



Insurance and SMEs:

## A partnership that protects, invests and innovates



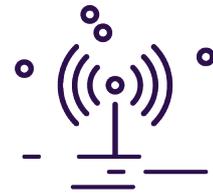
5.5m

SMEs supported by the sector



Turning

start-ups to scale-ups



Powering

innovation

Insurance is an essential safety net that provides peace of mind to businesses and families across the UK. Our industry helps sectors and businesses grow by providing the investment and expertise to enable dynamic start-ups to thrive and for cutting edge research to take place.

### The partnership between SMEs and insurers generates huge economic benefits:

#### Insurers offer protection, advice and support to the UK's 5.5 million SMEs.

From providing cover for business interruption caused by flooding, to advising on the risks of doing trade in other countries, insurers are supporting SMEs to drive economic growth.

#### Insurers invest in SMEs.

Several insurers have created venture capital funds to invest in start-up or scale-up businesses. This financing is helping a new generation of firms to improve their products, to grow their output and trade abroad. Not only this, but insurers invest resource and expertise in their local SME communities.

#### Insurers help SMEs to innovate.

Technology is providing new and better ways to identify and measure risk. Insurers are offering innovative SMEs the guidance, the financing and the infrastructure they need to succeed.

### Providing protection, advice and support to SMEs

The traditional role of a business insurer has been to provide cover for unlikely events – like a customer not paying their debts, an accidental injury or damage to premises. But this role is changing. Insurers are increasingly offering general advice to SMEs to help them run their businesses.



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ABI member **Atradius** makes sure that its account managers know their clients' business models inside out so that they can offer help when it is needed. One of its customers, Leicester-based manufacturer Softex, had its viability threatened by a customer going into administration. Because of the close relationship that Atradius had with Softex it could act quickly, paying out a claim of over £55,000 within four weeks.

In other examples, firms use technology to advise their customers. **AXA** has recently launched a world first in legal and risk advice by developing an app that allows businesses to ask questions at the touch of button. Topics covered by the app include discrimination in the workplace, the National Living Wage and maternity and paternity rights.



**Support**  
through finance



**Providing**  
protection for SMEs

## Investing finance, resource and expertise into SMEs

One way in which insurers invest in SMEs is through the provision of finance. For example, **Aviva** is involved in a number of specific initiatives to fund start-up and scale-up businesses, which include:

- A venture capital programme to fund start-ups that are developing new ways of using data analytics and the Inter-net of Things. The fund will provide £100 million of finance over the next five years and has already invested in companies in Leeds, London, Cambridge, Stoke on Trent and Gatwick.
- A partnership with the Founders Factory, a digital accelerator and incubator, which offers seed capital and advice to start-ups. Founders Factory expects to invest in 200 businesses over the next few years.
- Another way in which insurers invest in SMEs is by offering resources and expertise. For instance, Hiscox provides free desk space, video conferencing and meeting rooms free of charge to local entrepreneurs in its York office. Alli-anz matches its senior leaders with social enterprises to help them find ways to improve their business operations.

## Helping SMEs to innovate

Over the next decade, the business models of insurers will be shaped by advances in technology. InsurTech firms are already changing how home security is provided, how motor insurance is priced and how health insurance policies are written.

The development and implementation of these new ideas is very much a partnership, with insurers working with start-up and scale-up InsurTech businesses. For example, Aviva's "Digital Garage" in Hoxton includes its product development, digital communications and innovation teams. It provides an environment to test and learn and co-create with start-ups. This has led to innovations such as the "My Aviva" app, which helps customers manage their insurance, savings and investments and this has now been rolled out globally.

More generally, a number of insurers work with new tech firms through the **InsurTech "Startup bootcamp"**, providing guidance and mentoring to firms that are just starting out.

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