

Insurance and risk management
Credit and surety management
SÜDVERS International
D&O and Cyber
Retirement, Pension & Employee Benefits



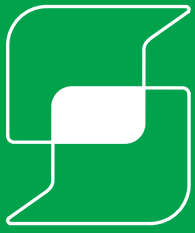
Market Report

02/2022

SÜDVERS

Innovator
of the year 2021

awarded as



SÜDVERS is an internationally active insurance, pension and risk expert for medium-sized businesses and industry.

With over 590 employees at 19 locations in the DACH region, SÜDVERS offers customised solutions for worldwide risk insurance.

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SÜDVERS Market Report

The SÜDVERS Market Report is a cross-sector market assessment for the DACH region. The development of the German market is supplemented with a country assessment for Austria and Switzerland. The SÜDVERS Market Report is published twice a year, in spring and autumn.



The current assessment of the Ukraine conflict can be found at www.suedvers.de.



Key Factors



Possible energy supply difficulties result in the restrictive underwriting of business interruption insurance in technical insurance.



Russia-related risks are now fully excluded from insurance cover by many liability insurers.



Vehicle costs for spare parts are rising, and repairs are also becoming more expensive. This is causing an increase in claims costs.



Due to the financial impact of the war in Ukraine, employee crime is expected to increase and thus the number of claims.



The majority of industrial insurers are ending their local business operations in Russia.



Many companies are improving the financial wellbeing of their employees in the future.

Foreword

We find ourselves in the third year of the Coronavirus pandemic. The current situation is being aggravated further by the Russia-Ukraine conflict, cyber attacks, disrupted and interrupted supply chains worldwide, droughts and floods, skyrocketing energy and commodity prices, and material shortages. In addition, inflation has risen sharply worldwide and interest rates are significantly higher. It has been a long time since we have experienced such an accumulation of events. The economic environment has changed substantially in the last 36 months – and for many sectors, it has clearly deteriorated. This is also reflected in the IFO business climate index, which fell again to 88.5 points as of August 2022. Businesses must be prepared to work with a variety of these challenges for even longer. At the same time, however, they also have to position themselves strategically for the future – with as yet unknown effects stemming from changing framework conditions related to their own business model.

The key, in addition to strategic business alignment, lies in the proper planning and implementation of accompanying risk management and risk transfer initiatives. This is because the pressure being felt by the insurance market will remain high. This also applies to the Renewal 2022/2023. Cover capacities remain tight, as in previous years. This is particularly noticeable in property and cyber insurance. Premiums will continue to rise, in our estimation, not only because of tight capacity, but also because of higher reinsurance and refinancing costs for risk carriers. Therefore, our recommendation is: Plan your risk transfer capacity needs for the insurance market with a long-term horizon, secure your company's growth early on and enter into a long-term partnership with the preferred risk carriers. SÜDVERS supports you in designing customised risk transfer solutions for your company, and placing them in the insurance market at optimal conditions. Especially risk-improving measures, such as predictive risk management incl. loss prevention



and increased ownership, are of outstanding importance in terms of placement.

In the current Renewal 2023, the framework conditions remain challenging. In view of our excellent business relationships with insurers and risk carriers – both nationally and internationally (and not to mention over many years) – we are highly confident that we can realise the risk transfer for you. To this end, we are constantly adding innovative solutions to our proven SÜDVERS consulting approach. This is how we can “secure your future”.

Yours

A blue ink signature, appearing to read 'M. Karle', written in a cursive style.

Manfred Karle

A blue ink signature, appearing to read 'F. Karle', written in a cursive style.

Florian Karle

A blue ink signature, appearing to read 'R. Bender', written in a cursive style.

Ralf Bender

Property and loss of earnings insurance

The war in Ukraine was also a focal topic in property insurance in the first half of 2022. Russia's war of aggression and the sanctions subsequently imposed by Western states led to a widespread withdrawal of insurers from Russian business operations. The international programme business was (and is) directly affected by this with regard to cover via programme-linked local policies and difference cover within the German master contracts, even with the partial and continued possibility of non-programme-linked placement of local cover via the independent network of SÜDVERS within the framework of the legal options, and taking into account the applicable sanctions.

In the course of current high inflation and significant price increases, which are also affecting the construction industry to a significant degree, the coverage amounts at replacement value increased more strongly as of 2022 than in previous years. The relevant index values determined by the Federal Statistical Office rose sharply, especially in buildings insurance. A corresponding increase in claims costs is expected (or already being noted) by insurance companies. Delivery problems with regard to individual parts, as well as the partially insufficient availability of trade professionals, are placing an additional burden on the claims side. A longer settlement period for property damage may also have a negative impact on the timely settlement of any loss of earnings claim.

