



Trade Credit		
Publish Date:	December 2021	
Sector Details:		
Sector:	Trade Credit	
Region:	Developed Markets - Europe	
Country:	France	
Country IDR:	AA Negative	
Country IDR Action:	Affirmed	
Country Action Date:	05-Nov-21	
Country Ceiling:	AAA	
Ratings History		
Date	IFS	Action
09-Dec-21	AA- Stable	Affirmed
20-Apr-21	AA- Stable	Affirmed
05-Nov-20	AA- RWN	Rating Watch Maintained
14-May-20	AA- RWN	Rating Watch Maintained
31-Mar-20	AA- RWN	Rating Watch On
10-Jul-19	AA- Stable	Affirmed
29-Aug-18	AA- Stable	Affirmed

Factor Levels	Operational Profile				Financial Profile			Asset/Liability Management	Reserve Adequacy	Reinsurance, Risk Mitigation & Catastrophe Risk	Other Factors & Criteria Elements (see below)	Insurer Financial Strength
	Industry Profile & Operating Environment	Company Profile	Capitalization & Leverage	Debt Service Capabilities and Financial Flexibility	Financial Performance & Earnings	Investment and Liquidity Risk						
aaa												AAA
aa+												AA+
aa												AA
aa-												AA- Stable
a+												A+
a												A
a-												A-
bbb+												BBB+
bbb												BBB
bbb-												BBB-
bb+												BB+
bb												BB
bb-												BB-
b+												B+
b												B
b-												B-
ccc+												CCC+
ccc												CCC
ccc-												CCC-
cc												CC
c												C
d or rd												D or RD

Bar Chart Legend:		
Vertical Bars = Range of Rating Factor		
Bar Colors = Relative Importance		
■	Higher Influence	
■	Moderate Influence	
■	Lower Influence	
Bar Arrows = Rating Factor Outlook		
↑	Positive	
↓	Negative	
↕	Evolving	
□	Stable	
Applicable Criteria & References		
Insurance Rating Criteria (Nov 2021)		
Analysts		
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Other Factors & Criteria Elements				
Provisional Insurer Financial Strength AA-				
Non-Insurance Attributes	Positive	Neutral	Negative	+0
Corporate Governance & Management	Effective	Some Weakness	Ineffective	+0
Ownership / Group Support	Positive	Neutral	Negative	+0
Transfer & Convertibility / Country Ceiling	Yes	No	0	+0
Insurer Financial Strength (IFS) Final: AA-				
IFS Recovery Assumption	Good			-1
Issuer Default Rating (IDR) Final: A+				
Direct Peer Group				
Group	Current IFS	Previous IFS	Date Changed	
Groupama	A	A-	20-Jun-2019	
CNP	A+		15-Jul-2020	
Groupe VYV	A+		28-Jan-2019	
SMA	A+		28-Feb-2020	

Drivers	
Very Strong Company Profile	Fitch Ratings ranks Coface's business profile as 'favourable' compared with other global trade credit insurers' due to Coface's very strong, well-established and diversified franchise in the global trade-credit insurance sector, where the group is the third-largest insurer.
Very Strong Capitalisation	The Solvency II (S2) ratio was very strong at 191% as of end-June 2021 (205% as of end-2020), above the company's target of 155%-175%. Net leverage averaged 1.2x over five years.
Strong Profitability	Fitch views Coface's financial performance and earnings as strong, underpinned by underwriting profitability and effective risk management across the cycle.
Earnings Resilient to Pandemic	Coface's earnings were only moderately affected by the pandemic-related recession in 2020 and have recovered strongly in 2021. The combined ratio (CR) was 79.8% at end-2020 (9M21: 56.1%; 2019: 77.7%).
Sensitivities	
Sustained Weaker Profitability	The rating could also be downgraded if the CR rises above 90% on a sustained basis.
Lower Capital, Higher Leverage	The ratings could be downgraded if the S2 ratio falls below 160%.
Deteriorating Business Profile	A deterioration in the business profile, as reflected in a substantially weaker competitive position or higher business risks, could lead to a downgrade.
Upgrade Unlikely	An upgrade is unlikely in the medium term, given Coface's smaller size and lower product diversification than higher-rated insurers.

The Navigator summarizes the main IFS rating(s) of the noted operating company, and/or operating company subsidiaries of the noted holding company.

Credit-Relevant ESG Derivation

COFACE has 6 ESG potential rating drivers

- ➔ COFACE has exposure to compliance risk; treating customers fairly; pricing transparency; privacy/data security; legal/regulatory fines; exposure to insured and own cyber risk but this has very low impact on the rating.
- ➔ COFACE has exposure to social responsibility and its effect on brand strength; increased vulnerability due to credit concentrations but this has very low impact on the rating.
- ➔ Governance is minimally relevant to the rating and is not currently a driver.

