

State of the Nation

Business Protection - SMEs report

Our State of the Nation report highlights how businesses could be left financially exposed if one of their key people or owners were to become critically ill or die.

It gives you all the facts and figures you need to start the conversation - and protect more of your clients, businesses.

The growing need for protection

The UK SME market provides an opportunity for you to sell business protection

5.7m

private sector businesses in the UK

99%

of these businesses are SMEs

96%

have less than 10 employees

How businesses prefer to be contacted:



29%

Letter or email



24%

Accountant or Solicitor



17%

Business networks



13%

Seminar



11%

Through friends



4%

Cold call

Key fact

Did you know that **73%** of businesses only took out cover following advice, with more than **2 in 3 businesses willing to spend £50** or more a month on cover.

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Share protection



Nearly **50%** of businesses have no specific arrangements for their shares if a shareholder died.

In reality if the deceased owner's shares were passed to their family the surviving business owners could lose control of some or all of the business.

If a shareholder died, businesses thought:



Partners / Shareholders would buy this business owners's shares



The business would cease to trade



Any beneficiaries of this business owner would become active in the business

Key question

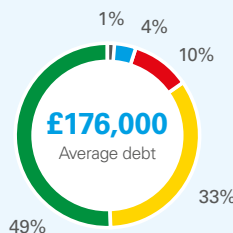
Would your business clients want their estate to receive the value of their shares in the business in the event of their death?

Business loan protection



20% use an insurance policy as security

■ Over £2m
■ £800k - £2m
■ £250k - £800k
■ £50k - £250k
■ Under £50k



28%

Not aware a director's loan account needs to be repaid on death

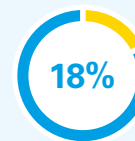


Average directors loan account was **£169,000**

Key question

Does your client's business have any unprotected loans or debts, and if so how will these be repaid following the death of key personnel who has guaranteed the loan?

Key person protection



18% have any insurance to cover key people

99%

of businesses said they had at least one key person in their business that needed to be protected

63%

of businesses said the death of an owner would have the biggest impact on their business. Yet **40%** had no continuity plan if they lost a key person

Key question

Does the business have any key individuals whose absence would affect the successful running of the business or impact profits?

Relevant life plan



69% of businesses have never heard of relevant life plan

Key question

Is there an opportunity to provide life cover for the owners, directors, senior members of staff or all their employees?



To learn more about our latest State of the Nation report, as well as access a range of tools and information to help you start the conversation around business protection, visit: www.legalandgeneral.com/adviser/protection/business-protection/

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