Brexit is not a risk to brokers or SMEs according to RSA research

- 64% of brokers and 70% of SMEs do not see Brexit as a threat.
- 80% of SMEs are not at all financially prepared for a £50,000 bill not covered by insurance.
- Only 28% of brokers expect SME clients to take out more insurance in next 12 months.

Leading commercial insurer RSA has today released figures showing that 63% of brokers believe that leaving the EU would be either positive (32%) or have no effect (31%) on their SME clients. 17% said it would have a negative impact. Brokers were equally as unmoved about the impact of Brexit on their own business, with 64% saying it would either be positive (32%) or have no impact on their company (32%).

This is broadly in line with SMEs’ views on how the vote to leave the EU will affect their growth, with 70% stating that it will either be positive (27%) or have no impact at all (43%). Similarly, only 7% of brokers ranked Brexit as a top three risk to their SME clients’ businesses.

The data is being released as a part of RSA’s Future Impacts report which paints an in-depth picture of the perceived effect of Brexit, the risks businesses are facing today, along with emerging risks, and how they are protecting themselves against them.

The report reveals that 80% of brokers say their SME clients would not be financially prepared if faced with an unexpected cost of £50,000 due to a major loss not covered by their current insurance policy. When SMEs themselves were asked about how this would affect them, more than a quarter (28%) said they would go out of business.

The research also shows that 88% of brokers see underinsurance as a problem for their SME clients, while only 7% of brokers said that they never see this as an issue.

Despite the prevalence of underinsurance, only 28% of brokers expect their SME clients to take out more insurance in the coming 12 months. When SMEs were asked about their insurance, only 14% said they plan to take more out over the same period.

According to brokers, the top three reasons SMEs aren’t taking out enough cover are:

1. The price of insurance policies (73%)
2. They do not think they require the cover (72%)
3. Lack of awareness (42%).

Russell White, Schemes and Deals Director, Regions and SME, Commercial Risk Solutions at RSA, said:

“SMEs are largely unmoved by the UK’s decision to leave the EU, with only 7% of brokers ranking Brexit as a top three risk to their SME clients. That said, there are a wide range of potentially more damaging risks which SMEs are not sufficiently protected against. Despite the fact that 24% expect their businesses to grow, only 14% of SMEs plan to increase their cover in the next 12 months, which suggests that the scale of underinsurance among SMEs is likely to become more prevalent in the coming years.”
“SMEs’ lack of awareness of both the risks they face and the potential solutions are the main drivers of this issue. Although the cost of premiums and SMEs not thinking they need the cover are the top two reasons, they both derive from a general lack of awareness where 22% of respondents admitted that they don’t know what insurance cover exists for their needs. Many may also find that insurance policies are a lot cheaper than they may think. It is crucial that brokers and insurance providers alike act to dispel these misconceptions to help strengthen UK businesses.

“Brokers have a key role to play in this by encouraging business owners to review their risk management strategies and ensure that their insurance policies are up-to-date. UK SMEs are a significant part of the UK economy, employing 15.6 million people in the UK and generating a combined annual turnover of £1.8 trillion\(^1\), so it’s crucial that they have something to fall back on should they be affected.”

**Russell** added: “RSA wants to help brokers by sharing risk management tools, data & analytics to ensure customers are protected and supported in their growth plans. SMEs are in a strong position to be innovators in our economy. As an insurer we want to support their ambitions by ensuring they understand their risks and are not held back by any unforeseen events.”

For more information visit: www.rsabroker.com.

**-ENDS-**

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**Notes to editors:**
Future Impacts: the changing nature of risk facing small businesses in the UK is based on fieldwork conducted in September 2016 by Opinium of 1,000 senior decision makers at UK SMEs. Insurance broker fieldwork was collected and analysed by Cicero Research, with 84 broker respondents. The report was written and produced by Cicero Group. The full Future Impacts report is available online here: https://www.rsagroup.com/media/1911/rsa-future-impacts-research-findings-30-november-2016.pdf


**About RSA:**
With a 300 year heritage, RSA is a multinational quoted insurance group. Focusing on general insurance, RSA’s core markets are the UK & Ireland, Scandinavia and Canada, with the capability to write insurance business in over 100 countries. RSA’s core businesses have around 13,500 employees with net written premiums of £5.7bn in 2015.