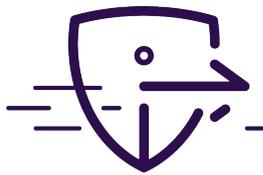




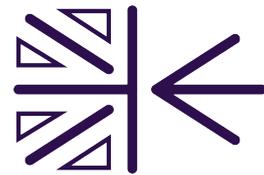
## Powering international trade: UK insurers as exporters and facilitators



**Enabling**  
international trade



**£13bn**  
worth of exports



**Attracting**  
investment to the UK

A successful insurance and long-term savings industry can help Britain thrive in its global role. The sector is a huge exporting success story: Britain is the world's leading exporter of insurance. £13 billion of insurance and pension services were sold to the rest of the world in 2015, with only £150 million bought in return. This equates to a massive trade surplus, and outperforms sectors like telecommunications and transport services.

Such a global reach has knock-on benefits for the wider economy - boosting the specialist skills required to engage with foreign markets, and spurring innovations that help to understand the nature of global risk. Not only this, but insurers facilitate cross-border relationships that grow commerce and that attract greater inward investment. In short, insurers make international trade happen.

### Selling insurance to the rest of the world

UK insurers are active in every corner of the world – from Argentina to Australia and from Singapore to South Africa. The overseas sales of the industry account for more than 40% of the EU total and are at a level almost double those of the US. This international footprint has seen the value of UK insurance and pension services exports rise six-fold since the turn of the century, when service exports as a whole have risen less than three-fold.

ABI members' presence outside Europe is particularly strong in the US, China, Japan, Singapore and India. For instance, in 2003 **Standard Life** formed Heng An Standard Life (HASL) with a Chinese firm as a joint venture. At the end of 2016, HASL had over 1,200 employees and 6,700 financial consultants. It operates 82 sales offices across 64 cities and 8 provinces, serving over 5 million customers in mainland China.



## A catalyst for trade

Insurers play a role in international trade beyond that of exporting their own products. If a business is worried about working with a new supplier, trade credit insurers cover the risk. They also offer advice on doing business in specific countries and provide help with overseas payments and debt collection.

This package of support creates international trading relationships that would otherwise not exist, and the importance of international market knowledge is reflected in insurers' recruitment. For example, **Aviva's** Global Graduate Leadership Programme employs 40-50 people around the world, with the graduates spending the first year in their home market and the second year in a different market.

### **Nitecrest** – credit insurance creates the confidence to enter new markets

Credit insurance means that Nitecrest can sell into emerging markets with confidence. The Lancashire-based business is a world leader in the supply of the plastic cards used for things like mobile top-ups, loyalty schemes and gift cards.

In 2007, Nitecrest wanted to expand its export business to take advantage of the growing market for telephone cards in Africa. However potential customers in places like the Congo, Cameroon and Angola would not pay for large orders upfront and Nitecrest were not comfortable trading on open account terms.

Nitecrest looked to trade credit insurer **Coface** for a solution and is now trading in these markets. Their support package includes cover against the risk of bad debt, credit ratings for potential customers and assistance with the collection of overdue payments.

## The benefits of global reach

The insurance industry's success at exporting and facilitating international trade has several by-products that contribute to a more successful UK economy:

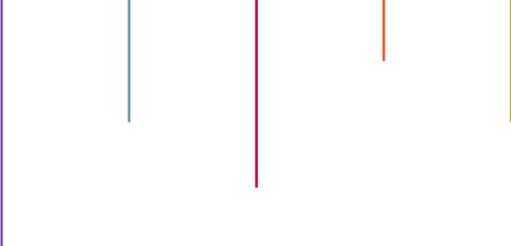
- It creates high-skilled jobs. **Chubb** employs 400 people in Glasgow specifically to service its European market, with multi-lingual staff engaging with customers.
- It spurs innovation. **Zurich** used its knowledge of overseas markets to develop an app that helps companies assess how different risk strategies interact across different countries and regions around the world.
- It encourages inward investment. In 2014 **Direct Line Group** invested in telematics company, The Floop, at the same time as making them its core telematics partner. Three years later, The Floop is operating in markets across the world and has generated further investment from two Chinese companies.

### **The Floop** – supporting new technology on the global stage

The Floop is a global leader in telematics data management and analysis. This technology uses large-scale data analysis to change how motor insurance is priced, taking account of driver behaviour and speed using the context of particular locations and circumstances. It now provides services across the US, Europe and China.

The Floop located in Sheffield because the city has the combined benefits of low living costs, good quality of life and a consistent supply of skilled graduates. The cutting-edge and world-leading nature of its work means that talented employees are attracted from across the UK and from overseas. One member of the team even left the Large Hadron Collider in Switzerland to move to The Floop.





**Direct Line Group** was The Floop's first customer and is now joined by some of the world's leading insurers. In 2014, Direct Line Group announced a 15 per cent investment in the company. This allowed an expansion of its team of scientists, engineers and designers, as well as an increase of its global presence. Aldo Monteforte, CEO of The Floop, says:

“Direct Line Group played a crucial role in the evolution of The Floop. They have been with us since the beginning, sharing our vision to make vehicles safer and cheaper. Direct Line Group's investment has helped us to promote our services all over the world, and to attract investment and high-skilled jobs to Sheffield.”

The Floop has been a regular attendee on Prime Ministerial trade missions, and in 2016 won The Queen's Award for Enterprise in the Innovation category.

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