

100 years of Euler Hermes Deutschland – 100 years as the navigator for business

HAMBURG – 6 OCTOBER 2017 – Euler Hermes Deutschland, the biggest branch office of the world's leading credit insurer Euler Hermes, will be 100 years old tomorrow. The company which started out in Berlin as Hermes Kreditversicherungsbank AG on 7 October 1917 has grown, as a member of the Allianz Group, to be the Number One worldwide in credit insurance and German market leader. Alongside insuring against bad debts, the company also underwrites risks in fidelity insurance and issues bonds and guarantees for businesses. Euler Hermes Deutschland will mark its centenary with a celebration for its employees on Saturday, the anniversary of its founding date, at its head office in Hamburg.

The original founders of the company, Wilhelm Kisskalt and Dr. Emil Herzfelder, both of them members of the boards of eminent insurers, demonstrated bold and far-sighted vision in setting up Hermes Kreditversicherungsbank. With the First World War still raging around them – the October Revolution had just begun - the founders were convinced that the German economy would be in dire need of financial security when business picked up again after the end of the conflict. The innovative idea here was to offer trade credit insurance, bonding and fidelity insurance from a single source. These types of insurance had hitherto only been available from major P & C or life insurers as secondary products for business with companies.

"I am pleased to join my colleagues in celebrating Euler Hermes Germany's 100th anniversary year of client service, expertise, and teamwork. This strong heritage and track record of local German market leadership and innovation is a significant achievement in a rapidly changing world. Connecting the past and the present with a clear vision and strategy, Euler Hermes Germany is well placed for the future", said Wilfried Verstraete, Group CEO of Euler Hermes.

"This philosophy of our founders, to look to the future with innovative concepts, has remained the hallmark of our company to this day." commented Ron van het Hof, General Manager of Euler Hermes Deutschland and CEO of the Region Euler Hermes Germany/Austria/Switzerland (DACH). This also applies to the core business: "The ongoing development of new products to protect against bad debts and fidelity losses is just as much part of our palette as fast, unbureaucratic issuing of bonds and guarantees to companies. This is also our aim in the development of new products. We have extensive business information in our in-house database as well as in markets and sectors. This is the basis for not only to provide cover but also advice to small and medium enterprises and large corporates, acting in this way as a navigator for business."

Hermes Cover (Hermesdeckungen) – a German specialty

Where business activities in regions beset by particularly elevated political or economic risks cannot get cover from the private insurance market, this task has been taken over in cases particularly deserving of cover since 1926 by the German government. These state export credit guarantees, known today as "Hermes Cover", which have been in existence since 1949, still rank among the cornerstones of German export trade. Euler Hermes handles the export transactions insured by the Federal Government as a mandate on behalf of the Federal Government.

"Trust and responsibility have characterized our collaborative efforts with the Federal Government spanning 60 years" says Van het Hof. "Hermes guarantees are an important alternative for German exporters in areas where private insurers may not have an appropriate offer, especially in most risky developing countries or particularly large-volume and long-term export transactions." In 2016, goods and services totaling € 20.6 billion were covered via "Hermesdeckungen".

A company of the Allianz Group

The company has enjoyed close links with Allianz for 90 years. Allianz already transferred its credit insurance business to Hermes Kreditversicherungsbank AG, as it then was, in 1921 and is today the majority shareholder of Euler Hermes Group S.A..

The economic environment remained highly volatile in the post-war decades. Hyperinflation, the stock market crash and the Great Depression took their toll: up to 1931, bankruptcies, compositions and insolvency proceedings rejected for lack of assets numbered almost 28,000 worldwide. That represented a tripling in only four years. "It has been especially in those years marked by economic turbulence, and these occurred again and again however different the circumstances, that the strong partnership with Allianz proved its worth. During the course of history it has not only protected us from sustaining major losses, but time and again at decisive junctures it has enabled us to take a step forward." stated Van het Hof.

