tinubu®

Launching a new credit insurance venture

WHITE PAPER

A comprehensive guide
for insurers, governments,
and entrepreneurs
looking to develop
a trade credit insurance business.

Contents

Introduction

Credit insurance is a niche business, so understanding the intricacies of how the industry operates as well as current trends and challenges is a critical first step for any party looking to establish a sustainable presence in the market.

This white paper serves as a comprehensive guide for insurers, governments, and entrepreneurs exploring the possibility of a credit insurance venture. Included are several considerations – strategic, financial and operational – all of which are key to establishing successful and resilient operations.

Leveraging our team's collective experience in global risk management and credit insurance, Tinubu has been supporting the launch of new credit insurance ventures and the transformation of existing operators for more than 20 years, imparting practical and technical knowledge to establish operating systems and capabilities that underpin thriving businesses now and in the future.

We look forward to supporting your venture.

Experts

Marc Meyer

Tinubu SVP Subject Matter Expert

Marc joined Tinubu in 2005. With more than 30 years of experience in the Trade Credit Insurance industry, he plays a major role in developing the international portfolio.

Marc started his career in 1989 as a credit analyst at NatWest. In 1993, he joined Euler as a senior Risk Underwriter. He then participated in and led projects that resulted in the acquisition and opening of 14 subsidiaries in 13 countries across Europe, South America, and Asia, and took part in the merger with Hermes.

He holds a master's degree in Public & International Laws and Policies from Poitiers University, and a diploma in Public Service from Sciences Po Paris.

Olivier Saint-Raymond

Tinubu Solutions Expert

Olivier joined Tinubu in 2016 as Chief Product Officer to drive the evolution of the Tinubu platform. Today, as Solutions Expert, he supports Tinubu and its customers in identifying and defining new initiatives to expand the capabilities of the Tinubu Credit Insurance platform, especially in the MLT credit insurance or Trade, Receivable & Export Finance sectors.

Olivier has over 15 years of experience in the software industry. He started his career in 2006 as a Technical Account Manager at GL Trade Hong Kong. Then, he held various product management roles in the electronic trading industry at Fidessa, SunGard, and Société Générale, both in Hong Kong and in Paris.

Olivier holds an MSc in Engineering in Computational Fluid Dynamics from Grenoble INP - UGA.

Benjamin Le Forestier
Regional Sales Manager Europe

Benjamin has been Tinubu's Regional Sales Manager for Europe since September 2022, leading the business development among credit insurers in that region.

He started his career as a Corporate Risk Analyst at GE Money Bank before joining Tinubu as a Risk Analyst in 2006 and being promoted to Risk Manager three years later. In 2011, he became Head of Corporate Loans Acceptance for Volkswagen Financial Services, setting up and managing a team of 10 people. In 2014, he moved back to Tinubu, to assume a Managing Director position in Singapore, where he built and led the regional credit risk team and developed the Tinubu local network. More recently, from 2018 to 2022, he focused on Tinubu's client management and business development in Asia Pacific.

Benjamin holds a master's degree in Corporate Finance from the ESG Paris Business School.

About Tinubu

Our company is an alliance of technology software and insurance expertise, offering the best combination to its clients. It covers the entire value chain of credit insurance and surety with an end-to-end platform, connecting every part of your business with one digital highway.
Established in 2000 and headquartered in Paris, France, Tinubu is an independent software provider, employing more than 200 people, with subsidiaries in New York, Orlando, and Singapore. Our clients represent half of the top 50 credit and surety underwriters worldwide.

Our vision:
Be the lifeblood of insurance by anticipating interactions from the core of the industry.

Our promise:
Multiply possibilities by connecting value chains.

Recent trends in credit insurance

Recent trends in credit insurance

Although credit insurance has been dominated by a handful of large players for decades, in recent years some new credit insurers have emerged.

The increasing use of Managing General Agents

The MGA (Managing General Agent) model is often chosen as it provides more flexibility. Instead of using their own capital, MGAs are underwriting on the paper of existing insurers and/or reinsurers. This model allows them to leverage the financial strength, rating, and expertise of existing players, operate with greater flexibility, and quickly enter new markets – without a regulatory licence or solvency II constraints.

In the last decade, we have seen the emergence of a number of credit insurance MGAs in various parts of the world, such as The Bond & Credit Co. in Australia, Amynta Trade Credit & Political Risk Solutions in the US, or Cartan Trade in Europe, among others. Tinubu is regularly consulted on new projects.

New offerings from Export Credit Agencies

Governments are increasingly recognising the important role of credit insurance, as seen through the emergence of several new export credit agencies (ECAs) over the past five years, such as Etihad Credit Insurance in Dubai, EXIM Pakistan, and ECGE in Egypt. There is also an increasing willingness of existing ECAs to offer broader services including short-term credit insurance to SMEs and MSMEs, as seen in Export Credit Greece (ECG) or African Trade Investment Development Insurance (ATIDI). European ECAs are also increasingly targeting the SME segment, as seen in recent initiatives by SACE and UKEF.

Digital transformation

Credit insurers and ECAs are shifting away from traditional manual processes and increasingly using advanced data analytics, artificial intelligence (AI), and machine learning to generate richer insights for enhanced decision-making capabilities.
Digital platforms enable credit insurers to assess risks more accurately and efficiently, streamline their underwriting processes, and conduct real-time monitoring. With greater efficiency and capability, credit insurers can now tailor solutions (such as by product, policy wording, or risk appetite) to more closely match the needs of their customers.

Why enter the credit insurance industry?

Increased recognition and need

Credit insurance is essential for international trade, protecting businesses against customer defaults and enabling them to offer competitive payment terms confidently. This security is vital for many businesses, including SMEs, which often lack the financial stability of larger firms.

