

# **Reinsurer Roadshow – Trade Credit and Surety**

June 2024



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# Trade Credit and Surety

DATE: 25 June 2024

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# Agenda

## 01

Team Composition

## 02

Product Overview

## 03

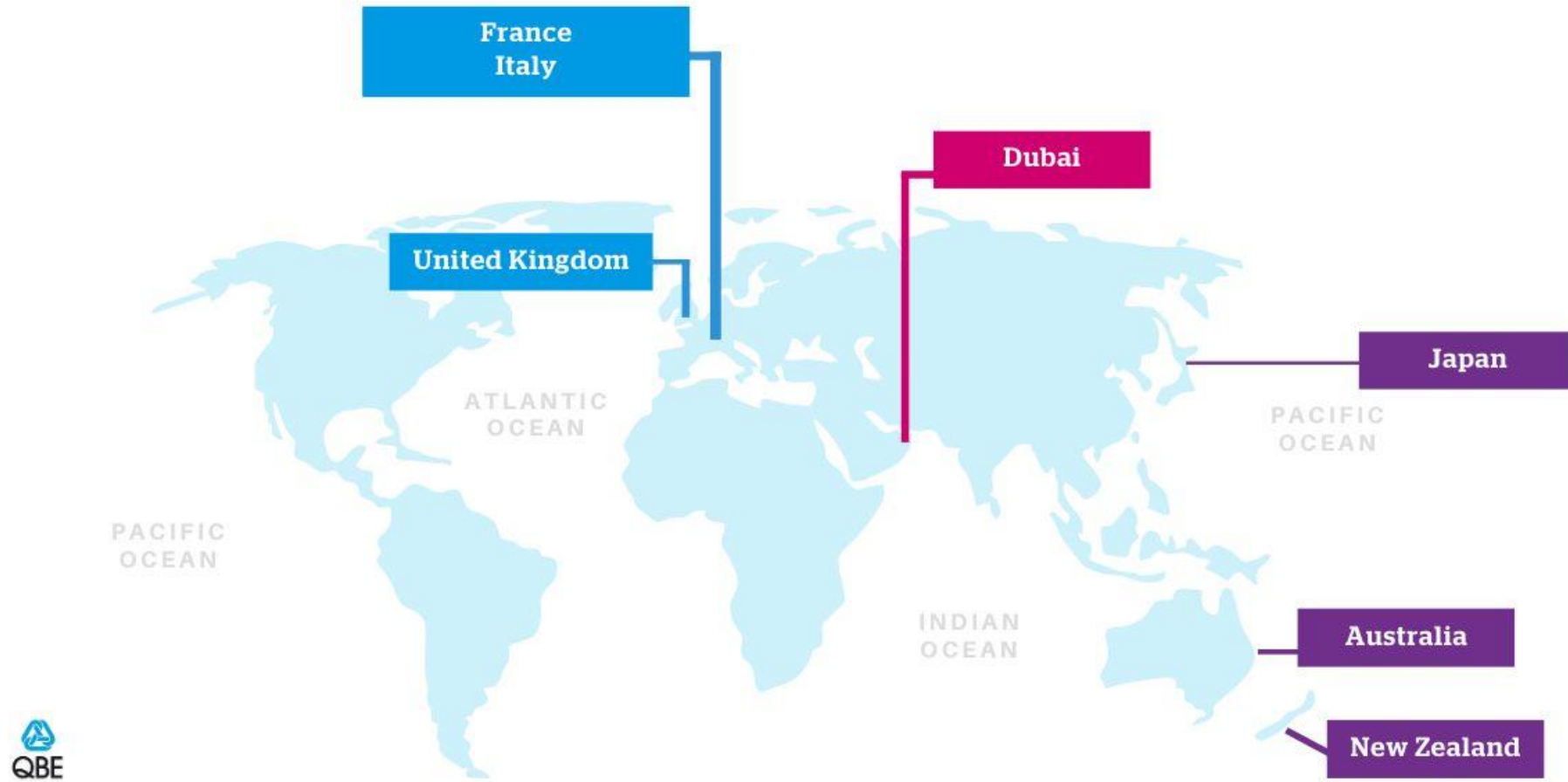
Market Update & Outlook

# Team Composition.

01



# Geography / Territories / Divisions



# Organisation Structure – Jan 2024

## International Division



## AusPac Division



# Global Oversight

European Operations  
(Credit & Surety & TFS)

