

84% OF SMEs TOOK OUT BUSINESS PROTECTION AFTER TAKING PROFESSIONAL ADVICE, RESEARCH BY LEGAL & GENERAL REVEALS

- *84% of UK SME owners who took out a business protection policy did so because of advice from a finance professional*
- *Research reveals that 25% of small businesses were referred to an adviser by their accountant, highlighting the importance of professional connections*
- *Legal & General surveyed 800+ SMEs from a range of sectors as part of its 'State of the Nation's SMEs' research*

More than eight out of every ten UK SMEs (84%) have taken out a business protection policy because they were advised to do so by a financial adviser or bank, Legal & General's 'State of the Nation's SMEs' research has revealed. The survey of more than 800 SMEs found that financial advisers and other professionals such as accountants were central to raising awareness about the importance of business protection policies, such as Key Person insurance and Shareholder Protection, with 75% preferring to learn about the products from these professionals.

The research by Legal & General also found that professional networks continue to play an important role for financial advisers and SMEs, with a quarter of small businesses (25%) revealing that their accountant or solicitor referred them to an adviser about business protection. However, a business's own connections also remained important, with a further 26% of SMEs saying that they chose an adviser who was recommended by their social or professional network. Nearly a fifth (19%) got in touch with an adviser after attending a seminar.

Research commissioned by Legal & General previously found that most SMEs were acutely aware of the importance of individuals within their businesses, with more than half (53%) believing they would cease trading in less than a year if an owner, director, partner or key person becomes terminally ill, critically ill or die. However, of those without business protection, nearly a third (32%) had not considered purchasing this type of insurance, again showing the importance of advice in raising awareness of the cover and nudging businesses to take out a protection policy.

Richard Kateley, Head of Intermediary Development at Legal & General, said:

“Advisers have a vital role to play in raising awareness of the need for protection across the market. However, there is a particular need to stress the importance of Business Protection and encourage Britain’s small businesses to protect what really matters – their people. Our research has revealed some very positive figures – the overwhelming majority of SMEs with business protection took out a policy because they were advised to do so, which, for me, really shows the valuable role that advice is playing to help close the business protection gap.

“However, we’re not there yet. Thousands of SMEs, new and old, from sole-traders to larger enterprises remain unaware, and more worryingly, unprotected by any form of business protection. Advisers’ business connections can play a crucial role in eroding this lack of awareness and provide a beneficial source of new clients. Most SMEs have an accountant or solicitor, so advisers should leverage their relationships with professionals like these to meet new clients and explain the undeniable value of business protection.”

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FURTHER INFORMATION (JOURNALISTS ONLY)

Nick Seymour
020 7440 8670
landg@rostrum.agency

Alyson Bowcott
PR Manager
07764 582574
alyson.bowcott@landg.com

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