icIEC Newsletter

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Quarterly Publication of the Islamic Corporation for the Insurance of Investment and Export Credit
(a member of Islamic Development Bank Group, Jeddah)

Jumada II 1431H www.iciec.com June 2010 11th Issue

ICIEC Inaugurates Representative Office in DIFC

HH Sheik Hamdan bin Rashid Al Maktoum, Deputy Ruler of Dubai, Minister of Finance with Dr. Ahmad Mohamed Ali, IDB Group President

Under the patronage of His Highness Sheikh Hamdan bin Rashid Al Maktoum, Deputy Ruler of Dubai, Minister of Finance and IDB Governor for the United Arab Emirates ICIEC inaugurated on Monday 31 May 2010 its representative office in Dubai International Financial Centre (DIFC). The ceremony was attended by Dr. Ahmad Mohamed Ali, President of the IDB Group and the Chairman of the Board of Directors (BOD) of the ICIEC, H.E. Ahmed Humaid Al Tayer Governor of DIFC, H.E Younis Haji Al Khoori, Director General, Ministry of Finance, Dr. Abdel Rahman El-Tayeb Taha, the CEO of ICIEC; and a large number of senior government officials, banks, and corporates from the UAE. *(more p:3).*

> Our thanks to UAE Government for the support it provides to IDB Group activities.
> Ahmad Mohammad Ali, IDB Group President

ICIEC provides more than US$ 2 Billion in Export Credit Insurance to Member Countries in 1430H

Under the Chairmanship of the President of the Islamic Development Bank (IDB) Group, Dr. Ahmad Mohamed Ali, the Board of Directors of ICIEC, approved the financial results and the annual report of the Corporation for 1430H (2009) at its recent meeting held in Jeddah. *(more p:2).*

Business Highlights 1430H (2009)

	USD million	
New Insurance Commitments	2,134	25% ↑
Business Insured	1,029	-29% ↓
Claims Paid	1.60	146% ↑
Recoveries	1.91	1810% ↑

Editorial

ICIEC withstands the effects of the Global Financial Crisis

ICIEC provided USD 2.3 billion of Insurance commitments last year to its 38 member countries, to cover their trade and investment insurance needs.

The year 1430H, (2009), was a challenging period for the financial services industry in general and insurance in particular. ICIEC performance during the year under review showed its commitment to its mandate of supporting its member countries. ICIEC was able to deal with the negative effects of the financial crisis without major problems, a fact that was supported by the recent affirmation of ICIEC's Aa3 rating by Moody's Investor Services.

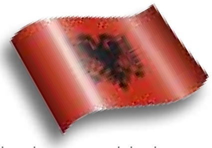
ICIEC also marked a major milestone in May 2010, with the opening of its first Representative Office in the Dubai International Financial Center (DIFC), under the Patronage HH Sheikh Hamdan Bin Rashid Al Maktoum. The office will serve as ICIEC's marketing arm in the UAE and neighboring countries.

Part of ICIEC's mandate is to expand awareness of Export Credit & Political Risk Insurance in its member countries. In line with this objective, ICIEC recently organized a seminar for banks in Bahrain, in coordination with the Central Bank of Bahrain. The seminar explored the ways in which financial institutions can utilized Export Credit & Political Risk Insurance tools to mitigate risks in cross-border trade and investments.

I remain confident that ICIEC will continue to expand the size and scope of its offerings for its stakeholders in the near future.

