

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

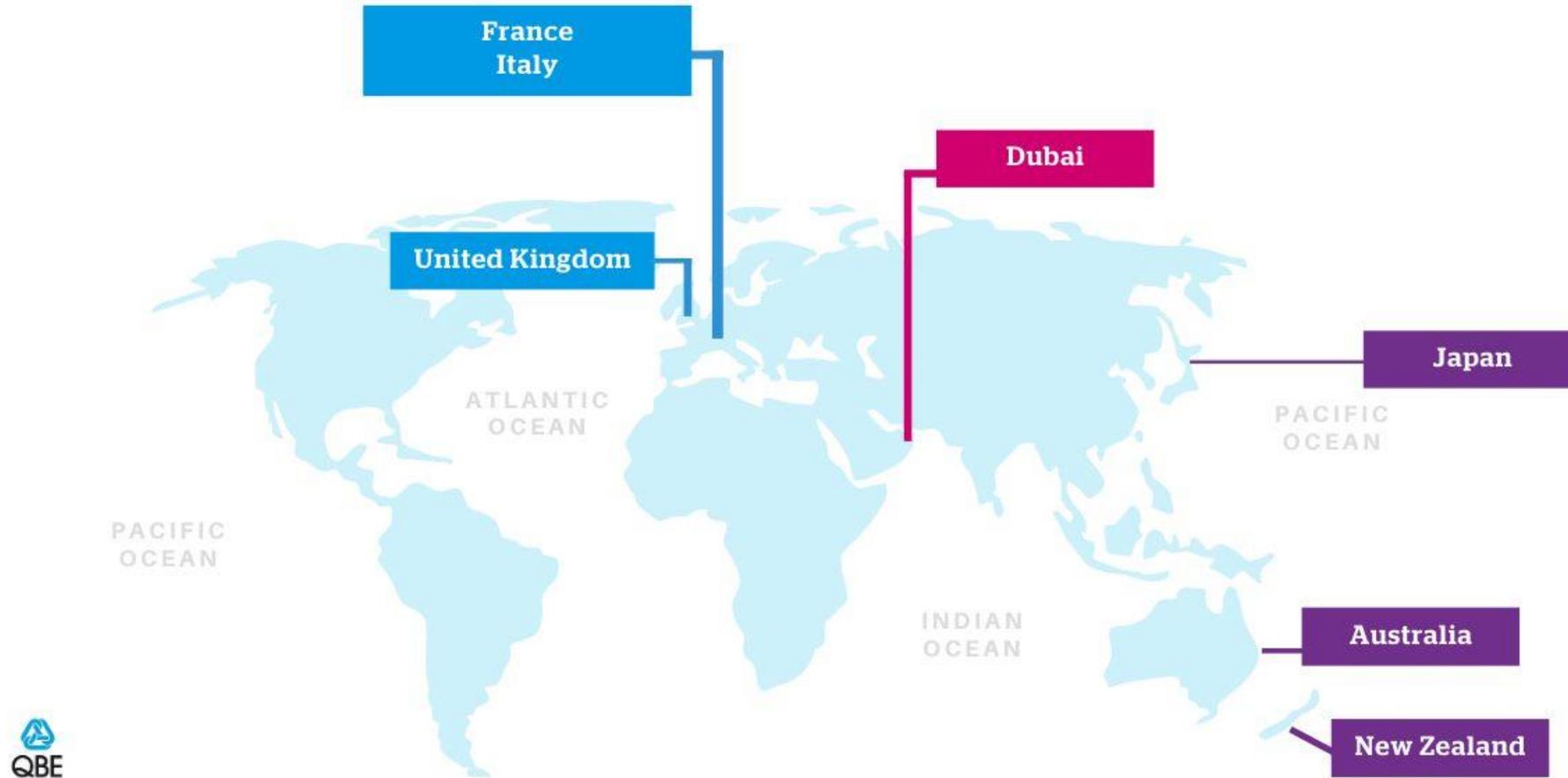
03

Market Update & Outlook

Team Composition.

