



The Face of The ICBA



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Skills:

Trade Credit Insurance



Finance



International Business



In the current climate I would imagine your clients require more support than ever. How are you meeting this need?

We have a specific department for managing policies and every client has an ICBA account manager they can talk to and correspond with for any issue relating to their contract. After the COVID-19 outbreak clients have understandably sought our help more than ever and in the coming weeks we expect to see an increase in claims. We can handle this increase in our workload because our business structure was designed precisely for these situations. What has changed? The way in which we communicate with our customers has had to change naturally with face to face meetings off the agenda for some time now! For the last few months, we have all been working from home using our laptops. But because our offices were completely digitalized years ago and we have been paperless for the last three years we have been able to offer the highest levels of support and service to every one of our customers despite these challenging times.

With premiums rising and limits being pulled or reduced do you think Trade Credit Insurance will retain its purpose and its popularity moving forwards or, will it have to justify its seat at the business table?

Trade Credit Insurance is one of the most efficient tools for achieving liquidity. It also offers stability in the market because it covers the risk of non-payment. COVID-19 has completely changed the environment in which companies and consumers are acting and naturally this has impacted on our sector too. We have seen this in the increase of forecast insolvencies (on average we expect an increase in insolvencies of at least 20% this year alone.). Furthermore, we must remember that we are coming from a soft market, with premium rates constantly below the technical rate. The consequence now is an obvious increase of Trade Credit Insurance premium rates, which is not only necessary but also urgent if insurers are to continue granting cover. Without adapting the Trade Credit Insurance costs to the changed conditions, Insurers will have no choice other than to cancel or reduce credit limits. On the one hand we see a "normal" reduction related to the minor sales achieved in the period, on the other hand Insurers are reconsidering the level of cover on those sectors most impacted by the lockdown and on those already fragile before the crisis. Government support schemes (already in place in France, Germany, Italy, UK) will help Insurers to keep reasonable levels of cover even on difficult cases. In conclusion, premiums rising, reassessment of credit limits, the end of lockdown and government support schemes will allow Trade Credit Insurance to maintain its vital contribution in granting liquidity and stability in the market.

How influential is the ICBA in shaping the discussions about Trade Credit Insurance and the outcomes at board level of the main insurers?

There are two key areas. The first is related to the fact that with insurance companies, the key decision makers are often too remote from the market. The ICBA Executive Committee is involved in ongoing discussions with the Insurers - explaining what is possible, what is reasonable, what is acceptable and what, on the contrary, makes absolutely no sense. Secondly, we are trying to develop unique approaches for ICBA clients for example, looking at how we as a team can work more effectively with the underwriters to give clients more stability. But we are working on other important issues, best illustrated with this example. We discussed at board level with an insurer the impact of a "Force Major Exclusion" (Force Majeure). Because of this discussion, it was agreed that the Insurer would not apply this for COVID-19 cases. Some weeks later, in my country, we were able to define a new contract for a middle term transaction.

Unfortunately, the same Insurer (at local level) tried to put a Force Major Exclusion for non-payment related to COVID-19 in the contract. How did we successfully manage to overturn this? Because we had already agreed this at Board level, the Force Major Exclusion was cancelled. Our client was very happy. This is the overriding goal of the ICBA. We do not leave our clients alone, especially in these hard times.