Dr. Abdel-Rahman Taha,
ICIEC's Chief Executive Officer

Albania Joins ICIEC

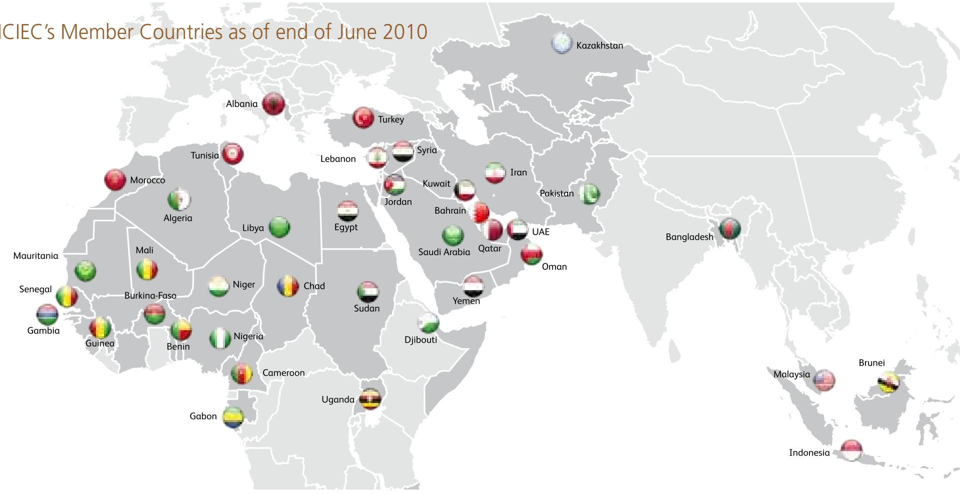


The Republic of Albania has recently been added to the membership of ICIEC, after the completion of the membership requirements, and is now eligible to benefit from ICIEC services. This brings the number of member countries to 39.

Dr. Abdel Rahman El-Tayeb Taha, ICIEC's CEO commented "The Republic of Albania's membership opens the door for its private and public sectors to benefit from risk mitigation services offered by ICIEC. Similarly, it allows exporters, banks and investors from other member countries, to cover risks related to their operations in Albania" ■

H.E IDB Governor for Albania with ICIEC's CEO during the 34th Annual Meeting held in Ashgabat - May 2009

ICIEC's Member Countries as of end of June 2010



> "ICIEC seizes this opportunity to invite exporters, banks and investors in all member countries, including those in Albania, to benefit from the services it offers for management of commercial and political risk. ICIEC's CEO"

Business Highlights

ICIEC provides more than US$ 2 Billion in Export Credit Insurance to Member Countries in 1430H

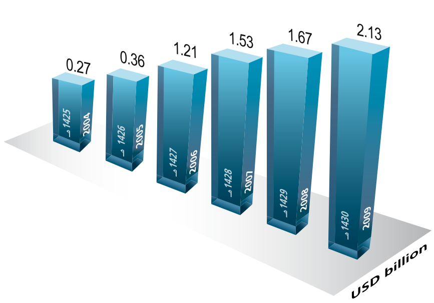
"We are proud that the Corporation has managed to maintain its financial position under such difficult circumstances. ICIEC's strength has been underscored by the Aa3 rating assigned to the Corporation by the rating agency Moody's Investors Service". Dr. Taha, ICIEC's CEO

(continued from p:1) The Board recommended that the financial results and the annual report be submitted to the 17th meeting of the Board of Governors of ICIEC scheduled to be held in Baku, Republic of Azerbaijan, on 23 June, 2010.

The annual report shows that the insurance commitments provided by ICIEC to member countries' investors and exporters stood at over US$ 2 billion, an increase of 25% compared to 1429H (2008), whereas actual insured business went down by 29% to stand at about US$ 1 billion. However, the earned premiums and fees exceeded US$ 4 million, a rise of 111% compared to 1429H. Total indemnification paid by ICIEC to its clients amounted to US$ 1.6 million, while it recovered US$ 1.9 million, thus achieving a net financial surplus of US$ 1.09 million which is allocated to reserves that stand at US$ 45.12 million, representing 39% of the paid up capital.

Commenting on these results the CEO of ICIEC, Dr. Abdel-Rahman Eltayeb Taha, said that this is "a good achievement considering the global financial crisis and the subsequent economic recession that caused a world-wide decline in trade and investment flows. He added that it was a natural consequence that the credit risk insurance industry should suffer from these developments. The result has been an exponential rise in claims paid by international insurance companies to their customers, thus sustaining huge financial losses" ■

Insurance Commitments - 6 years period



Business Insured - 6 years period

ICIEC Inaugurates Representative Office in DIFC

Dr. Ahmad Mohamed Ali, President of the IDB Group, H.E. Ahmed Humaid Al Tayer Governor of DIFC; and Dr. Abdel Rahman El-Tayeb Taha, the CEO of ICIEC speaking at the opening ceremony of ICIEC's representative office in Dubai, 31 May 2010 at Emirates Towers, Dubai

(continued from p:1) After the opening ceremony, Sheikh Hamdan bin Rashid Al Maktoum, Deputy Ruler of Dubai and UAE Minister of Finance, received Dr Ahmad Mohamed Ali, President of IDB Group, and Dr Abdel Rahman El-Tayeb Taha, the CEO of ICIEC, in the presence of H.E. Obeid Hamid Al Tayer, Minister of State for Financial Affairs.