				Overall ESG Scale	
key driver	0	issues	5		
driver	0	issues	4		
potential driver	6	issues	3		
not a rating driver	2	issues	2		
	6	issues	1		

Environmental (E)

General Issues	E Score	Sector-Specific Issues	Reference	E Scale
GHG Emissions & Air Quality	1	n.a.	n.a.	5
Energy Management	1	n.a.	n.a.	4
Water & Wastewater Management	1	n.a.	n.a.	3
Waste & Hazardous Materials Management; Ecological Impacts	1	Underwriting/reserving exposed to asbestos/hazardous materials risks	Capitalization & Leverage; Financial Performance & Earnings; Reserve Adequacy; Reinsurance, Risk Mitigation & Catastrophe Risk	2
Exposure to Environmental Impacts	2	Underwriting/reserving exposed to environmental and natural catastrophe risks; impact of catastrophes on own operations or asset quality; credit concentrations	Capitalization & Leverage; Financial Performance & Earnings; Reserve Adequacy; Reinsurance, Risk Mitigation & Catastrophe Risk; Investment & Asset Risk	1

How to Read This Page

ESG scores range from 1 to 5 based on a 15-level color gradation. Red (5) is most relevant and green (1) is least relevant.

The Environmental (E), Social (S) and Governance (G) tables break out the individual components of the scale. The right-hand box shows the aggregate E, S, or G score. General Issues are relevant across all markets with Sector-Specific Issues unique to a particular industry group. Scores are assigned to each sector-specific issue. These scores signify the credit-relevance of the sector-specific issues to the issuing entity's overall credit rating. The Reference box highlights the factor(s) within which the corresponding ESG issues are captured in Fitch's credit analysis.

The Credit-Relevant ESG Derivation table shows the overall ESG score. This score signifies the credit relevance of combined E, S and G issues to the entity's credit rating. The three columns to the left of the overall ESG score summarize the issuing entity's sub-component ESG scores. The box on the far left identifies some of the main ESG issues that are drivers or potential drivers of the issuing entity's credit rating (corresponding with scores of 3, 4 or 5) and provides a brief explanation for the score.

Classification of ESG issues has been developed from Fitch's sector ratings criteria. The General Issues and Sector-Specific Issues draw on the classification standards published by the United Nations Principles for Responsible Investing (PRI) and the Sustainability Accounting Standards Board (SASB).

Sector references in the scale definitions below refer to Sector as displayed in the Sector Details box on page 1 of the navigator.

Social (S)

General Issues	S Score	Sector-Specific Issues	Reference	S Scale
Human Rights, Community Relations, Access & Affordability	1	n.a.	n.a.	5
Customer Welfare - Fair Messaging, Privacy & Data Security	3	Compliance risk; treating customers fairly; pricing transparency; privacy/data security; legal/regulatory fines; exposure to insured and own cyber risk	Industry Profile & Operating Environment; Business Profile; Reserve Adequacy	4
Labor Relations & Practices	2	Impact of labor negotiations, including board/employee compensation and composition	Corporate Governance & Management	3
Employee Wellbeing	1	n.a.	n.a.	2
Exposure to Social Impacts	3	Social responsibility and its effect on brand strength; increased vulnerability due to credit concentrations	Business Profile; Investment & Asset Risk; Financial Performance & Earnings; Reinsurance, Risk Mitigation & Catastrophe Risk	1

Governance (G)

General Issues	G Score	Sector-Specific Issues	Reference	G Scale
Management Strategy	3	Operational implementation of strategy	Corporate Governance & Management; Business Profile	5
Governance Structure	3	Board independence and effectiveness; ownership concentration; protection of creditor/stakeholder rights; legal /compliance risks; business continuity; key person risk; related party transactions	Corporate Governance & Management	4
Group Structure	3	Organizational structure; appropriateness relative to business model; opacity; intra-group dynamics; ownership	Corporate Governance & Management; Ownership	3
Financial Transparency	3	Quality and timing of financial reporting and auditing processes	Corporate Governance & Management	2
				1

CREDIT-RELEVANT ESG SCALE

How relevant are E, S and G issues to the overall credit rating?		
5		Highly relevant, a key rating driver that has a significant impact on the rating on an individual basis. Equivalent to "higher" relative importance within Navigator.
4		Relevant to rating, not a key rating driver but has an impact on the rating in combination with other factors. Equivalent to "moderate" relative importance within Navigator.
3		Minimally relevant to rating, either very low impact or actively managed in a way that results in no impact on the entity rating. Equivalent to "lower" relative importance within Navigator.
2		Irrelevant to the entity rating but relevant to the sector.
1		Irrelevant to the entity rating and irrelevant to the sector.

The ratings above were solicited and assigned or maintained at the request of the rated entity/issuer or a related third party. Any exceptions follow below.

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