On a larger scale, credit insurance promotes economic growth and resilience. Governments use ECAs to help local businesses enter global markets with reduced financial risks. Credit insurance helps maintain trade and business operations during financial downturns, sustaining employment and economic activity. Credit insurance is also increasingly used by banks to relieve capital. This is why the market has shown decent year-on-year growth of credit insurance (circa +3% over the past 10 years, including circa +11% in 2022 and +5% in 2023).*

“More choice…allows corporates and financial institutions to diversify their insurer relationships…New entrants, particularly MGAs, also bring additional capacity and alternative risk capital to the market.”

Stuart Lawson, Global Head, Aon Credit Solutions

Despite its effectiveness in protecting companies against defaults, credit insurance has been an under-utilised risk mitigation instrument. The European market, though well established, still has untapped potential, especially among SMEs. The US credit insurance market is underpenetrated and other regions like Asia Pacific, Africa, and the Middle East show significant opportunities for this line of insurance.

Now, due to the growing need for financing, credit insurance is more widely recognised by both customers and policymakers for its vital supporting role. With the current period of sustained political and economic volatility, opportunity exists to build on this growing recognition and attract new customers.

“The European market, though established, has untapped potential, especially among SMEs. Furthermore, emerging markets outside of Europe, like Asia Pacific, India, and China, present significant opportunities for trade credit insurance.”

Tobias Povel, Head of Credit, Surety & Political Risks, SCOR P&C

(*) Swiss Re Group, Trade credit insurance: in gear, to keep the global economy and supply chains moving, October 2023
(**) The combined ratio is a key metric used to assess the profitability of an insurance company. It is the sum of the loss ratio and the expense ratio, expressed as a percentage.

Recognised profitability

For new and existing players, the profitability of the credit insurance sector is a significant draw. Historically, major insurers have maintained a combined ratio of around 85%, leaving a 15% profit margin**. This is notably more profitable compared to other non-life insurance lines, which often have combined ratios around 92–95%. The controlled nature of credit insurance, which relies heavily on financial analysis and risk assessment, contributes to this profitability. Despite the emergence of new players, the world's three largest credit insurers (Allianz Trade, Atradius and Coface) – excluding Sinosure – grew their premium by 15% in 2022 and 8.4% in 2023 while maintaining a combined ratio below 80%.***

Diversification

Launching a credit insurance business can enable existing insurers to diversify their portfolios and offer additional services to their existing clients, using already established goodwill to generate profitable new growth streams. A successful example of this is SBI General Insurance (SBIG), initially a joint venture between State Bank of India and Insurance Australia Group (IAG), who established its own credit insurance arm to cater to its diverse existing clients.

Digital simplification

Although once an industry with high barriers to entry due to the high volumes of complex operations, credit insurance can nowadays be operated much more easily than before thanks to advancements in technology. Innovations in data analytics and risk management tools are making it easier to assess creditworthiness and monitor risks in real-time, reducing the complexities and costs associated with providing credit insurance. Digital platforms simplify policy administration and claims processing, making it feasible for new players to operate efficiently and competitively without developing their own solutions from scratch.

Although many of the larger, more established credit insurers are making progress with digital transformation, some legacy system burdens persist, which may give new players an operational advantage by embedding technology at the heart of their operations from the start. MGAs are well placed to benefit from emerging technology solutions, as they tend to be smaller, more innovative and quicker to embrace new emerging opportunities than most insurers.

> *"Some large insurers do not have one central system, but multiple systems, which means you need to transfer the information from one system to another, and the information is not always accurate".*
>
> Carmine Mandola, Former CEO at CrediArc & Coface Israel & Morocco

(***) AU Group, Credit Insurance Market Survey 2023 & AU Group, Credit Insurance Market Survey 2024.

Key considerations for starting a new credit insurance business

Key considerations for starting a new credit insurance business

Strategy

- Market study
- Value proposition
- Distribution channels
- Business plan

Expertise

- Credit risk competence
- Commercial acumen
- Credible networks and management commitment

Business structure

- Viability
- Capital requirements

Operations

- Workflow requirements
- Core operating systems
- Build or buy?

Strategy

Developing a robust business strategy is crucial to building a successful credit insurance venture. Successful market entry requires a compelling value proposition and optimised business structure to fit the local market needs and specificities.

Study the market

For any new business, it is a good idea to survey the market in order to understand the gaps, and the appetite for this type of insurance. This is even more critical for credit insurance, as potential customers may not be familiar with credit insurance coverage and benefits or may already have strong habits of managing their credit risk in some other ways.

This is particularly salient with SMEs or in geographies where the usage of Letters of Credit is significantly developed. In countries where credit insurance is clearly underdeveloped, a roundtable with regional banks as well as large corporations might be a good idea as they are the main applicants for guarantees.

“New operators must conduct thorough market research. Understanding your competitors, market needs, and risk sectors is essential before preparing a business plan”.

Carmine Mandola, Former CEO at CrediArc & Coface Israel & Morocco

Develop a strong value proposition

Product development

A strong value proposition involves designing solutions tailored to specific markets, to address the unique needs of different customer segments and/or regions. For instance, targeting SMEs will require putting in place a very simple product that is fully automated, as the insurer will look for a low touch high volume business and the insured won’t have the time and resources to manage its policy.

“Whenever there’s an initiative with the potential to enlarge the market, like introducing innovative solutions…or tapping into the SME sector, we seriously consider supporting it.”

