



www.gov.uk/defra

Department
for Environment
Food & Rural Affairs

Affordability and Availability of Flood Insurance

Findings from Research with Businesses

Final report FD2689

July 2015



Llywodraeth Cymru
Welsh Government



Joint Flood and Coastal Erosion Risk Management Research and Development Programme

Affordability and Availability of Flood Insurance

Findings from research with Businesses

Final report FD2689

July 2015

Funded by the joint Flood and Coastal Erosion Risk Management Research and Development Programme (FCERM R&D). The joint FCERM R&D programme comprises Defra, Environment Agency, Natural Resources Wales and Welsh Government. The programme conducts, manages and promotes flood and coastal erosion risk management research and development.

This is a report of research carried out by Ipsos MORI, on behalf of the Department for Environment, Food and Rural Affairs

Research contractor: Ipsos MORI

Authors: Antonia Dickman, Edward Langley, Tim Silman and Peter Harrold

Publishing organisation

Department for Environment, Food and Rural Affairs
Flood Risk Management Division,
Nobel House,
17 Smith Square
London SW1P 3JR

© Crown copyright (Defra); 2015

Copyright in the typographical arrangement and design rests with the Crown. This publication (excluding the logo) may be reproduced free of charge in any format or medium provided that it is reproduced accurately and not used in a misleading context. The material must be acknowledged as Crown copyright with the title and source of the publication specified. The views expressed in this document are not necessarily those of Defra. Its officers, servants or agents accept no liability whatsoever for any loss or damage arising from the interpretation or use of the information, or reliance on views contained herein.

Contents

Executive summary	1
1. Business research	2
1.1 Objectives and methodology	2
1.2 Business survey	2
1.3 Business in-depth interviews	4
2 Key Findings	9
2.1 Uptake of insurance	9
2.2 Perceptions of flood risk and its impact on availability of insurance	12
2.3 Businesses experiences of flooding & installation of flood protection measures	12
3 Conclusions	14
4 Appendices	15
4.1 Semi-structured interview guide	15
4.2 SBS boost questionnaire	23

Executive summary

This report presents the findings of quantitative research carried out via questions inserted in the Small Business Survey run by BIS, and follow-up in-depth interviews with 25 businesses to explore key issues in greater detail.

The research found that uptake of insurance across businesses is high. The quantitative survey showed that 95% of small businesses arrange commercial insurance cover for their premises. There is no significant difference between small businesses located in flood risk areas and those who are not located in flood risk areas. Of those who arrange their own insurance cover, just 2.5% said they experienced difficulty in securing this insurance, suggesting that availability of insurance is not a problem for businesses.

The in-depth interviews supported these findings, with 24 of the 25 businesses interviewed having some form of insurance.

In the in-depth interviews, businesses were asked about the main benefits of having insurance and their main reasons for taking it out. Businesses felt insurance offered them one or more of the following: to be able to operate as a business; peace of mind; and/or specifically to mitigate against financial losses. Many of the businesses immediately referred to the necessity of having insurance to be able to operate as a business. This was due to both legal requirements and other restrictions or expectations imposed on them by other parties (such as clients or landlords).

Of the 25 small businesses interviewed, 11 were based in areas of high flood risk and 7 in areas of medium risk. Despite this sample profile, low numbers believed their premises were at risk of flooding, with many believing this was not the case. This included instances where premises had flooded previously. This suggests that there is a low awareness of flood risk among small businesses.

Whilst there is limited evidence, the interviews suggest that there is low awareness of flood risk among businesses and low awareness of the potential impacts of flooding for businesses.

1. Business research

1.1 Objectives and methodology

Ongoing monitoring of the insurance market is helpful to measure the extent to which Defra's policy aim of flood insurance being available and affordable for high risk households and businesses over a transitional period of 25 years is being achieved through Flood Re. Flood Re is a reinsurance vehicle which pools the highest risk household insurance policies and effectively limits the flood risk part of the insurance premium and excess.

As Flood Re replaces a voluntary policy approach (the Statement of Principles) which also covers small businesses, research with businesses was sought to gather data about the availability of insurance for small businesses. It also sought to understand if uptake of insurance is different in areas of high and medium flood risk compared with areas of low risk. Questions on the availability of insurance were intended to uncover whether affordability of insurance for businesses was a factor in uptake.

The first stage of the research was a **business survey** which was followed by **in-depth interviews** with selected survey participants.

This report presents the findings of the research with small businesses – the results of the research with households¹ are published separately.

1.2 Business survey

The business survey was not carried out as part of this research by Ipsos MORI. Rather, data from the Small Business Survey (SBS) run by the Department for Business Innovation and Skills (BIS) was used to provide some context about the uptake and availability of insurance for businesses. The SBS is a large-scale telephone survey and was first run by BIS in 2007 and has been run on several occasions since, in 2010, 2012 and most recently in 2014.

1.2.1 Sampling

The main survey of 2,686 small businesses was carried out by BIS. For further information please see the SBS report.²

In addition, a 'boost' survey of 450 businesses was commissioned by Defra due to the small numbers of businesses in the main SBS sample located in high flood risk areas. These

¹ Note that for these reports 'households' includes owner occupiers (freeholders and leaseholders) social housing and privately rented tenants

² The report is published here <https://www.gov.uk/government/collections/small-business-survey-reports>

businesses were all located in medium and high flood risk areas (defined as such from data included in two databases from the Environment Agency³).

