



Trade credit solutions for multinational companies

ICBA Advantage

The newsletter for trade credit insurance solutions

Issue 4 – Autumn 2009

Interview with ICBA Operating Chair, Emmanuel Portier

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Portier discusses trade credit insurance best practices, the benefits of the global and local ICBA network, and the strengths and consistency of ICBA, now in its 10th year.

New ICBA-online

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The re-designed, improved ICBA Web site provides a current resource for existing and potential clients as well as those looking for trade credit insurance industry insights.

Second wave of economic crisis or an end in sight?

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ICBA brokers help clients succeed in a risky economic climate and make sense of conflicting news reports.

ICBA blog excerpt by Ron Doyle: The future is now

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Credit insurance allows companies to transfer risks to underwriters, such as unforeseen political risks that cause abnormally high write-offs against accounts receivable.

Emmanuel Portier discusses ICBA's superior service and how clients can save money

International companies suffer the hard costs of bad debts and payment defaults. Emmanuel Portier – partner with Jean Busnot SA (ICBA France) for 13 years and current ICBA Operating Chairman – describes how trade credit insurance protects receivables and provides a company with external risk assessment tools. Mr. Portier explains ICBA's longstanding stability and its consistent ability to implement efficient and cost effective solutions for its clients.

Question: In 2009, ICBA has its bi-annual global conference in Sydney, Australia. Sharing insights and expertise about trade credit insurance among ICBA independent members from 27 countries is an invaluable experience. How does this collaboration by global, yet locally-grounded, brokers translate to benefits for ICBA clients?

Emmanuel Portier: As in many global organizations, these meetings allow us to exchange best practices, which by definition serve our clients. They profit from access to an international network's experiences and expertise. Since ICBA members are all long-term partners with our own companies, we don't waste time introducing new people, socializing with each other while in reality competing for individual promotion – as is the case in multi-line international insurance brokerages. With ICBA, a unified, specialized team has worked together for 10 years. This team spends 100% of its time focused on improving our clients' satisfaction, adding value to their businesses and providing ideas that safely increase business growth.

Also, while globalization increases, business practices and decisions are still very much local accomplishments. For instance, an ICBA broker assists a client to set up a successful group procedures guide that considers local tax regulations, business law and local language. Another example: in 99%

of our international accounts, the English language is used as a common "tool", yet non-native speakers often can't thoroughly express the complexity of their business and their credit management needs in English. ICBA clients are therefore delighted by the proximity of ICBA brokers who speak their languages. These are reasons why ICBA defines its strategy as specialized in GLOCAL business, rather than GLOBAL.

Question: How does association with ICBA and its global partners translate to money saved for ICBA clients?

Emmanuel Portier: By working with ICBA brokers, clients save money in three ways. Organizing a cost saving, competitive international program helps clients to optimize existing contracts spread all over the world and/or insure new business not yet protected. As with all consultant contracts, the cost savings generated by us far exceed our remuneration – which explains why so many major companies make the choice to work with specialized broker/consultants, such as ICBA's.

ICBA clients also save money by avoiding problems with their credit insurers. In particular, ICBA brokers make certain their clients receive approval on good credit limits and have their claims indemnified. ICBA brokers check the wording of insurance policies for their clients so no "unfortunate surprises"



Emmanuel Portier

Interview with Emmanuel Portier

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occur and we assist all clients to understand the possible complexities of credit insurance.

Finally, trade credit insurance is in fact a solution. ICBA clients suffer the hard costs of bad debts and defaults of payment. For that reason, ICBA brokers develop in partnership with clients a business strategy to protect receivables and use credit insurance as an independent external risk assessment tool. Trade credit insurance is used to keep bad debt losses under control and to secure an operating margin that allows clients to continue to grow their businesses.

Question: ICBA is celebrating a 10 year anniversary this year. As an ICBA founder, can you forecast the positives, still to come, for the association and its clients?

Emmanuel Portier: Let me focus on the words "10 years" rather than on "celebrating". When I look at ICBA's main competitors, I observe that ICBA is the only widespread team providing stability. I believe this long-term consistency is necessary to implement an efficient and cost effective credit risk strategy for a client. Specifically during a credit crisis period, ICBA brokers' practical decisions are based on long experience and collaboration, rather than on a nervous reaction to the latest, negative weekly report. ICBA's stability is a real strength.

(Emmanuel Portier is ICBA Operating Chairman and partner of 13 years at Jean Busnot SA (ICBA France). Previously Mr. Portier was Senior Risk Underwriter for six years at Euler Hermes.)