Tobias Povel, Head of Credit, Surety & Political Risks, SCOR P&C

Other new players choose to have a tailor-made approach requiring high touch and low volume, supported by a large team of underwriters providing quality underwriting and personalised offers to a few large customers. Some are providing top-up coverage or co-insurance, to differentiate from the traditional whole-turnover offer of the established players.

“Being all things to all people isn’t necessarily the most effective approach, so being able to stand out in some way, for example, focusing on a specific segment, industry, product, or even service standards helps differentiate your offering.”

Stuart Lawson, Global Head, Aon Credit Solutions

Digital positioning

A number of new insurance players are positioning themselves as fully digital or even as insurtech. Digitised customer interfaces can give customers and brokers faster and more efficient access to credit insurance and provide a valuable point of difference in enabling faster decisions and information on new business opportunities. Where previously considered ‘users’ of credit insurance are now valuable ‘customers’, new credit insurers can differentiate themselves by shifting customer service benchmarks and using technology to build a valuable point of difference.

While full automation of all processes is not realistically achievable when starting a possible credit insurance business, new players should focus their digitalisation efforts and investments in certain carefully selected areas aligned with their business strategy; those could include:

- customer/broker interactions, using digital portals and/or APIs,
- credit limit requests, using decision automation and algorithms,
- debtor grading, using automatic data gathering and grading algorithms,
- creditworthiness evolution monitoring, by outsourcing risk assessments via APIs,
- policy management automation,
- claims and recovery, by implementing using automated processing of small claims.

Determine distribution channels

Even with the best product and the best team, success still requires a solid distribution strategy. Established insurance companies have the advantage of an existing internal distribution network, which they can leverage to launch new products. This can be made up of agencies and/or external agents. Insurers affiliated with banks can also use their network of bank branches and agencies. However, it is not always easy to leverage an existing network. The complexity and the specificities of credit insurance should not be underestimated. Sales teams may not be familiar with credit insurance, so significant training will be needed to ensure a good understanding of the products and their benefits. Attractive profit-sharing policies can motivate a team that may have a number of other insurance products to sell.

In many cases, new players rely on brokers. This is the easiest and quickest way to reach out to the market as brokers already know the product and the market.

Some insurers want to distribute their products via fintech/insurtech platforms. These show that the insurer is innovative, but these platforms are not mature enough to provide sufficient revenue streams to the insurers, so they can only be an additional distribution channel for now.

Build a strong business plan

Your strategy will be translated into estimated figures and forecasts in the business plan. There are several methods to evaluate the potential of a market relative to the key figures of a country or of a sector, including taking an estimated market share of the GDP over a period of at least five years.

Entry barriers are quite high in credit insurance, and it may take at least two years to reach breakeven. Building a reliable database and knowledgeable team takes time and effort. The database is key, particularly for whole turnover players, who rely on large volumes with the possibility to use the same information several times to reduce costs.

Expertise

Existing credit insurers have one main advantage over new players: experience. For new credit insurers to compete with this, acquiring or building strong capability and broker/partner networks is crucial.

Credit risk competence

Practical knowledge in risk assessment, underwriting, and claims management are needed for accurately evaluating creditworthiness and maintaining a robust risk management framework. This knowledge is also key to gaining the trust of key stakeholders, customers and reinsurers. Credit insurance operates within complex and industry-specific regulatory, underwriting and risk management frameworks, and understanding these nuances can take years of direct experience, with most credit insurance professionals having worked in the industry for decades. It is for this reason that most new credit insurance ventures are founded by experienced professionals, rather than young entrepreneurs.

Commercial acumen

Having a team with extensive experience in credit insurance is essential. Team members must possess strong sales skills and a deep understanding of the market to effectively promote and sell credit insurance. This includes identifying potential clients, understanding their needs, and tailoring products accordingly.

"Having experienced team members who understand the nuances of the credit insurance sector is key to be successful with customers, but also to bring capacity from reinsurers".

Carmine Mandola, Former CEO at CrediArc & Coface Israel & Morocco

Credible networks and management commitment

Credit insurance is a specialised industry, where to build trust with stakeholders and customers, reputation and track record are important. Experienced industry professionals often leverage their networks and knowledge to drive business growth, helping the company remain competitive and profitable. To make a new venture successful, new entrants to the industry, including younger professionals, must find ways to quickly establish trust.

The commitment from the senior management to operate credit insurance on the long term and their willingness to build underwriting expertise will be one of the first aspects that reinsurers will assess before providing their support to a new venture.

“We expect clients to be committed throughout economic cycles, not just in good times”.

Tobias Povel, Head of Credit, Surety & Political Risks, SCOR P&C

How can new credit insurers close capability gaps?

To ensure new players can assess and manage risks effectively, replicating nuanced industry knowledge will be vital. Closing knowledge and capability gaps could involve recruiting a highly experienced team or using technology for rapid upskilling and outsourcing. Similarly, establishing networks by building strong new alliances with partners (such as reinsurers and debt collectors) and knowledge providers may help to develop credibility with customers and stakeholders.

Business structure

Build a viable operating model

Your business structure will depend on whether you are establishing a new startup entity or if you are an existing insurer looking to diversify into credit insurance, and whether you operate as a single- or multi-line insurer. How you structure your business will impact the scope of your services as well as the operational complexity. Operating credit insurance often involves setting up subsidiaries, representative offices, and partnerships in different regions where regulatory environments can vary.

Credit insurance operating models include operating as a traditional insurer, or by establishing a managing general agent (MGA) partnership with a reinsurer or insurer principal. Both models have their benefits and challenges. An MGA can enable faster market entry and scalability with lower capital investment, however fully licensed insurers may have more flexibility in their product design and differentiation.

