For decades, export credit insurers, public and private, have worked in the background oiling the wheels of international trade—largely unnoticed by the wider public or, indeed, by a large part of the community of exporters worldwide. This changed in mid-to-late 2008 when, in a deteriorating global economic environment, the crucial importance of trade finance and credit insurance to support international trade flows became apparent. Recognizing that international trade was a means of overcoming, or at least alleviating, the negative impact of the crisis, governments took initiatives in line with the call of the G-20 London Summit in April 2009 to support trade finance and trade flows through their official export credit agencies (ECAs) (G-20 2009). This chapter describes recent trends observed in export credit insurance, especially from 2008 to mid-2010.

The statistical background is provided by the Berne Union (BU), the International Union of Credit and Investment Insurers, which counts the major private credit insurers and most ECAs worldwide among its members. The BU collects

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The views expressed are those of the author and cannot necessarily be attributed to the Berne Union or members of the Berne Union. Errors and omission remain the responsibility of the author. The author gratefully acknowledges guidance and advice from Lennart Skarp and Kimberly Wiehl, without whom this article would not have been written. Peter M. Jones reviewed the article and provided most helpful comments.
data from its members on a quarterly basis. BU statistics show export sales that are credit insured. As such, they provide an indication of underlying trade flows. Altogether, BU members cover more than 10 percent of international trade, usually the riskier transactions for which exporters and banks decide to buy insurance to trade safely.

**Short-Term Export Credit Insurance**

This section briefly describes how credit insurers determine credit limits, and why the resulting volume of exports covered is typically higher or lower than those limits.

**Credit Limits**

Credit limits represent the amounts an insurer has committed to insure. These are credit limits on buyers, set by the insurer, that are influenced by various factors.

On the demand side, exporters request credit limits to protect their trade flows: To whom do exporters want to sell and in which countries? For which destination
countries are exporters seeking insurance cover? In this respect, BU statistics are a proxy for international trade movements. The largest commitments by BU members in ST business (covering sales with credit periods of one year or less) are in destinations like the United States and countries in Western Europe. This is where most of the trade happens. These are the countries most goods are exported to.

On the supply side, credit limits set by the insurers reflect how much cover credit insurers are willing to provide. The constraints are the insurers’ risk appetite and their capacity to offer the required coverage. Are the buyers credit-worthy? What about political risk? Does an insurer have enough capital to support further risky business?

Credit insurers use their market intelligence regarding the financial situation of buyers and the economic and political situation in countries to “underwrite risks,” which means to set credit limits and to accept or reject covering sales to a particular buyer. An additional piece of information is the actual payment behavior of a buyer: Did a certain buyer always pay on time in the past? This may point to a particularly diligent company that will strive to continue paying on time even if its financial situation is stretched. Or is a specific buyer usually late in paying for goods delivered? This may point to a buyer who will not necessarily strive to perform according to its obligations during hard times.

A deteriorating economic environment that puts more and more companies in difficulty prompts credit insurers to review the risks in their portfolios and to carefully scrutinize any new risk they are asked to cover. A credit insurer may reduce or cancel limits on buyers. In this case, any future sales to those buyers would not be insured and would be made at the exporter’s own risk. Limit reductions or cancellations only apply to future sales. Shipments that have been made under an insurance policy before reduction or cancellation of a limit remain protected.

**Covered Exports**

In ST business, covered exports represent the turnover or the value of shipments made while being covered under a credit insurance policy. Covered exports are not identical with credit limits as described previously. Once an insurance policy and the respective credit limits are in place, actual exports may not take place for reasons that are independent from the credit insurance. Or, on the contrary, covered exports to a buyer during a year may be higher than the credit limit set. Indeed, once a shipment is delivered and paid for on time, the credit limit is freed up to support further shipments.

Although covered exports give a retrospective view of the trade flows that have actually been insured during a time period, credit limits give an indication of the insurer’s commitment to insure at a given point in time.
Short-Term Export Credit Insurance during the Crisis

During the crisis, credit insurers were faced with a rapidly deteriorating risk environment and, at the same time, high demand from exporters who wanted credit insurance protection. The following describes the trends in export credit insurance during this period, taking into account the interplay of supply and demand.

Covered Exports

After several years of sustained growth, short-term exports covered by BU members declined by 13 percent, from $1.3 trillion in 2008 to $1.1 trillion in 2009 (Berne Union 2010). During the same time period, global trade contracted by around 23 percent in absolute terms, according to the United Nations Statistics Division (UNSD 2009).