AUSPAC  
(Credit & Surety & TFS)

Global Credit Risk Framework

*Consistent approach to managing Credit Risk / Risk Rating Methodology / Policy & Procedures*

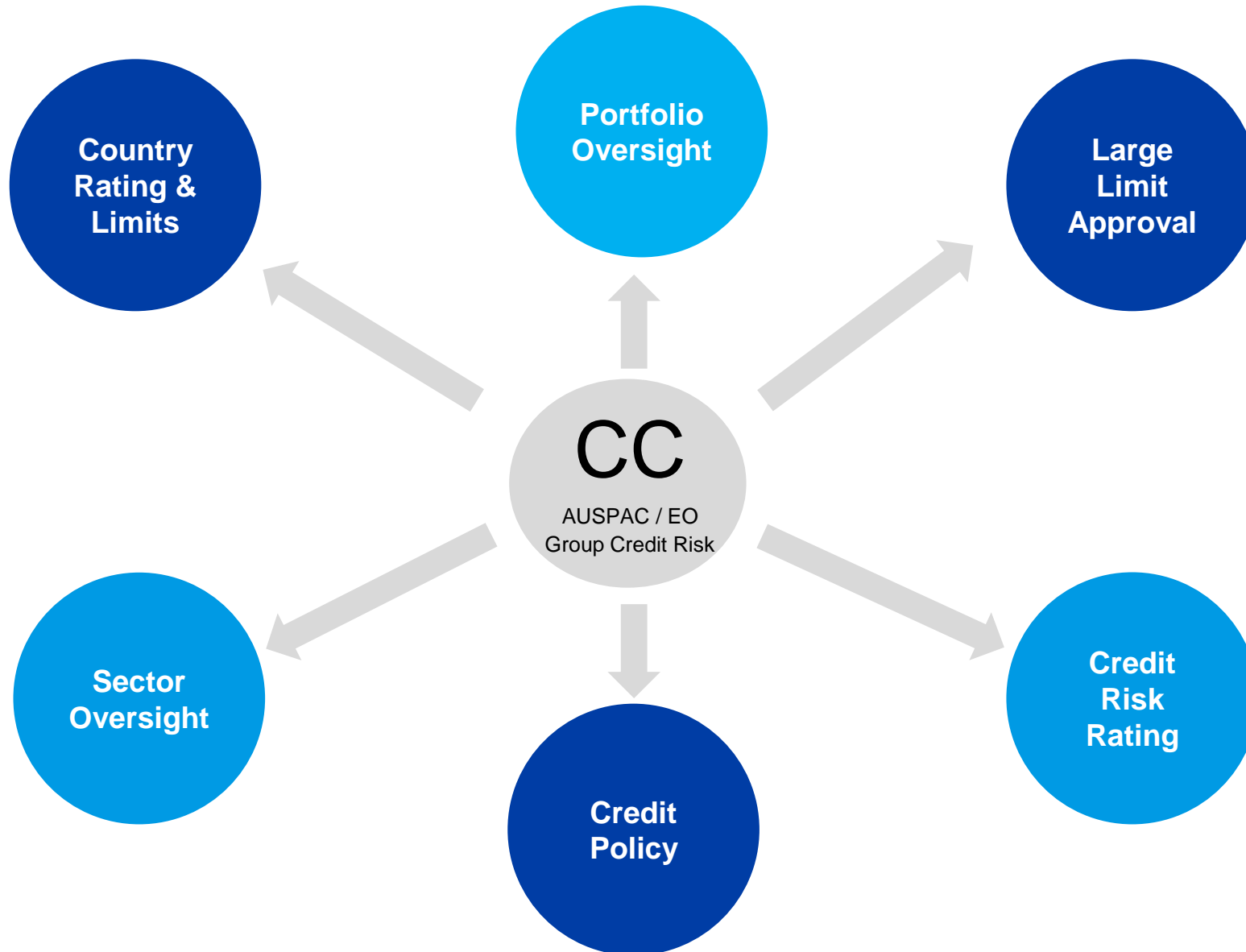
Global Underwriting System (TCS)

