

Insolvency Risk News

Hello and welcome to what will be the first of many ad hoc newsletters, containing market news for those not regularly involved with the insurance markets. We also plan to feature a 'top tips' section on what you can do to help manage your policy if you have one.

Claims

According to the ABI (Association of British Insurers), trade credit insurers paid out £127,388,000 of claims in the first 2 quarters of 2009. The same figures for 2007 and 2008 were £61,599,000 and £86,613,000 respectively. This has led to more caution from insurers – in some cases too much – and where the insurer has other risk lines they can make more profit from, withdrawal from the market.

Market changes

In 2008 and 2009 we saw Amlin, Exporters, and Mitsui exit the credit market and insolvency risk market. This year they have been joined by Hollard and ECICS (a surety bond underwriter)

With these niche markets go the last insurer prepared to consider deferred consideration risks, and to quote on commercial tenant default.

Despite this ill wind there are signs that the credit insurance market is gradually recovering. Cover is becoming more readily available on more traditional policies, and the rate rises we have seen are steady.

In addition, Markel should be open for business later this year, following their acquisition of much of the team at ACE. Whilst they are likely to provide

hands off 'catastrophe' style cover, inappropriate for most businesses, it is another sign of those infamous 'green shoots' we are reading about in the press.

It is also worth while remembering that we saw the same market retraction in 2001-2002, and the market bounced back then.

Top Tips

ROT – Retention of title clauses are often overlooked by businesses, but not by insurers. Your cover may have a clause insisting on ROT, so if you do check that you have the right sort of clause and that it is on the right forms – not just the backs of your invoices (sadly not the right place). Also check that your larger customers have not excluded your ROT, and that such a clause is actually appropriate.

If you are in any doubt about this or any aspect of your cover or risks, contact us for help on:

North
john.Cockshutt@wdenis.co.uk
44 (0) 113 242 3130

South
Patrick.rice@wdenis.co.uk
44 (0) 207 264 3030



"Remember that credit is money"

Benjamin Franklin (1706-1790)