

Swiss Re, NCM and Gerling Credit agree to form one of the world's leading credit insurers – Gerling NCM Credit and Finance AG

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Swiss Re, NCM and Gerling Credit today announced a transaction to combine Swiss Re's 90% owned subsidiary, NCM Group, with Gerling Credit creating a new company, Gerling NCM Credit and Finance AG. As part of the transaction Swiss Re will receive a combination of cash and stock, NCM's other shareholders ABN AMRO and ING will receive cash. Upon completion of the transaction Swiss Re will be a significant minority shareholder, with a 25% stake in the newly formed company.

This transaction is in line with Swiss Re's strategic plans and intentions to concentrate on its core business areas of reinsurance and financial services. It is consistent with Swiss Re's ongoing support of the credit insurance market, both through its position as a leading credit reinsurer and as a significant shareholder in the new company.

NCM is currently the world's second largest export trade credit insurer and fifth overall trade credit insurer with a 12% global market share and leading market positions in the United Kingdom, Italy, Benelux, the Nordic region and the United States. Swiss Re purchased 90% of NCM in 1998, ABN AMRO and ING Bank each retained 5%.

Gerling Credit is a subsidiary of the Cologne based Gerling Group and is one of the world's largest credit insurers. Gerling Credit has a global market share of 13% and currently operates in 36 countries on 5 continents.

Gerling NCM Credit and Finance AG will have a global market share of approximately 25% of the direct trade credit insurance business, with estimated total gross premiums of EUR 1.1 billion and will operate in virtually every major economy in the world. Upon the successful integration of the two companies the shareholders and management expect to work towards an Initial Public Offering of the company.

The deal is subject to regulatory approval by the insurance departments of The Netherlands and Germany and the EU Competition Authorities, however, the transaction is expected to close by the end of the year.

"Swiss Re is a strong supporter of the credit insurance industry and we are confident that a partnership with Gerling Credit will ensure NCM's long term future," said Walter B. Kielholz, Swiss Re's chief executive officer. "We remain committed to the ongoing development of the new combined company, through our 25% stake."

"NCM and Gerling Credit together will offer an enhanced value proposition to our clients, through specialist risk management capabilities and diversification," said Gerard van der Stelt, NCM's chief executive officer. "Trade globalisation requires high quality credit and trade receivables management through a single provider. As the world's leading and most innovative credit insurer, Gerling NCM Credit and Finance AG will be one of the market leaders in meeting these needs both on and off-line."

"In the new Gerling NCM Credit and Finance AG, the leading credit insurer worldwide will emerge in terms of internationality and innovation. Gerling Credit and NCM form an ideal joint venture, and the resulting synergies will benefit all stakeholders. Gerling customers worldwide will be offered the best available solutions and protection in an area of increasing concern for corporate risk managers. Thus the new company will further strengthen the Gerling Group as a whole," said Dr. Jürgen Zech, Chairman of the Executive Board and CEO of the Gerling Insurance Group.

Swiss Re was advised on the transaction by Goldman Sachs & Co and Fox-Pitt, Kelton. The Gerling Group was advised by JPMorgan.

Swiss Re is one of the world's leading reinsurers with over 70 offices in more than 30 countries. In the 2000 financial year, gross premium volume amounted to CHF 26.1 billion and the net income after tax reached CHF 3 billion. Swiss Re is rated "AAA" by Standard & Poor's, "Aaa" by Moody's and "A++" (superior) by A.M. Best.

NCM Group, is a privately owned company headquartered in Amsterdam and is the world's second largest export trade credit insurer with a leading position in Europe and North America and also has operations in Asia. In the 2000 financial year, total revenue (excluding activity on behalf of the Dutch State) was EUR 528 million and the financial result before tax and the addition to the equalisation provision, was EUR 54.9 million.

Gerling Insurance Group is one of the leading German insurers, with gross premiums of EUR 9.5 billion and an IAS financial result before tax of EUR 216 million in the financial year 2000. Gerling is active in all areas of insurance and reinsurance in more than 30 countries. Standard & Poor's have confirmed their AA-rating for the four Group companies. The Gerling Insurance Group is owned by Dr. Rolf Gerling (70%) and Deutsche Bank (30%).

The Gerling Credit Insurance Group is the third largest credit insurer world-wide with a gross premium volume of about EUR 600 million and 1,650 employees. In 2000 the financial result of the Credit Group before tax amounted to EUR 55 million. Together with its subsidiaries Gerling Namur (Belgium), Gerling Nordic (Norway) and Gerling Comesecc (Mexico), the company is represented in 36 countries on five continents. The Gerling Credit Insurance Group became the first credit insurer rated "AA-" by Standard & Poor's and "Aa3" by Moody's.

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