Credit insurance after the credit crisis: the future is now

Excerpted from Ron Doyle's latest post on the ICBA blog

Credit insurance remains a valuable tool in managing risk. Credit insurance allows companies to transfer certain risks to underwriters, and by improving financing options and supporting increased sales, credit insurance solutions are evolving to follow more traditional insurance concepts, such as:

1. Credit insurance coverage should only be used for unforeseen commercial and political risks that could cause abnormally high write-offs against accounts receivable. Routine write-offs are a cost of doing business and they are within the control of the company.
2. Companies seeking credit insurance may have to include new risk mitigation strategies into credit practices. It is now apparent that underwriters require more financial information (from policyholders and their buyers) prior to approving larger exposures, particularly in industries with a high aggregation of risk... Read the full post at www.ICBA-online.com.

(Ron Doyle is a founder at ICBA Canada.)

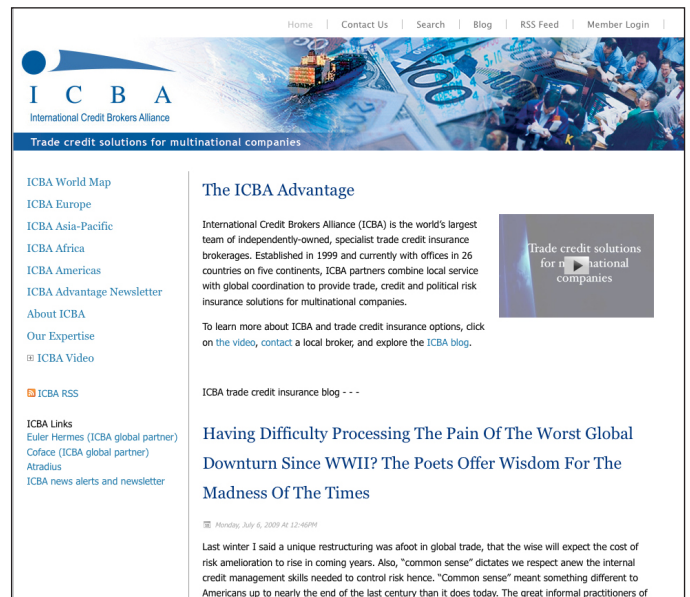
In the news

Second wave of global economic crisis or is it coming to an end

In mid-August, *Reuters* news service and Bernhard Warner of *The Big Money* reinforced *The New York Times* position that the global recession is coming to a close. Also on Aug. 13, *The Wall Street Journal* observed, "Europe recovers as U.S. lags" and cited that recovery is under way in China and Asia, exemplified by India's announcement that industrial production in June 2009 rose nearly 8% from a year earlier.

Yet Webster Tarpley, of the Centre for Research on Globalization, on Aug. 17, reported "a second wave of the world economic depression is coming soon." And *Telegraph.co.uk* of Aug. 18 shared that view. *The Telegraph's* Ambrose Evans-Pritchard stated Germany is bracing for a second wave of the credit crunch and quoted Hartmut Schauerte, the German economic state secretary, "The most difficult phase for financing is going to be in the first and second quarter of 2010."

Companies reeling through the current economy need experienced brokers with practical risk assessment tools as well as reliable ways to access credit. ICBA brokers work in partnership with clients to build strategies that reduce losses from bad debt. ICBA brokers' expertise in trade credit insurance solutions help international companies make sense of conflicting news reports and assess risky financial situations.



The screenshot shows the ICBA website homepage. At the top, there are navigation links: Home, Contact Us, Search, Blog, RSS Feed, and Member Login. Below this is a header banner with the ICBA logo and the text "International Credit Brokers Alliance" and "Trade credit solutions for multinational companies". The main content area is divided into two columns. The left column contains a sidebar with links to "ICBA World Map", "ICBA Europe", "ICBA Asia-Pacific", "ICBA Africa", "ICBA Americas", "ICBA Advantage Newsletter", "About ICBA", "Our Expertise", "ICBA Video", "ICBA RSS", "ICBA Links", "Euler Hermes (ICBA global partner)", "Coface (ICBA global partner)", "Atradius", and "ICBA news alerts and newsletter". The right column features a section titled "The ICBA Advantage" with a sub-header "Trade credit solutions for multinational companies" and a video player. Below this is a section titled "Having Difficulty Processing The Pain Of The Worst Global Downturn Since WWII? The Poets Offer Wisdom For The Madness Of The Times" with a date "Monday, July 6, 2009 at 12:40PM" and a short excerpt of the article.

Explore the new www.ICBA-online.com

ICBA-online: updated, re-designed

The ICBA Web site is an excellent, current resource for existing and potential clients, as well as companies starting to research insurance solutions. Consult the new site for the latest credit insurance industry insights or to learn more about ICBA and trade credit insurance options for every size of business. At ICBA-online click on the ICBA video, contact a broker, and explore the blog. www.ICBA-online.com