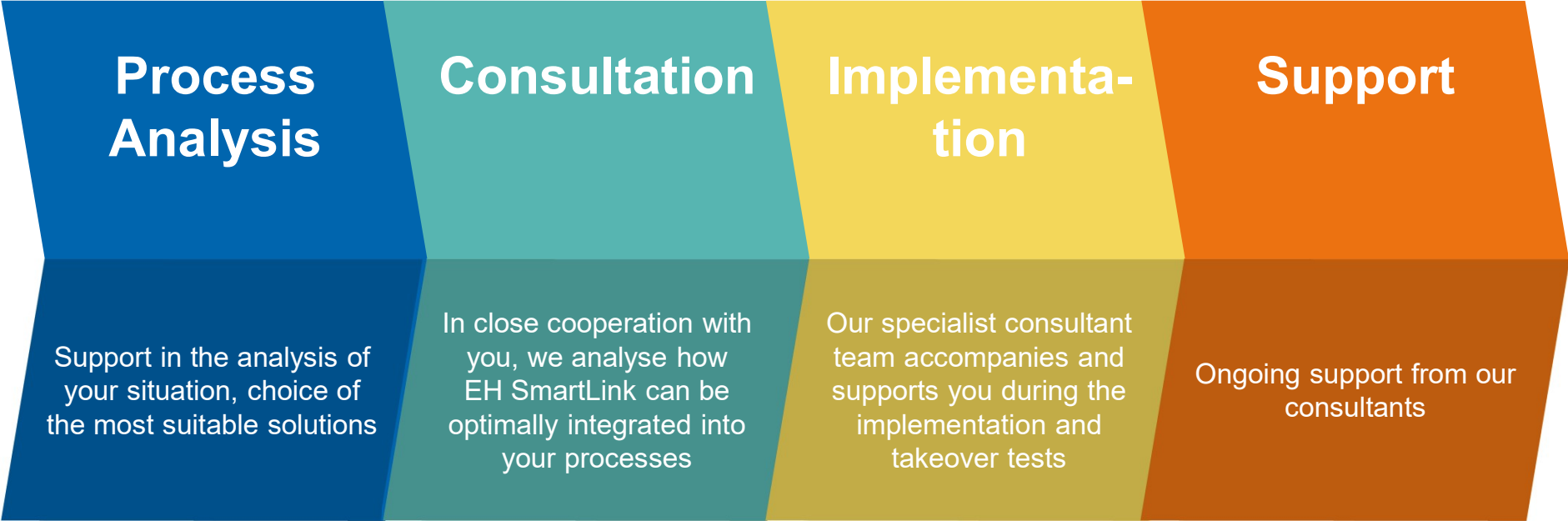


CURRENT STATUS

One-Stop shopping for your information:
Your ERP system is always up to date **thanks to automated data** transfer.

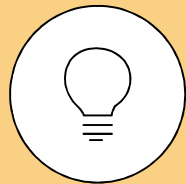
Ideal if you **regularly have several hundred credit limits** including your obligations under them.

IMPLEMENTATION OF EH SMARTLINK



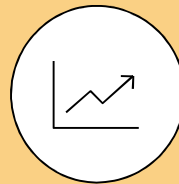
Implementation time with the support of our consultants: ø approx. **3 months.**

BONICHECK – KNOWLEDGE ADVANTAGE ON THE CREDITWORTHINESS OF CUSTOMERS



Transparency

You get to know your customers even better and **can prevent financial losses.**



Sales opportunities

Our early **warning system continuously monitors** creditworthiness and informs you rapidly - good to know when acquiring new customers and choosing suppliers.



Knowledge advantage

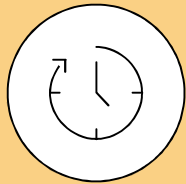
Positive credit ratings mean **important competitive advantages for you.** You can focus on your top customers.

EULER HERMES BONICHECK

Rating	Credit standing	Default risk
1	Very high credit rating	up to 0.10%
2	High credit rating	...
3	Good credit rating	...
4	Relatively good credit rating	...
5	Medium credit rating	...
6	Increased risk	...
7	High risk	...
8	Very high risk	...
9	Not creditworthy	10.0% - 18.0%
10	Insolvent	...

- Reliable and competent assessment of a company's risk of becoming **insolvent in the next 12 months.**
- Analysis based on data from the extensive **Euler Hermes Infopool.**
- Evaluation by own software with **fuzzy logic system and expert analysis.**
- Credit rating based on a **10-level rating scale.**

EH SMARTVIEW – THE ONLINE TOOL FOR YOUR RISK MANAGEMENT



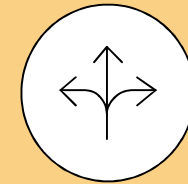
IN GOOD TIME

Data and findings are updated every 24 hours. This ensures timely feedback and enables **perfect monitoring of transactions.**



