

Celebrating 100 years of helping global trade flow

100 ICISA
SUPPORTING TRADE AND SURETY



About ICISA

The International Credit Insurance and Surety Association (ICISA) is the Amsterdam-based global trade association representing trade credit insurers, sureties, and their reinsurers. Founded in 1926, ICISA has, for one hundred years, represented the companies that protect the world's trade flows and underwrite the performance obligations of businesses across every major sector and geography.

ICISA members operate worldwide, providing cover against the risk of non-payment of receivables (trade credit insurance and credit and political risk insurance), and against the non-performance of contractual obligations (surety bonds). In 2025, ICISA members accounted for over EUR 3 trillion in insured exposures related to trade receivables, and billions more in surety bonds across construction, energy, infrastructure, and other key economic activities.

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Introduction

This year, ICISA marks its centenary. Starting with the first meeting of credit insurers in London, in 1926, ICISA has evolved over time as the global trade association for credit insurers, surety providers, and their reinsurers. This often-hidden market plays a critical role in the global economy underpinning trillions of euros of commercial transactions, infrastructure commitments, across every corner of the world economy each year.

ICISA members are specialist insurance and reinsurance companies that provide trade credit insurance, credit and political risk insurance (CPRI), and surety bonds. Together, they represent the overwhelming majority of protection provided in these product lines. Their clients include multinational corporations, small and medium-sized enterprises, banks, multilateral development banks and development finance institutions, and governments. The transactions they support range from everyday domestic trade to major infrastructure projects helping to address the major questions society faces today.

This report is published as part of the ICISA 100 celebrations. Its purpose is to demonstrate, through clear explanation and direct client testimony, the role that these products play in supporting economic activity around the world. It is intended for a broad audience: policymakers, regulators, business leaders, and anyone seeking to understand what trade credit insurance and surety do, why they matter, and how this industry can support wide objectives.

The report covers a number of key sections to help build knowledge and show practically how different users of the

products benefit. The first substantive section explains what these products are, in plain terms, and situates them within the policy objectives that governments internationally are working to advance: growth, resilience, competitiveness, sustainable economic transition, and improved access to finance. The second examines the concrete role these products play in the real economy – from protecting supply chains and enabling trade to freeing up working capital and supporting bank lending. The third presents testimonials from companies and organisations that use these products, in their own words, explaining why they do so and what benefits they gain. A concluding section draws together the themes from those testimonials.

Credit insurance and surety operate quietly in the background of commerce, often attracting attention only when things go wrong and helping to put things right. This report aims to change that – **to give credit insurance and surety the recognition they deserve as instruments of economic stability and growth.** Through this, governments, businesses, and other organisations will understand better how our sector can support them to manage risk, grow resiliently, and meet the challenges of a changing world.

Understanding the Products

Trade credit insurance, credit and political risk insurance, and surety are distinct products, but they share a common purpose: managing the risk that a financial obligation will not be honoured (or in surety, contractual obligations). In doing so, they make transactions possible that might otherwise not take place, and protect the parties that depend on those transactions from the consequences of failure.

All three products are used by businesses of all sizes, from small and medium-sized enterprises to large multinationals, and by banks and financial institutions. They are available across nearly all sectors and geographies; though they are most developed in OECD markets (reflecting the historical origins of the products and the commercial culture of trading on open account credit terms).

Trade Credit Insurance

When a company sells goods or services to another business, it typically does not receive payment immediately. Instead, it invoices the buyer and grants a period – usually 30 to 90 days, sometimes longer – within which the buyer must pay. This arrangement, known as trading on open account or credit terms, is the standard commercial practice in most sectors. It is convenient for buyers, who receive goods before paying, and competitive for sellers, who could not win business without offering it.

But it creates risk. The seller has delivered goods or services and is owed money that has not yet arrived. If the buyer fails to pay – because it has become insolvent, or because it defaults – the seller faces a loss that may be significant relative to its size. For a large corporation, a bad debt is an unwelcome but manageable event. For a smaller business, the failure of a major customer can be catastrophic.

Trade credit insurance covers this risk. The policyholder – the selling company – pays a premium to the insurer and, in return, receives protection against non-payment by its buyers. If a covered buyer is unable to pay, the insurer indemnifies the loss, typically to 85% or 90% of the invoice value. The seller's business continues; its cash flow is protected; and it can continue to pay its own suppliers, its staff, and its debts.

Protection is usually purchased on a whole-turnover basis, meaning that the policy covers the seller's entire portfolio of buyers rather than individual transactions. This reflects the insurer's interest in diversification and the seller's interest in comprehensive protection. Single-risk or named-buyer policies are also available for specific, larger transactions or for bank-financed exposures.

The insurer's role often extends beyond simply paying claims. Credit insurers continuously monitor the financial health of

the buyers in their portfolios, and they set credit limits – the maximum value of insured exposure permitted under the cover of the policy with any given buyer at any time – based on their analysis of each buyer's creditworthiness. When a buyer's financial position deteriorates, the insurer adjusts or withdraws the credit limit and alerts the policyholder. This early-warning function is a substantial part of the product's value, particularly for smaller businesses without dedicated credit management departments. This signal allows businesses to select their buyers carefully and with confidence, particularly when accessing new markets or expanding into new segments.