> *"Owning the brand and having complete control over the operations and team structure offers significant benefits in the longer term".*
>
> Carmine Mandola, Former CEO at CrediArc & Coface Israel & Morocco

It is worth noting that reinsurers might be more cautious with MGAs, as they may consider that MGA can be more driven by producing top-line revenue rather than managing profitability given their business model. To mitigate risks, reinsurers may structure commissions to incentivise profitable business and set strict underwriting guidelines. Ultimately, the purpose of creating an MGA will have to be very clearly explained to reinsurers.

> *"We need to ensure that MGAs bring something unique to the market and aren't just adding competition".*
>
> Tobias Povel, Head of Credit, Surety & Political Risks, SCOR P&C

Meet capital requirements

Launching a credit insurance business requires substantial capital investment. New operators need to demonstrate sound capability, networks and operating plans to gain investor confidence and attract the capital required to establish and scale their new venture. New credit insurers must also consider how the time lag between the occurrence of claims and the sale of policies may impact operations and cashflow, and plan accordingly. As already mentioned, the MGA structure is lighter as the capacity is provided by external partners. However, significant investments will still be needed to start operating the business, in areas including payroll, equipment, premises, information sources, and IT providers.

Operations

Workflow requirements

Credit insurance can be a profitable line of business as described above, provided that the insurer performs an active management via a number of critical tasks and workflow.

Critical workflows in credit insurance

COMMERCIAL UNDERWRITING

- Prospecting, quoting, reviewing and issuing of NBI, policies and documentation
- Product creation and management
- Policy management, including processing renewals, modifying policies through Mid Term Adjustments, turnover declaration, and premium computation

RISK UNDERWRITING

- Receiving and responding to credit limit applications
- Monitoring the real-time single or aggregated exposure and reviewing the existing limits,
- Updating the risk assessment of the buyers, groups, countries and/or sectors
- Meeting and adapting to regulatory requirements

CLAIM MANAGEMENT

- Collecting information and documents related to claim from Policyholder
- Vet the claim: check the claims elements vis a vis policy and credit limit terms to define if claim is covered and define the indemnification amount
- Liaise with collection / salvage department (internal) or agency (third party

COMPREHENSIVE REPORTING

- View the overall and segmented portfolio, including current and past requests, decisions, quotes, claims...
- Analyse all data stored in a central system,
- Provide reporting to reinsurers
- Send the information to external partners or to other systems

The benefits of a core operating system

Rather than waiting for the business to grow, investing in a core system from the outset is crucial. Although this means a higher initial investment, it also leads to faster growth and minimises restructuring and migration costs down the track. Benefits of a core system include:

- Efficiency: operating systems should optimise back-office efficiency by minimising manual errors, eliminating manual data entry, and automating controls and processes. This can free up resources for business development and allow the business to grow.
- Governance: the system should enhance governance by enforcing DOA (Delegation of Authority), reducing operational risks and providing comprehensive reporting capabilities, enabling new credit insurers to quickly build trust with reinsurers.
- User-friendly: operating systems should include customer-centric portals with streamlined processes for quickly generating quotes and facilitating faster decisions on new business opportunities.

Should you build or buy your operating system?

To build or buy is a critical question when creating a new credit insurance venture. With the rise of SaaS platforms, there is now a consensus that buying an existing platform is the most efficient solution, especially for new businesses without an existing legacy system.

Although building a proprietary system may give the feeling of ultimate control over functionality, the initial costs to build are usually prohibitive and can delay business rollout. Building your own system also requires your business to allocate ongoing resources to maintenance and monitoring so you can continue to meet industry standards and regulatory requirements.

Purchasing an operating system from an established provider offers the distinct advantage of a ready-made solution with proven functionality, continuous improvement, vendor support, and customisation. Importantly, purchasing an established system can significantly reduce the time to market and the initial investment in development.

For a detailed understanding of build vs. buy considerations, refer to Tinubu's white paper on this topic.

Some key considerations for selecting an operating system

- [ ] Is the system dedicated to credit insurance?
- [ ] Does it cover all credit insurance processes?
- [ ] Does it have integration capabilities and ready-made functionalities?
- [ ] Has the industry tested the system?
- [ ] Is support provided by experienced credit insurance professionals?
- [ ] Can the system support the business as it expands?

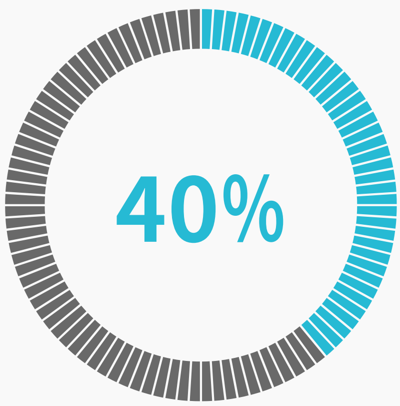
Should you build or should you buy?

4 major advantages of off-the-shelf software

1. Access to external skilled resources
2. Faster & safer implementation
3. Cost benefits from shared development
4. Best practice functionalities & regular updates

Source: McKinsey & Company

Potential benefits of digital innovation in insurance



− IT cost reduction

+ Operations productivity increase

Source: McKinsey & Company

Securing return on investment

Securing return on investment

Tinubu's credit insurance SaaS solution

Combining advanced technology with extensive credit insurance experience, Tinubu enables new ventures to plan and launch agile operating models for sustainable and scalable growth. Tinubu's credit insurance SaaS solution offers several benefits including:

- Robust risk management: advanced analytics and AI-driven insights improve risk assessment accuracy, minimising exposure to non-performing loans and claims.
- Operational efficiency: automated workflows and integration streamline operations, reducing overhead costs and improving productivity.
- Scalability: flexibility to accommodate business growth without compromising performance, supporting expansion into new markets and segments.
- Customer experience: enhanced service delivery and responsiveness, helping build customer loyalty and retention for long-term profitability.
- Responsiveness: enables fast responses to market changes, regulatory updates, and emerging risks.
- Faster time to market: less time building an in-house operating model, enabling greater focus on the strategy and launch.
- Reinsurer confidence: to provide capacity, insurers need to be reassured about their cedent's ability to control risks and comply with the internal rules put in place. Having an end-to-end platform provides greater operational flexibility while maintaining rigorous risk management standards – giving reinsurers confidence in new players.

