



£672 billion of SME borrowing is unprotected, according to Legal & General

- Legal & General estimates a business protection gap of £672 billion for SMEs, with an overall business protection gap estimated to extend into the trillions

Following their annual [State of the Nation](#) research, Legal & General estimates that £672 billion of corporate borrowing by SMEs is unprotected, leaving them vulnerable to any future financial shocks.

The data revealed that 75% of the UK's small and medium size businesses are carrying some form of corporate debt, with an average borrowing of £200,000. If 75% of the 5.6 million SMEs across the UK are grappling with this debt, it is estimated that around 20% have protected their borrowing with appropriate insurance products, Legal & General estimates that £672 billion of business loans are unprotected in the SME sector today.

SMEs will need to dig deep to turn this corner

However, this current estimated figure does not include SME owners who have supported their businesses by injecting cash via personal loans, overdraft facilities, or credit cards. Over half (54%) of UK SME business owners have also given personal guarantees to secure their borrowing, risking the financial wellbeing of themselves and their families for the sake of their enterprise. When taking personal guarantees and other forms of credit into account the overall business protection gap is estimated to extend into the trillions.

“Not only is the business loan protection gap endangering the future prospects of SMEs, but it’s time that business owners considered the ‘bigger picture’ of the financial risks they and their business could face in the event of the death or serious illness of themselves or key employees. When SMEs struggle to stay in control of their finances, it can have a knock-on effect on their ability to pay employees and suppliers, cover operating costs and pursue growth opportunities. The cocktail of multiple pressures combines to threaten their day-to-day livelihoods.

“Speaking with an adviser can help mitigate the wider effects of debt as they can help identify and implement the right policy to protect a person’s business against any future financial shocks without compromising the owner’s personal finances.”

Robert Betts, Market Development Manager, Legal and General

ENDS

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

Established in 1836, Legal & General is one of the UK's leading financial services groups and a major global investor, with international businesses in the US, Europe, Middle East and Asia. With almost £1.3 trillion in total assets under management*, we are the UK's largest investment manager for corporate pension schemes and a UK market leader in pension risk transfer, alternative asset origination, life insurance, workplace pensions and retirement income. Through inclusive capitalism, we aim to build a better society by investing in long-term assets that benefit everyone.

** at 30 June 2021*

About Legal & General Business Protection

Legal & General Insurance (LGI) has been offering life insurance cover since 1836 and is the UK's number one individual life insurance provider. Our group protection business in the UK offers life insurance and income protection products to individuals through their employers and we offer term-life insurance in the US. We now have over 5.5 million UK life insurance customers, 1.8 million people in group protection schemes and approaching 1.3 million US term-life insurance policyholders. Here in LGI, we protect our customers and their loved ones throughout life and death.

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