ICISA estimates that the total value of insured shipments protected by trade credit insurance in 2024 reached over EUR 9 trillion – around 15% of world trade. The product is most established in Europe, where Spain, France, Germany, UK, and Italy are among the largest markets; but it is important across all continents.

Credit and political risk insurance is a related product within the credit insurance ecosystem, and is offered by many ICISA members. **CPRI often covers transactions that are longer in tenor, or relate to bespoke or discrete risks on a one-off basis.** Political risks covered under CPRI include expropriation of assets by a foreign government; currency inconvertibility or transfer restrictions, where funds cannot be repatriated; contract frustration by a government counterparty; and political violence including war, civil unrest, and terrorism.

These risks are particularly relevant in emerging and developing markets, where institutional uncertainty and political instability create hazards that cannot be managed through conventional credit assessment alone. CPRI is used by a range of clients for these reasons. Exporters entering markets where they lack confidence in the legal or political environment use it to protect the value of their contracts. Investors deploying capital in overseas projects – infrastructure, energy, manufacturing – use it to protect their equity or debt exposure against political interference or disruption.

One of the most important uses of credit insurance and CPRI is their supportive role in helping banks provide finance to the real economy. The wider suite of credit insurance products is used by financial institutions to reduce the credit risk on their books, and to satisfy their own risk appetite and regulatory capital requirements. Banks, factors and others involved in this business value the strength of insurer balance sheets, the robust regulation they operate under, and the ability of insurers to offer a second pair of eyes on risk. In this way, credit insurance is an important tool for banks to gain capital relief, ensuring that their ability to finance the real economy can extend further. Recent surveys by ITFA (International Trade and Forfeiting Association) and IACPM (International Association of Credit Portfolio Managers) indicate that this connection supports almost EUR 500 billion of financing annually.

Surety

Surety bonds provide an assurance to one party (the obligee) that another party (the principal) will fulfil a specific obligation. If the principal fails to perform, the surety company steps in, either by arranging for the obligation to be completed or by compensating the obligee for the resulting loss.

Surety is used across a wide range of applications.

In construction and infrastructure, where it is most prominent, performance bonds guarantee that a contractor will complete a project to the agreed specification; while payment bonds guarantee that subcontractors and suppliers will be paid. If the contractor fails, the surety ensures the project is finished and the supply chain is protected. Advance payment bonds protect project owners who have paid contractors in advance, ensuring the money is returned if the contractor does not perform.

Beyond construction, surety bonds are used wherever a regulator, a public authority, or a commercial counterparty requires a guarantee of performance; or occasionally, of licensing and qualifications to perform. Customs bonds guarantee that importers will pay duties and comply with customs requirements. Environmental bonds guarantee that operators will meet their decommissioning or remediation obligations. Licence bonds guarantee compliance with the conditions of a regulatory licence. In each case, the bond replaces or supplements a cash deposit or letter of credit that would otherwise tie up the principal's funds.



A key distinction between surety bonds and bank guarantees is the treatment of the principal's credit lines. A bank guarantee is an instrument of credit: it is issued under a banking facility and occupies part of that facility. A business with EUR 10 million in bank credit lines that uses EUR 6 million in guarantees has only EUR 4 million available for other purposes. **Surety bonds are insurance products, not banking instruments.**

They are issued based on the surety company's assessment of the principal's overall creditworthiness and track record, and they do not consume banking credit lines. The principal's full banking capacity remains available for working capital, investment, and growth.

For mid-sized businesses in contract-intensive sectors, this is often a material difference. Releasing credit lines previously tied up in guarantee obligations can significantly improve financial flexibility and capacity for growth.

These Products and the Policy Agenda

Governments around the world have set ambitious economic objectives: to accelerate growth, strengthen resilience against external shocks, support the transition to more sustainable economic models, improve competitiveness, foster innovation, and widen access to finance. These goals are particularly targeted at small and medium-sized enterprises, and for businesses in underserved markets.

Trade credit insurance and surety contribute to each of these objectives.

Growth depends on trade. Trade depends on trust – specifically, on buyers and sellers being willing to transact with one another on credit terms. Credit insurance underpins that trust by removing (or substantially reducing) the credit risk that would otherwise inhibit commercial relationships. It enables businesses to sell to a wider range of buyers, enter new markets, and extend credit terms they would otherwise not be in a position to offer. The result is more trade, more economic activity, and more growth.

Resilient supply chains are those where disruptions to one part of the economy do not cascade uncontrollably through the system. Credit insurance and surety limit contagion. When a buyer fails, the insurer absorbs the loss, the seller remains solvent, and the supply chain remains intact. This function is particularly important during economic downturns, when insolvency rates rise and the risk of cascading failures is highest.

Access to finance for smaller businesses is improved by credit insurance in two distinct ways. For the business itself, insured receivables are of higher credit quality than uninsured ones; making them better collateral and improving the terms on which the business can borrow. For the bank providing the finance, insurance reduces the credit risk on its book, enabling it to lend where it might otherwise decline, and at pricing that reflects the reduced risk.

