

Euler Hermes Čescob: number of insured events growing

Author: SF / pb | Published: 26.05.2009

Last year, the credit insurance company Euler Hermes Čescob (EHČ) paid losses totalling CZK 130 million to its clients, which was almost three times as many as the year before. “Business risks are getting higher,” Július Kudla, EHČ’s Chief Executive Officer, commented on these results, adding that the current crisis affects the construction sector, the automobile industry and textile and metallurgical production.

Last year, EHČ generated a profit (CZK 24 million), but it faces the same problems as the whole Euler Hermes Group: although interest in the insurance of receivables is growing, the growing turnover corresponds with a declining profit (in this year’s first quarter, the group’s profit went down by 57% year-on-year) because the number of insured events, i.e. unpaid receivables paid directly by the insurance company to the client after the expiry of a certain period of time, is growing rapidly. “We are responding to the situation with preventive actions, for example by monitoring the financial standing of our clients’ business partners during the whole term of insurance, limiting credit limits for the individual clients, their individual assessments and, unfortunately, also increasing the premium by 20% on average,” says J. Kudla, adding that the prices of reinsurance (i.e. insurance of insurance companies) have grown by 40% in the last couple of months. We also try more to offer our services to smaller enterprises jeopardized by payment problems most of all,” Hynek Rasocha, Sales Director, describes the company’s current activities, adding that the premiums for this segment are more or less the same as for big companies, but for example the guard period (term from the occurrence of the damage till the payment of the insurance benefit) is shorter for SMEs - merely 90 days instead of 6 and 9 months.

26.05.2009 08:00, SF / pb