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News Update

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STOP PRESS

Extension to Government's trade credit insurance top-up scheme

Business Secretary Peter Mandelson this week announced changes that will mean many more firms can now purchase top-up cover as part of the Government's trade credit insurance scheme.

Since 1st May, companies who have had their credit insurance cover reduced have been able to purchase six months top-up cover under the £5bn Government Scheme.

In response to requests from business, from 9th June eligibility for the scheme will be backdated to include suppliers who had their cover reduced since 1st October last year. Previously, the Scheme was available to companies who had cover reduced since April this year.

Business Secretary Lord Mandelson said: "This extension will give more small and medium sized businesses flexibility to respond to a reduction in their credit insurance cover. We are acting decisively to help more businesses and allow them the breathing space to adjust their business models in response to the current climate."

CBI Director-General, Richard Lambert said: "This change, which the CBI called for, gives more help to those businesses left vulnerable without sufficient trade credit insurance cover since the autumn. Restoring confidence is critical to improving the economy, and this gives companies more certainty about their ability to trade."

Also from 9th June credit insurance provider HCC will join the three largest credit insurers (Euler Hermes, Atradius and Coface) as a provider of the Government Scheme.

The Scheme, which runs until 31st December 2009, allows suppliers to purchase Government-backed insurance to either restore cover to the original level or double the amount they are able to obtain from the private sector up to the value of £1m (whichever is the lower).

To apply, or for further information, companies should contact their trade credit insurer or information is also available through Businesslink, use this URL: <http://www.businesslink.co.uk/creditinsurance>

On 21st April, the Association of British Insurers released a Statement of Principles outlining the standards of service customers can expect from their insurance provider. All insurers offering the Government top-up scheme are required to have signed up to the Statement. The Statement can be found via this link: <http://www.abi.org.uk/Newsreleases/viewNewsRelease.asp?nrid=17616>