Yet, these products remain less well understood by policymakers and regulators than their economic significance warrants. They do not feature prominently in discussions of industrial policy, trade strategy, or financial regulation, despite playing a material role in each. This report seeks to change that – and to challenge those stakeholders to explore how credit insurance and surety in their markets can be leveraged to meet their wider policy and business objectives.



Our Role in the Real Economy

The contribution of credit insurance and surety to the real economy is substantial and multidimensional. These products shape how businesses manage risk, how they access finance, how supply chains are structured, and how trade flows across borders.

Protecting Supply Chains

Modern supply chains are complex, interconnected, and vulnerable. A single major buyer failure can send shockwaves through multiple tiers of suppliers, triggering a chain of losses that destabilises businesses far removed from the original default. Credit insurance interrupts this mechanism.

When a supplier holds credit insurance, a customer failure results in an insurance claim rather than a crisis. The shock is absorbed by a specialised insurer designed and capitalised for exactly that purpose, rather than being passed through the supply chain. The insured supplier can continue to pay its own suppliers, service its own debt, and maintain its workforce. The contagion is contained.

This function is particularly important during periods of economic stress. In a downturn, insolvency rates rise and payment discipline deteriorates. Credit insurance becomes more valuable precisely when it is most needed. Policymakers and insurers observed this dynamic during the 2008 financial crisis, and again during the economic disruption of the pandemic period.

Facilitating Trade and Economic Activity

Trade credit insurance expands the universe of trade that is commercially viable. Without it, many sellers would not be willing to extend credit terms to buyers they do not know well, in markets they find opaque, or in conditions of economic uncertainty. Credit insurance resolves this tension, allowing sellers to offer credit terms with confidence; and to extend business to buyers and markets they might otherwise approach with excessive caution.

For cross-border trade, this function is especially significant. International transactions involve additional complexity: different legal systems, reduced visibility of the buyer's financial position and – in many markets – political risks that have no domestic equivalent. CPRI makes viable transactions that would otherwise be considered too uncertain to pursue. The private CPRI market complements the support provided by official Export Credit Agencies, and has played a material role in connecting European exporters and investors with opportunities in emerging and developing markets.

Customs bonds provided by sureties around the world ensure that the complicated work of importation can happen smoothly. By assuring customs authorities that duties and other obligations will be met, trading partners moving goods do not have capital unnecessarily tied up. Critically, this not only supports smooth operations at ports worldwide; it also protects tax-payers from losses arising from the default of those owing obligations.

Freeing Up Working Capital

Credit insurance improves the quality and liquidity of a company's receivable book. Insured receivables can be used as higher-quality collateral in receivables financing or factoring arrangements, allowing businesses to convert outstanding invoices into cash more easily and on better terms than would otherwise be possible.

Surety has a particularly direct effect on working capital. Businesses in construction and other contract-intensive sectors are routinely required to provide financial guarantees to clients, regulators, and counterparties. Traditionally, these have been provided as bank letters of credit, which consume credit lines. Surety bonds replace these instruments without consuming banking capacity. A contractor that shifts from bank guarantees to surety bonds releases credit lines for operational use, improving financial flexibility and enabling growth that would not otherwise be possible.





Supporting Access to Finance

The relationship between credit insurance and bank lending is one of the less-visible but most significant aspects of what these products do for the economy. When a bank holds insured receivables as collateral, or finances a portfolio of insured trade receivables, the credit risk it faces is substantially reduced. This has direct consequences for the capital the bank must hold, for the pricing of the facility, and for the bank's willingness to lend. Insurance-backed lending makes credit available where it would otherwise be unavailable or prohibitively expensive. Due to the diversified nature of insurer portfolios and the volume of risk information held, the unit price of risk is lower than what a bank would have to put aside in capital.

This is particularly important for smaller businesses and for trade with counterparties in higher-risk markets. A bank that would decline to finance the receivables of a small exporter selling into an emerging market may take a very different view if those receivables are insured by a rated credit insurer. The insurance converts an unacceptable exposure into one that fits within the bank's risk appetite.

CPRI plays a closely related role in project and investment finance. Major infrastructure projects (particularly in developing markets) frequently require political risk insurance as a condition of financing. Without it, lenders and investors will not commit. By enabling these transactions to proceed, CPRI supports investment flows into economies that need capital for development.

Taken together, these functions (supply chain protection, facilitation of trade, working capital optimisation, resilience, and access to finance) represent a substantial and durable contribution to economic activity. **The testimonials that follow give voice to that contribution**, as experienced by the businesses and banks that use these products.

Improving Resilience

At the level of the individual business, credit insurance reduces financial vulnerability to buyer concentration risk. Many businesses depend on a small number of large customers; the failure of one can be existential. Credit insurance limits this vulnerability by ensuring that the financial consequence of such a failure is covered rather than absorbed directly.