01

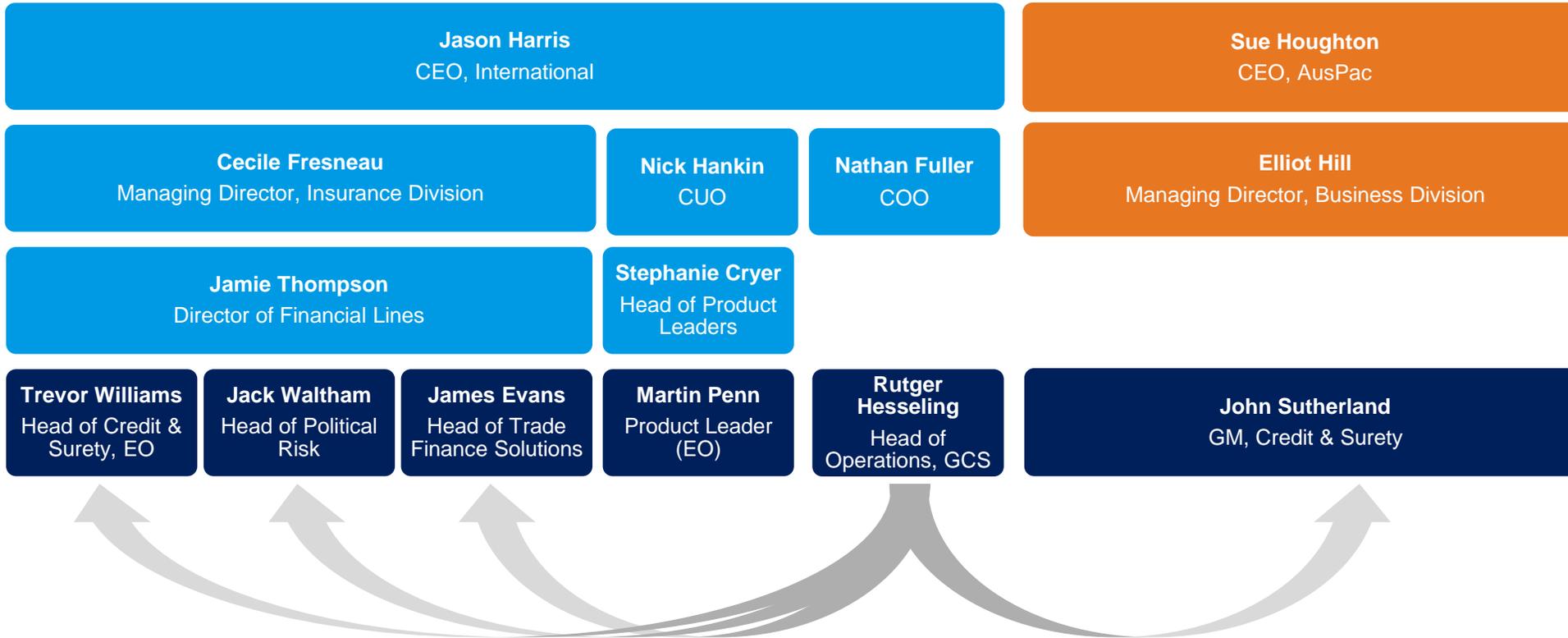
Geography / Territories / Divisions



Organisation Structure - Jan 2024

International Division

AusPac Division



Global Oversight

European Operations
(Credit & Surety & TFS)

AUSPAC
(Credit & Surety & TFS)