Demand for ST export credit insurance experienced opposing influences from mid-2008 through a large part of 2009. On one hand, global trade was generally declining, as was the amount of international sales for which exporters could potentially seek insurance cover. On the other hand, the global crisis that followed the financial turmoil was showing its effects on the real economy, and companies around the world were defaulting on their obligations. Quite rapidly, exporters recognized the benefits of export credit insurance.

The worsening risk environment prompted those exporters who were willing to continue trade to turn to credit insurance to manage their receivables risks. Some decided to seek insurance for their entire receivables portfolios, where in the past they may have only insured a part of their risks. Other exporters who had never previously used credit insurance found the product was vital to protect their cash flows and to keep their business operations afloat.

Export credit insurers responded cautiously to the demand because they were feeling the impact of the crisis on a daily basis, with insured exporters filing more and more claims as a result of buyer defaults. Despite the challenging risk environment, the reduction of insured ST exports in 2009 was only around half the reduction in world trade in percentage terms. In the end, the total value of cross-border trade supported by BU members in 2009 was the same as in 2007, as figure 20.1 shows.

ST Credit Limits

Since 2005, BU members had continuously expanded their ST insurance, much in line with the growth of world trade. The peak in aggregate limits was reached in mid-2008 with a total amount of slightly more than $1 trillion for all BU members together.
During the three quarters following the mid-2008 peak, overall limits quickly declined for two reasons: (a) lower underlying trade volumes due to reduced international economic activity; and (b) a more cautious risk assessment by private market insurers, which account for most of the ST business of the BU. When the crisis started to bite and claims notifications began to rise dramatically, several private insurers cut back limits—understandably so from their point of view, because buyer defaults had started to accumulate and insurers were hit by a wave of claims to pay. However, the cutbacks raised criticism in the exporters’ community, and many claimed they could not sell without being covered by credit insurance. Private credit insurers countered the criticism, arguing that the risk environment had substantially changed from a previously benign economic environment to a challenging one, that they were adapting to the new circumstances, and that they were acting in the best interest of exporters by preventing them from entering into transactions with unsound buyers.

Since the second quarter of 2009, export credit limits seem to have stabilized, although further, smaller reductions were recorded at the end of the last quarter of 2009 and the first quarter of 2010. At the end of the second quarter of 2010, aggregate limits stood at $743 billion, a level last seen in early 2007, as figure 20.2 shows.

**Private and Public Insurers**

How did various players behave in the crisis, and what roles did they play? The Berne Union includes private market insurers that operate commercially to make
a profit for their shareholders as well as public insurers, the official ECAs who are backed by their governments and whose mandate it is to support national interests. According to the World Trade Organization (WTO), ECAs are required to be self-sustaining and, therefore, have to break even in the long term (WTO 1995).

From the peak in credit limits in mid-2008 through the first quarter of 2009, all credit insurers felt the impact of the slowdown in world trade. With a few exceptions among ECAs, both public and private insurers recorded a drop in credit limits extended during that time.

From the second quarter of 2009, private market players as a group continued to reduce their credit limits. In contrast, the ECAs increased theirs because of government initiatives, in line with the call of the G-20, asking their ECAs to fill a perceived gap in export credit insurance supply (G-20 2009). As seen in BU statistics, the ECAs’ share in global ST business increased in 2009 and 2010 compared with previous years.

The movement in market shares from private insurers to ECAs (as table 20.1 shows) was primarily due to a reduction in the volume of cover offered by private market players. To a smaller extent, it was also the result of some ECAs’ real volume growth, particularly from East Asia and North America.

Much discussion has concerned the European Union (EU) Commission’s temporary permission for ECAs from EU countries to be active in the so-called ST marketable risk business—coverage of ST exports to Organisation for Economic Co-operation and Development (OECD) countries, including those in the EU.
Under EU regulations, this was an area that EU ECAs had exited and left to the private market years ago. EU ECAs helped, and continue to help, thousands of European exporters, particularly small and medium enterprises (SMEs), by providing them with needed ST credit insurance during the crisis. The activity of EU ECAs in this field increased significantly, by around 50 percent as a group and more for some individual agencies. But their overall share of the ST business remains small, less than 2 percent of the overall volume, which is in line with their mandate to complement private market capacity in difficult times.

### ST Credit Limits per Destination Region

Credit limits are the result of interplay between demand from exporters and supply considerations by insurers. Variations in credit limits on destination countries and regions give an indication of underlying trade flows (demand) and risk perception by the insurers (decision to supply cover).