At the macroeconomic level, the insurance mechanism distributes risk across a large and diversified pool, held by institutions with the capital and technical capacity to bear it. This is economically efficient: risk sits with those best placed to manage it. **The result is a more stable commercial environment, in which credit conditions remain more predictable through cycles of expansion and contraction.**

Credit and surety providers are also strongly supported by diversified global reinsurers. Their additional expertise and financial strength further distribute risk, reduce concentrations, and extend the underwriting capacity of ceding companies.



Testimonials

What clients and users of ICISA members say...

The testimonials that follow are from clients and users of ICISA members across a range of sectors and geographies. They reflect why these organisations use trade credit insurance or surety, and what benefits they gain.

GEK TERNA

Greece | Surety

Client of Interamerican Group

"GEK TERNA is a leading, vertically integrated Greek infrastructure group, anchored in concession-based activities and supported by a robust portfolio of long-term concessions. In addition, GEK TERNA operates the largest construction business in Greece, with more than 50 years of experience and strong execution capabilities spanning transport, energy, industrial and building projects.

At GEK TERNA we carefully select our financing counterparties and credit providers based on their proven track record, financial strength, and commitment to long-term sustainable partnership. With the introduction of the surety market in Greece, Interamerican emerged as a key strategic partner for us from early 2019. Surety bonds have enabled us to expand our credit provider base, access alternative financing solutions, and diversify our funding structure beyond traditional bank-issued letters of guarantee.

The value of this partnership was demonstrated clearly at the commencement of the Heraklion International Airport concession in February 2020 – the second-largest airport project in Greece. Interamerican contributed through the timely and efficient issuance of the required guarantee. The project has since played a pivotal role in supporting the recovery of the Greek economy, and has marked an important step in GEK TERNA's evolution from a predominantly construction-focused group into a leading infrastructure player across Greece and the wider South-Eastern European region."

Surety bonds have enabled us to expand our credit provider base, access alternative financing solutions, and diversify our funding structure beyond traditional bank-issued letters of guarantee.

Vestas Wind Systems

Denmark | Surety | Client of Atradius

"Vestas is a global leader in wind energy, delivering wind turbine solutions for renewable energy projects around the world. Surety bonds have been an integrated part of how Vestas manages its financial and contractual obligations for more than 25 years.

The local presence of surety providers has been particularly valuable in helping us comply with the requirements of public authorities in different jurisdictions, smoothing processes that might otherwise be slow or complex.

We use surety bonds as guarantee instruments in a range of contexts – including guarantees required by public authorities and guarantees connected to the delivery of wind turbines for renewable energy projects. We are also aware that credit insurers active in this space support Vestas' sub-suppliers in managing their own receivables, extending the benefit of the product through the supply chain.

Our continued use of surety reflects a deliberate policy of diversification among our financial partners and a desire to broaden access to risk capacity across the market. The local presence of surety providers has been particularly valuable in helping us comply with the requirements of public authorities in different jurisdictions, smoothing processes that might otherwise be slow or complex. Their ability to respond quickly when guarantees are required at short notice has also been a practical advantage in the context of project timelines."



Alberto Couto Alves

Portugal | Surety

Client of Azuaga Seguros

“Alberto Couto Alves is a Portuguese group of companies active in the public contracting market, bidding for and delivering works, supplies, and services contracts.

We have used surety insurance since 2020. Our need for the product arises directly from the structure of public procurement in Portugal. When a public contract is awarded, the contracting authority requires a guarantee, typically 5% of the contract value on award and a further 5% retained during the performance period. Surety insurance allows us to provide both. Our provider, Azuaga, processes documentation quickly, enabling us to deliver guarantees to clients within three days of award – **a responsiveness that reflects well on us as a counterparty and supports our reputation for competence and reliability.**

The practical impact on our business goes beyond compliance. Under Portuguese procurement rules, the performance retention can be replaced by a surety bond, meaning that the client releases payments in full rather than withholding a percentage pending completion. This directly improves our cash flow and allows us to manage liquidity more efficiently. Both clients and beneficiaries are familiar with and trust the product, and our ability to provide guarantees promptly and reliably has strengthened our commercial relationships.”

Meraxis Group

South Africa | Trade Credit Insurance

Client of Lombard Insurance

“Meraxis is a global polymer distributor and commodity trader, active across South Africa and a number of markets in sub-Saharan Africa. Funding is central to the commodity trading business, and trade credit insurance has been a core component of how we manage and support that funding for 14 years.

We use export credit insurance to cover receivables on product exported from South Africa into African markets, with cover extending to both commercial and political risk. The insurance fulfils two connected functions: it satisfies the requirements of our funding providers, for whom insured receivables represent more acceptable collateral; and it protects our income statement against the impact of customer defaults – a real risk in markets where credit information can be limited and operating conditions unpredictable.

Beyond protection, the product supports our growth into new and existing markets. We work closely with Lombard and their technical team, including travelling together into the countries where we trade to visit clients on the ground. That joint engagement gives both sides a deeper understanding of the markets and the businesses we are dealing with. **It has helped Meraxis build close, long-lasting relationships with customers** across the region – and ultimately supports our ability to extend the credit and product those customers need to run their businesses.”