Global Credit Risk Framework

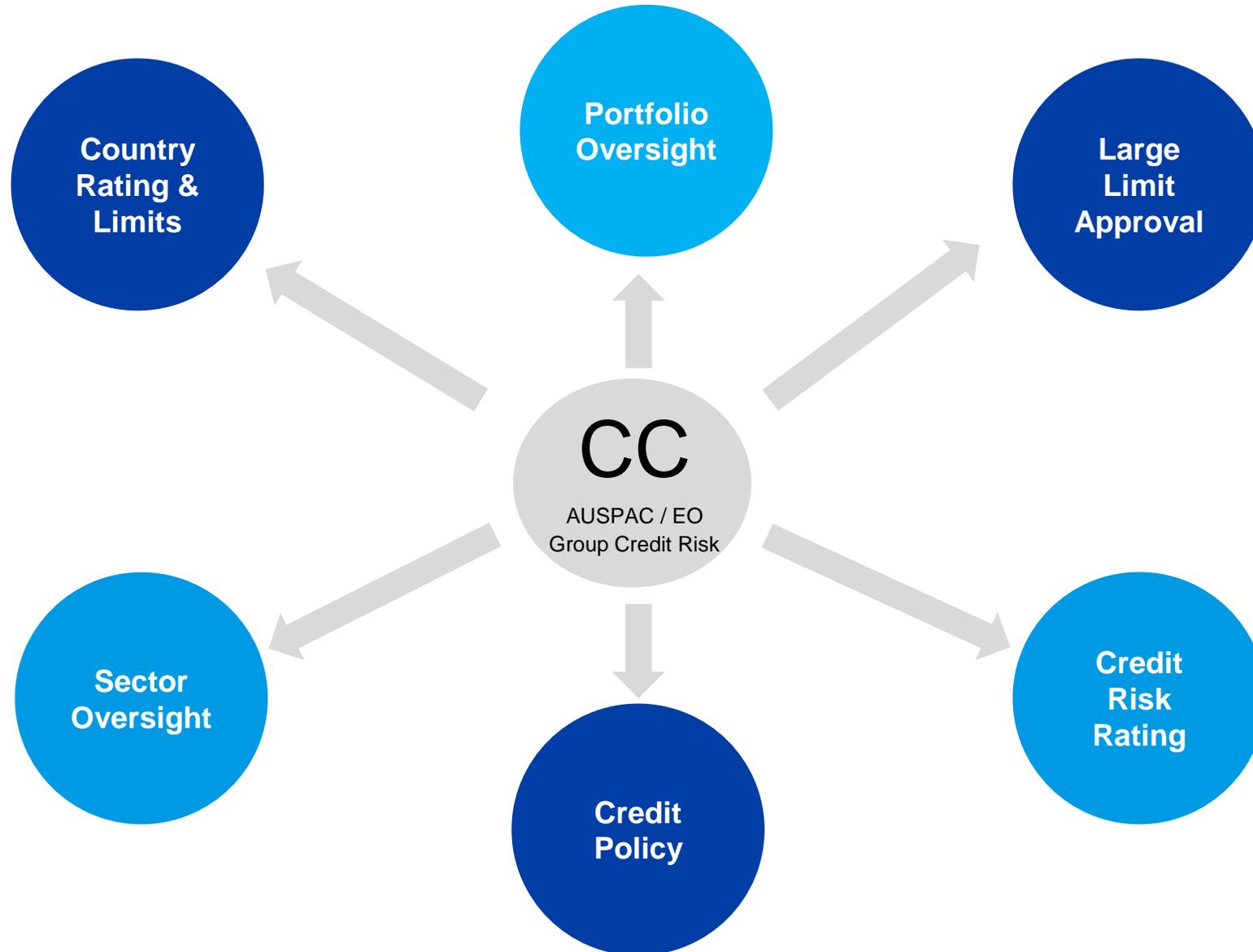
Consistent approach to managing Credit Risk / Risk Rating Methodology / Policy & Procedures