During the meeting HH Sheikh Hamdan and Dr. Ali reviewed the IDB's investment activities and programs in Arab and Islamic countries for stimulating economic growth and creating jobs for youth, as well as measures that the bank has adopted to overcome the economic downturn.

ICIEC's Dubai Representative Office will be a full-fledged provider of ICIEC's Shariah Compliant Export Credit & Political Risk Insurance products to banks and corporate operating in Dubai and neighboring countries. The DIFC, being the premier international financial centre in the region, provides an excellent base for ICIEC to be close to its clients, and craft better solutions for their needs.

In his key note addresses, Dr Ahmed Mohamed Ali, IDB Group President and the Chairman of ICIEC said "Te location of our new office in the DIFC gives us the unique advantage of being in a community of international investment banks, financial institutions, international insurance and reinsurance companies that would help us to expand our activities in the region,"

> "We are confident that ICIEC will find Dubai an ideal platform for expanding its business in the region." H.E. Ahmed Humaid Al Tayer, DIFC Governor

In his speech, H.E Ahmed Humaid Al Tayer, DIFC Governor highlighted on the increasing importance of Islamic finance and the role to be played by DIFC in developing and supporting it. He also mentioned that the interest shown by conventional financial institutions, especially post the global financial crisis, to study the main features of the industry and learn from its benefits, particularly in the aspects of ethical investments and risk management. H.E. welcome the opening of a representative office for ICIEC in DIFC and expressed his confidence that the corporation will find an ideal platform for expanding its business in the region the DIFC serves covering the Middle East, North Africa and South Asia.

HE Younis Haji Al Khoori, Director General of Ministry of Finance said: "In line with the Ministry of Finance's efforts to enhance the partnership between public and private sectors in UAE and to support the national economy, the UAE has provided the infrastructure required by ICIEC for its Representative Office. ICIEC has made effective contributions to the support of exports and investment via programs aimed at securing investment insurance and export credit; something which will strengthen economic growth in Muslim countries".

Abdullah Mohammed Al Awar, CEO of the DIFC Authority said: "It pleases us to welcome the representative office for ICIEC in DIFC. Due to its focus on providing export credit and investment insurance services, we are sure that the new office of the corporation shall help enhance trade transactions and encourage investment flows in the region. The DIFC has a developed infrastructure and sophisticated regulatory framework that will definitely support ICIEC's efforts to expand its business

In the opening ceremony, Dr. Abdel Rahman El-Tayeb Taha, the CEO of ICIEC noted "We received special treatment from the DIFC. The special arrangement is that we are exempted from certain regulatory requirements". He said most of the companies registered in DIFC are involved in commercial activities whereas the multilateral institutions involved in developmental projects." This requires a great deal of flexibility and understanding from the regulators of the DIFC. We are grateful for this understanding and we are happy to be in the DIFC" He added. ■

> "Due to our special relationship with our member countries we have a better understanding of the risk and we cover" Dr. Abdel-Rahman El-Tayeb Taha, ICIEC's CEO

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Partners' Cooperation

ICIEC organizes a Seminar for banks under the patronage of the H.E Governor of the CBB

Central Bank of Bahrain

H.E Rasheed M. Al-Maraj, governor of Central Bank of Bahrain, left, receives a commemorative plaque from Dr. Abdel-Rahman El-Tayeb Taha, CEO of ICIEC

Under the patronage of His Excellency Rasheed M. Al-Maraj, the Governor of Central Bank of Bahrain (CBB) ICIEC organized a seminar in April 2010, titled "Relationship between Financial Institutions and Export Credit and Investment Insurance Agencies" held at the Movenpick Hotel, Bahrain.

> "Having the additional security provided by export credit guarantees is particularly helpful for firms in the private sector, especially small and medium enterprises that might otherwise not be able to manage the risks of dealing with overseas buyers.
> H.E Al Maraj, CBB Governor"

The seminar was witnessed participation from more than 30 banks.

In his keynote address during the opening session of seminar H.E the Governor of CBB said that CBB as a regulator of banks and the financial sector would continue to encourage the adoption of high standards of risk management throughout the sector. He also highlighted the importance of the adoption of a robust framework aimed at supporting the private sector in managing the credit risks.

