

Update on the Trade Credit Reinsurance scheme

The government and the Association of British Insurers (ABI) have today (Wednesday 26 May) announced that the temporary Trade Credit Reinsurance (TCR) scheme will close on 30 June as planned.

The scheme has directly benefitted over half a million businesses, providing certainty to firms across the UK and safeguarding jobs. It protected more than £575 billion of business turnover by providing around £210 billion in insurance cover.

TCR was designed as a temporary solution to companies struggling to get insurance cover for transactions because of the pandemic. It is now ending in the context of a positive outlook for economic recovery in 2021, appetite for new business among participating insurers and the continued success of the vaccine rollout.

Participating insurers have indicated to the government that the scheme is no longer required and they are keen to take back full underwriting control.

The government and participating insurers will continue to work together to ensure there is a smooth transition to the private sector resuming its normal role of providing cover, as agreed with the ABI and participating insurers.

Business Minister Paul Scully said:

The Trade Credit Reinsurance scheme has been a huge success story, with the government and insurers working closely together to back more than half a million businesses, protecting jobs and providing confidence through the pandemic.

The scheme allowed trade to continue flowing despite the uncertainty caused by the pandemic, and it is only right that now our economic outlook has improved and businesses are getting back on their feet, the private sector resumes its role of providing insurance cover. I look forward to continuing to work with insurers to deliver the support which businesses need.

The scheme was a vital and necessary intervention by the government in response to the coronavirus (COVID-19) pandemic, providing certainty to businesses across the UK and protecting jobs. The scheme has offered eligible insurers a government-backed reinsurance agreement, covering insurance offered on business transactions within the UK and overseas.

This enabled trade, which required insurance but was unable to get it due to the uncertainty caused by the pandemic, to continue flowing.

Huw Evans, Director General of the ABI, said:

Insurers were pleased to have worked closely and constructively with the UK government on this temporary scheme. At a time when firms needed extra support during the pandemic, the scheme has helped ensure that businesses remained able to insure against potential risks in their supply chain. The scheme has been an excellent example of how government and the industry can work together on solutions to unprecedented market challenges to ensure the continued availability of insurance.

John Glen, Economic Secretary to the Treasury, said:

This scheme has supported millions of jobs at over half a million businesses by giving companies and their supply chains confidence through the pandemic. It has been a significant success, providing nearly £210 billion of cover, and it's right that trade credit insurance transitions back to the industry now the economy is starting to recover.

It is vital that insurers and businesses proactively continue to engage with one another during this period to ensure any necessary revisions to cover are minimised.

Whilst the government scheme is being wound down, insurers have committed in the joint statement between the government and the ABI to:

- continue to work closely with policy holders and their clients to understand their insurance needs, whilst proactively seeking out relevant information to inform underwriting decisions
- give adequate consideration in underwriting decisions to a business's plans for recovery and prospects for future growth, as well as the impact of the pandemic on different sectors and the ongoing nature of government support
- continue to communicate the rationale behind underwriting decisions transparently and in good time

Similarly, during this period the government has committed in the joint statement to:

- maintain an open dialogue between insurers and businesses, working collaboratively with both to help ensure the smooth transition of cover back to the private sector
- continue to monitor the levels of insurance cover within the market

Following the conclusion of the scheme, the government will begin work on the review of the Trade Credit Insurance market to ensure that it is leading to fair outcomes for consumers.

[Read the joint statement in full.](#)