

Bad debt Britain - payouts to help UK firms survive unpaid bills now at their highest since 2009

- *£5 million a week paid by trade credit insurers to help firms cope with bad debts as the number of claims soar 60% in the last year.*

Insurance payouts that provide a lifeline to help businesses struggling to cope with bad debts are at their highest level since 2009, with the equivalent of 50 new claims made every day, according to new figures out today (22 March) from the Association of British Insurers (ABI).

The figures highlight the support trade credit insurers are providing to help firms during the challenging trading climate. In 2018:

- The value of claims paid by trade credit insurers to help businesses due to non-payment of debts were £251 million, the equivalent of £5 million every week. This is up a significant 12% on 2017, and the highest amount since 2009.
- There were 17,500 claims, up 60% on 2017. This equates to over 300 firms being helped every week, or 50 helped every single day.
- The number of trade credit insurance policies is at its highest since 2008, with nearly 14,000 policies supporting British businesses.

Continued Brexit uncertainty, competition from online sales, weaker consumer spending, rising business rates, and increased operating costs due to a weaker pound have all contributed to create a very challenging and difficult trading climate.

High profile company failures in 2018 included Carillion; the wholesaler Palmer and Harvey, on which trade credit insurers paid out £30 million to help suppliers; electrical retailer Maplin, on which insurers paid out £11 million, and Toys R' Us, with insurers

paying out nearly £3 million. The British Retail Consortium has estimated that 85,000 jobs in the retail sector were lost in 2018.

Commenting on the figures, Mark Shepherd, the ABI's Assistant Director, Head of General Insurance Policy, said:

“Trade “Credit insurers are helping many UK firms through tough times. Uncertainty around Brexit is only adding to the challenges faced by many firms. Despite this, trade credit insurers continue to support businesses, with their risk appetite remaining high, even in the volatile economic climate.

“While protecting against non-payment is essential, the expertise and support of trade credit insurers is also helping firms to grow and trade with greater confidence, reducing the risk of facing bad debts. Having this cover can also improve access to funding from banks and other financial institutions. While the number of firms with this protection is rising, too many firms remain at the mercy of bad debts. So, we must do more to raise awareness of the importance of trade credit insurance.”

-ENDS-

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. 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.

3. An ISDN line is available for broadcast
4. More news and information from the ABI is available on our web site, www.abi.org.uk.

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