The continuation of the trend towards premium rate adjustments in industrial property insurance by the risk carriers as part of earnings improvement measures is also evident this year. In terms of intensity, currently known adjustment demands can be described as moderate on the whole, and are at the previous year's level. With Allianz and Axa, two companies with higher claims currently stand out. A reallocation of some risks from these holdings is expected to take place for the 2023 rollover.



Premium adjustments are mainly at the previous year's level.



Risk Management



“Strong **increases in insurance sums** in part due to high inflation rate.”

Country assessment



An unchanged hard market. For individual sectors (chemical industry, wood processing, recycling), it is still difficult to find risk carriers and sufficient capacities within FLEXA.

Furthermore, regardless of the industry, it is becoming increasingly difficult and expensive to find insurers for buildings with foamed insulation materials and instances of high value concentration.

With regard to coverage for natural hazards: due to the growing number of loss events, especially in the risk groups flood, deluge, storm (strongly) increasing deductibles and premium rates.



The second quarter of 2022 continues to be accompanied by uncertainties in the market. On the one hand, the Ukraine conflict and, on the other, rising interest rates. We are noticing a trend towards digitalisation despite the shortage of raw materials and energy. Increasing interconnectedness is, in part, leading to higher risks, but also to an associated willingness to take risks. Many issues also affect our customers in various insurance sectors through higher coverage amounts and subsequent premium increases.

Liability insurance

The market for commercial and industrial liability insurance continues to present a mixed picture in 2022: In the segment of medium-sized companies, a hardening of the market on a broad front is still not perceivable to the same extent as has been clearly noticeable for industrial risks for several years. Particularly in the case of large international liability insurance programmes, insurers are adjusting their maximum capacities downwards that can be represented in a coverage line. This is leading to an increased need for coordination within contract renewals.

Regardless of company size, the focus remains on exposed sectors such as the automotive supply, building materials or electrical industries. Even in the case of largely loss-free individual risks, against the backdrop of steadily rising overall loss figures in these industries, adjustments will take place most clearly in the form of higher premiums, lower capacities and increased ownership. Risks with high US exposure are also being affected by this. This is due, among other things, to the development of damages awarded in the personal injury sector.

In the argumentation for rising liability premiums, some insurers are now also claiming the influence of rising inflation. However, we are extremely critical of accepting a blanket approach in the current phase.

This year, and in the years to come, it will be crucial for the insurance industry to create risk transparency vis-à-vis, insurers in order to be able to exploit all the leeway in renewal conditions.

The following trends are being observed with regard to the agreed scope of conditions:

Driven primarily by reinsurers, many attempts are being made to anchor risk exclusions for cyber risks in industrial liability policies. In some cases, risks of this kind are also subject to blanket limits.

The Russia-Ukraine conflict is also reflected in the liability renewals: Almost all industrial insurers have given up their local business in Russia, or intend to do so. Furthermore, in the current renewal negotiations, many insurers are fully excluding any Russia-related risks (such as product exports) from insurance cover. Anglo-American insurers, in particular, are going one step further by excluding all risks relating to Belarus and Ukraine from their insurance cover.



“Insurers are adjusting capacity downwards.
This is leading to an increased **need for coordination.**”

Country assessment



Sustainability and the implementation of ESG criteria are also becoming increasingly important in Austria. Generally, a (continuing) discreet increase in premiums is taking place together with coverage restrictions, while capacities are being reduced. Restrictions can be observed, in particular, in the area of US risks, pure financial losses, complex supply relationships and silent cyber coverage. Insurers' need for increasingly detailed risk identification is particularly evident in adjustment negotiations.



The Insurance Contract Act (VVG), which will be revised as of 01.01.2022, is already having an effect in some claims in that injured parties are turning directly to the liability insurers of the parties responsible. The 2022 tender year will show to what extent the hitherto soft market for good risks will harden, and premium increases will take place. The correct identification, assessment and hedging of liability risks is becoming increasingly essential for entrepreneurs, in order to mitigate the financial impact of potentially justified claims against them. Assicura is on hand to offer you well-founded tender results and tips at all times.



“**Create** transparency.”



A slight increase in premiums is to be expected.

Group accident insurance



In view of the highly competitive labour market in all sectors and across all industries, company-funded group accident insurance is also gaining further importance as part of modern employer marketing.

On the premium side, accident insurance remains largely unchanged. Private accident insurance as a whole has been generating stable earnings in this country for several years.

On the conditions side, little movement can be perceived in the core benefit areas of accident insurance (e.g. dismemberment schedule). In the area of assistance services, on the other hand, sensible further developments have emerged that focus not on the mere payment of insurance benefits, but on support in case management.



Stable premiums for contracts with no claims history.

“Group occupational accident insurance remains essential in the current employee market.”

