

# How to buy the right level of insurance

With so many pressing concerns, it can be hard for SMEs to keep abreast of their changing risk profiles – but an insurance broker can help



Buying insurance is likely not the most pressing concern for most SMEs. Instead, their working hours are devoted to vital activities such as driving sales, managing clients, maintaining cash flow and securing supply chains.

But without the vital protection that insurance provides, all that effort building the business could be undone when the unexpected happens. The vast majority of SMEs are aware of this, but Aon's research suggests many are not taking out the right cover for their changing needs.

Aon interviewed more than 600 SME decision-makers in the professions and found that while only 8% had no insurance cover whatsoever, those who are buying insurance may be doing so from a worryingly uninformed position.

The research uncovered that 62% of SMEs have three policies or more, suggesting that these SMEs see the value of the cover they are buying. Indeed, the UK's SMEs are highly confident in their insurance buying practices, with 93% saying they are either very or fairly confident they have the right level of cover in place.

However, so much has changed in the past few years that, unfortunately, the certainty SMEs exhibit may be built on shaky foundations.



Despite the importance of reviewing insurance requirements, it appears that the majority of SMEs don't do so regularly.

More than half (54%) of SMEs hadn't had their insurance requirements professionally assessed in the past three years, meaning that they may be insuring against a dated risk landscape. Indeed, a full 25% of SMEs couldn't remember when they last had their requirements assessed. Moreover, only 29% of SMEs surveyed said they use a broker.

Getting insurance is one thing. But securing the right insurance is another matter entirely and often requires the input of a professional.

"A lot of these people aren't getting the right advice to make sure they are properly protected," says Phil Thorn, MD of Aon's CoverWallet UK.

"Part of the problem is that SMEs are buying online. That is fine if you know what you need, however many business owners don't. They will be missing out on advice and may only be covering a portion of their overall risks."

Thorn emphasises that as SMEs have a limited budget with which to protect their liability, stock and people, they have to make tough decisions about what insurance to buy and how much cover they need.

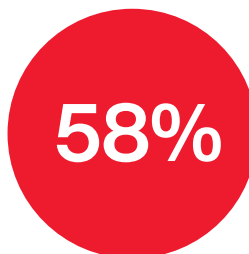
"Speaking to a broker, you can have that proper discussion, understand your risks and make informed choices. You don't know what you don't know and that is where the gap is," he says.

The broker's role is a vital one. For evidence, look no further than the fact that practitioners in the sectors most likely to use one – IFAs (58%) and those operating in health and social care (52%) – are far less likely to encounter problems making a claim. Only 10% of IFAs and 5% of health and social care SMEs experienced this issue, compared to the average of 16%.

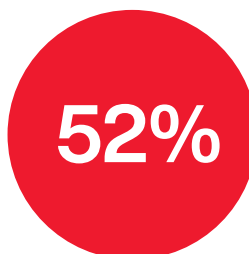
"Every business has risks, but one of the hardest things for SMEs to do is keep up with the changes in regulations and laws and things happening in their industry," says Thorn.

"The reality is that the commercial landscape is constantly evolving and to keep up with it is hard. That is where brokers really show their value."

### Which sectors are most likely to use a broker



IFAs



Health and social care



of SMEs surveyed said they use a broker



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