H.E Al-Maraj said "The CBB is especially pleased to be supporting this event jointly with the Islamic Corporation for the Insurance of Investment and Export Credit, an agency which has pursued the objective of enlarging trade transactions

> "As a Central Bank, we also have a strong interest in promoting the work of ICIEC. The services provided by ICIEC can serve as important risk management tools for banks, financial institutions, and their clients.
> H.E Al Maraj, CBB Governor"

and investment flows among the member countries of the Organization of the Islamic Conference since it was established in August 1994".

Dr. Abdel-Rahman El-Tayeb Taha, CEO of ICIEC, highlighted in his speech the importance of credit risk mitigation instruments for the financial sector, especially in the wake of credit crisis. The events of recent years have served to reinforce the importance of ensuring that financial institutions can identify, monitor, and control the risks that they take on their books. It is also important that they make full use of all available instruments of risk mitigation – which includes the use of export credit guarantees ■

> "The broad range of risks covered by the ICIEC enables exporters to manage their risks and also provides additional security for their lending banks. Dr. Taha ICIEC's CEO"

ICIEC signs Three Cooperation Agreements with ECGA of Oman

> These agreements will be an excellent base for fostering our strategic relationship with ICIEC, for the mutual benefit of Omani exporters and investors in Oman. Nasir Bin Issa Al-Ismaily, GM of ECGA

On 22 April 2010, ICIEC signed a Memorandum of Understating with the Islamic Export Credit Guarantee Agency of Oman, and other Cooperation Agreements covering Facultative Reinsurance and Debt Collection.

The agreements were signed at ICIEC's headquarters by Dr. Abdel-Rahman Taha, the CEO of ICIEC and Mr. Nasir bin Issa Al-Ismaily, the General Manager of ECGA.

The CEO of ICIEC commented "The signature of these cooperation agreements is a major step forward in enhancing relations between our two institutions. The fact that this agreement has come a very short period after Oman joined ICIEC is a matter of pride for us. We look forward to implementing these agreements at the earliest opportunity" ■

ICIEC hosts Lloyd's Reinsurers from London

"Given its unique multilateral status in the region coupled with strong local knowledge, ICIEC has become a close and reliable partner for its reinsurers.
Toby Heppel, Divisional Director at RFIB Group Ltd"

The delegation poses with IDB, VP finance and ICIEC Senior Managements

ICIEC recently hosted a delegation from its reinsurance partners representing some of the major Lloyd's syndicates, at its headquarters in Jeddah, along with ICIEC's brokers from Robert Fleming Insurance Brokers. The objective of the visit by reinsurers was to familiarize themselves with the IDB Group, and to gain a clearer understanding of ICIEC and its businesses.

Represented in the delegation were reinsurers from Aspen, Beazley, Catlin, CV Starr and Zurich Emerging Markets. Together, they represent some of most reputable reinsurance syndicates in the Lloyd's market. ICIEC has been working closely with these partners, for reinsuring its various lines of business, including short-term, medium-term, and foreign investment insurance business. ICIEC also cooperates with these partners by providing them with reinsurance support whenever required, primarily for transactions involving its Member Countries.

Dr. Abdel-Rahman Taha, the CEO of ICIEC noted "It gives us great pleasure to welcome this delegation to Jeddah. As ICIEC expands the scope of its operations, these partnerships are going to be critical in ensuring ICIEC can meet the increasing demand for its services from its Member Countries. This visit is just another example of the close links we have been able to forge with the reinsurance market in London".

Mr. Toby Heppel, ICIEC's reinsurance broker in London commented "Over the years, ICIEC has served as a catalyst for mobilizing reinsurance capacity from the London market for the various projects it covers. Given its unique multilateral status in the region coupled with strong local knowledge, ICIEC has become a close and reliable partner for its reinsurers. We hope to continue supporting ICIEC as it scales up its operations in support of its Member Countries".

Following the meeting, the delegation was taken on a city tour of the historic areas of Jeddah. The tour was followed by a dinner reception organized in their honour, hosted by the CEO of the Corporation ■

ICIEC and ITFC hosts the 4th Coordination Meeting for Trade Finance and Trade Guarantee Institutions in Jeddah

As part of the Islamic Development Bank (IDB) Group continued efforts to provide strategic support for the growth of intra-OIC trade, ICIEC and International Islamic Trade Finance Corporation (ITFC) the trade finance arm of IDB Group hosted the 4th Coordination Meeting for Trade Finance and Trade Guarantee Institutions at IDB Headquarters in Jeddah.