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

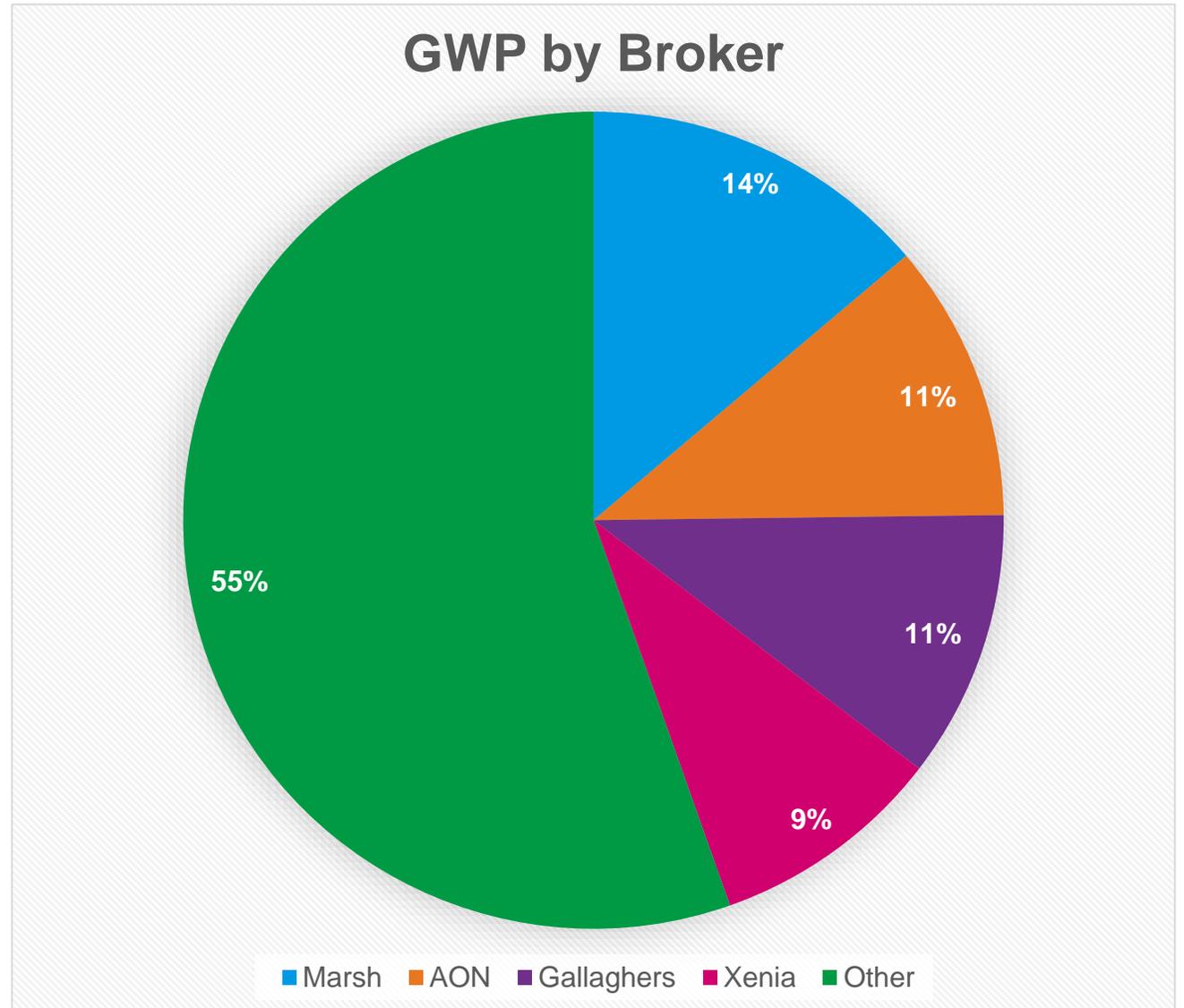
France Bonds

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

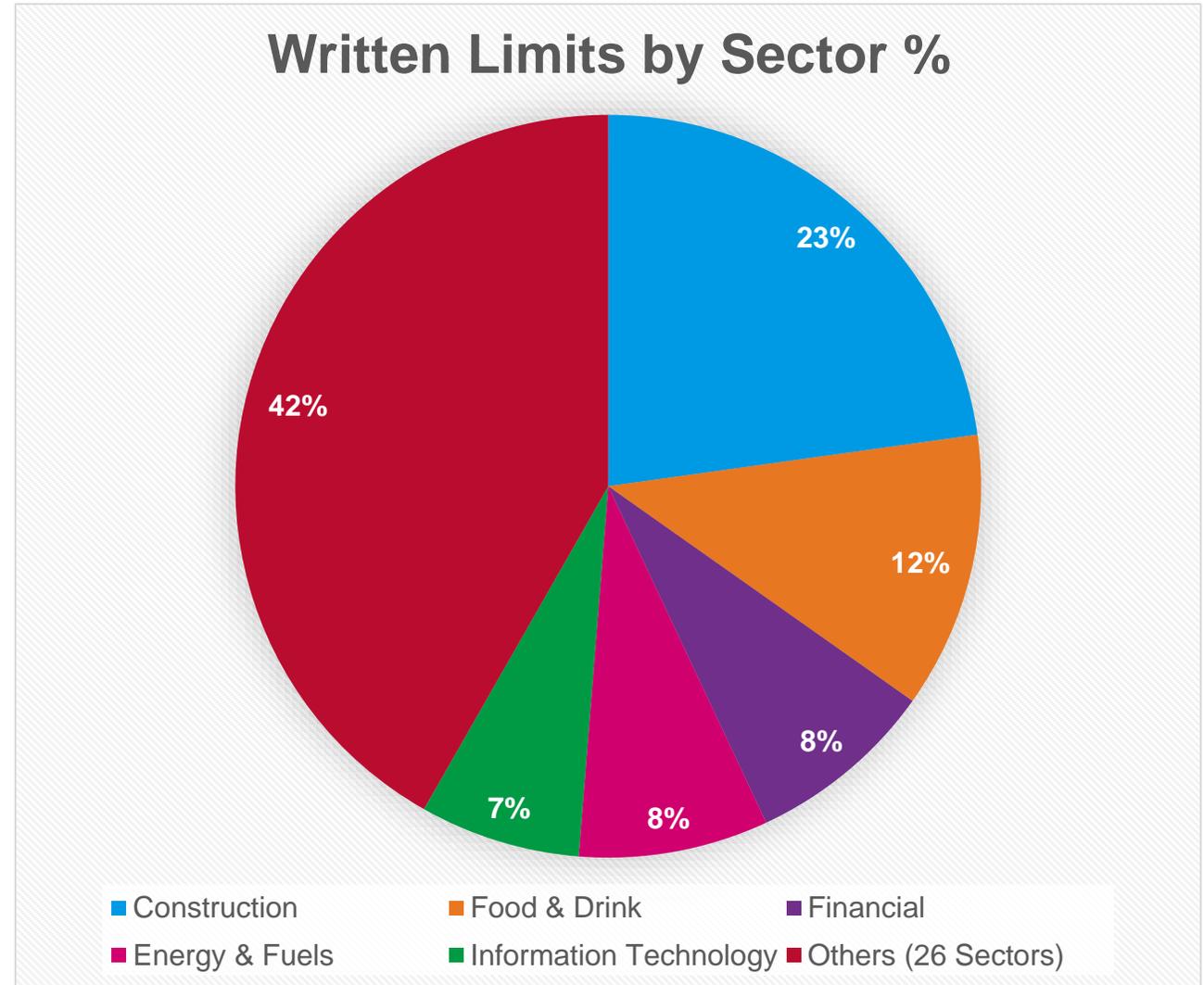


Trade Credit Written Limits