Country assessment



Group accident insurance represents the basic care for companies with mobile or manual workers. Low-cost, easy-to-implement solutions make it easier to comply with the employer's duty of care.



Compulsory accident insurance offers a competitive market environment for many customers. The trend for 2023 will be similar to that for 2022, where insurers saw a marked drop in accident statistics due to lockdowns and staff working from home. Due to this positive development, entrepreneurs can expect lower (or unchanged) premiums for the following years.

Motor insurance

The motor insurance market is to remain hot in the autumn months to come. In 2020 and 2021, motor insurers benefited significantly from corona-induced lower mobility rate and, consequently, fewer road accidents. Even with the major natural hazard events in 2021, motor insurers were still able to generate profits in some cases.

In 2022, mileage has still not reached pre-Corona levels, and it is not foreseeable if or when this will even happen. Similarly, there have been no major loss events so far this year due to hail or flooding, for example. Nevertheless, it can be assumed that the premium level will move significantly upwards in 2023.

The reasons for this are – as in so many areas – the prevailing political and economic environment. Due to the rate of inflation, the cost of spare parts is rising, making repairs more expensive and thus increasing the cost of claims.

Furthermore, the claims history of a fleet plays a decisive role in determining the premium, so that adjustments can be avoided if the history is good, and a reduction in the premium may even be realisable. With fleets that are prone to damage, it is now even more important to take measures to improve the claims ratio and thus avoid rising motor insurance premiums in the long term.



Premiums are expected to rise.



“**Inflation** is also affecting car insurance.”

Country assessment



The Ukraine war and aftermath of the pandemic have led to commodities shortages and rampant inflation. The effects are also evident in the motor vehicle industry. A high index and rising repair costs led to a significant increase in premiums and readjusted motor tariffs.

In the area of electric vehicles, all insurance companies now offer so-called E-packages with special additional cover. However, there are major differences in the scope of cover, as the risks are assessed very differently due to a lack of experience. In particular, damage attributable to over-voltage or over-current, short circuits, indirect lightning strike and high disposal costs of the rechargeable batteries are the focus here. We recommend that owners of electric cars take out an e-package with all-risk cover (insurance cover is provided for unforeseen damage or destruction of the batteries or charging cables) and a high sub-limit for disposal costs of the batteries.



The electrification of the industry is expected to lead to lower premiums. In addition, fintechs are favouring digitalisation, which means the efficient processing of policy documents. In addition, insurers are discounting the new target groups with attractive premium offers. However, we recommend keeping an eye on the service offer. The service associated with the premium is decisive in the event of a claim. Here, the big insurers are still scoring top marks with enormous processing capacities, e.g. for large-scale hail damage and natural disasters. Assicura is on hand to offer you well-founded tender results and tips at all times.

Transport insurance

The war in Ukraine, worldwide shipping congestion due to lockdowns and the resulting significant delays in handling in the world's ports continue to pose major challenges for the cargo insurance market.

This is largely resulting in restrictions on coverage demanded by the market.

The cyber and pandemic clauses already known from the last renewal will continue to be required across the board this year. In the meantime, the GDV (German Insurance Association) has drawn up its own clauses, which are being used and applied by many insurers.

Now that almost all insurers have cancelled the political risks of war and strike, as well as riot and confiscation for the affected areas in and around the war zone of Ukraine during the year 2022, it remains to be seen as to how insurers will position themselves on this topic in the upcoming renewal negotiations for new and existing business.

Meanwhile, some insurers are even demanding complete country exclusions for Ukraine, Russia and Belarus, which exclude transports from, to and through these countries.

