

FOREWORD

Bright spots in a challenging year



Peter Gisler and Barbara Hayoz in the boardroom at the new address

Rapid help in the crisis

The past year is sure to go down in the history books of our small country and, indeed, those of the entire world. A virus catapulted us completely out of our “plannable” regular life, forcing us within days and weeks to rethink or completely redefine many of our practices and, in particular, our social habits for a considerable period of time.

The pandemic also hit our clients unexpectedly and with full force. To ensure that it was able to support them quickly and in an unbureaucratic manner, SERV, in close consultation with SECO, immediately implemented several measures within its remit as early as the beginning of April 2020 and initiated additional, important measures, such as increasing the cover ratios and adjusting the content requirements. The pandemic also had an impact on SERV’s business operations.



“SERV has demonstrated that it fulfils its mandate even in challenging times and supports exporters during the crisis.”

BARBARA HAYOZ

CHAIRWOMAN OF THE BOARD OF DIRECTORS

The key results in brief

The significant decline in insurance policies (IP) and insurance commitments in principle (ICP) in 2019 (778) stabilised at 722 last financial year, despite a further decline of 7 per cent. The total new exposure increased by 6 per cent to CHF 3.802 billion compared to the previous year. A significant shift in the short-term sector can be seen here. The new exposure in 2019 amounted to CHF 1.213 billion, but rose to CHF 1.718 billion in the year under review, which corresponds to a share of 45 per cent for new business. Disruption resulting from COVID-19 meant that SERV had to assume insurance policies from the private market for some major export transactions in high-income countries.

SERV closed the year with negative net income for only the second time since it was founded in 2007. Although earned premiums increased by 30 per cent to CHF 89.8 million compared to the previous year, this was offset by record loss expenses of CHF 167.9 million. This had a strong impact on the negative net income of CHF 81.5 million. This year's income statement is characterised by high provisions for losses. A major loss in the public sector in Zambia of CHF 85.6 million stands out in particular, as well as the risk of further imminent losses from insured projects in Azerbaijan, Australia and the United Arab Emirates. These must, in part, be attributed to the economic consequences of COVID-19. With capital of CHF 2.744 billion, SERV is in very good financial shape.

2020 was an extraordinary year, but there were nonetheless many bright spots that allow us to look to the future with a feeling of distinct optimism, despite the shadows cast by the pandemic. Crises teach us what really matters. Our economy proved to be surprisingly robust and adaptable. There was, admittedly, a critical phase during spring 2020 when some global supply chains were disrupted, but the flow of goods was back on track within only a few weeks. Work continued almost without interruption in most companies, factories and workshops, in the fields and on construction sites, and even in most service industries. All in all, businesses coped with the crisis impressively.

Outlook

Replacing the core IT insurance system with a solution from the French software provider Tinubu will continue to keep SERV very busy in 2021 and, alongside the provision of professional, efficient advice and insurance solutions for the Swiss export industry, will be its principle strategic objective. Its increased complexity meant that the IT project of the decade had to be recalibrated in the fourth quarter of 2020 and kitted out with considerably more temporary resources and an expanded and more professional project organisation. As a result, there is now confidence that the planned launch will go ahead as scheduled on 1 January 2022.



“SERV must move away from being an insurer-of-last-resort and become a trade facilitator.”

PETER GISLER
CEO

In tandem with the Swiss State Secretariat for Economic Affairs (SECO), SERV commissioned an external consultancy firm to conduct a benchmark analysis on public export credit agencies (ECAs) in July 2020. A systematic approach to learning from other ECAs enables SERV to develop new strategies and, based on an established benchmarking model for ECAs, operate more efficiently. The results of this analysis are now in.

Compared to other public ECAs, SERV achieved very good to excellent efficiency ratings. To maintain its top-ranking position, it is, however, essential that SERV evolves from being an insurer of last resort to a trade facilitator that plays an even more active role in the domestic and foreign markets. If Switzerland wishes to continue actively supporting its exporters in the future, it will increasingly find itself confronted by a conflict of objectives. On the one hand, it must continue to uphold the principle of subsidiarity, which is deeply ingrained in Switzerland, while on the other, there is a risk that Swiss exporters could suffer a systematic disadvantage compared to their foreign competitors due to other countries' extensive support measures. The introduction of ECA Pathfinding two years ago, through which SERV aims to provide SMEs with access to foreign infrastructure projects, represented a step in this direction. Additional measures to promote and support Switzerland's export industry over the long term are also being looked at, such as further developing the range of products, e.g. by adapting working capital insurance or reactivating and rethinking investment risk guarantees.

What is clear is that the effects of the COVID-19 crisis will be with us for some time to come. SERV therefore expects increased loss expenses to continue in the coming years. Particularly during crises, flexibility is vital in order to be able to act rapidly. We will therefore continue to focus on the needs of our clients, quickly devising the best possible solutions for them and supporting them with their transactions. On behalf of all our employees, we would like to thank you for the trust you have placed in us, particularly in this challenging year, and we look to the future with confidence.



Barbara Hayoz
Chairwoman of the
Board of Directors



Peter Gisler
CEO