



PRESS RELEASE

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Inadequate risk protection threatening UK exporters reveals AIG survey

20 May 2014 – More than two-thirds (69%) of UK businesses expect to increase their dependency on exports over the next five years but many are ill-prepared to protect themselves against the risks they will encounter, according to a report released today by AIG in the UK, Trade & Export Finance Ltd and The Institute of Export (IOE).

Findings show that risk related to non-payment of goods & services is UK exporters' biggest concern, cited by 42% of respondents. However, only 37% of companies purchase trade credit insurance (down from 40% in 2013 and 53% in 2012), while 49% of all companies rely on open account payment, according to the International Trade Survey 2014, the largest independent survey of its kind which captures the views of over 2,800 companies.

The report also reveals that 70% of respondents are unaware of the concept of a single multinational insurance programme to cover their operations across multiple locations.

Will Clark, Head of Trade Credit at AIG in the UK, said: "Business confidence in the UK is rising – 72% of companies are more optimistic about prospects in 2014 than in 2013 (up from 59% 12 months ago). However, awareness of the increasing range of risks – political, economic and regulatory to name just a few – posed by entering into new markets, and how best to protect against them, appears to be going in the opposite direction.

"The fact that non-payment tops exporters' list of concerns yet the number of companies buying trade credit insurance is in decline means that the insurance industry needs to respond by developing more innovative products which better address buyers' needs and concerns. Significant progress has already been made, for example in introducing policies with non-cancellable limits which provide greater certainty to buyers. However, more needs to be done, both in terms of product development and in making buyers aware of the benefits of trade credit insurance, not only to protect them against insolvency but to help secure financing that allows them to invest and deliver future growth."

Raising awareness of multinational programmes will also help to support export growth, according to Clark

"The research shows that overall just 12% of UK exporters currently use a multinational insurance programme," he said. "Businesses with turnover up to £1m are the least aware, which is unsurprising. However, over 50% of companies in the £100m-plus bracket have no knowledge of the concept either.



“If the UK government is to achieve its stated target of raising exports to £1 trillion by 2020, all stakeholders in the insurance industry have a role to play in working together to close these knowledge gaps.”

Ends

Notes to editors

About the International Trade Survey 2014

First conducted in 1996, the International Trade Survey is the longest running and largest independent survey of its kind in the UK. Interviews were conducted by email, online and by telephone between January and early April 2014. 50,000 companies were invited to participate and 2,850 companies responded.

About AIG

American International Group, Inc. (AIG) is a leading international insurance organisation serving customers in more than 130 countries and jurisdictions. AIG companies serve commercial, institutional, and individual customers through one of the most extensive worldwide property-casualty networks of any insurer. In addition, AIG companies are leading providers of life insurance and retirement services in the United States. AIG common stock is listed on the New York Stock Exchange and the Tokyo Stock Exchange.

Additional information about AIG can be found at www.aig.com | YouTube: www.youtube.com/aig | Twitter: @AIG_UK | LinkedIn: <http://www.linkedin.com/company/aig> |

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Institute of Export

The Institute of Export is the UK's only professional body for those engaged in International Trade. Founded in 1935, and enjoying the patronage of HRH The Duke of Kent, it is a registered charity. Its core activity is the education and training of professional and international traders through school, college, university courses, distance learning and in the workplace. The Institute's Charitable Deed requires it to undertake research into, and offer recommendations on solving problems and issues related to the UK's international trade. The 2014 survey is the latest in a continuous programme of research geared to meeting this objective.

Trade and Export Finance

Trade and Export Finance Ltd (TAEFL) provides advice on all aspects of banking and finance. The company maintains a comprehensive database of the products and services offered by all of the major banks and related service industries. This database, which includes details of products, tariffs and strategies adopted by banks and related service companies, is continuously updated through the company's work with major corporations in reviewing their trade finance and cross-border payment practices and in providing assistance and bank relationship reviews. The unique position of TAEFL in the marketplace allows it to help both providers and suppliers of services to identify and develop products that are best suited to their needs.