



## P R E S S R E L E A S E

Mainz, December 4, 2020

### **Coface participates in Prolonged German state aid scheme**

#### **German government and credit insurers maintain joint protective shield for supply chains until mid-2021**

The German government and a number of credit insurance companies, including Coface, have extended their joint protection scheme for the supply chains of German industry until June 30, 2021. The protective shield will support supply relationships with companies that were economically healthy before the coronavirus pandemic, but who have since experienced financial difficulties due to the COVID-19 crisis. This has so far successfully prevented chain reactions, and has strengthened confidence in economic stability.

Katarzyna Kompowska, Coface CEO for the Northern Europe Region, stated: *"With this extension, we continue to contribute to both the stabilisation of the German economy and international trade. It is not about supporting the credit insurers: rather, credit insurers are working jointly with the German federal government in the interests of companies. We are securing the limits for credit-insured companies, and actively contribute to the financing of the program by ceding premiums to the government."*

#### **Scope and function of the protective scheme remain unchanged**

During this six-month extension period, the scope and function of the protective screen will remain unchanged: Thanks to a €30 billion guarantee from the German federal government, credit insurers can continue to provide their customers with credit limits in the existing amount of over €400 billion.

Nevertheless, this scheme does not give *carte blanche* for risky business deals with clients whose economic stability was already in question before the coronavirus pandemic. Insurance companies will continue to monitor and evaluate buyers' creditworthiness, and adapt the limits accordingly if necessary. Thus they assume the important role of risk assessment for their clients.

By participating in this scheme, the concerned credit insurers are committing to maintain existing credit limits as far as possible, and to participate in claims payments at a rate of 10 percent within the scope of the protection scheme. The credit insurers bear the default risks exceeding the guarantee of the German federal government in full. In addition, they pay almost 60 percent of their premium income for the first half of 2021 to the government.

The agreement is subject to approval by the EU Commission. Currently, Atradius, Coface, Credendo, Euler Hermes, R+V and Zurich are among the companies participating in the joint protection scheme for supply chain security.



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## Credit insurance offers protection against payment default

Commercial credit, or *del credere* insurance, protects suppliers in the event that a customer – either domestically or abroad – is unable or unwilling to pay an invoice. If there are bad debts or long-term payment delays, the invoice is settled by the credit insurer. According to GDV estimates, credit insurers' limits cover around 15 percent of German exports, among other things, and thus contribute significantly to the security of the German export industry.

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#### Coface: for trade

With over 70 years of experience and the most extensive international network, Coface is a leader in trade credit insurance and adjacent specialty services, including Factoring, Debt Collection, Single Risk insurance, Bonding and Information services. Coface's experts work to the beat of the global economy, helping ~50,000 clients build successful, growing, and dynamic businesses across the world. Coface helps companies in their credit decisions. The Group's services and solutions strengthen their ability to sell by protecting them against the risks of non-payment in their domestic and export markets. In 2019, Coface employed ~4,250 people and registered a turnover of €1.5 billion.

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