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24 April 2020

John Glen MP
Economic Secretary to the Treasury
HM Treasury
1 Horse Guards Road
SW1A 2HQ

Dear John,

Trade Credit Insurance

Thank you for your ongoing engagement and support for businesses across the UK at this unprecedented time. I write to you today to report emerging evidence from our members of difficulties relating to the provision of trade credit insurance.

The UK trade credit insurance market provides invaluable coverage and support for businesses across the UK. However, as a result of the current economic crisis there is a growing concern that insurers may reduce credit limits or withdraw coverage over the coming weeks and months. Without the support offered by trade credit insurance, many businesses will struggle to trade effectively both at home and abroad, leaving supply chains damaged and severe financial distress for many businesses.

It is therefore vital that the UK government takes the action required to ensure that businesses have access to the trade credit insurance support they need throughout and after this crisis in order to help safeguard UK supply chains and trade.

We believe that the introduction of a temporary government backed reinsurance scheme would provide the protection to insurers required to maintain coverage and credit limits that are critical for businesses. This new initiative could be in the form of a Stop Loss Reinsurance Scheme, Quota Share Reinsurance Scheme or a hybrid model. Further to this we support the work of the Association of British Insurers (ABI) in developing an appropriate model.

If delivered such a scheme would help to protect and eventually restart supply chains and ease the pressure on business cashflow, providing urgently needed headroom to support the recovery. A number of other European countries have acted to establish support with similar initiatives of their own. A lack of UK action would considerably disadvantage UK business communities and hinder our ability to recover from this crisis.

If you have any queries regarding this proposal please contact Adam Szpala, Campaigns & Public Affairs Officer at the BCC, on 07961 138 964 or a.szpala@britishchambers.org.uk.

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Yours Sincerely,

Dr Adam Marshall
Director General

CC: Rt Hon Alok Sharma MP, Secretary of State for Business, Energy and Industrial Strategy
Rt Hon Elizabeth Truss MP, Secretary of State for International Trade and President of the Board of Trade and Minister for Women and Equalities
Mr Andrew Haldane, Chief Economist, Bank of England

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