Prysmian Group

Italy | Trade Credit Insurance | Client of Allianz Trade

“Prysmian is one of the world’s leading manufacturers of cables and systems for energy and telecommunications, operating across more than 50 countries. The Group has used trade credit insurance since its demerger from Pirelli in 2005. The current global programme has been in place since 2012, when a comprehensive refresh of the Group’s credit management policy embedded trade credit insurance as a central tool for managing credit risk across worldwide commercial operations.

The programme is structured as a global policy held by the parent company, supplemented by approximately 90 local policies across 44 countries, covering substantially all of Prysmian’s industrial entities. Our credit management policy strongly promotes the use of insurance for non-investment grade exposures where possible. AON has been a consistent and supportive partner in managing the programme, both centrally and at local level, and our direct relationship with Allianz Trade is equally important to its operation.

...enabling us to evaluate the strategic opportunity while maintaining strict control over the exposure.

We use the product to protect against bad debt, to support commercial growth by enabling us to extend credit to strategic customers without disproportionate risk, and to maintain consistent credit governance across a large and complex group. Insurance-backed limits provide a

disciplined framework for credit decision-making and allow us to differentiate and quantify risks across business units and geographies.

In practice, the programme has helped us navigate a number of commercially important situations. When a major North American electrical wholesale distributor experienced rapid sales growth alongside temporary payment delays, we escalated the case and provided updated financial and payment behaviour data. The insurer increased the covered limit, allowing us to sustain commercial expansion while reinforcing internal discipline. In a comparable situation with a major European electrical buying group, we consolidated sales data and demonstrated reliable payment history to secure adequate insured capacity, with the insurer open to further increases as updated financials become available. In a more difficult case involving a large Engineering, Procurement, and Construction (EPC) contractor in the energy sector with a history of restructuring and recurring losses, all insurers declined coverage. The governance framework allowed us to classify the exposure as uninsurable, escalate it internally, and adopt alternative risk mitigation measures, including protective payment milestones and appropriate financial securities, enabling us to evaluate the strategic opportunity while maintaining strict control over the exposure.”

Renault Group

France | Trade Credit Insurance and Surety | Client of Coface

“Renault Group is one of the world’s leading automotive manufacturers, operating across more than 130 countries. The Group’s relationship with Coface dates to 1958 – a partnership of nearly 70 years that has evolved considerably over time, adapting to the changing needs of a complex, globally integrated business.

Renault uses credit insurance and surety bonds, as well as Coface’s financial rating tools. The credit insurance covers customer receivable risk against both commercial and country risk; the surety bonds are issued to third parties in connection with real estate, financial, and tax-related transactions; and the rating tools are used to assess and monitor the financial position of suppliers. Several of these are used not only in France, but across Renault’s international operations.

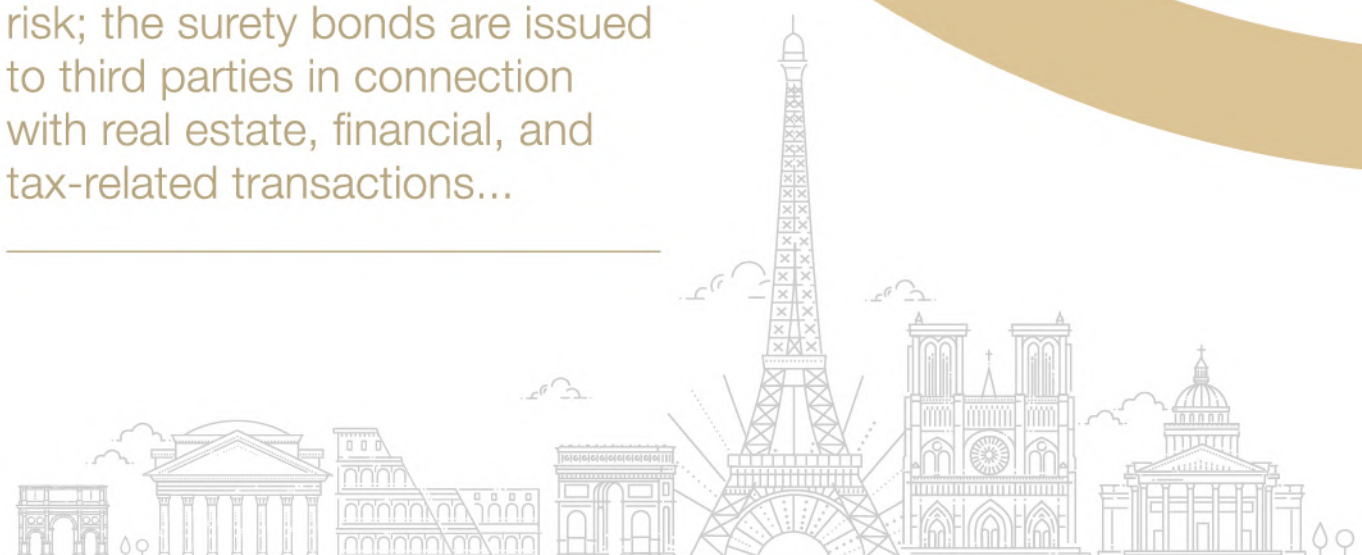
The foundation of our continued use is Coface’s depth of expertise, built over decades of practice in credit insurance

in particular. Coface understands our business model well, and brings a commitment to continuous improvement to the programmes it provides us. We value the ability to engage directly with Coface’s underwriters, which allows us to understand credit decisions clearly and work through complex situations constructively. On the surety side, Coface offers a service that is efficient, well-adapted to our needs, and commercially attractive.

