

## Update on the Trade Credit Reinsurance scheme

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

TCR was designed as a temporary solution for 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, an 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.

The scheme was a vital and necessary intervention by the government in response to the coronavirus 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.

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.