

**Public support measures for domestic and export credit insurance
(updated on 4 January 2021)**

<p>Purpose of the credit insurance guaranteed by the State</p>	<p>Due to the potential exposure to a contraction of business-to-business credit, a system of public reinsurance for domestic and export credit insurance risks was set up and then strengthened to enable companies to better protect themselves against the risk of non-payment by their purchasers and thus to continue to be covered in the event of withdrawal or reduction of guarantees granted by credit insurers to certain clients as a result of the deterioration in the economic situation.</p> <p>This system is as follows:</p> <ul style="list-style-type: none"> - <u>for domestic credit insurance</u>: a State guarantee for a maximum amount of 10 billion euros covering insurance or reinsurance operations for certain credit insurance risks that will be carried out before 31 December 2021 by the <i>Caisse Centrale de Réassurance (CCR)*</i> (acting on the authority granted by Article 7 of Law dated 23 March 2020 amending Finance Law for FY2020)**. - <u>for export credit insurance</u>: bolstering the short-term reinsurance system enabling Bpifrance to promote and secure the international trade of French SMEs and mid-sized companies, by increasing it to 5 billion euros and broadening the list of export countries to the rest of the world (save countries excluded from the financing program). <p>* <i>CCR is a French State owned company operating in the public and market reinsurance.</i></p> <p>** <i>The French Minister of the Economy and Finance asked the DGCCRF (the non-competition French authority) to focus on the compliance with supplier payment rules.</i></p> <p>Furthermore, within the context of the economic recovery plan announced by the French Government on 3 September 2020, additional measures are contemplated for the export operations of French companies, in particular SMEs and mid-sized companies:</p> <ul style="list-style-type: none"> - strengthening the insurance-prospect instrument, - financial support to SMEs/mid-sized companies buying export services, - increase of the FASEP available funds (a fund granting subsidies for the studies of infrastructures projects and innovating technologies).
<p>Beneficiaries</p>	<p>SMEs * and mid-sized companies** located in France as well as commitments made in connection with construction-related subcontracting agreements, for domestic credit insurance***, and specific insured factoring companies.</p> <p>For the export credit insurance, if the company's turnover exceeds 1.5 billion euros, the credit insurer might notify Bpifrance Assurance Export, which forwards the request to the French <i>Ministère de l'Economie et des Finances</i>, which then takes the decision on a case-by-case basis and by way of derogation.</p> <p>* <i>less than 250 employees and less than EUR 50 million turnover or EUR 43 million balance sheet total.</i></p> <p>** <i>not a SME, less than 5,000 employees and less than EUR 1.5 billion turnover or EUR 2 billion balance sheet.</i></p> <p>***<i>i.e., the warranty undertaking, provided for under paragraph g of article L. 231-13 of the French Code de la construction et de l'habitation, which the principal contractor is required to provide if he entrusts part of the work to a subcontractor, in order to guarantee payment of the sums due to the subcontractor.</i></p>
<p>Modalities</p>	<p>Classification into three categories of reinsurance operations for credit insurance risks, as well as for commitments made in the context of subcontracting agreements in the field of construction, carried out with the guarantee of the State:</p> <ul style="list-style-type: none"> - supplementary guarantees for individual risks, - substitution guarantees for individual risks, - risk portfolio reinsurance. <p>For each of these categories, companies that are notified of reductions or refusals of cover by their credit insurer might continue to be covered through State-guaranteed reinsurance products offered by their credit insurers, which will be reinsured by CCR for domestic credit insurance and Bpifrance Assurance Export for export credit insurance, i.e.:</p>

	<ul style="list-style-type: none"> - in case of a guarantee reduction, the supplementary guarantee CAP ("Complément d'Assurance-crédit Public", with domestic coverage) and the supplementary guarantee Cap FranceExport (for export); - in case of a guarantee refusal or withdrawal, the guarantee CAP+ (with domestic coverage) and the full guarantee Cap FranceExport+ (for export). <p>In addition, a temporary public re-insurance instrument, namely "Cap Relais", has been set up in June 2020. It is operated by CCR and dedicated to SMEs/mid-sized companies and domestic market risks, for their domestic credit-insurance 'encours' incurred between 16 March 2020 and 31 December 2021, with an allocation of risks of 75% for the public reinsurance company and the balance for the credit-insurer.</p>
<p>State guarantee eligibility</p>	<ul style="list-style-type: none"> - Conditions for acquiring the State guarantee in terms of percentage of exposure risk and probability of risk are set out in Decree No. 2020-397 of 4 April 2020, as amended. - For export credit insurance, these conditions, as well as the definition of eligible operations and the risk covered, are available on the Bpifrance website (https://www.bpifrance.fr/Toutes-nos-solutions/Garanties-et-assurances/Assurance-credit-a-l-international/Dispositif-de-reassurance-CT-Cap-Franceexport).
<p>Additional support items relating to export</p>	<ul style="list-style-type: none"> - For the entire duration of the covid-19 crisis, bolstering export guarantee and pre-financing arrangements through Bpifrance Assurance Export: <ul style="list-style-type: none"> ➤ for credit institutions, coverage for up to 90% of issued and declared guarantee commitments (export guarantee insurance) or pre-financing that has been set up (pre-financing guarantee) – against 80% previously; ➤ for other businesses, up to 70% – against 50% previously <p>Companies applying for an export pre-financing guarantee will now have six months (compared to four months previously) for the bank to set up the underlying pre-financing credit as from the notification by Bpifrance Assurance Export of the granting of its guarantee.</p> - Extension by a year of currently valid prospecting insurance. - Conventional public export financing instruments remain fully available to French exporters during the economic slowdown attributable to the covid -19 crisis (FASEP, treasury loans, insurance-prospect, credit-insurance operated by Bpifrance Assurance Export...).
<p>Sources</p>	<ul style="list-style-type: none"> - Article 7 of law No. 2020-289 of 23 March 2020 amending finance law for 2020. - Support plan for French exporters published on 31 March 2020 by the French <i>Ministère de l'Economie et des Finances</i> and the French <i>Ministère de l'Action et des Comptes Publics</i>. - <i>Décret</i> No. 2020-397 of 4 April 2020 (as amended by Decree No. 2020-849 of 4 July 2020) setting the terms and conditions for the application of article 7 of the amending finance law for 2020 with a view to define the terms and conditions for granting the State guarantee for reinsurance transactions of certain credit insurance risks carried out by the <i>Caisse centrale de réassurance (portant modalités d'application de l'article 7 de la loi de finances rectificative pour 2020 en vue de définir les modalités d'octroi de la garantie de l'Etat aux opérations de réassurance de certains risques d'assurance-crédit effectués par la Caisse centrale de réassurance)</i>. - French <i>Ministère de l'Economie et des Finances</i>, press release No. 2118 dated 10 April 2020. - FAQ, French <i>Ministère de l'Economie et des Finances</i>, CA, CAP+, Cap Franceexport et Cap Franceexport +. - Law No. 2020-473 of 25 April 2020 amending finance law for 2020. - Article 215 of the finances law for 2021 dated 29 December 2020.

- www.bpifrance.fr/Toutes-nos-solutions/Garanties-et-assurances/Assurance-credit-a-l-international/Dispositif-de-reassurance-CT-Cap-Franceexport
- www.economie.gouv.fr/covid19-soutien-entreprises/les-mesures/plan-de-soutien-aux-entreprises-francaises-exportatrices
- www.economie.gouv.fr/plan-de-relance/profils/entreprises/soutien-export
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