"Tinubu offers a comprehensive solution where all information is integrated into one platform. Features like detailed dashboards, customer overviews, and connectivity with brokers enhance the efficiency of customer service and decision-making processes."

Carmine Mandola, Former CEO at CrediArc & Coface Israel & Morocco

Tinubu risk underwriting services

Tinubu's credit risk assessment services provide rapid access to comprehensive opinions and reports on companies worldwide, enabling new credit insurers to optimise their credit risk management and operate competitively. Our on-call team of highly skilled risk analysts provide opinions, advices on risk issues, and monitoring of individual companies, groups, market sectors and countries with the ability to tailor parameters.

“Tinubu clearly has a proven level of expertise and experience in terms of credit and surety and can provide a strong foundation for new ventures, enabling them to scale efficiently and meet market demands without the significant investment and time required to build these capabilities in-house.”

Stuart Lawson, Global Head, Aon Credit Solutions

A turnkey operating model for launching credit insurance ventures

Tinubu partners with established reinsurers to provide a comprehensive capability and knowledge-building service to support the creation of credit insurers and MGAs. This turnkey solution comprises advisory, professional services and systems – combining Tinubu’s risk underwriting and operating expertise with reinsurance capabilities – as a key enabler for new credit insurance businesses.
During the startup project phase, Tinubu can help the insurer or MGA in many areas, such as the validation of its business plan, recruitment and training of the key managers, market study, product definition, policy wording and related forms.

Once the activity is launched, Tinubu can provide Export and Domestic Risk Underwriting services (a full credit limit recommendation service) and Commercial Underwriting services (including training and support/review of quotes during the first few months of the project).

“They (Tinubu) provide comprehensive turnkey solutions for the entire spectrum of underwriting: commercial underwriting, risk management, and distribution, with a portal for policyholder and brokers, and so on. This is crucial for new entrants. Tinubu’s deep understanding of the primary insurance product and their ambition to lead in digitisation are significant advantages.”

Tobias Povel, Head of Credit, Surety & Political Risks, SCOR P&C

Case studies

Case study

SURAKSHA AUR BHAROSA DONO

SBI General Insurance Company Limited (SBIG): a diversification success story

How SBIG executed a successful diversification with a niche market positioning.

Recognising untapped potential in the credit insurance market, SBI General Insurance (SBIG) established its own credit insurance arm to cater to the diverse needs of its existing clients, ranging from small enterprises to large corporations.

In a market dominated by the three major established players in the credit insurance industry, SBIG's approach was to leverage its existing brand reputation and extensive customer base, and develop its own capabilities in credit risk assessment, underwriting, and claims management. The company strategically aligned its offerings with the evolving needs of its existing customers, particularly in sectors such as manufacturing, exports, and services.

SBIG invested in building deep industry knowledge within its own team and tailoring solutions for existing customers. This included partnering with Tinubu to create an independent operation using Tinubu's technical support and digital platform, and the development of a pricing tool tailored to the Indian market. SBIG was able to quickly scale the capabilities within its team and offer competitive pricing, flexible terms, and superior customer support.

Through this targeted approach, SBIG successfully penetrated the market and expanded its footprint, establishing itself as a trusted partner in risk management throughout India.

SCAN ME

Case study

ECI
الاتحاد لائتمان الصادرات
ETIHAD CREDIT INSURANCE

Etihad Credit Insurance: a new export credit agency

How the UAE government successfully established a new export credit agency to fill a market gap and build economic resilience.

In 2018, the Government of the United Arab Emirates launched a new export credit agency – Etihad Credit Insurance (ECI) – to bolster the country's economic resilience and support local manufacturers in international markets. Recognising that the lack of trade finance was a major barrier to business growth, ECI's strategy included offering short-term export credit insurance for SMEs, filling a crucial gap in the diversification of the country's non-oil economy.

Within six months, ECI had launched a user-friendly, customised offering underpinned by Tinubu's digital platform, enabling a seamless and efficient customer experience and allowing SMEs to trade and compete with confidence in a global marketplace.

SCAN ME

Industry Leader Interviews

Tobias Povel

Head of Credit, Surety & Political Risks
SCOR P&C

Tobias started his career in the reinsurance industry as a pricing actuary in the area of P&C structured solutions and joined SCOR in 2007 as a Credit & Surety Underwriter.
Since August 2016, Tobias has been the Head of Credit, Surety & Political Risks for SCOR P&C Specialty Lines, based in Zurich.

Q: SCOR has supported several new credit insurance players around the world. Why is this an important activity for your company?

Tobias: SCOR is a reinsurer committed to the credit and political risk lines of business. We've built a track record over several decades, consistently supporting these lines through economic cycles. Credit insurance facilitates both domestic and export-driven trade, aiding economies where it's implemented.

This line of business requires active risk management and expertise, making it labour-intensive but profitable, generating adequate return on capital, through the cycle. Whenever there's an initiative with the potential to enlarge the market, like introducing innovative solutions (including in relation to distribution) or tapping into the SME sector, we seriously consider supporting it.