*Consistent Management Reporting / Aggregation / Scorecards*

Global Credit Committee



# Global Credit Committee



# Product Overview



# 02

# Regional Underwriting - Europe

Global Credit Committee  
*Large limit approval / Country Risk*

*Trade Credit  
Commercial*

- Regional Focus
- Split U/W Pen

*Trade Credit Risk*

- Sector Focus
- Split U/W Pen

*UK Surety*

- MGA Focus
- Commercial Bond

*France Bonds*

- MGA Focus
- Commercial Bond

*TFS*

- Regional Focus
- Wholistic /  
Committee based  
approach

# European Operations – GWP 2023 & 2024

## Trade Credit, TFS & Surety.

**GWP 2023        £88M**

**GWP 2024        £92M**

**Trade Credit UK**

**2023 - £42M**

**2024 - £43M**

**TFS**

**2023 - £ 10M**

**2024 - £ 14M**

**UK Surety**

**2023 - £27M**

**2024 - £25M**

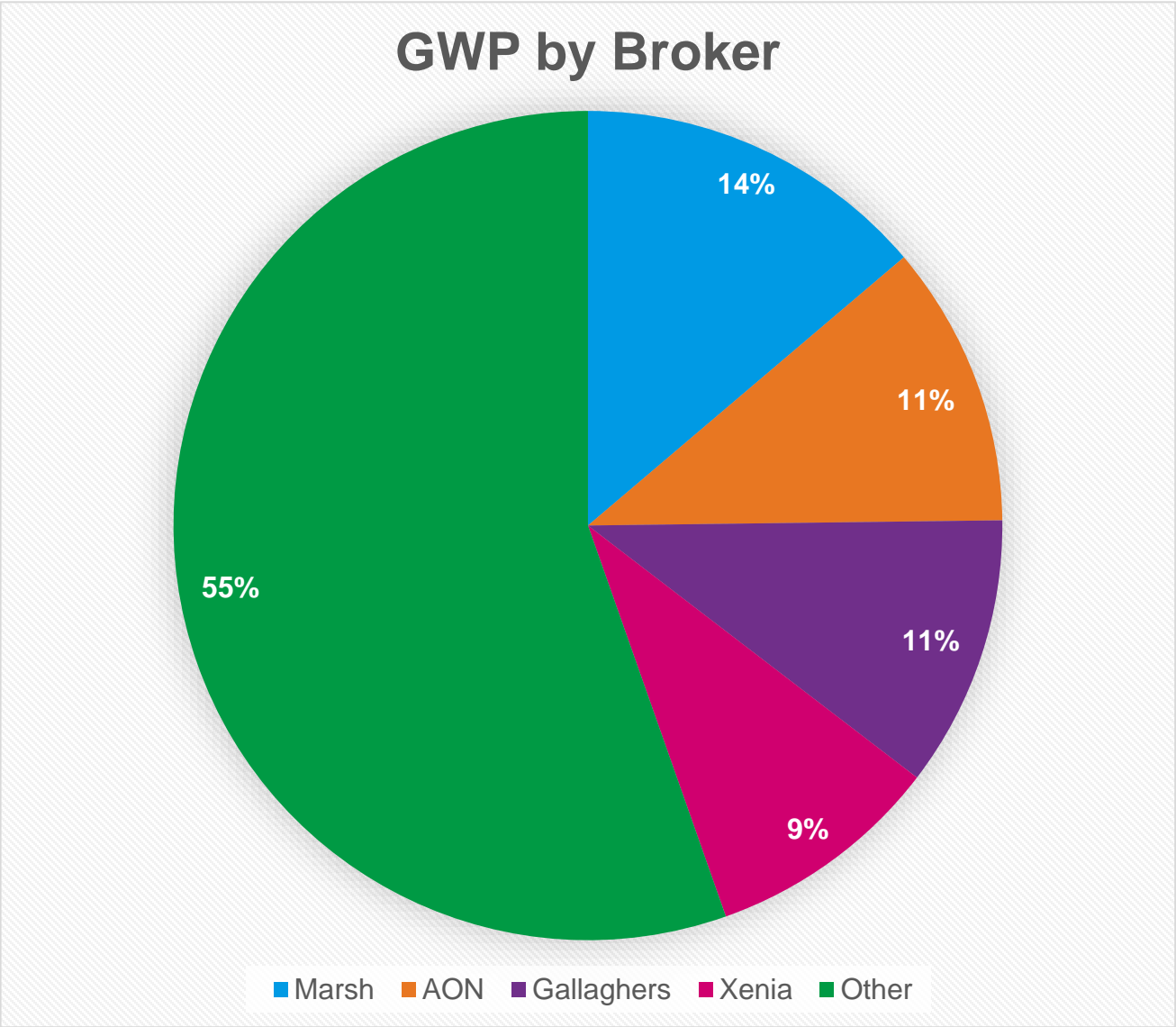
**France Bonds**

**2023 - £ 9M**

**2024 - £10M**

# Trade Credit & Surety Broker Distribution

Marsh	13.8%
AON	11.0%
Gallaghers	10.6%
Xenia	9.2%
Other	55.4%
Total	100.0%



# Coverage – Trade Credit Europe

- Comprehensive Whole of Turnover
- SME
- Single & Selective- Cancellable & Non-Car
- Top Up
- Syndication