The Berne Union tracks aggregate credit limits granted by its members for five destination regions: Africa, the Americas, Asia, Europe, and Oceania. The largest trade region is Europe, with around 60 percent of the total trade amounts covered by BU members, followed by Asia and the Americas, with Africa and Oceania being much smaller. Since 2005, as table 20.2 shows, the shares of ST credit limits for exports to the five regions have stayed relatively stable, with a slight indication of decline in the European share and a slight increase for Asia.

Most of the limits within the European region are for risks in Western European countries, which account for more than 70 percent of the European exposure. The biggest Asian destination country is China, with approximately 20 percent of the total credit limits for that region. Slightly more than 50 percent of the credit limits to the Americas is for cover on buyers in the United States.

In an analysis of the quarterly evolution of credit limits during the crisis for the largest destination regions—the Americas, Asia, and Europe—the first observation is that credit limits evolved in a similar fashion for all regions of the world.

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**Table 20.1** Market Shares of Private and Public ST Credit Limits, 2006–10

<table>
<thead>
<tr>
<th></th>
<th>2006–08</th>
<th>2009</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>Private insurers</td>
<td>85%</td>
<td>79%</td>
<td>72%</td>
</tr>
<tr>
<td>ECAs</td>
<td>15%</td>
<td>21%</td>
<td>28%</td>
</tr>
</tbody>
</table>

Source: Berne Union databases 2010.

Note: ST = short-term export credit insurance. ECA = export credit agency.
until the end of 2009. The trend shows a growth in limits until mid-2008 and then a sharp downturn until the first quarter of 2009, followed by a relative stabilization until the end of the year. This is in line with the fact that no decoupling between regions of the world was observed in the early phases of the crisis. Although the initial banking crisis began in the United States and extended to Europe soon after, the economic crisis that followed became widespread more or less simultaneously all over the globe. Consequently, variations of credit limits for different destination regions moved in line during 2008 and 2009.

The second observation is that the parallel movement did not continue in 2010. While credit limits on Asia and the Americas started to increase again, minimally during the first quarter and significantly by 8–10 percent during the second quarter of 2010, credit limits for exports to Europe continued to decrease, as figure 20.3 illustrates. Although this decrease slowed down in the second quarter of 2010, the figure is still negative. This suggests a looser connection of the big economies during the recovery, with Europe being less dynamic than Asia and the Americas. Whether this interpretation is substantiated will be shown as BU statistics continue to unfold for 2010 and beyond.

**ST Claims Paid**

If a buyer fails to pay for the goods purchased and the sale was covered by credit insurance, the exporter applies for indemnification for the loss under the insurance policy. The ability to make a valid claim and to be indemnified for a loss suffered is the fundamental reason why exporters buy export credit insurance.

ST claims paid by BU members to insured exporters more than doubled, from $1.1 billion in 2008 to $2.4 billion in 2009. Many claims were generated in late 2008 and were paid by insurers in 2009. The processing time explains why BU statistics for the year 2008 show a relatively low level of claims in figure 20.4.
The jump in claims paid in 2009 pushed the loss ratio—claims paid in relation to premium income, a measure used by credit insurers to quantify the quality of the underwriting result—to 88 percent. Although this was a level at which insurers overall took an operational loss, the loss ratio did not reach the insurers’ worst-case expectations at the beginning of the crisis. Notably, the years immediately
preceding the crisis had been particularly beneficial for ST export credit insurers, with low loss ratios of 35–40 percent for BU members as a whole.

Overall, credit insurers coped with the extremely quick deterioration of the situation and the heavy volume of claims submitted in actual numbers and resulting value. Insurers paid claims promptly and supported their insured clients in the worst moments of the crisis.

The level of claims paid declined in the first two quarters of 2010. BU members also recorded a drop in obligor defaults and fewer notifications of buyer problems in general. These are signs that claims reached their peak in 2009 and that 2010 should be a better year for credit insurers. It remains to be seen at what level claims will stabilize and whether the situation will return to the particularly benign claims levels of the immediate precrisis years.

**ST Claims Paid per Country**

The global nature of the crisis was evident from the BU claims statistics. Buyer defaults, for which insurers had to pay claims, occurred and increased in every region and every country of the world.