The European market, though established, has untapped potential, especially among SMEs. Furthermore, emerging markets outside of Europe, like Asia Pacific, India, and China, present significant opportunities for trade credit insurance.

Q: What are your main assessment criteria for providing reinsurance capacity to a new player in credit insurance?

Tobias: Several critical aspects are considered, starting with a commitment from their senior management to this line of business and to building and owning underwriting expertise. We expect clients to be committed throughout economic cycles, not just in good times. We also assess their reputation, either through our relationship in other lines of business or by consulting with local intelligence. We also evaluate their distribution network, market potential, and how supporting a new player might affect our existing client relationships. Our goal is to enlarge the market, not just create competition, so we're selective.

Q: Can you outline the difference between reinsuring an insurer and reinsuring an MGA?

Tobias: The key difference is that for MGAs, you could argue that they don't own the profit and loss of the risks they underwrite. They're driven by producing top-line revenue through commissions. This can create a misalignment of interests between the MGA, the insurer, and the reinsurer. We need to ensure that MGAs bring something unique to the market and aren't just adding competition. We also consider their contingency plan in case key personnel leave the MGA. To mitigate the aforementioned risks, we structure commissions to incentivise profitable business, set strict underwriting guidelines, and maintain close portfolio monitoring. Unlike insurers, MGAs may be more prone to being acquired, which adds another layer of consideration in terms of the MGA team being incentivised in creating a portfolio which is generating an underwriting profit.

Q: Why has SCOR chosen to partner with Tinubu to support new credit insurance ventures?

Tobias: Our partnership with Tinubu has been built over more than 15 years. Both companies share a vision of growing the market and developing local underwriting expertise, particularly in emerging markets. Tinubu has invested in a local presence, mirroring SCOR's approach including for our Credit, Surety and Political Risk underwriting teams. They also bring an entrepreneurial mindset and a deep understanding of credit insurance from a primary insurance perspective. Their ambition to be state-of-the-art in digitisation also aligns with our goals, making them an ideal partner.

Q: What are the main benefits that Tinubu brings to this partnership?

Tobias: First of all, Tinubu has a proven track record with established and recognised credit insurance players in the market, in APAC and all around the world. Tinubu helps lower the barrier to entry for new players through a cost-efficient software-as-a-service model. They provide comprehensive turnkey solutions for the entire spectrum of underwriting: commercial underwriting, risk management, distribution with a portal for policyholder and brokers, and so on. This is crucial for new entrants. Tinubu's deep understanding of the primary insurance product and their ambition to lead in digitisation are significant advantages. They also bring operational efficiencies and local market knowledge, which are essential for developing new credit insurance ventures.

Q: Do you have any other points to add on the topic of new credit insurance businesses?

Tobias: Competition is beneficial for the market and drives innovation and value. Some existing players may be wary of new entrants, but our conviction is that competition ensures the industry remains dynamic and improves overall market conditions. Despite amazing achievements and track records, we believe that the credit insurance market still has large areas which are underpenetrated, with significant potential for growth. Increasing awareness and supporting new players will help more businesses understand and use credit insurance, facilitating trade and economic growth.

Carmine Mandola

Former CEO at CrediArc & Coface Israel & Morocco

Carmine has held key roles across Europe and the Middle East, including Group CFO at ROTAREX in Luxembourg and CEO positions at Coface in Israel and Morocco.
Carmine began his career as a Financial Controller at LA DORIA GROUP and later at FIAT Group. He has also lectured in Finance & Risk Management at universities in France and Italy.

Q: You have extensive experience, including working for Coface for several years, and more recently, embarking on a new credit insurance venture – CrediArc. Can you share your experiences of launching new credit insurance activities?

Carmine: While I was at Coface, I developed business plans for expanding into Morocco and Israel. These involved extensive market research, understanding competitors, and assessing the potential of these markets. In Morocco, we acquired an information company, and in Israel, we established a new branch. When launching Coface in Israel, we faced two established competitors with 45 years of market dominance. Our strategy was to initially adopt a low-profile approach: no advertising, no marketing, and no communication. We focused on providing excellent service, competitive pricing, and good coverage to gradually attract customers. Once we gained a foothold with around 40 happy customers, we increased our visibility and market presence, eventually capturing around 20% of the market within five years.

Q: How did you manage risks and profitability while entering a new market?

Carmine: Managing risks and profitability in a new market requires careful planning. In the initial years of Coface in Israel, we anticipated a higher loss ratio due to lower revenue and the need to take on risks that competitors avoided. We did this by both offering complementary coverage, better coverage, or better pricing to already insured companies and targeting sectors and company sizes that were overlooked by competitors. This dual strategy – acquiring some established customers for credibility and attracting new clients – helped us balance risk and grow our market share. While the breakeven point was expected between the fourth and fifth year, we reached it after only three years.

Q: What advice can you share with those considering a new TCI venture?

Carmine: New operators must conduct thorough market research. Understanding your competitors, market needs, and risk sectors is essential before preparing a business plan. Being hands-on in all aspects of the business, from filing for licences to recruiting staff and marketing, is crucial. You need to be on the ground talking to people. Having experienced team members who understand the nuances of the credit insurance sector is also key to be successful with customers, but also to bring capacity from reinsurers.

For CrediArc, I met personally with reinsurers to show them our strategy, what we plan to do and reassure them. And of course, the IT system is important because you have to manage all the information managed by your company and the communication with the policyholder and the brokers.

Q: Would you recommend a specific type of business structure, and why?

Carmine: While some may consider operating as an MGA for easier market entry and reduced initial capital requirements, there are several advantages to establishing a fully licensed TCI. Owning the brand and having complete control over the operations and team structure offers significant benefits in the longer term. Although MGAs can be a temporary solution, establishing a fully licensed TCI supports independent growth and brand recognition.