The participants in this meeting included the Saudi Export Program (SEP), the Arab Fund for Economic and Social Development (AFES), the Arab Banks for Development in Africa (BADEA), the Arab Investment and Export Credit Guarantee Corporation (DHAMAN) and the OPEC Fund for International Development.

The participants discussed and agreed on a number of initiatives that will support the members of the group in order to confront the challenges associated with global financial crisis in addition to supporting several programs that will help in strengthening intra-trade and Aid4Trade initiatives. Moreover, the meeting also discussed the performance report of the participating entities, detailing achievements during the preceding year and the shared vision of their coordination efforts.

Commenting on the importance of this coordination meeting Dr. Abdel Rahman El-Tayeb Taha, the CEO of ICIEC, said "This is part of IDB Group efforts to strengthen its endeavors to identify areas of synergy between the trade finance and trade guarantee entities, which in turn can help the private sector in IDB Group member countries to have better access to IDB Group products and services■

Staff Contributions

The Risk Vaccine

Mohamed Azzam
Underwriter , Short Term Underwriting Department

The Ellsberg Paradox

There are two urns. The first urn, you are told, contains 50 red balls and 50 black balls. The second one also contains 100 red and black balls, but the number of each color is unknown. If your task is to pick a red ball out of either urn, which urn do you choose? Most people pick the first urn, which suggests that they prefer a measurable risk to an immeasurable uncertainty this condition is known to economists as ambiguity aversion.

In a 1916 doctoral dissertation by the legendary economist Frank Knight. He made a distinction between two key factors in decision making: risk and uncertainty. The cardinal difference, Knight declared, is that risk — however great — can be measured, whereas uncertainty cannot.

How to measure risk then?

Risk = Probability of an event occurring x Losses per event

And using our language :

Probable Maximum loss (PML) = Probability of default (POD) x Loss given default (LGD)

Only when risk could be quantified, it could be traded and I think, this is our business. We are better defined as "risk traders". We buy "Underwrite" and sell "reinsure", however our shop is specialized in certain types of risk, Export credit and Investment.

It is possible..!

The many attempts to develop workable methods in order to measure the probable maximum loss (PML) of credit insurers were unfortunately unsuccessful.

The PML can be obtained by assessing the probability of default (POD) of a company together with the loss given default (LGD). Whilst for the POD there is a variety of models available, from ratings to sophisticated quantitative credit risk models, little was known regarding the LGD of a credit insurance contract.

Because of its name, credit insurance is often understood as consisting of pure credit risks similar to those faced by banks. In reality, the business is quite different. New models have had to be developed in order to evaluate the inherent risks involved. Although there are many databases and studies regarding loss given defaults and credit risks, none have been specific to credit insurance.

One essential feature of this industry is the fact that the policy insures the risk of a third party in a business relationship. Trade credit insurance provides cover to the sellers of goods or services in the event that the buyer defaults on his obligations.

Based on this feature, a model has been developed, which looks at the insurer's exposure one year before default and analyses his ability to reduce such exposure before the insolvency situation becomes irreversible. Using this idea, it is possible to statistically estimate the loss given default (LGD) on this exposure.

The results of a first study carried out by the credit and surety industry clearly showed that the risk carried by credit insurers is lower than that of a pure credit institution. Encouraged by the outcome, it was decided to fund a three year project at the Swiss Institute of Technology in Zurich. This study successfully ended on April 2008.

The Institute was given the task of collecting and collating data provided by the vast majority of credit insurers, and conducted a more refined study on the loss given default. The Institute guaranteed the anonymity of the data, and also guaranteed that the research would remain at a pre-competitive level.

The Swiss Institute of Technology confirmed the results of the first study: Based on the exposure one year before default, the LGD averages around 12% of this exposure at a 95% confidence level, and decreases with increasing exposure. This number should be compared with 30 to 40% values obtained for defaulted corporate bonds.

Moreover, this analysis tested full probability distribution as well as sensitivity to important parameters like size of the exposure and geographical spread. This in turn enables actuaries at the participating companies to better model the risks of their own businesses.