Country assessment



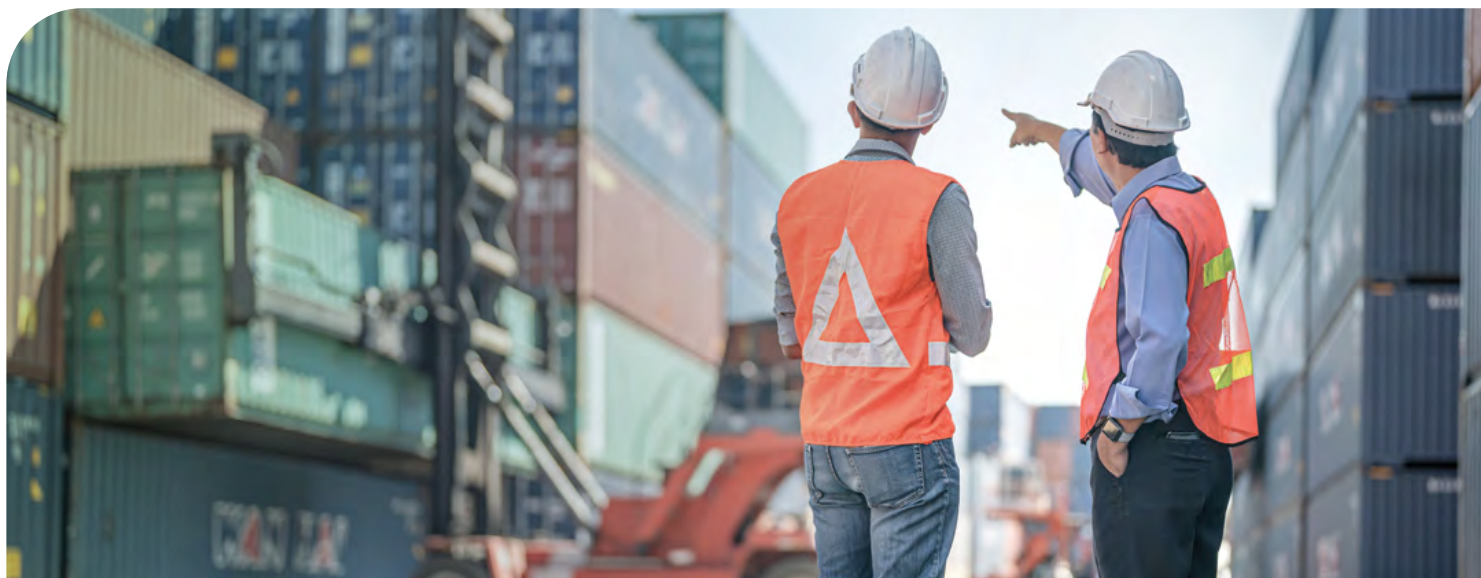
Since 2020, the pandemic has also had an impact on marine insurance and, on the one hand, led to a decline in premium volume; however, the loss ratio has fallen even more sharply during this time (from around 70% in the years before to below 50% in 2021!). As to whether this development will also be reflected in the acceptance and pricing policy of the risk carriers is not yet clearly discernible. The reduction in the number of providers in transport insurance, which has been observed for some time, as well as the thinning out of expertise on the national market, has, in any case, remained unaffected by this development.



Global trade flourished worldwide until shortly before the Ukraine crisis. Pent-up demand continues unabated. The transport business is booming, and insurers' appetite for risk is great. The effects of the Ukraine crisis cannot yet be assessed. Insurers are becoming more cautious, and corporate risks are increasing in global trade.



In the meantime, the war clause has been cancelled across the board by insurers for Ukraine and parts of Russia and possibly Belarus, and any re-inclusion is being handled very restrictively.



The industry is taking a special look at the implementation of the letter from the Federal Ministry of Finance dated 01.10.2021 in connection with the correct determination of insurance tax. This may, under certain circumstances, result in a need for adjustment in the distribution of premiums and taxation.

Unfortunately, the transport market does not have a clear and uniform opinion on all these topics, meaning that the most varied characteristics and demands can be seen among insurers in all areas. The problem is that insurers often cancel the risk if the changes they demand are not accepted.

In addition, insurers are currently starting to demand across-the-board premium increases, which are justified by inflation.

All in all, the need for advice has increased enormously and requires an individual consideration of each risk situation.

Essentially, we are in a seller's market, which dictates premiums and content.

Even though there is currently still sufficient capacity on the market, we are still in a tough market environment. Insurers will try to further divest themselves of exposed risks or significantly increase premiums, in order to do so.

Technical insurance

Portfolio insurance:

This includes electronics and machinery insurance. They are only reworked by the insurers if things go badly. For all other insurance policies either concluded and ongoing, insurers are interested in renewing them for one year on the same contract basis.

In principle, there is no shortage of risk carriers in the technical insurance classes. Only in the case of exposed risks, such as machines working underground, is the insurance market narrowing and the choice of insurers become smaller. Here, it may also happen that not one insurer alone bears the risk, but, as is common in other lines of business, several insurers underwrite this risk.

Due to high inflation and the associated, contractually agreed indexation of insurance premiums, they will rise as a result. On the other hand, insurance benefits will also go up in terms of amount.

Project insurance:

This is understood to mean assembly and construction work insurance. They are currently registering a tense risk situation among the risk carriers. The cost/damage ratio of approx. 100 % represents a considerable burden on them. The underwriting behaviour of insurers is becoming somewhat more cautious. This applies to all types of construction measures, such as civil engineering, structural engineering or engineering construction. Prominent loss events include the flooding of the Ahr river and the increasing theft of copper from construction sites or previously installed building technology located within new construction projects.

The premium level should be assessed as increasing slightly (10 to 20 %) for installation and construction services insurance.

