

Covid-19 crisis: Euler Hermes commits to support Belgian companies

- Trade Credit Insurers and the Belgian Federal Government reach protocol agreement on support scheme to sustain B2B trade
- Belgian businesses continue to benefit from credit limits to secure their commercial transactions
- Credit insurers cover B2B transactions of more than EUR57 billion for Belgian companies
- Additional measures taken by Euler Hermes to support its customers' cash flow

BRUSSELS, 22 APRIL 2020 – Euler Hermes, the world leader in trade credit insurance, is working alongside the public authorities to support Belgian companies in overcoming this crisis of unprecedented proportions. Following a protocol agreement between the Belgian federal government, Assuralia and private trade credit insurers that was negotiated under the aegis of the National Bank of Belgium, the authorities will set up a support mechanism in form of a guarantee scheme enabling trade credit insurers to continue to pursue their mission of securing business-to-business (B2B) trade and to extend their support to the Belgian economy.

Thanks to this support scheme, trade credit insurance underwriters will be able to maintain credit lines as much as possible to Belgian companies, allowing them to continue to pursue commercial transactions without non-payment risk.

Trade credit insurance covers B2B companies against the risk of non-payment and indemnifies a policyholder in the event of non-payment of a trade receivable by a buyer. The difficulties of some companies could quickly affect suppliers, and cause a domino effect in entire supply chains. This situation requires increased vigilance on the part of credit insurers, and the shared commitment from the entire public and private financial ecosystem. In total, trade credit insurers cover more than EUR57 billion of B2B transactions for their Belgian customers in Trade Credit Insurance, Surety and Guarantee policies.

Ed Goos, CEO of Euler Hermes BeLux: *"Trade Credit Insurance plays a key role for the economy. Exceptional times call for exceptional measures. Euler Hermes is working closely with the Federal Government to provide the best possible support and assistance to Belgian companies. More and more businesses – even those that were in good financial health before the crisis – are facing cash flow problems due to unpaid invoices from their customers. The protection mechanism put in place enables us to continue to cover certain risks and to protect our customers."*

Preserving the fabric of the Belgian economy

The support mechanism allows trade credit insurers to maintain as much as possible the credit limits of their Belgian policyholders. The protocol agreement provides for a maximum guarantee from the Belgian federal government of EUR900 million to trade credit insurers from 1 January 2020 until the end of the year. It will cover trade transactions between Belgian companies and their buyers in Belgium and abroad. The credit insurers are making a significant contribution to the protection mechanism. The protocol agreement has to be approved by the European Commission.

"We are pleased that the support scheme was set up in close cooperation with the public authorities. Thanks to this guarantee, the government supports the Belgian companies and ensures that they remain competitive in this difficult period. We as Euler Hermes fulfil an important role in making B2B trade possible. The support mechanism aims to protect companies that were in good financial health before the crisis and to maintain trade," explains Ed Goos. "Although working remotely during lockdown, we continue to support Belgian companies and

providing them with a consistent and high quality of service. Notwithstanding the general context of deteriorating economies and sectors and the considerable increase in risk in trade credit, our experts continue to assess the creditworthiness and risk profile of their buyers.”

Supporting the cash flow of Euler Hermes BeLux customers

Euler Hermes introduced several measures at the end of March to support its clients. Policyholders can negotiate a longer payment period with their buyers and the claim notification period has been extended. In addition, for its SME customers, Euler Hermes has decided to suspend the payment of the insurance premium until the end of April and provides more flexibility in the turnover transmission.

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For more information, please visit: eulerhermes.be

We predict trade and credit risk today, so companies can have confidence in tomorrow.



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