



▶ 2018 Small Business Risk Report

Key findings

The 2018 Small Business Risk Report reveals that while small business owners are aware they face multiple risks and growing concerns, they often are not spending enough time assessing their insurance needs.

1 Small business owners acknowledge they operate in a complex and changing risk environment

- Small business owners (SBOs) are exposed to several risk categories, with 94% of businesses facing cyber security risks, followed by 72% of businesses facing employment related and crime risks

2 Small business owners report they do not dedicate sufficient time to ensuring they have proper insurance protection

- 33% of SBOs completely agree they spend sufficient time devoted to assessing their insurance needs
- 43% of SBOs haven't reviewed their policy and coverages within the past year

3 Small business owners need help selecting insurance solutions for key vulnerabilities

- Of the SBOs that report they are exposed to employment related risks, only 23% are expanding insurance coverage
- Similarly for small businesses that face cyber related risks, 24% are obtaining insurance coverage and 17% are expanding to address these risks

4 Small business owners value coverage, yet often do not leverage outside experts when making insurance decisions

- 82% of SBOs agree proper coverage is more important than pricing
- Yet, only 21% are leveraging recommendations about coverage from outside experts



“ With risks evolving and becoming more complex, it's more important than ever for small business owners to consult with independent agents to evaluate their insurance needs and help ensure they are properly protected. ”

Michael Keane
President, Core Commercial
The Hanover Insurance Group

Small businesses: A changing risk landscape

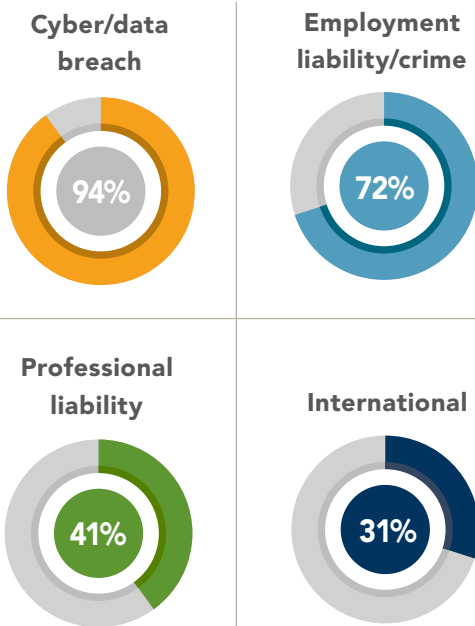
80% of small businesses recognize they are exposed to risk in multiple areas.



As we look at how the risks small business owners face align with what keeps them up at night, 94% are exposed to cyber and data breach risks. They also rate data breaches and cyber attacks at the top of their list of concerns.

While 72% of businesses report that they have crime and employment related risks, concerns related to fraud (16%), employee dishonesty (19%), the safety/well-being of employees (18%), and lawsuits from current, former or prospective employees (9%) are not high on their radar.

Top risks of small businesses



% of SBOs who answered YES

Top concerns of small businesses



Trending topic: Increased risk areas

Media coverage on discrimination, harassment and data breaches has skyrocketed in recent months, bringing more attention to these areas for small business owners. While small business owners face multiple risks, the top two areas of risk facing the majority of respondents are cyber security incidents (94%) and employment related allegations (72%).

We've examined how likely small businesses are to purchase insurance to help protect themselves from these growing risks. Overall, we've found that a small percentage of small business owners have strong confidence they are adequately insured, but a larger group has plans to obtain or expand insurance coverage in these evolving areas of risk.

Cyber security risk



Employment related risk



There is a subset of small business owners (~11%) who are either not aware cyber coverages are applicable to their businesses or do not know if they are adequately insured against these risks.