Based on the results of this project, each company is now able to build a proprietary risk model for computing its risk-based capital requirement, and is able to compare itself with an industry benchmark. This, of course, is a big advantage when it comes to working with regulators to obtain formal approval for internal models.

The study is also useful in discussions with rating agencies, whose capital requirements for credit insurance are often based on assumptions derived from the banking field or on a small and very specific part of our business.

Moreover, it could favor the transfer of some of these risks at a cheaper price to reinsurers and financial markets. We have already seen the successful placement of the Swiss Re Crystal bonds, which securitizes credit insurance risks. This placement was largely based on the same methodology.

A dive into details ...

But the question still holds: How did we calculate LGD? The model has expanded the definition of default into two stages:

Stage α which starts one year prior to default event (T_D-1yr), which is mainly concerned with the insurer ability to work down the exposure before the default, and ends when the default occurs

α = U-Limits (T_D)/G-Limits (T_D -1yr)

Whereas U-Limits is the used limit at the time of default and G-Limit is the maximum OCL approved during the last year (T_D -1yr)

Stage ω which starts right after the default and last until settlement date (T_S), which aims to measure the insurer claims handling ability

ω =Ult-Loss (T_S)/ U-Limits(T_D)

Whereas Ult-Loss is the ultimate loss at the time of actual settlement and U-Limits is the used limit at the time of default.

LGD = α x ω = Ult-Loss (T_S)/ G-Limits (T_D -1yr)

And Consequently the LGD of the whole portfolio would be:

LGD= Σ_i Ult-Loss (T_S)/ Σ_i G-Limits (T_D -1yr)

What is so interesting about such loss model in my opinion is the Prophylactic nature of its risk management approach, as it hold the underwriting accountable for decreasing the severity of loss in line with the risk of default in stage before the claims department starts it recovery job!

Thanks to modeling , credit insurers are now able to take vaccines against the two major challenges all types of insurers are afraid of right now: The EU's Solvency II, which govern insurers' statutory risk adjusted capital levels, and new risk transfer insurance accounting rules, introduced under International Financial Reporting Standards.

The regulatory question that will be soon posed to all industry practitioners " Did you take your vaccination?!" Hope you did..! ■

IDB Group Investment Promotion Technical Assistance Program

ITAP – JIB Organize a Familiarization Program for Al Anbar Investment Commission of Iraq

ITAP, in cooperation with the Jordan Investment Board (JIB), organized a familiarization program for 6 senior staff of Al Anbar Investment Commission of Iraq.

The program was hosted by JIB during the period 22 March – 1 April, 2010, and included several field visits to Jordan's different investment and developmental entities which were selected in alignment with the development needs and priorities of the newly established Al Anbar Investment Promotion Agency.

The key objective of the program was to institutionalize a capacity-building and networking program for Al Anbar Investment Agency through exposure to the successful Jordanian experience in attracting Foreign Direct Investment (FDI).

In addition to the extensive training sessions provided by JIB, the Iraqi delegation visited Jordan Free Zones Corporation (JFZC), Development Zones Commission and Jordan Industrial Estates Corporation (JIEC) ■

Group photo for the participants in the program for Al Anbar Investment Commission of Iraq

UNITED NATIONS
UNCTAD

ITAP, UNCTAD 3rd Capacity Building program for IDB French-Speaking Member Countries

ITAP and UNCTAD organized their 3rd Capacity Building program for the officials of investment promotion agencies in the IDB member countries. The theme of this year's 5-days program that was held in Morocco during 6 - 9 April 2010, focused on "Investment Promotion: Strategy, Protection and Aftercare" and dedicated to the representatives of Investment Promotion Agencies in the IDB French-speaking member countries. The Program was attended by 30 participants representing 15 countries ■

ITAP partners in focus

The Sierra Leone Investment & Export Promotion Agency

SLIEPA

SLIEPA was established by an act of parliament in 2007 with stated goals to stimulate pro-business reforms, increase FDI inflows and also contribute to improve the image of the country with aggressive PR and outreach strategy.

SLIEPA helps companies planning to establish or expand business operations in Sierra Leone and offers free advice to help them further their business activities.

For investors, SLIEPA facilitates all aspects of business registration, connect investors with local partners, and share sector information that is relevant to business decision making process. SLIEPA also provides information on incentives and how to apply for and receive them.