Key Trade Sectors.

Broad spread of risk across 31 trade sectors.

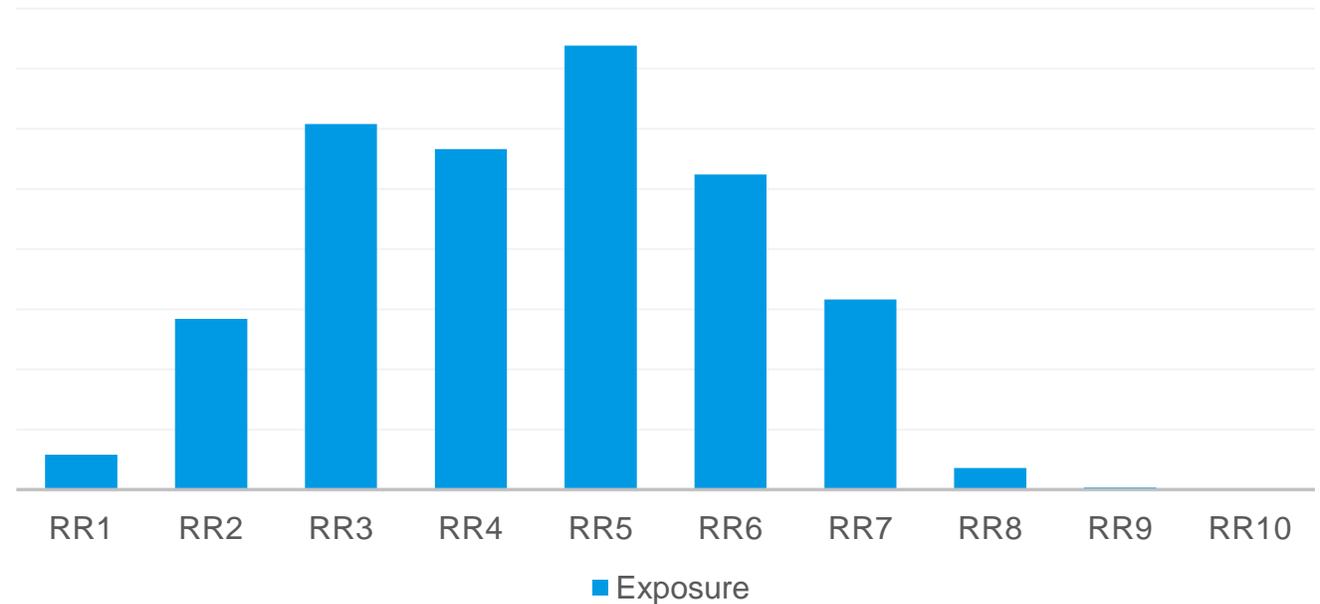
Construction	22.6%
Food & Drink	11.9%
Financial	8.2%
Energy & Fuels	8.2%
IT	6.9%
Others (26)	42.2%
Total	100.0%