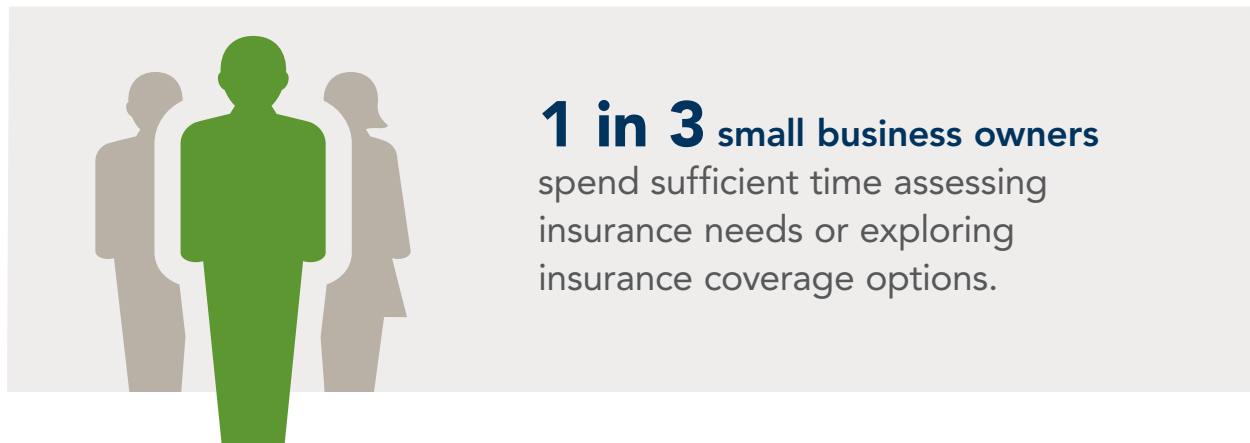


“ Small businesses are being targeted by hackers and malicious threats. It's crucial for small business owners to have plans in place to keep data safe—and the right coverage to recover from a cyber security incident. ”

Chip Hamann
Chief Underwriting Officer, Small Commercial
The Hanover Insurance Group

Spotlight: Insurance buying behaviors

33% of small business owners report they have strong confidence they are spending enough time exploring insurance coverage options for their business. Only 37% have strong confidence they are adequately insured.



And, while small business owners acknowledge their risks continue to grow and evolve, **only 57% have reviewed their insurance program in the past 12 months.** By not regularly evaluating their insurance programs, small businesses are faced with potential coverage gaps.

Small business owners value coverage when selecting an insurance program

82% of small business owners report they agree proper coverage is more important than price. And, 33% rate breadth of coverage as their number one priority when selecting insurance. However, only 21% report leveraging outside experts, such as independent insurance agents, to help evaluate their business risks and guide their decision-making processes.



About The Hanover

The Hanover Insurance Group, Inc. is the holding company for several property and casualty insurance companies, which together constitute one of the largest insurance businesses in the United States. The company provides exceptional insurance solutions in a dynamic world. The Hanover distributes its products through a select group of independent agents and brokers. Together with its agents, The Hanover offers standard and specialized insurance protection for small and mid-sized businesses, as well as for homes, automobiles, and other personal items. Through its international member company, Chaucer, The Hanover also underwrites business at Lloyd's of London in several major insurance and reinsurance classes, including marine, property and energy. For more information, please visit hanover.com.

About Forbes Insights

Forbes Insights is the strategic research and thought leadership practice of Forbes Media. By leveraging proprietary databases of senior-level executives in the *Forbes* community, Forbes Insights conducts research on a wide range of topics to position brands as thought leaders and drive stakeholder engagement.

Press contacts:

Emily P. Trevallion
 etrevallion@hanover.com
 508-855-3263

Abby M. Clark
 abclark@hanover.com
 508-855-3549

Survey methodology

Forbes Insights surveyed U.S. small business owners (SBOs) throughout the country. In the survey, small business owners were asked how they approach exposures to their businesses and how they consider the proper ways to protect their companies in today's evolving and challenging business environment. The survey was conducted by email, included one open-ended question and was fielded February 13 through March 8, 2018.

The Hanover was not identified as a participant or sponsor of the survey.



The Hanover Insurance Company
 440 Lincoln Street, Worcester, MA 01653



hanover.com

This material is provided for informational purposes only and does not purport to address every possibly legal obligation, hazard, code violation, loss potential or exception to good practice.
 ©2018 The Hanover Insurance Group. All Rights Reserved.