For exporters, SLIEPA assists in developing plans for entering or expanding businesses into foreign markets, provide marketing advisory services, advocate on exporter's behalf to the Government, and assist in identifying opportunities for appropriate technical assistance from regional and international organizations.

SLIEPA is divided into Investment Promotion and Export Development divisions so that it can provide customized advice and services:

www.sliepa.org ■

هيئة الاستثمار السورية
SYRIAN INVESTMENT AUTHORITY

ITAP Program for SIA

Project Profiles: ITAP is currently working on the selection and hiring of a consultant for the preparation of 100 Projects Profiles of investment opportunities in Syria. The consultant will work on identifying the priority sectors and then prepare the project profiles for boosting FDI flows into Syria ■

A Need Assessment Mission to Mauritania

A mission to Mauritania took place on 11-13th April 2010 to assess the needs and requirements of the newly established investment promotion intermediary "Commissariat a la Promotion des Investissements" (CPI). The mission held series of meetings and discussed the current situation of CPI in terms of attracting inward FDI. ITAP is expecting a detailed proposal from (CPI) so that it can decide areas where it can intervene ■

Policyholder on Focus

ICIEC Documentary Credit Insurance Policy enhances UBAF, Paris for LC Confirmation Business

إتّحـاد المصارف العربية والفرنسية
UNION DE BANQUES ARABES ET FRANÇAISES
1970 - 2010

Union de Banques Arabe et Francaise (UBAF), was founded in 1970, their shareholders comprise of major financial institutions from 19 Arab countries and Crédit Agricole and Investment Bank (CA CIB).

UBAF has a vast network of branches/representative office across the Arab world, Asia and Europe. Support from its Arab institutional shareholders and their strategic position in the market has allowed them specialize in trade transactions with the Arab Muslim Countries.

The Partnership between ICIEC and UBAF began in April, 2006 with the singing of the Documentary Credit Insurance Policy (DCIP). The policy provides support to UBAF's Letter of Credit (LC) confirmation.

Under DCIP, ICIEC provides cover against the non-payment risk (commercial and political risk coverage) of the LC issuing banks'. The business under the policy accelerated from mid 2009, with ICIEC extending cover for UBAF on several banks in different regions. Transactions covered under the policy comprise of key export commodities such as oil ■

ICIEC sponsors the 7th Annual Emerging Markets Trade & Political Risk Conference and discusses deals with Llyod's market

ICIEC sponsored the 7th Annual Emerging Markets Trade & Political Risk Conference organized by Exporta. Dr. Abdel Rahman Taha, the CEO of ICIEC participated in a panel discussion on a topic: Multilaterals: where do they fit?. The topic generated a lot of interest in the gathering. Dr. Taha elaborated that the private credit insurance market has been hit hard by the financial crisis, with insurers paying out massive claims to their policyholders. This has resulted in a reduction in the capacity and risk appetite of the private market for new transactions. Paradoxically, this is the time when credit insurance is also seeing a major increase in demand, since increased risk sensitivity is one of the after-effects of the crisis. Therefore, the role of multilaterals, with their extensive local knowledge and leverage with governments, has become more important in the past year.

Khemais El-Gazzah, the Director of the Short Term Insurance Department at ICIEC, participated in a panel discussing on a topic ECAs: meeting an increasing demand. Mr. El-Gazzah explained how ECA's like ICIEC are building close relationships with private market reinsurers, which is enabling them to meet increased demand from their countries of operations.

During the visit to London, ICIEC's delegation also took the opportunity to meet with leading reinsurers and banking partners ■

Credit Insurance Terminology !

Medium-term business:

Transactions under which the insured provides the buyer with a credit period between 1 and 3 to 5 years in length, usually characterised by a down payment followed by equal installment of payments.

Short-term business:

Transactions under which the insured provides the buyer with a credit period up to two years.

Quota-share treaty:

Reinsurance in respect of a portfolio of risks insured by a primary insurer and under which the risk is shared on a percentage basis between the insurer and reinsurer, i.e. not on an excess-of loss basis.

Agenda Updates

Event	Date	Venue
35th Annual Meeting of the IDB/ICIEC Board of Governors	20-24 June 2010.	Baku, Republic of Azerbaijan
Berne Union Spring Meeting	26-19 Jan. 2010	Hilton Helsinki Kalastajatorppa Hotel, Finland

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