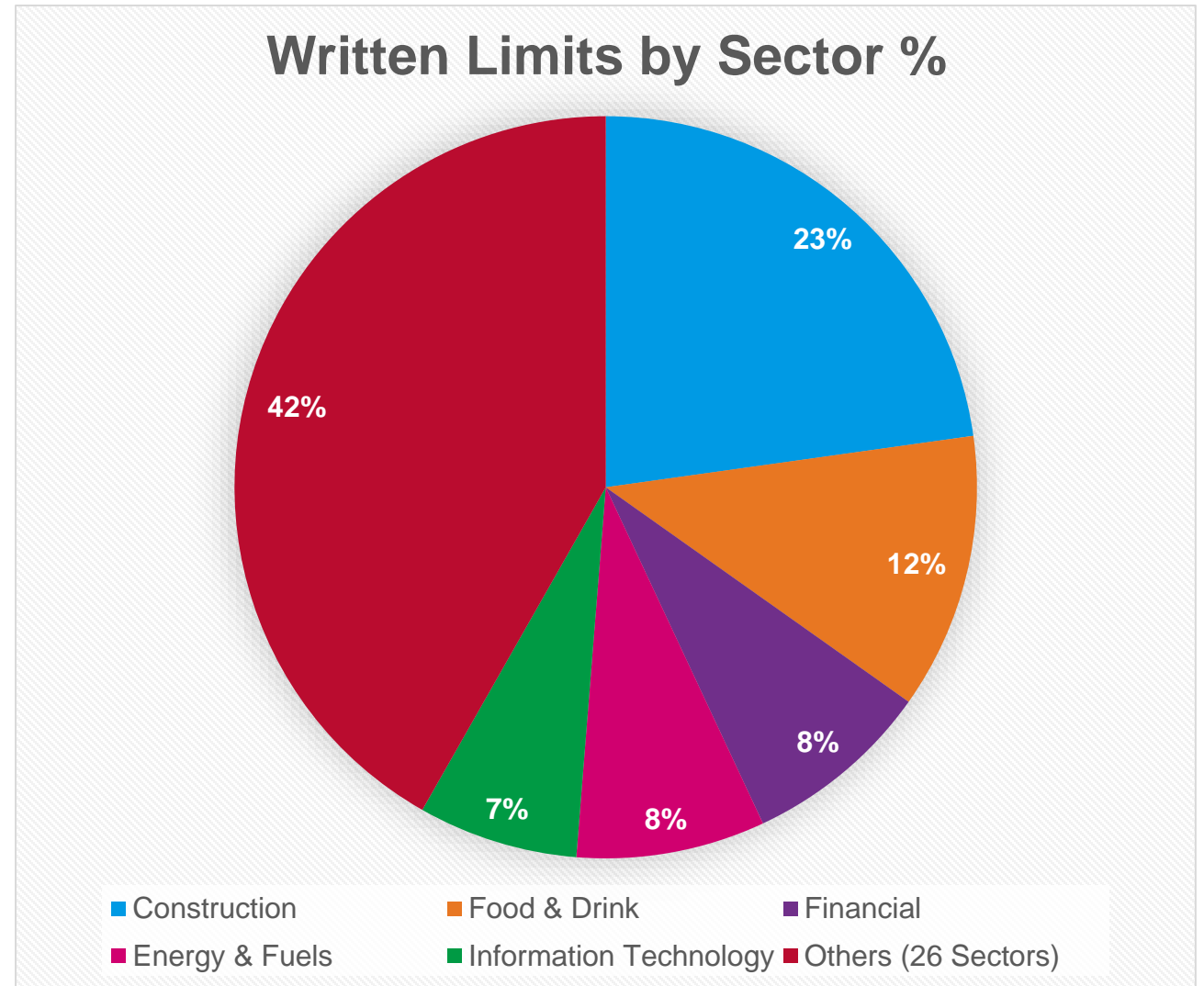


# Trade Credit Written Limits

## Key Trade Sectors.

Broad spread of risk across 31 trade sectors.

Construction	22.6%
Food & Drink	11.9%
Financial	8.2%
Energy & Fuels	8.2%
IT	6.9%
Others (26)	42.2%
Total	100.0%