TO THE POINT

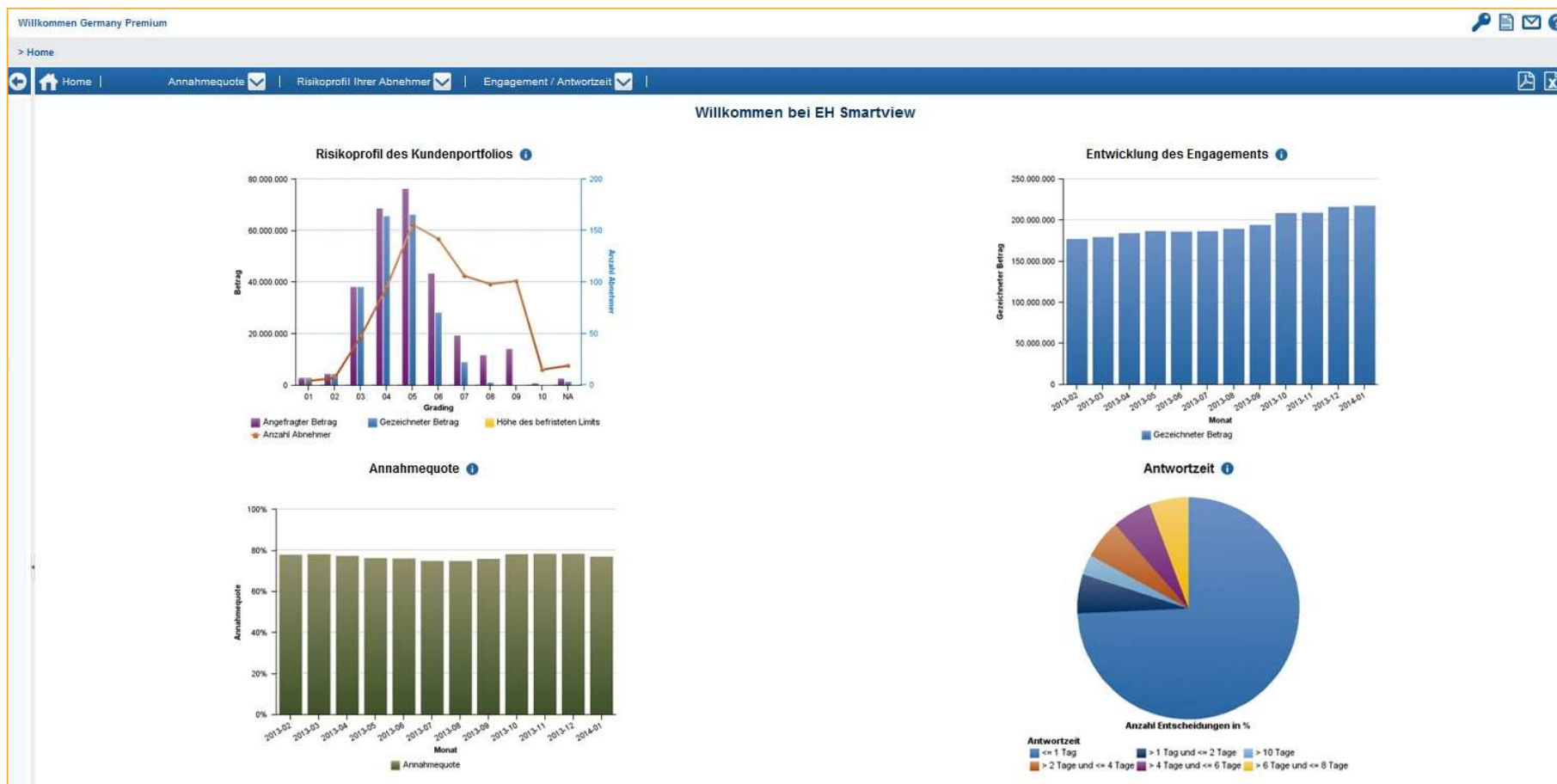
SmartView provides **valuable insight into the financial health of your customers** and your own business profile.



ACCORDING TO PLAN

Use the **reporting functions** for target definition, controlling and risk planning

THE EH SMARTVIEW DASHBOARD – EVERYTHING IMPORTANT AT A GLANCE



ABOUT EULER HERMES



Close

Wherever you need us

66,000+

Clients worldwide

5,800

Employees worldwide

21,700

Daily credit limit requests

2.7 billion €

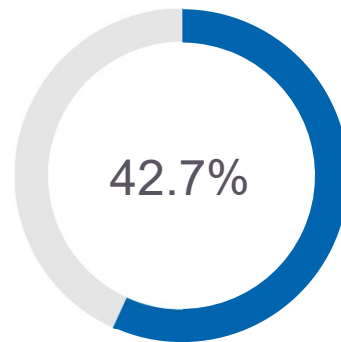
Consolidated Group Sales

950 billion €

Covered claims worldwide

83%

of all credit limit requests processed in less than 48 hours



Market leader

Credit insurance in Germany



Reliable partner

With "AA" rating from Standard & Poor's

THE CASE FOR EULER HERMES:

- **Excellent rating** (Standard & Poor's AA) and great financial strength through its affiliation with the Allianz Group.
- Very close to the market through the **largest field sales force**.
- **International and national market leader** with more information about companies' payment record than anyone else.
- Rapid **access to regional information** through worldwide presence.
- **High innovative strength** thanks over 100 years of expertise - Development of many needs-based new products and digital solutions.
- **Comprehensive product portfolio** with concepts for all risks and requirements along the value chain.
- **Trusted partner of the Federal Government** in the supervision of export credit guarantees (Hermes Cover).
- **Worldwide issue of guarantees**, as the only surety insurer integrated into the **SWIFT banking system**.





YOUR CONTACT

https://www.eulerhermes.com/en_global/our-sites.html