The United States and Western European countries were among those with the highest volumes of claims. For defaults that occurred (from highest to lowest claim volume) in the United States, Italy, the United Kingdom, Spain, and Germany, BU members paid a total of nearly $800 million in claims in 2009, up from around $500 million the previous year, as shown in table 20.3.

Claims paid on exports to these five countries alone represented 32 percent of all ST claims paid globally by BU members in 2009. As mentioned previously, these countries are among the main destination countries for exports covered by BU members. They therefore account for a similar share of global

<table>
<thead>
<tr>
<th>Country</th>
<th>2008</th>
<th>2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>United States</td>
<td>183.8</td>
<td>294.0</td>
</tr>
<tr>
<td>Italy</td>
<td>107.6</td>
<td>152.1</td>
</tr>
<tr>
<td>United Kingdom</td>
<td>88.1</td>
<td>125.5</td>
</tr>
<tr>
<td>Spain</td>
<td>52.2</td>
<td>116.8</td>
</tr>
<tr>
<td>Germany</td>
<td>57.9</td>
<td>95.8</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>500</strong></td>
<td><strong>800</strong></td>
</tr>
</tbody>
</table>

*Source:* Berne Union databases 2010.

*Note:* ST = short-term export credit insurance.
insurance commitments—around 31 percent of all ST credit limits extended by BU members.

Credit insurers also suffered in emerging markets, where the total volume of claims in 2009 was of a magnitude similar to industrialized countries but with a much more dramatic increase over the previous year. For defaults that occurred (in order of highest to lowest claims) in the Russian Federation, Ukraine, Turkey, Brazil, and Mexico, for example, BU members paid a total of $550 million to insured exporters in 2009, up from around $100 million in 2008, as shown in table 20.4.

Claims paid in these five countries represented 23 percent of the total amount paid globally by BU members in 2009. But insurance commitments in these markets were much smaller, with only around 6 percent of total credit limits extended by BU members globally. This differs from industrialized countries, where the share of claims and credit limits was similar—around one-third of the totals. It was expected that claims would be paid because of defaults in emerging countries, but the speed and size of the increase in claims might not have been anticipated.

Year on year, claims in the five industrialized countries mentioned above (the United States, Italy, the United Kingdom, Spain, and Germany) increased by 60 percent. Among the five listed emerging countries (Russia, Ukraine, Turkey, Brazil, and Mexico), claims increased by 435 percent.

**ST Outlook**

The past two years have been unusually testing for ST credit insurers, private and public. However, despite unprecedented claims levels, no insurer defaulted and the industry paid claims promptly to insured exporters. Overall, the industry proved resilient.

| Table 20.4 | ST Claims Paid in Selected Emerging Markets, by Destination Country |
| US$, millions |
| 2008 | 2009 |
| Russian Federation | 22.5 | 188.2 |
| Ukraine | 2.9 | 128.0 |
| Turkey | 32.4 | 94.9 |
| Brazil | 26.8 | 91.3 |
| Mexico | 18.5 | 48.7 |
| Total | 100 | 550 |

Source: Berne Union databases 2010.

Note: ST = short-term export credit insurance.
Private market insurers reduced credit limits. This was understandable from their perspective because the risk environment had seriously deteriorated and they were affected by large amounts of claims to pay. Exporters argued that insurers made a difficult situation worse for many companies because the lack of coverage made it difficult to sell goods abroad. Insurers countered that they prevented exporters from trading unsafely, ultimately saving them from potential negative consequences. Without doubt, the measures taken helped to limit the losses of private market insurers, ensuring that they are still operating today and that they are in a position to further insure trade.

To continue to support ST trade, ECAs had to respond to multiple challenges. At a time when they were paying claims as well, they were able to quickly implement measures, as asked by their governments and the G-20, to supplement private market capacity. These measures helped to alleviate the impact of limit reductions by private players.

The level of claims paid declined in the first two quarters of 2010, and BU members also noticed a drop in obligor defaults and resulting claims notifications. Insurers now report cautious optimism that claims are leveling off and that confidence is returning to the market, which would be in line with early signs of a global recovery. However, insurers are aware of the volatile risk environment and continue to monitor their portfolios of risks closely.

**Medium/Long-Term Export Credit Insurance during the Crisis**

Most medium/long-term export credit insurance (MLT) worldwide (covering sales with credit periods of one year or more) is provided by official ECAs with the backing of their governments. BU statistics show MLT cover offered by ECAs only, and the following analysis does not include cover provided by private market insurers.

