

Euler Hermes announces joint venture in China with CPIC

SHANGHAI – 8 SEPTEMBER 2016 – Euler Hermes, the worldwide leader in trade credit insurance, and China Pacific Property Insurance Company (CPPIC) today announced the launch of their credit insurance joint venture, named CPPIC Euler Hermes Insurance Sales Company Limited (CPPIC Euler Hermes). The joint venture will be headquartered in Shanghai, and will have managers and existing members of staff from both companies.

“Our strategy in Asia is to invest in and build strong partnerships that provide exceptional value for our clients,” stated Wilfried Verstraete, Chairman of the Board of Management of Euler Hermes. “The cooperation with CPPIC marks a milestone in our strategy for China and we are very pleased to deepen our partnership and bring our services to a wider spectrum of Chinese entrepreneurs and businesses.”

The Chinese trade credit insurance market, in the world’s second biggest economy, is both extensive and largely untapped. After export credit insurance liberalization began in 2013, the market has opened up significant opportunities. CPPIC is the third largest Property & Casualty (P&C) insurer in China, and is one of the few players that can offer export credit insurance in the country. Euler Hermes is the global leading trade credit insurer. Both have worked in partnership since 2011 and have successfully grown their trade credit portfolio, both domestic and export, during this time.

China has become the second largest global economy, as well as the largest exporter in the world since joining the World Trade Organization (WTO) in 2001. “The CPPIC-Euler Hermes joint venture integrates the competitive edges. By combining the 120+ years of experience of Euler Hermes, its global risk database and worldwide collection expertise, with CPPIC’s extensive network and resources, we are going to have a differentiating development in trade credit insurance industry,” said Mr. Gao Guofu, Chairman of China Pacific Insurance Group.

As global trade growth continues to be sluggish, competition over higher quality, lower price and longer credit terms is more intense than ever. Euler Hermes forecast some 300,000 corporations globally will fail this year. Business insolvencies are also increasing rapidly in Asia Pacific. In China, bankruptcies look set to increase by +20% this year following a +24% rise in 2015. Payment delays are on the rise with Days Sales Outstanding (DSO) standing at 88 days in 2015, +11 days more than in 2012. These challenges inevitably weigh on companies’ financial base and liquidity.

At the same time, more and more Chinese companies are globalizing. Among many other initiatives, the One Belt, One Road initiative will create an economic belt involving more than 60 countries, representing a third of the world’s total economy and more than half of the global population. This will likely translate into increased needs for protection.

“This is an exciting time for Euler Hermes and CPPIC. The new joint venture signifies our joint commitment to the Chinese trade credit insurance market,” added Holger Schaefer, Head of the Asia Pacific region at Euler Hermes. “With a presence in more than 50 countries, we are confident we can help businesses in China meet the challenges they face when capturing new opportunities, both in their domestic market and abroad. We look forward to working closely with our partner CPPIC.”

Euler Hermes is a company of Allianz, a leading global financial services provider. Allianz and CPIC are currently engaged in multiple cooperation efforts including health insurance, automotive insurance, reinsurance and roadside assistance.

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Euler Hermes is the global leader in trade credit insurance and a recognized specialist in the areas of bonding, guarantees and collections. With more than 100 years of experience, the company offers business-to-business (B2B) clients financial services to support cash and trade receivables management. Its proprietary intelligence network tracks and analyzes daily changes in corporate solvency among small, medium and multinational companies active in markets representing 92% of global GDP. Headquartered in Paris, the company is present in over 50 countries with 6,000+ employees. Euler Hermes is a subsidiary of Allianz, listed on Euronext Paris (ELE.PA) and rated AA- by Standard & Poor's and Dagong Europe. The company posted a consolidated turnover of €2.6 billion in 2015 and insured global business transactions for €890 billion in exposure at the end of 2015. Further information: www.eulerhermes.com, [LinkedIn](#) or Twitter [@eulerhermes](#).

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