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



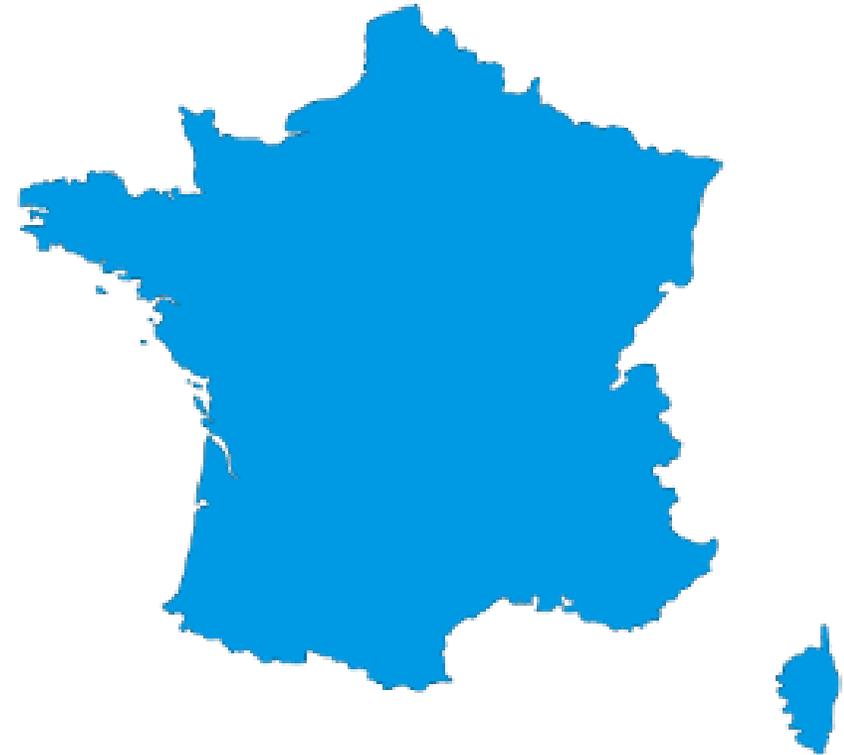
Coverage - UK Surety

- 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

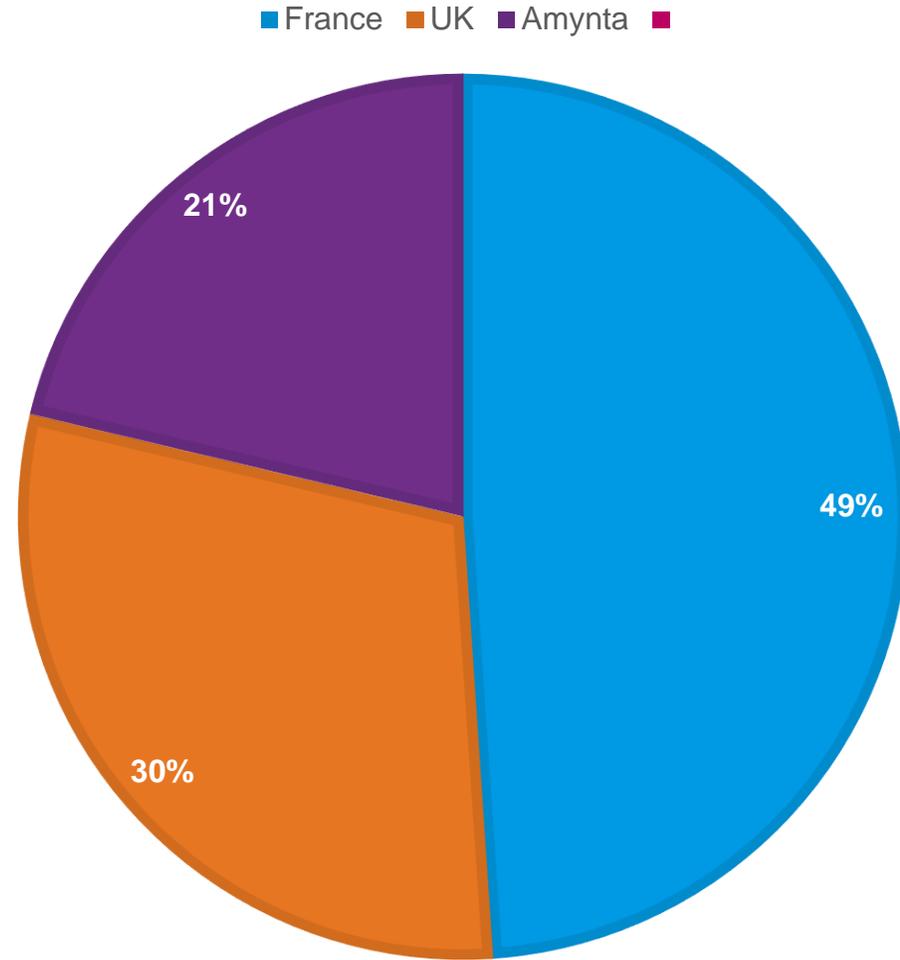


EO Surety & Bonds Written Limits