Business interruption insurance:

Increased interest can be observed among customers in a section of business interruption insurance, insurance against the failure of public supply systems for water, electricity, gas or heat. Due to the current war in Ukraine and possible energy supply problems, insurers are very restrictive in underwriting such policies.



Rising prices are to be expected in the area of technical insurance classes.



“Project insurance companies are experiencing a tense risk situation among risk carriers.”

Country assessment



The increasing number of natural disaster events is raising awareness among builders, as well as among all companies involved in construction. Even with implemented risk management, the high residual risks can only be transferred to an insurance solution. On the market itself, in addition to classic construction insurance, there is a clear trend towards construction project insurance and thus, currently, the most comprehensive cover for the entire construction project.

In the area of technical insurance, the insurers' risk appetite remains unchanged. This is also underpinned by the continuation of increased competition in the market and sufficient existing capacities.

ESG requirements are also expected to ease the risk assumption for the “Renewable Energies” sector.

However, due to the increasing claims from natural catastrophes, a premium adjustment is to be expected from Q3 2022 onwards.



We are seeing a twofold trend: In the machinery insurance sector, the reluctance of contractors to invest, which had been prolonged until now as a result of the Coronavirus pandemic, is slowly diminishing, leading to a moderate but steady increase in demand. On the other hand, demand for construction and building site insurance remains high. Due to the prevailing low interest rate policy, there is still significant investment taking place in the construction and real estate sector. Insurers are offering good deals in both areas. Tenders and the right hedging of risks are essential.

D&O insurance

The D&O market continues to harden in terms of premiums, coverage amounts and conditions in 2022 due to the large number and high cost of D&O claims, the aftermath of the global Coronavirus pandemic and the current impact of the Ukraine war on the financial situation of companies, as well as stricter compliance requirements and sustainability obligations. The upcoming contract renewals as of 01.01.2023 will, therefore, continue to be characterised by a restrictive D&O market, especially for contracts with a sum insured of EUR 10 million or more: General limitation of insured sums to a maximum of EUR 15 million in basic and excess policies – for some risk sectors, a maximum of EUR 10 million – and the introduction of minimum premiums, further increases in premiums for some risks, worsening of conditions and the difficulty for certain sectors and clients with critical financial ratios to obtain cover.

However, a certain consolidation of premiums at the current high premium level is to be expected, so that we no longer assume the massive premium increases of the last two years across all risks.

For the contracts that have already been adjusted in terms of premiums in the last two years, further premium increases of approx. 5 to 15% on average should be calculated for certain risks and contracts with a low premium level. For companies with a financially and economically favourable starting position, for contracts with a premium level that is already customary in the market and for contracts with low coverage amounts, the portfolio premiums can be maintained as far as possible.

On the conditions side, the content of the contract is reduced: Shortening of long follow-up notification periods with the offer of additional purchase options, deletion of inventory guarantees and retroactive coverage, as well as co-insurance of own damage, inclusion of exclusions such as an insolvency exclusion, territorial exclusions for Russia, Ukraine and Belarus, as well as far-reaching sanction exclusions.

The coverage capacities will be further reduced by, among other things, the abolition of the ceiling of double the base amount and the additional limit for defence costs.

A long-standing risk carrier is currently withdrawing almost completely from the D&O market.

The insurers' increased need for information regarding the current financial and entrepreneurial effects of the Coronavirus pandemic and the Ukraine war on companies, and the general enquiry about risks relating to Russia, are also continuing for upcoming contract renewals. It is, therefore, still advisable to enter into a risk dialogue with the insurers at an early stage by submitting the requested renewal documents.



The first signs of a slight easing in a hardened D&O market are emerging. Due to a process of market reorganisation of recent years, D&O premiums will stabilise at the current high level, unless additional global market turbulence occurs. However, premium reductions are not in sight.



General limitation of the sum insured to a maximum of EUR 15 million.



“An initial slight easing in an otherwise hardened D&O market is beginning to emerge.”

Country assessment



The D&O market remains tight and tough. The capacities for insurance sums are scarce. Chubb Insurance's exit from the business has further exacerbated the situation. Many Austrian managers will have to look for a new D&O insurer from next year. Some of them will also need a new policy for criminal legal protection. Chubb also terminated these contracts, which were considered a supplement to the D&O, at the end of their term.



Both past and upcoming uncertainties on the markets and the resulting challenges for all management members and bodies are leading to a clear trend: Even entrepreneurs who previously decided against insuring their personal financial risks are now asking for D&O solutions. Depending on the respective economic sectors, various insurers are showing more restrictive underwriting policies. Refusals to extend coverage amounts to the same extent as before, as well as the need for new additions by insurers, are increasing the need for professional tenders.