In 2025, following an urgent request from Renault Group, Coface demonstrated the responsiveness that characterises our partnership, by moving quickly to offer credit enhancement on a significant transaction structured with a credit institution. In the event, the enhancement proved unnecessary – but the episode was a further demonstration of the practical value of a long-standing partnership built on trust, mutual understanding, and the ability to act decisively when it matters.”



The credit insurance covers customer receivable risk against both commercial and country risk; the surety bonds are issued to third parties in connection with real estate, financial, and tax-related transactions...





Insurance is a simpler, more transparent, and more flexible tool than many of the alternatives, and that is a strong foundation to build from.

From our Industry Association Colleagues...

Further to the experience of corporate users of credit insurance and surety products, ICISA is honoured to receive input from the ITFA (International Trade and Forfeiting Association) and FCI (Factor Chain International).

ITFA

Silja Calac, ITFA Board Member

Why banks use credit insurance and surety

The original driver for using credit insurance was straightforward risk mitigation – protecting against the risk of non-payment, particularly in countries with political instability. Over time, this evolved to include credit risk capacity: when a bank reached its limit for a particular name, insurance could provide additional headroom.

The most significant shift came with the Basel rules, as banks faced growing pressure to reduce risk-weighted assets (RWA). For the last five years, RWA reduction became the dominant reason for using insurance – roughly 80% of activity at larger European banks. The picture has shifted somewhat now, with the Capital Requirements Regulation (CRR) creating constraints for certain products; and we are seeing banks returning to insurance more for credit capacity reasons, particularly in the lower-rated segment.

Whole turnover credit insurance followed a somewhat different pattern. It was less driven by RWA reduction and more by credit capacity considerations, whereas single-risk credit insurance and surety were more closely linked to the RWA reduction motive.

Why insurers are valuable partners

One of the most important features of insurance is that, in the vast majority of cases, insurers are not competitors to banks. When working with another bank, there is always a risk that the client switches to that bank. Insurers do not pose that risk. At the same time, the partnership gives insurers access to assets they cannot reach on their own. For example, an insurer cannot confirm a letter of credit or extend a loan directly, but they can access these assets by partnering with a bank.

A second key benefit is that insurance is silent. A bank that has insurance cover can participate in a transaction with a larger share than it otherwise could, which can even help it secure a lead arranger position.

More broadly, insurance diversifies risk out of the bank market. The credit risk held by insurers is not correlated

with the bank market. If a syndicated loan has already drawn in a large portion of the bank market, insurers may have capacity where banks do not. And for multi-line insurers, credit and surety represent only a small part of their overall book – meaning a credit crisis does not put their capacity at risk in the same way it does for banks.

I saw this clearly during the 2009 financial crisis. There was no way to do distribution with banks, but our insurance partners continued to stand by us and provide capacity. This is critically important for the wider economy. The risk diversification goes even further when you factor in reinsurance, which spreads the risk even more broadly.

There is also significant value in the expertise insurers bring. When a bank submits a transaction to the insurance market, it receives feedback from a different analytical perspective – a second pair of eyes that completes and strengthens the bank's own risk analysis. Insurers approach pricing and risk assessment differently, and ITFA members consistently value this.

The regulatory context

The Capital Requirements Regulation (CRR) – the EU framework governing how banks calculate and hold capital against risk – has had a notable impact on how insurance is used in certain parts of the market. For investment-grade names in short-term trade finance and guarantee business, the current treatment can make adding an insurer less efficient from a capital perspective, because of the loss-given-default (LGD) rate applied to the insurer, even where the insurer is highly rated.

This is most acute for surety for banks, where two unfunded instruments are combined. Trade credit insurance works somewhat better because the funded underlying carries higher risk-weighted assets. As a result, insurance activity has shifted toward sub-investment-grade business, and some larger banks have explored alternative capital relief tools in the interim.

ITFA and ICISA have been working together on a CRR amendment to address this, and I am optimistic about the direction of travel. Once resolved, the activity that has slowed is well-placed to recover quickly – the relationships are intact and the expertise on both sides remains. Insurance is a simpler, more transparent, and more flexible tool than many of the alternatives, and that is a strong foundation to build from.

Why this is important to policymakers and regulators

Credit insurance and surety are well-tested instruments with a track record spanning decades. They are transparent, relationship-based, and subject to strong prudential oversight. The non-correlation and diversification benefits they bring to the financial system are well documented. When bank market capacity is stretched, insurers often have room to act; and for multi-line insurers, credit and surety represent only a small part of the overall book, providing additional resilience.

