



PRESS RELEASE

IRISH SMES BELIEVE THAT BANKS ARE STALLING POSITIVE DEVELOPMENT, FINDS QBE SURVEY – DESPITE FORECASTS OF INCREASED SALES, BUSINESSES CONTINUE TO FOCUS ON SURVIVAL

Dublin, 15 January 2010

QBE Ireland, the specialist business insurer today [day/date] released the results of its third survey of small and medium enterprises (SMEs) in the UK and Ireland. The latest survey of UK and Irish SME owner managers' attitudes to business conditions was carried out in November 2009 and reveals that for many companies the most important business objective for 2010 is basic survival. Almost a third (30%) of owner managers admit that they would consider survival difficult if current business conditions were to continue. The survey found a general negative view of banks handling loan requests in the current economic climate. 74% of Irish SMEs across the range of sectors believe banks are holding back from lending and stalling sound business propositions. This opinion was shared in the UK, where 66% of SMEs felt similarly.

There are indications however of some confidence returning with 60% of SMEs saying they are better positioned now to make the most of any recovery than they would have been 18 months ago.

Key findings

- 60% of Irish SMEs polled, believe their business is now better placed to make the most of an upturn in the economy.
- Two-thirds of SMEs don't expect to see full economic recovery for another two years. This is compared to 41% of SMEs in the UK.
- 20% of Irish SMEs polled believe that current business conditions are now the most favourable they have experienced in the last 18 months.
- Over one-third of Irish SMEs across all sectors expect sales turnover to stay the same in the next six months, 37% expect sales turnover to decrease a little.



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- 54% of SME's in Ireland say it would be difficult but manageable to survive if an economic downturn continued in the next 12 months. This is similarly reflected in the UK (48%). The four issues most likely to be expected to increase as a problem for Irish SME's as a result of the downturn across all sectors are: competitors reducing prices (61%), crime (57%), taxation issues (53%), and shrinking sales (51%).

Matt Rafferty, General Manager QBE Ireland said: "It is well recognized that without a thriving SME sector the opportunities for the domestic economy to recover are limited. The focus in 2010 for most SMEs is on survival. As the economy and businesses begin to recover the focus will shift to business development and in the interests of a strong Irish enterprise sector this should be encouraged."

Business conditions remain tough, but Irish SMEs polled see positive recovery in certain areas

73% would regard a downward trend in unemployment figures as a strong sign of recovery followed by 58% who would regard an upward trend in world stock market indices as a strong sign, and 57% who would regard an upward trend of property prices a sign of recovery. 44% believed that a downward trend in unemployment figures will be the first sign of recovery, followed by 21% believing that the first sign would be an upward trend in world stock market indices and 15% believing that it would be an upward trend in property prices.

The downturn has created some opportunities

As a result of the downturn, there are a number of opportunities which Irish firms say have arisen. 65% of SMEs report that clients/customers are generally buying more on price, and 54% say potential clients/ customers are more willing to consider switching suppliers.



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Investment and Insurance

In the current climate, 64% of Irish SME's do not expect to invest in their firms. Amongst those expecting to make an investment, 25% would opt to fund the investments from their cash flow, with only 11% opting for a bank loan.

In terms of insurance, 52% of Irish SMEs would prefer to liaise with a broker rather than directly approaching an insurer. The main factors which firms believe are very important to consider when buying business insurance are: a competitive price (77%), financial security (66%), and a proven claims track record (58%). In order to support their firms, 62% of SMEs would opt for business advice from accountants in the next six months.

A further piece of information to come out of the survey is the resilience of print media particularly for business news, for many SME owners. 53% of Irish SMEs have a preference for print to online business news, with 23% accessing news from regional business pages.

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Notes to editors

1. **About QBE Ireland**
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About QBE Ireland

QBE Ireland is a specialist insurance business offering insurance via the broker market in the Casualty, Motor Fleet, Commercial Property, Liability and Professional Indemnity sectors. QBE's Casualty business provides liability cover for manufacturing, contracting and a broad range of miscellaneous businesses. Motor covers fleets, bus and coach, taxis and hackneys, own goods/haulage and special types of vehicles. Commercial Lines covers both property and liability. Professional Indemnity covers a broad range of professions including construction, legal, financial and marketing/media segments.

QBE employs almost 100 people in its headquarters on Sir John Rogerson's Quay and provides insurance for Irish businesses.

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 speciality 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.

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.