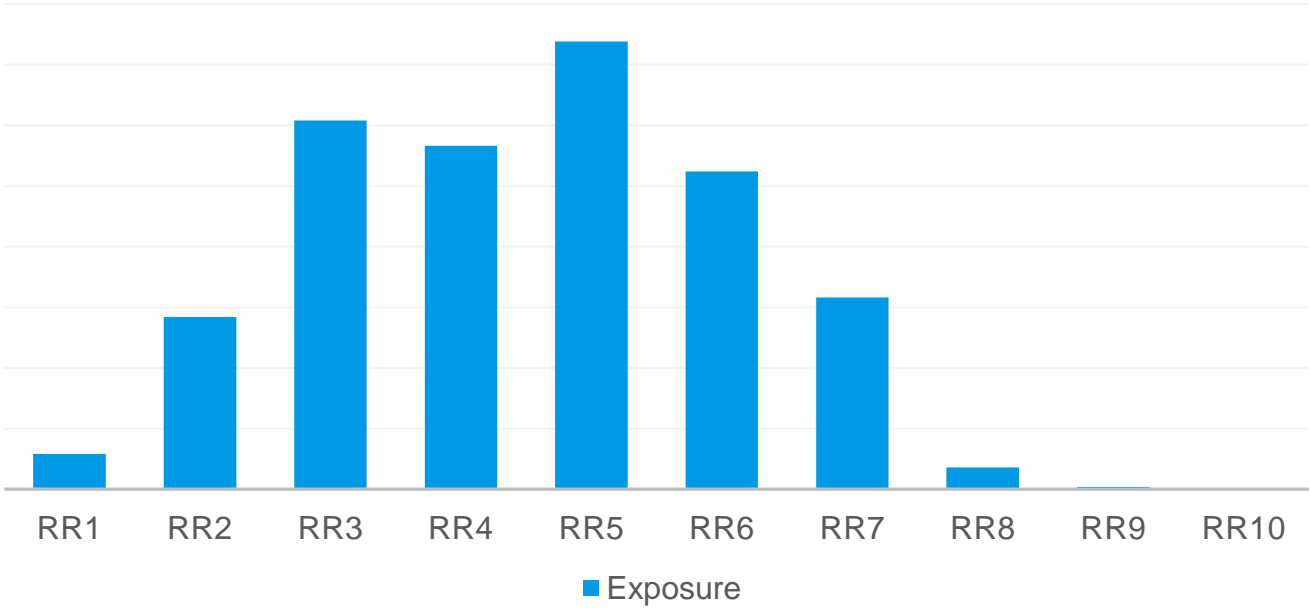


# Trade Credit Written Limits

## Buyer Risk Rating 2024

Risk Rating	S&P
1	AAA to AA-
2	A+ to A-
3	BBB+ to BBB-
4	BB+
5	BB
6	BB-
7	B+ to B
8	B-
9	CCC+ to CC
10	C-D

Written Limits by  
Risk Rating



# Coverage – UK Surety

- MGAs
  - Admiralty / Travel & Decommissioning
  - SME Construction
  - Insolvency Practitioner
- Commercial Bonds
  - Pension Deficit