The MLT situation is quite different from the ST business, where different types of players reacted differently to the challenges posed by the global economic environment. In contrast, the behavior of BU members regarding MLT export credit insurance was generally consistent because, in the MLT field, BU members are all public insurers—that is, ECAs with similar mandates to support national exports and national interests.

After the Lehman shock in September 2008, bank financing almost dried up for a few months into early 2009. Activity then picked up during the year, particularly in sectors such as aircraft financing, telecom and satellite financing, infrastructure, and oil and gas. During this period, ECAs were instrumental in keeping the trade flows going. Indeed, in many cases, ECA insurance coverage
had become a condition of lending without which banks could not finance MLT transactions.

**New Exports and Total Exports Covered**

Two parameters should be looked at to analyze the amount of insurance provided by ECAs in the MLT field: (a) new exports covered during a year, and (b) the total stock of export credits under cover at the end of a year. Because MLT transactions are repaid over a number of years and stay on insurers’ books as “insured exposure” for a significant time period, both figures are important measures and give slightly different indications of recent and historic business activity.

**MLT new exports**

New exports covered show the volume of transactions for which an insurance contract has been signed during the year. Although an insurance policy comes into effect during a particular year, it is the result of work that has been performed before signature. In that respect, “new business” more often than not reflects the work of a time period that is much longer than the current year. This is particularly the case when a credit insurer underwrites large, complex projects that can take years to come to fruition.

MLT exports insured by BU-member ECAs had healthy growth in recent years, despite a seemingly benign risk environment. But when the crisis started in 2008, it gave exporters and banks an extra reminder of the volatility of the global economic environment. Banks, whose business is primarily to provide financing and which might have taken some risk in the benign precrisis years, were not prepared to do so in the higher-risk environment. Although insurance is not a source of liquidity in itself, it enhances the creditworthiness of the buyer. ECAs had a crucial role in this respect because they carry the full faith and credit of their respective governments, a security that was sought after, especially during the crisis. ECA cover was therefore able to ensure that bank liquidity continued to be available for MLT lending.

Consequently, ECAs, particularly those in developed countries, saw a huge increase in demand for their MLT cover in 2009. After a first quarter with relatively low business levels, new MLT exports covered increased steadily in each quarter to reach a full-year total of $191 billion, the highest level ever recorded, as shown in figure 20.5. The 2009 growth rate was 25 percent, almost double the compound annual growth rate of 13.7 percent from 2005 to 2008.

The largest destination countries for new MLT exports covered in 2009 were the United States, Brazil, the United Arab Emirates, Russia, Canada, Indonesia,
and India. New exports covered to these countries totaled $87 billion, close to half of the total global amount.

**MLT Total Exports**

Total exports under cover show the amount that credit insurers are exposed to under the insurance policies that are currently in force. For each policy, this would be the amount of credit covered at the beginning of the insured transaction, less any repayments made. In other words, it is the maximum amount that BU-member ECAs all together would have to pay to insured exporters in the unlikely event that all buyers under all current transactions would default on their obligations at the same time. Of course, such a situation would not happen in reality, but it shows the financial exposure that ECAs incur due to these transactions.

Figure 20.6 shows the total amount of MLT export credits under cover by BU-member ECAs at the end of a given year. This exposure includes deals that have been underwritten during the year as well as transactions where insurance cover started in previous years and where repayments are still due. The total MLT exposure on ECAs’ books at the end of 2009 stood at $511 billion, 14 percent higher than in 2008. This was a record, as well as for the new exports covered.

Growth in insured MLT exports has been continuous and sustained since 2005. As table 20.5 shows, it was similar in all regions except for the biggest destination region, Asia, to which covered MLT exports have remained stable since
2007. Consequently, the Asian share has somewhat declined as a percentage relative to other regions.

With the exception of the United States (the largest-exposure country in MLT insurance), the big-exposure countries in this field are all in emerging markets: Russia, Brazil, India, China, the United Arab Emirates, Turkey, Saudi Arabia, and Mexico. This is a contrast to the ST market, which is dominated by industrialized Western European destination countries and the United States.

Both new business covered during the year by BU ECAs and the total amounts under cover at year’s end reached an all-time high in 2009. This was
also the case for insurance offers—transactions in which the export contract is not yet concluded. MLT offers increased even more than the two other indicators, by 32 percent, to $168 billion.

The MLT story is therefore very much a success story “from peak to peak” and is a testimony to ECAs’ ability to support banks and exporters through the crisis and to prevent a potentially drastic reduction of MLT transactions.

