

June, 23rd, 2020

Dear Valued Customer,

Our priority is to provide you with up-to-date information on the companies you trade with and the industries in which you operate, and we appreciate the trust you instill in us to deliver the most accurate risk forecasts needed to protect your business. The purpose of our product is to cover unforeseeable losses, but due to the widespread nature of the global health crisis, losses are now foreseeable.

In recent weeks, our Risk team members have closely monitored the rapidly evolving market conditions, which are affecting virtually every sector globally. Our economists have confirmed that we are in a recession, with trade and exports stuttering in search of missing demand. The Allianz Research team provides an in-depth analysis of the evolving situation you can read [here](#).

According to our North American Chief Economist, Dan North, the Canadian economy is enduring the worst economic downturn since the Great Depression.

“GDP in the second quarter is expected to shrink at a rate which would have been unthinkable just a few months ago: -40% q/q annualized. Job losses have been stunning as non-essential businesses have been shuttered, and consumers all but stopped spending as they have been sheltering at home. However, both fiscal and monetary policy actions are keeping the economy from totally collapsing, and as a result, we expect the economy to make a sharp recovery in Q3 and Q4 as containment measures are lifted—although it won’t be until after 2021 that the economy returns to anything resembling full employment” said North.

What can you expect from Euler Hermes going forward?

In addition to the catastrophic economic impact of the COVID-19 crisis, our customers are experiencing losses at an unprecedented rate. This is not only the number of losses but also the dollar amount of these losses. For updated information on the impact of these losses by sector, [click here](#).

In order to more accurately reflect the current risk environment, we have made the careful decision to further adjust the existing levels of coverage. We are taking these actions to lessen the deterioration of your portfolio and to help you avoid future losses.

In the coming days, we will begin sending notices of coverage changes outside of our normal credit alert process for accounts we now consider to be high risk.

We are here to support you

We are doing everything in our power to protect your business and help you trade securely, during these difficult times and as the Canadian economy slowly begins to reopen. We have collaborated with the Government to bring additional credit capacity to support Canadian businesses impacted by the COVID-19 pandemic. To find out more about the Trade Partnership Insurance program contact your service team.



As always, your service team remains available to address any questions. Thank you for your continued partnership and for the opportunity to help you balance the growth and safety of your organization. We look forward to emerging stronger together.

Best regards,

Karl Coutet
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Claim & Collection Officer

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