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## **GOVERNMENT LAUNCHES TRADE CREDIT INSURANCE GUARANTEE TO SUPPORT BUSINESSES DURING COVID-19**

Trade Credit Insurance provides protection for businesses when customers do not pay their debts owed for products or services. But due to COVID-19 and businesses struggling to pay bills, businesses have faced the risk of credit insurance withdrawn, or premiums increasing to unaffordable levels.

The Government has today announced Trade Credit Insurance will receive up to £10 billion of government guarantees.

The Trade Credit Reinsurance scheme, which has been agreed following extensive discussions with the insurance sector, will see the vast majority of Trade Credit Insurance coverage maintained across the UK.

Businesses do not need to apply directly to this scheme, as support will be administered directly between the Government and available insurers operating in the UK market.

The scheme is available on a temporary basis for nine months, backdated to 1 April 2020, and running until 31 December 2020, with the potential for extension if required.

The scheme will be followed by a joint BEIS/HMT-led review of the Trade Credit Insurance market to ensure it can continue to support businesses in future.

Andy Mitchell CBE, co-Chair of the Construction Leadership Council, said:

*"Trade credit insurance plays a significant role in construction, giving businesses the confidence to trade with one another. Our Industry Recovery Plan seeks to provide the construction industry with the tools and support they need to get back to work. The launch of this government-backed guarantee to support the provision of trade credit insurance is therefore a welcome announcement."*

Chief Executive of the Builders Merchants Federation and Chair of the Insurance and Surety Working Group for CLC Covid-19 Task Force, John Newcomb said:

*"The construction industry is one of the largest users of trade credit insurance accounting for some 30% of the market. Amongst other things, trade credit insurance gives builders' merchants the confidence to trade freely with SME building firms who largely operate in the residential sector. The government-backed guarantee will keep cash flowing through the building materials supply chain and protect thousands of jobs."*

### **ENDS**

Note to Editors:

1. The Construction Leadership Council's Covid-19 Task Force has laid out proposals to secure the future of construction businesses nationwide, while setting the industry on a sustainable path towards recovery. The industry Recovery Plan can be downloaded at: <https://www.constructionleadershipcouncil.co.uk/news/construction-roadmap-to-recovery-plan-published/>
2. The Government press notice on the Trade Credit Reinsurance scheme can be found at: <https://www.gov.uk/government/news/trade-credit-insurance-backed-by-10-billion-guarantee>