**MLT Claims Paid**

Claims paid by BU-member ECAs to customers in 2009 nearly tripled compared with the previous year to reach $3.1 billion, as shown in figure 20.7. The 66 percent loss ratio was high relative to both 2008 and 2007, when it had been 29 percent and 35 percent, respectively. However, the 2009 level was not exceptional because similar levels had been recorded in 2005 and 2006. Historically, even much higher loss ratios had prevailed for more than a decade, from the early 1980s to the mid-1990s.

Two-thirds of the MLT claims paid by BU members in 2009, amounting to $2 billion, originated in commercial buyer defaults. The remaining one-third, slightly more than $1 billion, was due to defaults for political reasons. The country with the largest amount of commercial defaults was the United States, followed by Canada, Mexico, Brazil, Russia, and Kazakhstan. For claims paid due to political risks, the countries with the largest defaults were the United Arab Emirates, Serbia, Iraq, Angola, Sudan, and Argentina.

**Figure 20.7** MLT Claims Paid, 2005–09

![Graph showing MLT Claims Paid from 2005 to 2009](image-url)

*Source: Berne Union databases 2010.*

*Note: MLT = medium/long-term export credit insurance.*
MLT export credit insurance is dominated by relatively few large—sometimes very large—transactions, which is why it is called a “lumpy” business. Compared with ST business, it does not have the same broad spread among thousands of smaller risks in many countries. In MLT business, a single large claim can have a noticeable impact on the loss ratio of the whole industry.

Even if a loss ratio of 66 percent is not unusual in MLT, several claims paid in 2009 were the result of the global financial crisis. The crisis put private buyers in a position where they were unable to pay their creditors (the commercial defaults) or prompted governments to decide not to honor their obligations or to interfere with private transactions (the political risk defaults).

**MLT Outlook**

Throughout the crisis, the ECAs’ support of exporters and banks proved crucial in helping attract the necessary financing for MLT export transactions and therefore in sustaining international trade.

The question can be asked whether the 2009 losses indicated the beginning of a period of generally increased defaults due to the deteriorated financial and economic conditions worldwide. It is too early to tell, as it will depend on the speed of global recovery and future economic conditions for private companies and governments.

ECAs are used to dealing with risk and are familiar with the challenges of the global economic environment. They have therefore been able to run their business on a steady course since the start of the crisis in late 2008. The biggest challenge was a particularly high demand resulting in a busy operational activity that stretched their resources. With the support of their governments, ECAs took initiatives to pursue and expand their mandates to support national exports and national interests. ECAs also paid claims at a high but not exceptionally high level, and they have been commended by exporters and the banking community for the role they played during the crisis.

From a historical perspective, ECAs have usually recovered the largest part of the claims they have paid in the past. Recoveries might take a long time, but in the long run, the business of ECAs has been self-sustaining. With a satisfactory financial situation and with their governments behind them, ECAs can take a long-term view of the business that allows them to operate successfully in the MLT field.

**Conclusions**

The challenges posed during the crisis by a deteriorated economic environment and the resulting risks have highlighted the importance of risk management,
which has become a priority for companies and financial institutions all over the world.

As the global crisis moves on and signs of economic recovery are seen in some regions of the world, the indications for the credit insurance industry are positive:

- The value of credit insurance as a risk mitigation tool in cross-border trade has gained in global recognition, leading to increased demand for the product. Higher risk awareness and product awareness will bring opportunities for existing credit insurers, public and private, and for new market entrants.
- The solidity of the credit insurance industry has been demonstrated in light of an unprecedented global situation. Credit insurers met their obligations and paid claims—at a high level in MLT and at an unprecedented level in ST.
- Although credit insurance is not a source of liquidity in itself, it helped to unlock bank financing during the crisis and was able to ensure that liquidity was available for ST and MLT finance.
- The crisis also showed that both private and public credit insurers have a role to play and that ECAs are a vital part of the industry, complementing the private market as they demonstrate the ability to offer risk capacity even during difficult times.

This is a time where regulatory changes in the financial industry, especially concerning capital requirements, are being discussed and considered by various
governments and regulatory bodies. Because such changes could affect trade and export finance, export credit insurers are carefully watching the developments.

With the lessons from the 2008–09 crisis, the credit insurance industry is well equipped to support international trade in the future. As they have done since 1934, Berne Union members, whether public or private credit insurers, will continue to offer risk capacity to facilitate trade transactions worldwide.

References