Cyber insurance

Cyber criminality due to ransomware attacks – increasingly directed by state actors – and the associated damages such as loss of revenue due to business interruption, ransom demands and data protection breaches, have almost doubled in 2021 compared to the previous year. The loss ratio has also increased enormously in the process. Companies are thus exposed to constantly changing cyber security threats in an increasingly intensive form. This trend will continue in 2022 due to the impact of the global Coronavirus pandemic and the Ukraine war. This is because hackers will continue to attack corporate IT with newer ransomware and exploit possible IT vulnerabilities en masse, such as the security holes in “Log4Shell/Log4j”, among others.

A relatively young cyber market is, therefore, changing and hardening at a rapid pace. The upcoming contract renewals on 01.01.2023 will, once again, result in a significant increase in premiums in the cyber market. It is estimated that there will be an average premium increase of about 30 to 60 % for companies with up-to-date IT security, depending on the sector and the degree of implementation of IT security. Depending on the industry and the degree of implementation of the internal IT security standards, the premium increases can also be significantly higher. In individual cases, the premium increase may also be small. In addition to these premium increases, the previously agreed deductibles will be raised significantly. Furthermore, there will be comprehensive war exclusions, territorial exclusions for Russia, Ukraine and Belarus, and far-reaching sanctions exclusions. Some insurers are limiting their insurance cover with regard to business interruption losses.

In addition, higher coverage amounts will lead to further capacity reductions, as no insurer in the market underwrites coverage amounts higher than EUR 10 million, especially for new placements. For losses in connection with ransomware attacks, some market participants now only underwrite coverage amounts of EUR 5.0 million or include sub-limits, or even exclusions for business interruption losses following cyber extortion. Some risk carriers no longer want new placements for basic contracts and/or only offer excesses above EUR 20 million. Other insurers have already withdrawn completely from the cyber market.

All risk carriers have very high minimum requirements – combined with a high degree of compliance – for corporate IT security. The need for information on the part of insurers has increased significantly with regard to IT security and the general query about Russia risks in the case of new placements and contract renewals. This will become even more acute in the future. Insurers require detailed risk and renewal questionnaires, and are increasingly conducting risk dialogues, both digitally and on-site. An early dialogue with the insurer under close supervision of the clients by cyber risk consultants continues to be a great advantage in the upcoming contract renewal process. Companies that do not provide sufficient risk information or were unable to implement the additional security requirements in time for the contract renewal, or whose risk quality with regard to IT security standards is insufficient, will, in individual cases, receive no (or only insufficient) insurance cover on the market. The inclusion of low sub-limits, significantly high deductibles and extensive coverage restrictions will become increasingly common.



On 01.01.2023, there will again be a significant increase in premiums in the cyber market.

“Premium increases of around 30-60% are to be expected.”

“Risk carriers are stipulating high minimum requirements and demanding **heightened IT standards.**”



Country assessment



Demand has increased significantly in the Austrian market, with companies of all sizes and from all segments seeking insurance cover. However, this is usually only possible after a comprehensive risk assessment, only with a good safety standard and after fulfilling various requirements, or through innovative (and sometimes inadequate) coverage concepts. Insurers already feeling the strain have once

again had to face a major hurdle. They are constantly looking for solutions to how (or if they even can) maintain the division profitably in the long run, because the respective situation or the companies' need for risk transfer is more intense than ever before.



Cyber insurance is currently the most important topic in risk management. Today, this insurance is a fixed part of every client's portfolio. However, the associated security should not obscure the fact that prevention through investment in IT infrastructure/software is necessary on an ongoing basis. Awareness-raising courses for staff are now also part of the courses offered by a company. The premiums today are mostly manageable and actively help to protect the balance sheet. When you consider the fact that the existence of the company depends on it, the premiums are usually no longer an issue.

Fidelity insurance

The increase in the loss types Payment Diversion (by 35 %) and Fake Identity (by 25 %), as well as the fact that every second attack on “an employee’s home-based office” was successful, with a loss amount of EUR 52 billion, represents one side of the equation. However, an increase in loss statistics in the area of employee crime is also foreseeable due to the looming financial effects of the Ukraine war, which could lead to an “exceptional situation” with a corresponding knee-jerk reaction in many people in the coming months. Furthermore, in connection with the implementation of the Whistleblower Act, an increased detection of corresponding offences is to be expected. Currently, premiums are still moderate, but this could change quickly, as is already the case with cyber insurance, which is why we recommend securing the premium for the long term. A previously discussed deletion of the cyber components from the contract conditions is currently only being pursued by one insurer, but an increase in questions about the risk situation is being observed.

Country assessment



Society’s wider sensitivity has increased further due to the crisis in recent months, which has led to rising crime, on the one hand, and to people’s vulnerability, on the other. New fraud schemes are being observed in Austria, and the difficulty of prosecuting offences on the net or via telecommunications is currently triggering major debates at a legislative level. As a result, crime insurers also have to face the high rates of inconclusive investigations. In addition, the situation is complicated by the growing importance of artificial intelligence in the economy and its classification in the creation of insurance guidelines.



