



UK SMEs optimistic for 2022: 57% have a positive financial outlook despite increased levels of debt, reveals Legal & General research

- Over half of the UK's small and medium size businesses have a positive financial outlook for 2022
- 75% of small and medium size businesses now carrying some level of debt, up from half (51%) in 2019
- However, nearly a fifth of UK businesses say their biggest concern is going out of business

Legal and General's annual State of the Nation research has revealed that over half (57%) of the UK's small and medium size businesses have a positive financial outlook for 2022. According to Legal & General's findings, one in three are planning to expand their businesses in the next 2 to 3 years.

This optimism comes in spite of the fact that three-quarters (75%) of the UK's small and medium size businesses now carry at least some external borrowing. This is up from 51% in 2019, when the research was last conducted. Furthermore, over half (54%) of founders or owners have used personal guarantees to secure their company borrowing which, in the event of a default, would pass the financial consequence onto themselves as individuals, increasing the associated risk.

Protecting those growth ambitions

The research shows Covid-19 has shifted perceptions of protection, with 4 in 10 businesses wishing that they had done more in advance with half of respondents (50%) also stating that the pandemic had made them more likely to consider insuring their business loans and putting protection in place in the event of the loss of their key people (47%).

The opportunity to help business owners protect their families, employees, and businesses is thus bigger than it has ever been before. 97% of UK SMEs said they are looking to professional advisers for advice so they are in the best position to offer well-designed propositions that can bridge existing gaps in protection and address the fact that so few businesses have previously had the chance to discuss their ability to deal with any future financial uncertainty.

"The past two years have been especially tough for small businesses and spotlighted the need for a comprehensive back-up plan. Businesses can no longer rely on government-backed schemes and easily accessible borrowing to protect against an unforeseen crisis.

"Our research has revealed that business owners are ready to discuss protection insurance solutions that could help them negate the financial impact of the death or long-term illness in their business. This presents an opportune moment for advisers to kickstart conversations with their clients about business protection and reiterate the value of their advice. As an industry, we have the tools at our disposal to support these conversations and help advisers protect both a business and family's financial position."

Robert Betts, Market Development Manager, Legal and General

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Notes to editors

The Legal & General 'State of the Nation' report is based on a Savanta survey, conducted in June 2021, of over 500 small businesses throughout the UK. The survey looks at a range of businesses throughout the UK, from limited companies and sole traders, to partnerships and limited liability partnerships, covering the sectors such as health, retail, financial services, the public sector, IT and construction. The businesses also varied in the stages of their development and were a mix of solely male or female owned or with a combination.

About Legal & General

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