  - Energy
  - Bank Guarantee



# Coverage – France Bonds

- Construction
  - Construction - Housebuilding
  - Construction – GFA
  - Construction - Italy
- Commercial Bonds (France & Italy)
  - Legal
  - Estate Agent
  - Auctioneers
  - Environmental

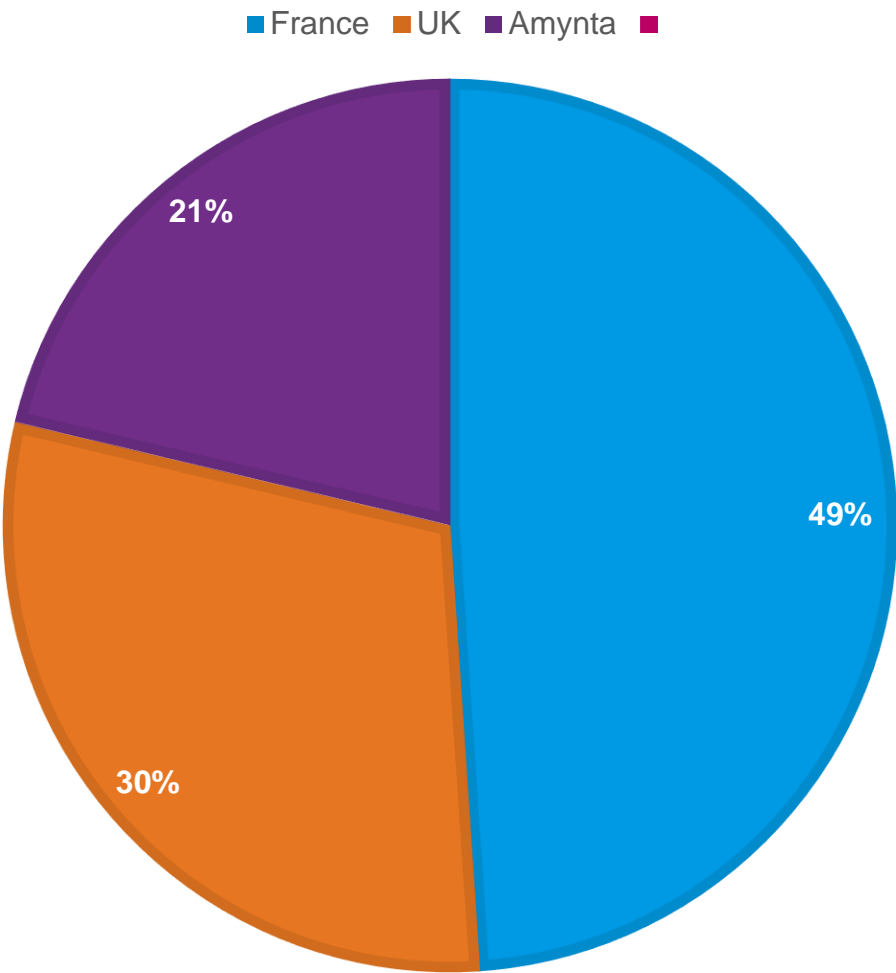


# EO Surety & Bonds Written Limits

Mix of Commercial and  
Performance Bonds written direct  
and via MGAs.

