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[London, 29 January 2009]

**QBE survey of small and medium sized businesses finds they are increasingly seeking the advice of insurers and brokers as they face economic challenges of 2009**

**26% of SMEs are likely to use the advice of insurance brokers in 2009 up from 12% in 2008**

**22% of SMEs are likely to use the advice of their insurers in 2009, up from 10% in 2008**

As the economic difficulties intensify through 2009, small and medium sized enterprises will increasingly look for professional advice to help them. In a survey conducted by QBE, insurers and brokers are a growing source of that advice, with a more than doubling in those interviewed saying they would seek their assistance during the year when compared to last.

### **The QBE Business Sentiment Survey**

QBE, one of the UK's largest insurer of business risks, undertook the survey of SMEs in the United Kingdom during November 2008. The data which were gathered and analysed by independent survey company, The Survey Shop, identified a mixed picture of caution in the SME sector, but positive approaches for addressing the difficulties. SME companies are defined as having less than 250 employees. For the purpose of this survey, SMEs were divided into 3 categories; up to 10 employees, 10 to 49 employees and 50 to 250 employees.

### **Insurance valued in a downturn**

Despite the increasing pressures they face, the vast majority of SMEs recognise the value of a secure insurance programme with two thirds (66%) stating that the value of insurance does not decrease during a downturn. Although more than one in ten (11%) were prepared to believe its value would reduce in challenging economic circumstances. However, 90% of those questioned are planning to buy the same level of cover in 2009 with 4% planning to buy more.

### **Some confusion about the right level of cover and products available**

Across the country, 82% of those questioned were confident they had the right level of cover. This fell to 66% in the building and construction industries, however, with as many as one in five (20%) feeling they were under-insured. This compared to a national figure of 7%.



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There was relatively good understanding of the insurance products that could be used to assist with the worst of the downturn, although this was variable across classes and industry sectors.

On average 70% of SMEs were aware of the ability to buy insurance against financial loss following a fraud or embezzlement by an employee. Although only 42% were aware that cover was available for a liability arising from inappropriate emails being sent by employees.

Currently 64% of those questioned were aware that insurance could be bought to protect against the insolvency of a contractor. Although there were wide differences between sectors, with 74% of manufacturers knowing about the cover, but only 50% in the retail and distribution sector.

### **Insurers need to offer additional support and advice to customers as the recession bites**

As the results of the survey make clear, insurers and insurance brokers have an important role to play in assisting their clients through the downturn. Clients will value those in the industry that can assist them in finding the right cover at an affordable price, to protect their businesses. Successful insurers and brokers will also need a keen focus on risk management and understanding the financial constraints that the current environment places on insurance buyers.

Terry Whittaker, Managing Director of UK National, QBE European Operations, commented: "SMEs in the UK are currently under a considerable amount of pressure because of the downturn, it is vital that the insurance profession support them throughout 2009 and advice and cover is tailored to the individual client needs."

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### Notes to editors

#### About the QBE Business Sentiment Survey

Data were collected by The Survey Shop between 13th - 26th November 2008. A total of 410 interviews were conducted by telephone using quota sampling. Respondents were qualified as owners, managers and decision-makers, and the data are representative of UK SMEs.

#### QBE across the UK

Under the leadership of Managing Director, Terry Whittaker, QBE operates seven UK regional underwriting centres – Birmingham, Bristol, Chelmsford, Glasgow, Leeds Manchester, Stafford. Each centre offers market leading products across the full spectrum of property, casualty, professional indemnity, trade credit, and motor insurance on both a combined and a standalone basis.

#### QBE in Europe

QBE's European Operations, which accounts for almost 40% of QBE Group turnover, is a leading specialist in London market and European commercial lines business. Active in both the Lloyd's and company market, QBE offers considerable diversity to the broking community. Structured around eight product-focused underwriting divisions - casualty, QBE Re Europe, property, motor, marine & energy, specialty, aviation - all of our operations have the ability to write on both Lloyd's and company market paper. The group also includes P&I specialist, British Marine. In addition to the London Market, QBE operates from seven UK-regional centres and has a presence in 15 European countries.

#### QBE Globally

QBE Insurance Group is Standard & Poor's 'A+' rated and is one of the world's leading international insurers and reinsurers, headquartered in Sydney, Australia. We operate out of 45 countries across the globe, with a presence in all key insurance markets and are lead underwriters within our chosen markets, setting rates and conditions. For the year ended 31 December 2007, the company underwrote gross written premium totaling £5,188 million and held shareholders' funds of £3,746 million.