



NEWS RELEASE

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Bad debt Britain – insurance pay outs to help UK businesses deal with unpaid bills are at their highest since 2009

- Latest ABI figures show that claims paid by trade credit insurers are running at over £4 million every week - their highest level since 2009.
- Over 200 firms every week helped by trade credit insurance.
- A record £340 billion of UK trade is being covered by trade credit insurers.

Insurance pay outs made by trade credit insurers in 2017 to help businesses get through challenging trading conditions were at their highest level since 2009 according to figures published today by the Association of British Insurers (ABI).

During 2017 high profile company failures included Monarch Airlines, Palmer and Harvey and Misco, which have continued into 2018 with the collapse of Carillion, Toys R Us and Maplin. With company insolvencies up 4%¹ in 2017, UK firms continue to face challenging trading conditions at home and abroad.

The ABI's annual trade credit insurance statistics highlight that:

- Claims paid to businesses due to non-payment of debts in 2017 totalled £225 million, the equivalent of £4.3 million every week. This is up 7% on 2016, and the highest amount since 2009.
- In 2017 there were 11,017 claims. This equates to 212 firms being helped every week.
- The level of trade covered by trade credit insurance in the UK stands at a record £340 billion, up 7% on 2016.
- A fifth of policies covered businesses exporting goods or services overseas, with just over three-quarters covering domestic trade. The trade credit market continues to grow, with nearly 13,000 policies in force.
- Unsurprisingly, given a number of high profile insolvencies in the second half of 2017, the value of claims received in the last quarter of last year, at £130 million, was the highest quarterly figure since the first quarter, 2009.

Commenting on the figures, Mark Shepherd, ABI's Assistant Director, Property, Commercial and Specialist Lines, said:

“The failure of a number of high profile businesses, such as Monarch Airlines and Palmer and Harvey in 2017 and the recent collapse of Carillion, dramatically highlights the value of trade credit insurance. With over £4 million paid to businesses every week, trade credit insurance can make the difference between survival or demise following non-payment by a customer.

“The expertise of trade credit insurers is helping firms navigate challenging trading conditions, enabling them to expand at home and overseas, so helping Britain thrive. With the number of policies rising and insured trade at a record high, more firms are recognising that this cover is an essential business tool to help them assess the credit risk of potential business partners. But too many firms remain unprotected, and with intermediaries selling the vast majority of these policies, we need to raise awareness of the importance of trade credit insurance.”

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Notes for Editors

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1. The ABI UK Trade Credit Data Report compiles data from nine trade credit insurers: AIG, Atradius, Coface, Euler Hermes, Markel International, QBE, Tokio Marine HCC, XL and Zurich.
2. ¹ Figures relate to England and Wales: https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/675931/Insolvency_Statistics_-_web.pdf
3. Trade credit insurance provides cover against the risk of not being paid for goods or services that businesses sell. If their customers (also known as buyers) do not pay, the loss is covered by the insurance policy. The protection gives businesses the confidence to extend credit to new customers and also improves access to funding, from banks and financial institutions often at more competitive rates
4. The Association of British Insurers is the voice of the UK's world leading insurance and long-term savings industry.
A productive, inclusive and thriving sector, we are an industry that provides peace of mind to households and businesses across the UK and powers the growth of local and regional economies by enabling trade, risk taking, investment and innovation.
5. An ISDN line is available for broadcast
6. More news and information from the ABI is available on our web site, www.abi.org.uk.