When Hermes Kreditversicherungs-AG was integrated into the Euler Hermes Group in 2002, the world's largest group of credit insurance credit specialists was founded under the Allianz roof: Euler Hermes.

Opportunities and risks for companies today

In contrast to the situation 100 years ago, the economic environment in Germany today could hardly be better. Real GDP went up a further 0.6% in the second quarter of 2017, so that Euler Hermes' economic research team have raised their prognosis for Germany for the year as a whole from 1.8% to 2.2%. "The economic environment provides ideal conditions for German companies, as long as companies do not allow themselves to trust to the general feel-good atmosphere and go onto autopilot", warns Van het Hof. "It is only in terms of overall statistics that the water seems pleasantly warm. But for some businesses, due to the specific sector risks, it is already reaching boiling point, while for others it is painfully cold. "

Worldwide, 74 large corporations with a turnover of more than 50 million euros filed for insolvency in the first quarter of 2017 alone, notwithstanding the economic recovery trend. That is 30 more than in the first three months of 2016. "Every major insolvency is a risk for the production cycles affected by it. Via subcontractors and service providers, who can be caught off guard and pulled down by such developments, the risk can be contagious for entire sectors."

In addition, Van het Hof, corporate executives should take advantage from the economic backwind, but should not rest: "Germany must step up to the challenges if it wants to maintain and strengthen the economic success of the country over the long term. That is not going to happen by itself, since the economic and political fundamentals are changing today at an unprecedented pace."

One of the factors in this acceleration is digitalization, which will also bring lasting changes at Euler Hermes Deutschland, Ron van het Hof continued looking forward. "The combination of experience, expertise and creative innovation has made our company sought-after after advisers and insurers for German companies over 100 years. Digitalization will help us to develop our products and services on an ongoing basis and to tailor them to provide an even better fit for the needs of small and medium enterprises in the future."

- E N D -

Media contacts

Euler Hermes Group

Jean-Baptiste Mournier +33 1 84 1151 14
jean-baptiste.mounier@eulerhermes.com

Euler Hermes Group

Barry Gardner +33 (0) 6 63 60 43 14
barry.gardner@eulerhermes.com

Publicis Consultants

Romain Sulpice +33 (0)1 44 82 46 21
romain.sulpice@mslfrance.com

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 5,800+ 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 2016 and insured global business transactions for €883 billion in exposure at the end of 2016. Further information: www.eulerhermes.com. [LinkedIn](#) or Twitter [@eulerhermes](#).

Cautionary note regarding forward-looking statements: The statements contained herein may include statements of future expectations and other forward-looking statements that are based on management's current views and assumptions and involve known and unknown risks and uncertainties that could cause actual results, performance or events to differ materially from those expressed or implied in such statements. In addition to statements which are forward-looking by reason of context, the words "may", "will", "should", "expects", "plans", "intends", "anticipates", "believes", "estimates", "predicts", "potential", or "continue" and similar expressions identify forward-looking statements. Actual results, performance or events may differ materially from those in such statements due to, without limitation, (i) general economic conditions, including in particular economic conditions in the Euler Hermes Group's core business and core markets, (ii) performance of financial markets, including emerging markets, and including market volatility, liquidity and credit events (iii) the frequency and severity of insured loss events, including from natural catastrophes and including the development of loss expenses, (iv) persistency levels, (v) the extent of credit defaults, (vi) interest rate levels, (vii) currency exchange rates including the Euro/U.S. Dollar exchange rate, (viii) changing levels of competition, (ix) changes in laws and regulations, including monetary convergence and the European Monetary Union, (x) changes in the policies of central banks and/or foreign governments, (xi) the impact of acquisitions, including related integration issues, (xii) reorganization measures, and (xiii) general competitive factors, in each case on a local, regional, national and/or global basis. Many of these factors may be more likely to occur, or more pronounced, as a result of terrorist activities and their consequences. The company assumes no obligation to update any forward-looking statement.