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

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

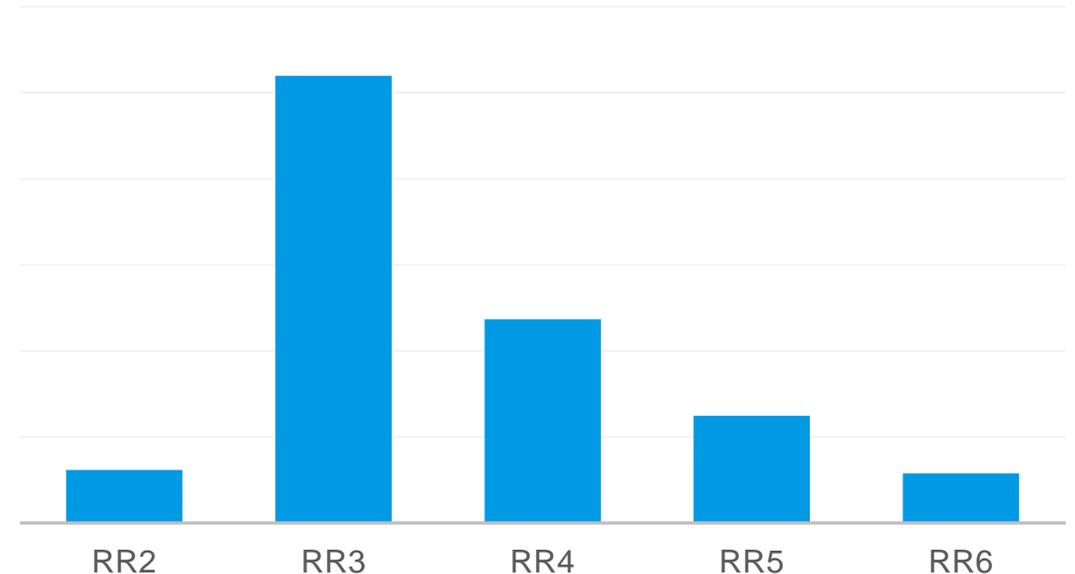
SURETY & BONDS WRITTEN LIMITS



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