We do not see a broad demand in Switzerland at the moment. Depending on the industry, this can, of course, change, such as in the public sector. Recently, there has been demand for the insurance in combination with cyber insurance. Pricing varies, and does not allow for a forecast of premium development.



Premium increases and coverage restrictions are on the horizon.

Trade credit insurance

Currently, a certain paralysis can be observed in the market, since high insolvency figures are expected for the future, but these are repeatedly being prevented by government measures. Despite all the risk factors such as increased inflation, supply chain bottlenecks, high wage, material and transport costs, new Coronavirus measures and the gas shortages that are looming as threatening scenarios, the expected damage has not yet materialised. Since the question of when such significant influences will unfold their effects is not foreseeable, credit insurers are behaving very cautiously. No comprehensive premium increases, changes in conditions or cancellations have been announced at present, so that no problems are currently foreseeable in the prolongation of claims-free policies. In a worst-case scenario, the regulator could be selective by cutting limits as insolvencies increase.

“The expected damage has not yet materialised. However, the impact of many risk factors will not be absent in the long run.”



Country assessment



Contrary to market expectations, the insolvency figures in 2021 and 2022 have been significantly reduced due to the Coronavirus support measures. Accordingly, credit insurance companies have again subscribed to higher credit limits. Due to high price increases, the discontinuation of support measures and a shortage of raw materials (China, Ukraine, gas), the market environment has currently become much riskier, and insolvency figures are rising to or above their long-term level. Higher limit requirements with increased risks are currently the greatest challenges for clients and credit insurers.



Insurers' appetite for risk is great, but only in the B2B market. As a rule, clients are trying to take on additional risks here themselves. When we make specific enquiries, we find that the risk is greatly increased. Insurers find themselves very close to market events, and are constantly monitoring the situation. The tools offered by insurers could nevertheless be very interesting for SMEs, and serve as a form of balance sheet protection.



Increase in insolvency figures is to be expected.

Deposit insurance

It is currently very difficult to evaluate the guarantee market in Germany. While entire sectors are, in part, no longer being served or only to a limited extent, as they were either already affected before the outbreak of the Coronavirus pandemic or have subsequently been thrown into a tailspin, the construction sector continues to benefit from the low interest rate level and the flight of capital into real estate. Due to capacity bottlenecks, higher margins are realisable, which ensure excellent liquidity levels in many companies. High levels of liquidity are leading contractors to leave deductibles in place during contract performance. A surety shall only be provided upon acceptance. This means that occupancy rates are declining noticeably. In steel construction, things look different. Here, through prudent purchasing, the material is financed through advance payments against the provision of collateral until delivery or installation on site. In terms of premiums, the trend has not yet reversed compared to the previous year, although due to the uncertain situation caused by the war in Eastern Europe, valuations can change at short notice depending on the type of guarantee, and we even expect this to happen. Guarantees for beneficiaries in Russia, Ukraine and also Belarus are currently not being issued.



The uncertain situation due to the war in Eastern Europe means that premiums are expected to rise.

Country assessment



The market continues to shift from bank guarantees to the insurance market due to the advantages of the available solutions. We offer individual solutions on our guarantee platform and a supplement to existing bank lines.



Deposit insurance is in great demand. Many contractors are also required by their clients to provide such insurance/guarantees. Placement was very difficult during the Coronavirus crisis. In the meantime, we are noticing a strong demand again and are placing them without any problems. However, it must be taken into account that entrepreneurs have acted more risk-consciously in recent years, and have built up reserves. International guarantee risks, on the other hand, will be more difficult to place and will certainly be much more expensive.

Additional company benefits

Working from home

Even after official end of the Coronavirus pandemic in Germany, many employers continue to offer their employees the possibility to work from home, at least partially, as an important additional benefit. The previous norm of having to work in the office is now being replaced by the new freedom to choose one's workplace in the office or at home.

Company bicycle programme

One additional benefit that has gained significant popularity in recent years is the company bicycle programme. In this case, the employer concludes a framework agreement with one of the now numerous providers on the market, which allows employees to lease a bicycle or e-bike of their own choice. This way, workers save up to 40% compared to a conventional purchase and can also contribute to environmental protection and do something for their fitness. The employer leases the bicycle and gives it to the employee. While the bicycle can be paid for in full or in part by the employer, the most common financing model is salary conversion by the employee. In this case, employees pay the leasing costs in the form of monthly contributions via salary deductions from their gross salary. For private use, employees receive a non-cash benefit which must be taxed monthly at 0.25% of the gross list price of the bicycle. If the employer pays the leasing instalment in full, the bicycle is completely tax-free for the employee as a salary extra.