There is an important point for regulators to understand around what it means for a bank to be insured by a regulated European insurer. The realistic LGD in that scenario is considerably lower than current rules assume – detailed analysis has put it at three to four percent. Getting this right matters not just for the banks and insurers involved, but for the broader role these instruments play in supporting European trade and investment.

The European Insurance and Occupational Pensions Authority (EIOPA), as the insurance regulator, is well placed to explain to the European Banking Authority (EBA) the soundness and value of the insurance sector in this context. Greater dialogue between the two bodies would be beneficial, and it is something the industry would welcome.

FCI

Betül Kurtulus, Deputy Secretary General

Credit Insurance and Factoring: A Strategic Partnership Enabling Trade

In an increasingly uncertain global trading environment, risk management has become central to the sustainable growth of receivables finance. Trade credit insurance (TCI) has long played a crucial role in supporting factoring institutions, enabling them to manage risk effectively while continuing to finance businesses engaged in domestic and international trade.

For the global factoring industry, the collaboration between factors and credit insurers represents far more than a simple risk transfer mechanism. **It is a strategic partnership that strengthens the resilience of open account trade and helps unlock financing for companies across supply chains.**

Why do factors rely on credit insurance?

Insurers have developed specialised policies tailored to the factoring industry, recognising that the underlying exposure arises not from the supply of goods or services, but from the purchase of receivables.

These receivables are acquired under a Receivables Purchase Agreement (RPA) between the factor and the supplier.

Depending on the structure, invoices may be purchased with recourse, where the supplier ultimately retains the payment risk, or without recourse, where the factor assumes the buyer credit risk. In the latter case, credit insurance plays a particularly important role in supporting the financing model.

Factors typically maintain their own credit insurance policies for several strategic reasons. Credit insurance allows them to share risk, operate within internal risk appetite frameworks, and continue financing receivables even when internal exposure limits might otherwise constrain new business.

At the same time, credit insurers provide valuable market intelligence and buyer risk assessments, which complement the factor's own credit evaluation process. This combination of risk transfer and credit insight strengthens the overall risk management framework of receivables finance.

An evolving market in a changing global economy

Over the past two decades, the relationship between factoring institutions and credit insurers has evolved significantly. Global supply chains have expanded, exports have become increasingly important for companies of all sizes, and trade has largely shifted toward open account transactions.

At the same time, recent years have been characterised by heightened uncertainty – ranging from geopolitical tensions and economic volatility to inflationary pressures and supply chain disruptions. **These developments have increased the need for robust risk mitigation tools.**

As a result, businesses are showing greater willingness to use trade credit insurance to protect their receivables and strengthen their financial profile. For many companies, TCI is no longer viewed purely as a defensive instrument, but also as a way to improve transparency, enhance creditworthiness, and facilitate access to financing.

From the perspective of factoring institutions, credit insurance has therefore become an integral element of the broader receivables finance ecosystem.







Supporting the core functions of factoring

For factors, the benefits of credit insurance extend across several dimensions.

First and foremost, it enables effective risk transfer. Factors seek protection against key credit events such as buyer insolvency or protracted default, particularly in non-recourse transactions where the credit risk is assumed by the financier.

Secondly, credit insurance helps address capacity constraints. Financial institutions often face limits on their exposure to a single buyer or sector. By sharing risk with an insurer, factors can continue supporting their clients' growth while maintaining prudent concentration limits.

Another important dimension is capital efficiency. When properly structured, credit insurance can serve as a recognised credit risk mitigant; potentially allowing financial institutions to apply the insurer's risk weight, rather than that of the corporate debtor. This can reduce regulatory capital consumption and improve the overall profitability of receivables finance activities.

Beyond risk mitigation, credit insurance also contributes to commercial growth. It enables factors to expand their financing capacity, particularly in export markets where credit information may be less readily available. In addition, insurers often provide services such as buyer credit assessments and debt collection support, which further enhance the quality of the receivables portfolio.

Ultimately, these capabilities help factors **strengthen relationships with their clients by offering more robust and sustainable financing solutions.**

The perspective of the global factoring community

From the perspective of FCI, which represents the global factoring and receivables finance industry, the partnership between factors and credit insurers plays a vital role in supporting trade worldwide.

Receivables finance has become one of the most important tools for enabling open account trade, particularly for small and medium-sized enterprises. By combining financing expertise with risk mitigation solutions provided by credit insurers, factors can safely extend working capital to companies that might otherwise struggle to access traditional forms of financing.

This collaboration therefore contributes directly to strengthening supply chains, facilitating cross-border trade, and supporting economic growth.

Looking ahead: deeper collaboration and new opportunities

Looking forward, the partnership between factoring institutions and credit insurers is likely to deepen further as the trade finance landscape continues to evolve.

Digitalisation is expected to play a key role, enabling more efficient information sharing, faster credit limit decisions, and more streamlined policy management. Greater data integration between financiers and insurers could further enhance credit risk assessment and portfolio monitoring.

At the same time, the growing demand for working capital solutions – particularly among SMEs and exporters – will continue to create opportunities for joint innovation between factors and insurers.

