

Credit insurance: extension of the State reinsurance programme to support the Belgian economy | 16/12/2020

- > The State reinsurance programme for private credit insurers in the framework of the Covid-19 crisis will be extended until 30 June 2021.
- > The programme's objective is to support the Belgian economy by maintaining the credit limits granted by private credit insurers to companies established in Belgium.
- > Credendo acts as a reinsurer on behalf of the State.

In the context of the Covid-19 outbreak and in order to counter its harmful effects on the economy and trade, an agreement was signed in April regarding a Belgian State reinsurance programme for private credit insurers of short-term commercial loans (less than two years). This agreement – originally ending on 31 December 2020 – will be extended for six months until 30 June 2021. It was signed by the Minister for Economy and Work, the Minister for Finance, the Minister for Foreign Affairs, European Affairs and Foreign Trade, Credendo – Export Credit Agency, Assuralia and the credit insurers Atradius, Coface, Credendo – Short-Term Non-EU Risks, Credendo – Excess & Surety and Euler Hermes. The current terms and conditions of the reinsurance programme will remain unchanged. Credendo acts as a reinsurer.

The credit insurance sector is crucial for companies and trade. Commercial companies generally grant their customers (other companies) payment terms from 30 to 90 or even 180 days. The role of credit insurers is to secure commercial transactions between companies and to indemnify their insured in the event of non-payment of invoices by their customers. Credit insurers grant credit limits that they accept to cover for a particular client of their insured.

The objective of the reinsurance programme is to avoid unnecessary withdrawal of existing credit limits covered by the programme. This means the private credit insurers undertake to maintain, to the extent possible, the credit limits effectively used in the 12 months preceding 1 March 2020, until 30 June 2021. In this way, trade relations and trade flows can be maintained.

In exchange for this commitment, Credendo – Export Credit Agency, acting on behalf of the State, undertakes to reinsure the risks subscribed to by the aforementioned credit insurers established in Belgium. A reporting mechanism was set up to monitor the credit insurers' commitments. These reports have shown that the programme is effective as the credit limits have remained stable since March 2020.

The extension of the reinsurance programme is subject to formal approval by the European Commission.

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Credendo

Credendo is present all over Europe and is active in all segments of trade credit insurance, offering a range of products that cover risks worldwide: Belgian export credit agency services, comprehensive credit insurance covering short-term risks in and outside Europe, single risk, excess of loss, top-up cover, surety bonds and reinsurance. In 2019, Credendo insured global business transactions worth almost €85 billion and earned premiums totalling €314.9 million. Credendo is Europe's fourth largest credit insurance group.

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