France	46.8%
UK	29.8%
Amynta	21.4%
Total	100.0%

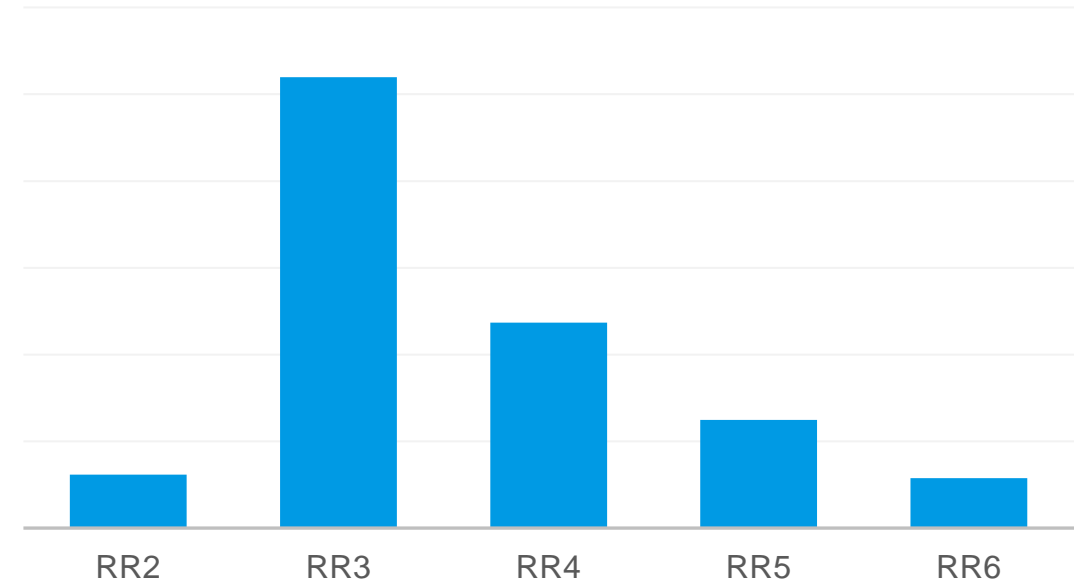
SURETY & BONDS WRITTEN LIMITS



# Coverage – TFS

- Separate P&L to Credit & Surety (01/01/2022)
- Supporting predominantly international banks (insureds) covering the non payment risk of their borrowers (risk) on multi year financing facilities.
- Focus is on single line policies on borrowers in OECD markets across different types of financing facilities.
- Team is London based
- Brokers include: Marsh, BPL, Howden, and Texel.
- Strong Risk Profile – Weighted average Risk Rating: 3.6
- Approaching the 3 year mark for the business, the financial performance is ahead of original expectations.

## Written Limits by Risk Rating





# Market Update & Outlook

# 03

# H1 trading / market environment update

## Trade Credit

- **Market position in the cycle**
  - Remaining soft in most sectors despite increased insolvency levels
  - Most mono-lines have posted good 2022/3 results- leading to aggressive appetites
  - Construction rates have been firming, as has stance on risk, but this is starting to fall away
  - New Entrants offering aggressive pricing and risk appetite ( limit size) on single names/ top up

## Surety

- **Market position in the cycle**
  - Demand outstripping appetite in Construction sector due to Industry losses in this sector in last two years
  - Mixed response re appetite for construction , a number of Sureties have taken a break from issuing contract ( construction bonds)
  - A number of New Entrants MGA's expected to enter the market in 24/25 offering both contract and commercial facilities

## TFS

- YTD GWP in line with budget
- Demand continues to be strong from an increasing number of banks
- We continue to be selective on the enquiries we support

# Direction of Travel

		Performance Last 3 Years	Opportunity	Risk Appetite	Strategy
Trade Credit					Incremental Growth
Surety	Contract Surety				Reduce
	Commercial Surety				Incremental Growth
Bonds	Commercial Bonds /Auctioneers				Incremental Growth
	Housebuilders				Reduce
TFS					Growth

