

## **MANY SINGAPORE COMPANIES WAIT UNTIL AFTER AN INCIDENT TO TAKE OUT BUSINESS LIABILITY INSURANCE**

***Significant gap exists between both awareness and usage***

**SINGAPORE, 14 June 2017** – A new report released today by QBE Insurance reveals many Singapore companies say they only take action to address business liability risks after they experience an incident.

QBE's 'The Risks of Regret' report is based on interviews with 300 SMEs and large corporations in Singapore in March and April 2017. It looks at both current and future business challenges and opportunities as well as how well-prepared companies are to deal with risk.

"Our research found that many businesses are more likely to take out business liability and professional indemnity insurance only after something happens. As a result, they are missing opportunities for obtaining compensation for the initial event, and potentially putting the stability and even the continuity of their business in jeopardy," said Karl Hamann, Chief Executive Officer, QBE Insurance Singapore.

In the past 12 months, the most frequently encountered risks cited by businesses included: loss of income due to business interruption (24%); business systems and computers hacked (24%); equipment breakdown (23%); legal, regulatory or compliance issues (21%); staff injured while working (20%); and customer or payment fraud over the internet (10%).

### **Tendency is to be reactive rather than proactive**

QBE's research reveals that the tendency of companies to react afterwards is common across various types of risk. Of the businesses that suffered a sensitive data breach, 61% took action afterwards. Meanwhile, 49% reacted after their business systems and computers were hacked. For those experiencing other problems, the post-event reaction was similar: public or third party liability issues (46% took action after); public or third party liability due to accidents or business negligence (45% reacted after); and customer or payment fraud (40%).

Page: 2 of 4

“Surprisingly, several respondents also said that they took no action even after an incident,” said Hamann. For example, one quarter (23%) of Singapore companies who experienced customer or payment fraud over the internet still took no action at all. Another 15% of respondents took no action even after public or third-party problems with their products or services.

## **Companies need for protection in challenging times**

“Given the risks and challenges, it’s also surprising that companies are not doing more to shield themselves through business liability and professional indemnity insurance,” said Hamann. “In an increasingly litigious world, with professional liability high on the agenda, there is an obvious concern that Singapore’s companies need to be doing more to protect themselves and their customers.”

‘The Risks of Regret’ report also reveals that nearly all Singapore respondents (96%) have some form of business insurance, including general accident and employee compensation cover. However, awareness and purchase of business liability insurance protection is far lower. Only 68% of Singapore respondents were aware of business liability cover and 57% had taken out such insurance.

The same research also found that both awareness and usage for professional indemnity insurance further decreases, at 34% awareness and 21% usage. Public and product liability insurance stands at 31% and 20% respectively, while the figures for director and officer liability insurance fall to 25% awareness and just 16% usage.

## **Risk, what risk?**

When asked why companies did not own business liability or indemnity insurance, a quarter of Singapore companies (26%) said their businesses were too small and the costs are bigger than the risks. Another one quarter of businesses (24%) cited budget issues, and a further 20% said they had other business priorities. One in five (20%) said insurance policies were too complex and 17% said believe their financial risk is reduced sufficiently because they are limited companies.

Page: 3 of 4

“Quite alarmingly, one in five respondents in Singapore said that having business liability insurance has never really crossed their minds,” noted Hamann.

## **Future challenges**

Respondents were also asked what were the biggest challenges they face currently. Business profitability (40%) and cost reduction (39%) scored highest, followed by staff and employee retention and maintaining technology and systems (both at 37%) and customer retention (32%).

The future potential for risk could further depend on three key trends that Singapore respondents view as important to their business in the next 12 months: technological innovation (34%), continued business slowdown (31%) and rising expectations for personalised customer services and products (22%).

“Clearly there’s a gap between what companies view as acceptable risk and what should be protected by business liability and professional indemnity insurance,” Hamann added. “Given current economic challenges and increasing pressure to adapt to new trends, companies need to be sure they can safeguard their businesses adequately. QBE understands these issues and provides risk management solutions for businesses and professionals in companies of all sizes, across a broad range of industries.”

-ends-

## **For further information please contact:**

### **Christine KAM**

Head of Communications and Marketing  
QBE Insurance (Singapore) Pte Ltd  
Direct: +65 6477 1099  
Mobile: +65 9388 3333  
Email: [Christine.kam@qbe.com](mailto:Christine.kam@qbe.com)

### **Lorne CHRISTENSEN**

Head of Communications  
QBE Emerging Markets – Asia Pacific  
Direct: +852 2828 6698  
Mobile: +852 9873 3631  
Email: [lorne.christensen@qbe.com](mailto:lorne.christensen@qbe.com)

# News release



Page: 4 of 4

**Kelly JOHNSTON**

General Manager

MHP Communications

Direct: +65 9069 8301

Email: [Kelly.johnston@mhpc.com](mailto:Kelly.johnston@mhpc.com)

**Research Methodology**

QBE conducted research via telephone and online among 1,198 business and financial decision makers from small and medium enterprises and large corporations in Singapore, Hong Kong, Malaysia and Indonesia; of which 300 were based in Singapore. Respondents were equally divided among six key industries: IT & Telecommunications; Healthcare; Financial Services; Manufacturing and fabrication; Construction & Engineering; and Professional and Business services. The research was conducted in Singapore between 31 March and 28 April 2017.

**About QBE Insurance Singapore**

QBE has been represented in Singapore since 1891. As an industry leader with more than 120 years of proven performance in Singapore, QBE's success is built on the strength of our partnerships with professional insurance intermediaries.

QBE Singapore is part of the QBE Emerging Markets Division of QBE Insurance Group Limited, one of the top 20 insurers and reinsurers worldwide. QBE Insurance Group's 2016 full year results can be found at [www.group.qbe.com](http://www.group.qbe.com). Headquartered in Sydney, Australia, the QBE Group operates out of 37 countries and territories around the globe, with a presence in every key insurance market. The Emerging Markets Division has a presence in 22 markets in Asia Pacific and Latin America.