Q: What approach should new operators take with brokers?

Carmine: The role of brokers varies by market. In some countries, like the UK and France, brokers have substantial influence, and it’s challenging to operate without them. In contrast, markets like Italy, Spain, and Israel allow for direct sales. New operators should view brokers as a supplementary source of revenue rather than the primary channel, focusing on building a strong direct sales foundation while leveraging brokers to expand their market reach.

Q: From a system or IT point of view, what are your main requirements?

Carmine: A robust IT system is vital for new credit insurance operations as it ensures the accurate management of information both internally and externally. This encompasses client and broker communications, and all information on the buyer in one single place, including the coverage details, the premium, the loss ratios, the turnover declaration, and other essential data. From my experience, some large insurers do not have one central system, but multiple systems, which means you need to transfer the information from one system to another, and the information is not always accurate. An effective IT system consolidates all this information into a single, coherent platform, allowing for efficient portfolio monitoring, client management (it is important to have all the information in front of you when you talk to a customer), proper coverage allocation, and decision-making. Without this, new operators risk making poor decisions due to a lack of comprehensive and accurate data.

Q: In your opinion, how can new credit insurance ventures best leverage Tinubu's services to ensure success?

Carmine: Tinubu offers a comprehensive solution where all information is integrated into one platform. Features like detailed dashboards, customer overviews, and connectivity with brokers enhance the efficiency of customer service and decision-making processes. Such systems support real-time information sharing and improve the overall management of coverage, risks, and claims. This level of integration and transparency can provide a significant competitive advantage, especially for new market entrants wanting to establish a reputation and build customer and broker loyalty.

Stuart Lawson

Global Head, Aon Credit Solutions

As the CEO for Aon's Credit Solutions across EMEA, Stuart's responsibilities include developing and executing Aon's strategy in respect of trade credit insurance and related credit and receivable financing solutions. Stuart has over 25 years of industry experience, gaining valuable experience in leading teams, client management and sales with specialist knowledge in global trade credit programmes, political risk, structured trade credit and receivable/trade finance.

Q: Do you think there is room for additional insurers or MGAs in the credit insurance market?

Stuart: Yes, absolutely. Whilst the current insurers serve the market well, it is dominated by three main carriers, and this is reflected in their overall market share. From the perspective of buyers and brokers, having more choice is beneficial as it allows corporates and financial institutions to diversify their insurer relationships rather than having all their eggs in one basket. New entrants, particularly MGAs, also bring additional capacity and alternative risk capital to the market. This is crucial, especially in certain industries that are exposed to large concentration risks, making it challenging for a single carrier to offer sufficient levels of cover. I also feel that new players create a more innovative marketplace, which is essential as clients' needs continue to evolve at pace.

Q: How are the needs of customers changing?

Stuart: There are several factors impacting the rapid changes in a company's credit risk profile and their associated needs, including a heightened level of uncertainty at a macro level. This is combined with a need for companies to make decisions very quickly and consistently, as point-of-sale credit evaluation via digital BCB sales channels increasingly mirror business-to-consumer trends. This creates different types of credit risks, requiring insurers to adapt and provide solutions that not only hedge these risks, but enable the asset to be monetised.

Q: Do you see any particular market segments (geographies/type of customers/products) where there is the potential for new TCI solutions?

Stuart: The trade credit market is global, but there are some specific segments that new entrants can focus on. Industry verticals, such as the energy sector, present opportunities, especially with the green transition towards an ecologically sustainable economy. New entrants can play a major role in providing industry-specific solutions, I feel.
The SME sector also holds potential, particularly through the digitalisation of solutions so that the product can be more accessible for companies without sophisticated or resourced credit management functions.

Additionally, focusing on complementary solutions, such as ‘Excess Lines’ or Top-Up capacity, can address diversification needs and provide additional capacity without directly competing with the major carriers.

Q: How can new players differentiate themselves in the market?

Stuart: First and foremost, new players can differentiate themselves by addressing unmet needs, especially in an increasingly changing business landscape. Focusing on specific industries can also be effective, as well as leveraging digital solutions to enhance the client experience. This can set new entrants apart, as well as streamline processes and reduce costs.

Q: What advice would you give to a new credit insurer?

Stuart: It's crucial that brokers and clients fully understand the insurer’s proposition and what your ‘points of difference’ are. Being all things to all people isn’t necessarily the most effective approach, so being able to stand out in some way, for example, focusing on a specific segment, industry, product, or even service standards helps differentiate your offering.

Q: How important is it for new insurers to work with brokers?

Stuart: For nearly all insurers, brokers are essential for distribution and scaling a business. For larger, more complex clients, the combination and partnership between a broker and insurer typically achieves the best outcome for the client, from my experience.

Notwithstanding this point, the relationship is different for the SME segment where the role of brokers is more focussed on origination. Digitalisation has certainly changed the broker’s role in this segment, but this does not mean that it is not an important component of the sales process.

Q: How do you see digitalisation and platforms facilitating market entry for new players?

Stuart: Digitalisation offers a way for new entrants to differentiate themselves through more efficient and potentially superior client experiences and streamlined operations. It reduces the need for extensive physical infrastructure and investments and allows for more efficient data management and decision-making processes.

Clients now expect digital integration with their own ERP systems, to enhance efficiency and reduce manual interventions. This digital approach also lowers entry barriers, making it easier for new players to establish themselves and compete effectively.

Q: In your opinion, how can new credit insurance ventures best leverage Tinubu's solutions to ensure success?

