



PRESS RELEASE

LAWYERS WILL SEE INCREASED DEMAND FOR THEIR SERVICES FROM FINANCIAL SERVICES SMES IN 2010, FINDS QBE SURVEY

BUT SECTOR'S SMES SAY BANKS ARE STALLING GROWTH

London, 01 February 2010

Key points

- UK SMEs expect a rise in the level of advice sought from lawyers in 2010
- 72% of professional services SMEs say banks are holding back lending and are delaying the development of business initiatives. 80% forecast maintained or increased sales turnover in 2010, up from 67% a year ago

Promising 2010 outlook

The third survey of small and medium sized enterprises (SMEs) from QBE, the specialist business insurer, shows that SMEs in the professional services expect solid 2010 returns, with 80% forecasting increased or maintained sales – a rise from the 67% with this expectation for 2009 when asked a year ago.

When asked where they would go for business advice in 2010, the survey found a small rise in the level of UK SMEs (14%) that said they would approach lawyers from when asked six months ago (11%). However, the financial services see an increased need for business advice from law firms in 2010, with 30% seeking business advice from lawyers this year, from only 4% who said they expected to use their services in the second half of 2009.



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Business conditions continue to challenge

Despite the promising 2010 forecast, the survey also identified that SMEs in the professional services sector continue to find the current business climate challenging, with only 29% believing that these are the best conditions experienced in the last eighteen months and 68% saying that, should the current environment persist, it would be difficult but manageable at best.

Sector's businesses will recover ahead of the national economy

The findings of the survey suggest that only 22% of the professional service sector's SMEs expect to see full economic recovery in the UK in 2010. However, for their own businesses, half of those asked, believed they had either already recovered from the recession or would so in 2010.

Survival, rather than development, remains the focus

Despite some optimism, the survey highlighted the importance of sustaining the economic upturn rather than focusing on expansion. This was illustrated by two thirds, 66%, of professional services SMEs revealing that they either did not expect to or did not know whether they would invest in their business within the next six months.

This reluctance to invest may be the result of a perceived lack of accessible commercial credit, with 72% of professional services SMEs saying that banks are holding back from lending and subsequently stalling business developments. This lack of bank funding means that of those businesses that said they would invest in their business during 2010, most said they would self-fund developments, with a mere 4% of all businesses saying they would use a bank loan.

Terry Whittaker, Managing Director of UK National, QBE European Operations, commented: "Although business conditions are still testing, it is encouraging that the crucial professional services have a positive outlook for 2010. It is understandable that the focus continues to be on staying afloat rather than on growth, but as we pull into the upswing, it is essential that these enterprises are given the support to invest in their own business development."

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Notes to editors

About the QBE Business Sentiment Survey

Data were collected by The Survey Shop in November 2009. A total of 402 interviews were conducted by telephone using quota sampling. Respondents were qualified as owners, managers and decision-makers, and the data are representative of SMEs in UK and Ireland.

About QBE

Founded in Australia over 100 years ago, QBE Insurance Group is a specialist business insurer, now operating out of 45 countries across the globe. We have been active in the UK since 1904, originally within the marine insurance market, but branching out more recently to offer commercial insurance to companies across the UK. At the end of 2008, the Group's turnover was over £6bn, making it one of the largest insurance firms in the UK.

We provide insurance for a broad range of business categories, including property, motor (commercial, bus and fleet), public and product liability insurance, professional indemnity, leisure and sport, marine, energy, aviation, and specialty insurance, including bloodstock.

In the UK QBE is rated a leading insurer for claims service,* among the top three insurance companies for service overall by *Insurance Times*, 2008 and was chosen as 'most competitive insurer' in July 2009**.

* June 2009, source: Gracechurch Survey

** Source: Insurance Times

QBE is proud to be the official insurance partner of the Guinness Premiership. This partnership with the world's most competitive domestic rugby union competition will allow QBE's brand to develop and business to grow in the UK.