In this context, trade credit insurance will remain a cornerstone of the receivables finance ecosystem. By enabling responsible risk sharing, enhancing financing capacity, and supporting confidence in open account trade, **the collaboration between factors and credit insurers will continue to play a critical role in driving global trade forward.**



Conclusions

The key themes that emerge from this report...

The testimonials gathered in this report, together with the analysis in the preceding sections, point to a consistent set of reasons why businesses and financial institutions choose to use trade credit insurance, CPRI and surety. These are not niche or technical products used only by specialists: they are instruments of broad economic relevance, embedded in the daily workings of trade, investment, and infrastructure across Europe and the wider world.

Six key themes emerge from these testimonials, reinforcing the analysis set out in the preceding sections of this report.

1. Access to finance and support for growth

The testimonials consistently describe credit insurance and surety as **instruments that actively support commercial growth**, not merely protecting against loss. Companies use these products to extend credit to customers they would otherwise approach with greater caution, to enter new markets where risk information is limited, and to take on contracts that would be difficult to secure without the financial backing a guarantee provides. The products extend the boundaries of what a business can safely do.

They also support the business's standing with its own clients and counterparties: the ability to issue guarantees quickly and reliably signals financial competence and strengthens commercial relationships. In several cases, the growth enabled by these products has been transformational – opening new geographies, new market segments, or a new phase of corporate development.



2. Diversification of financial counterparties and credit capacity

A consistent motivation across the testimonials is **the desire to broaden the range of financial partners and instruments available to the business**, rather than relying exclusively on traditional bank facilities. For businesses with significant guarantee or financing requirements, the ability to draw on the surety and insurance markets, alongside banking relationships, is a practical necessity. Surety in particular allows companies to access an alternative financing instrument and diversify their funding structure, preserving banking capacity for operational and investment purposes. This is not a marginal consideration: for some businesses, the availability of surety capacity is a precondition for taking on large contracts or major concessions at all.

3. Working capital and liquidity benefits

The positive effect on working capital and liquidity is a recurring theme across both credit and surety use. In the surety context, bonds can replace cash retentions withheld by contracting authorities under procurement rules; meaning that clients release full payment rather than holding back a percentage pending completion – a direct and material improvement in cash flow. In the credit insurance context, insured receivables serve as higher-quality collateral, improving access to receivables financing and factoring on better terms. For businesses in commodity trading and similar sectors where funding is structurally linked to receivable quality, **credit insurance is not optional – it is a condition of operating at scale.**

4. Risk governance and credit discipline

For larger and more complex organisations, credit insurance serves an important internal governance function that goes beyond the transfer of risk. **Insurer-backed credit limits provide a disciplined, externally validated framework for extending credit across large and diverse customer portfolios.** The insurer's assessment informs the company's own decision-making: when cover is granted, it validates the commercial relationship; when it is declined, that too is a signal – one that can trigger internal escalation and the adoption of alternative risk controls. Direct access to underwriters, and the ability to discuss credit decisions openly, is valued not merely as a service feature, but as a means of understanding risk more clearly and making better-informed commercial judgements. In short, the governance value of the product is as significant as its indemnification value.

5. Speed, reliability, and operational responsiveness

Across both product lines, the testimonials attach significant weight to **the responsiveness and operational reliability of their insurance partners.** The ability to issue guarantees quickly – sometimes within days, sometimes under demanding contractual deadlines – is frequently cited as a material factor in the value of the product. Local presence, which allows insurers to deal efficiently with the requirements of public authorities in different jurisdictions, is highlighted as a practical advantage in cross-border operations. And the capacity to respond at short notice to urgent commercial needs (restructuring a credit limit, issuing a large guarantee, or enhancing credit on a significant transaction) is described as emblematic of the partnership at its best. For businesses operating in competitive, time-sensitive environments, operational reliability is inseparable from the product's value.

6. Deep partnership and market knowledge

Several testimonials describe a relationship with their insurer that extends well beyond the transactional. Long-standing partnerships – in some cases spanning

decades – are characterised by the insurer developing a thorough understanding of the client's business model, markets, and risk profile; and continuously improving the programmes it provides as a result. In some cases, this extends to joint engagement in the markets where the client operates, building shared knowledge that improves underwriting decisions and deepens the quality of cover. This depth of relationship is not incidental: **it reflects the nature of credit insurance and surety as products that require ongoing monitoring, judgement, and communication,** rather than simple point-of-sale transactions. The insurer, in these accounts, functions as a genuine business partner – one whose expertise and engagement add value beyond the policy itself.



100 years and beyond

One hundred years after ICISA was founded, the industry it represents is more relevant than ever. The growth of global trade, the complexity of modern supply chains, the scale of infrastructure investment required by the energy transition, and the persistent challenge of connecting capital with opportunity in developing markets all create sustained demand for the risk management these products provide.

As governments pursue growth, resilience, and access to finance as policy priorities, they would do well to understand what credit insurance and surety already do in support of those objectives.

ICISA members are willing partners in that endeavour, bringing a century of expertise to the challenges ahead.



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