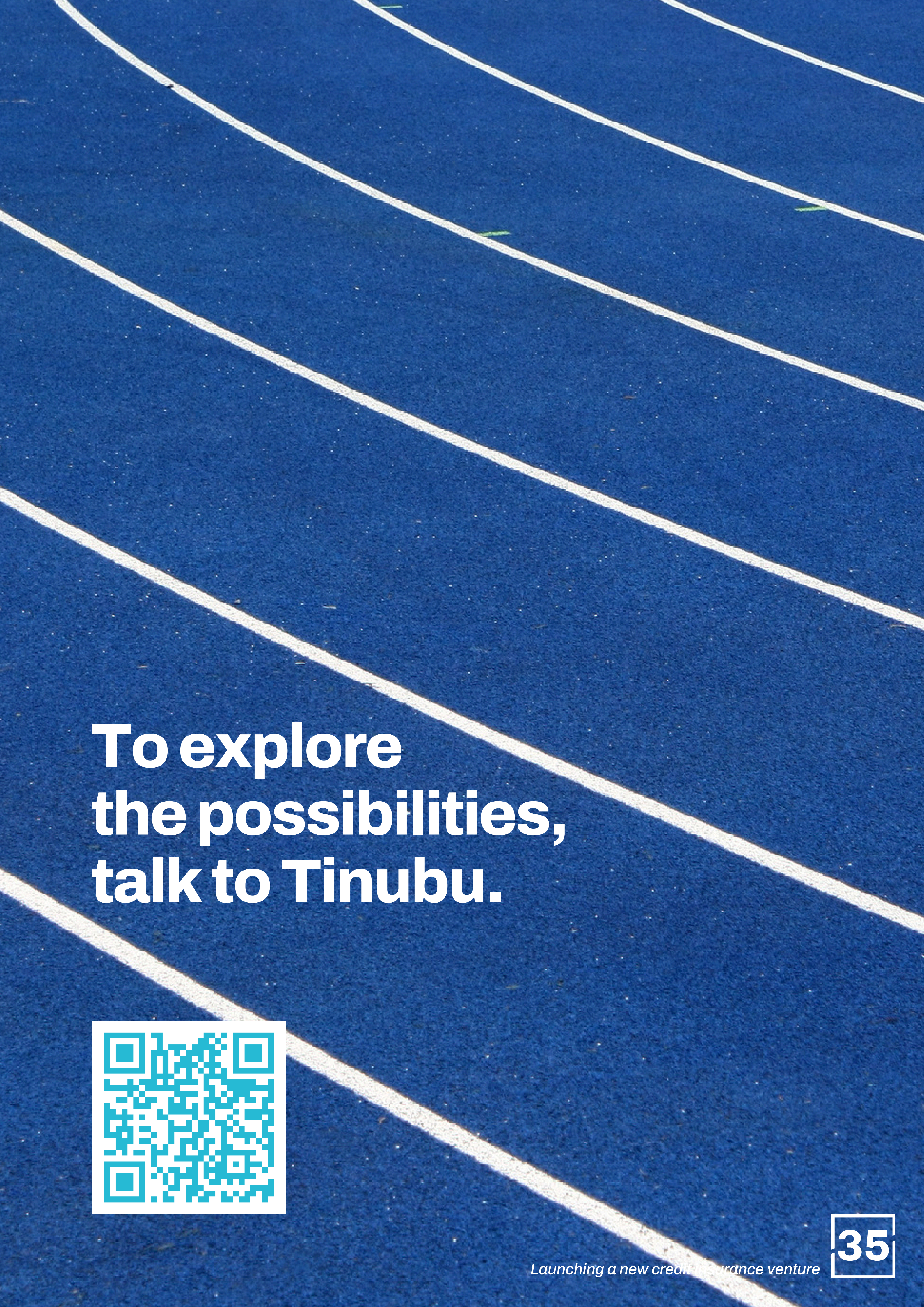
Stuart: We have certainly seen many new, and in some cases, established insurers, leveraging platforms like Tinubu’s to reduce the complexity and cost of establishing their own underwriting infrastructure, allowing the underwriting team to focus on client retention, growth, and customer service.

Tinubu clearly has a proven level of expertise and experience in terms of credit and surety and can provide a strong foundation for new ventures, enabling them to scale efficiently and meet market demands without the significant investment and time required to build these capabilities in-house.

Q: Do you have any additional insights on scalability and the importance of underwriting structures?

Stuart: Scalability is crucial for sustained growth. While achieving initial success is challenging, scaling to a global level requires robust governance and underwriting structures. Companies must ensure consistency in service delivery and maintain their reputation as they grow.

Digital solutions and strong underwriting frameworks are vital for managing this scalability, ensuring new ventures can handle increased demand while maintaining high standards of service, risk management and, just as importantly, trust.



To explore the possibilities, talk to Tinubu.

We are your partner in smarter, more efficient, digital solutions to drive the future of credit insurance.

Acknowledgements

Below, is the list of those committed to producing this whitepaper:

Writers & Contributors,
Marc Meyer – SVP Subject Matter Expert, Credit Insurance, Tinubu
Olivier Saint-Raymond, Solutions Expert, Tinubu
Benjamin Le Forestier, Regional Sales Manager Europe,Tinubu
Carmine Mendola, Former CEO at CrediArc & Coface Israel & Morocco
Stuart Lawson, Global Head, Aon Credit Solutions
Tobias Povel, Head of Credit, Surety & Political Risks, SCOR P&C

Responsible for concept and coordination, Karine Cupial, Field Marketing Manager, Tinubu

86, rue Henry Farman - 92130 Issy-les-Moulineaux, France
+33 (0)1 74 31 20 70 - www.tinubu.com - contact@tinubu.com