Country assessment



Occupational pension solutions are an important part of the corporate strategy to find and retain qualified employees in the company. Group health care models within the tax exemption limit have proven to be a sensible supplement to occupational pension provision.



Fringe benefits are increasing slightly as employers benefit from well-motivated and flexible workers fulfilling their professional duties from home. Employers are planning for significantly less office space in the future.

Financial wellbeing

SÜDVERS Vorsorge introduces a new benefit

Employee wellbeing is high on the HR agenda of many companies, partly due to the Coronavirus pandemic. In addition to physical and mental wellbeing, financial wellbeing is also increasingly being heard. Four out of five companies would like to improve the financial wellbeing of their own staff through specific offers in the next two years.¹

“The focus is on developing a financial wellbeing strategy.”

SÜDVERS Vorsorge GmbH understands financial wellbeing as the ability to make independently informed decisions about financial provisioning. To achieve this, the benefit targets two key issues:

1. Create attention:

Employees must consider their financial security in old age, or in the event of unforeseen developments such as disability, in good time.

2. Inform and support:

Due to the trust-based relationship between employees and the employer, the latter are very well-suited to provide their own employees with the most important information. Furthermore, by offering individual counselling, employers can also support the decision-making process.

The extent to which SÜDVERS Vorsorge GmbH will offer financial wellbeing:

1. Seminars on all aspects of finance:

SÜDVERS Vorsorge GmbH will offer a series of seminars on various pension topics for all staff of the respective customer. In addition to this, the exclusive SÜDVERS insurance investment product SÜDVERS REBALANCE is made available to employees at favourable conditions.

2. Individual financial and succession planning:

In addition to the seminars on offer, SÜDVERS Vorsorge GmbH will provide individual financial and succession planning for the executives of the respective client.

¹ The Future of Financial Wellbeing Survey 2021, Willis Towers Watson

What benefits will Financial wellbeing offer to employees and the company

The benefits for workers are unmistakable. They will receive free access to the most important information on financial provision and will even be advised individually in some cases. But there are also numerous advantages for companies. Supporting employees in their financial wellbeing, for example, strengthens trust and thus increases loyalty.



Evidence Act

The Evidence Act and the occupational pension scheme

With the amendment of the Evidence Act, the “EU Directive on Transparent and Foreseeable Working Conditions” has found its way into German law. The Evidence Act has obliged employers to provide their employees with all essential terms and conditions of the employment relationship in writing since 1995. This also applies to any changes to the essential terms and conditions of employment. This will not change, in principle, when the new version of the Evidence Act comes into force on 01.08.2022. Nevertheless, the imposition of fines, among other things, should make the law more relevant in practice in the future.

The most important points in relation to occupational pensions

According to the Federal Ministry of Labour and Social Affairs (BMAS), deferred compensation is not subject to the provisions of the Evidence Act, which obliges employers in Section 2 (1) Sentence 2 No. 7 Evidence Act (NachwG) to inform their employees about “the composition and amount of remuneration”. According to the BMAS, the obligation does not extend to “what the remuneration is used for by the employees in a next step”.

Pursuant to Section 2 (1) Sentence 2 No. 13 Evidence Act (NachwG), employers who have agreed to provide a pension through a provident fund must, in future, inform employees of the name and address of the pension provider. For new employees starting on (or after) 01.08.2022, this information must be provided in writing no later than one month after the start of the employment relationship. In the case of existing employment contracts, on the other hand, this only has to be done at the request of the employee.



In addition, violations of the documentation requirements of the Evidence Act are considered an administrative offence when the new version comes into force, and can be fined up to EUR 2,000.

We, therefore, recommend having a pension scheme drawn up with all relevant information, referring to it in the employees' employment contracts and handing the pension scheme to the employees.

Country assessment



Interest in pension provision continues to grow robustly. Companies can differentiate themselves accordingly with an attractive offer to employees.



In April, the tariffs for BVG tenders as of 01.01.2023 will be fixed. Depending on the pension model and provider, you can expect attractive premium savings. You can benefit from lower premiums not only when you change pension models, such as switching from full insurance to a semi-autonomous collective foundation, but also within the same pension model. When changing pension providers, in addition to the premium, the amount of the conversion rates, coverage ratio, performance,

premium payment mode and interest rate, etc. must also be taken into account!

By focussing on the 2021 interest rate, good returns were achieved. On the other hand, the outlook is clouded with regard to the Ukraine crisis. Pension funds could be caught in the array of uncertainties with their investments. Of course, we are supporting our customers in the decision-making process and accompanying changes as they unfold.

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Section 15 VersVermV**



Trust through proximity

Our locations



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