1.2.2 Questionnaire design

The main survey was designed by BIS and covered a wide range of topics, of which insurance was one small part. Defra included a small number of questions on insurance in the SBS. There was a restriction on the number of questions, which was due to concerns about the overall length of the full survey. Defra proposed questions to answer the primary research question which related to the availability of insurance to small businesses. Given the small number of businesses reporting issues with accessing insurance, there were small numbers answering further questions that explored availability in more detail. The routing of the main and boost questionnaire will need to be reviewed in any future survey. In this project the routing was based on an initial question about issues in accessing insurance. This meant that questions about changes in insurance quotes were only asked of those who reported difficulties in accessing insurance, which constituted less than 1% of businesses surveyed.

The boost survey was carried out by Defra and sought to provide additional information about business insurance among businesses at risk of flooding. The boost was therefore targeted at businesses at risk of flooding. To develop the 'at risk' sample, postcodes at high or medium risk of flooding were taken from an amalgamation of the two databases from the Environment Agency. These postcodes were then matched to businesses to contact. The boost survey only contained the questions from the main survey related to insurance, as well as including some additional questions about flood insurance. The boost survey also collected information on the characteristics of these businesses, for example about the employer size and sector and about their insurance status.

1.2.3 Data collection

Both surveys were carried out by telephone by another research agency. Ipsos MORI were then provided with anonymous SPSS data files once fieldwork had been completed. Contact details for those survey participants who had given their permission to be re-contacted for further research were provided separately to Ipsos MORI to enable recruitment for the in-depth interviews.

1.2.4 Analysis and interpretation

Given the clear response to the main research questions, additional analysis looking at differences between businesses on key characteristics was of limited value. However the

³ The National Flood Risk Assessment Postcode Flood Likelihood Category Database (NaFRA Postcode FLC Database) which assesses risk from tidal and fluvial flooding, and the Updated Flood Map for Surface Water (uFMfSW) which assesses risk of surface water flooding.

information provided about insurance status, sector, size and years trading was used to assist with sampling for the depth interviews.

1.3 Business in-depth interviews

1.3.1 Sampling and recruitment

Participants in the SBS were asked at the end of the survey if they would like to participate in any further research. Using this list of participants, and their responses to the survey, a sample was drawn based on desired quotas of flood risk status (obtained using Environment Agency databases), insurance status, sector, size, region and years trading. The quotas set are shown in the table below. In general, the quotas were set to reflect the range of business types included in the SBS sample. For example, a low quota of 1 to 3 target interviews was set for businesses with 10 to 49 people as a smaller proportion of businesses included in the SBS sample matched this profile compared to those with fewer than 10 employees. The quotas set around flood risk status deliberately oversampled businesses in high and medium risk areas to increase the number of interviews with businesses in this circumstance given the relationship between insurance and flood risk is central to this research. Where possible, businesses were added to the sample in a ratio of 10 for every desired interview within each quota target to ensure the targets were met. However for some quota targets there were insufficient applicable businesses, therefore all applicable businesses were included in the sample. Businesses were sent an email advising them of the research, a copy of which is included in the appendix. No incentive was offered.

		Quota Target	Achieved Interviews
Size of business	None 0	9-12	12
	Micro 1-9	9-14	10
	Small 10-49	1-3	3
Region	East Midlands	At least 1	1
	East Of England	At least 1	3
	London	At least 1	4
	North East	0-1	0
	North West	At least 1	4
	South East	At least 1	4
	South West	At least 1	4
	West Midlands	At least 1	1
	Yorkshire and Humber	At least 1	4
Has insurance⁴	Yes	N/A	19
	No	N/A	6

⁴ The quota was based on the question in the SBS questionnaire: "Do you or someone else at your business arrange commercial insurance cover for your premises?" The qualitative interview guide asked about insurance more broadly, therefore only one business interviewed was entirely uninsured.

Level of flood risk	High	11	11
	Medium	8	7
	Low	3	1
	Very Low	3	0
	Not Stated	0	6
Sector	ABDE_Primary	N/A	0
	C - Manufacturing	N/A	1
	F - Construction	At least 1	2
	G – Wholesale/retail	At least 1	5
	H – Transport/Storage	N/A	3
	I – Food/Accommodation	N/A	0
	J - Information Communication	N/A	1
	KL – Finance/Real Estate	N/A	0
	M - Professional Services	At least 1	7
	N - Administrative Services	At least 1	3
	P - Education	N/A	0
	Q - Health	N/A	1
	R – Arts/Entertainment	N/A	1
	S - Other Services	N/A	1
Years Trading	3 years or less	2 -3	4

	4 – 5 years	1 – 2	2
	6 - 10 years	3-5	4
	11 - 20 years	4-5	10
	More than 20 years	6-7	5

1.3.2 Interview guide

Unlike the household qualitative research, the in-depth interviews with businesses were conducted through Ipsos MORI's Telephone Centre, rather than the research team. This was appropriate as the interviews took a more structured approach and included some closed questions to gather information about the insurance cover held by businesses. Despite the small sample size, this provided indicative results at a similar level of detail as was able to be collected through the household survey but which was not possible via the SBS due to limitations in the number of questions that could be added about insurance and flooding. The structured approach to the in-depth interviews also helped to keep the interviews short and therefore not overburden businesses.

The interview guide was scripted so that it worked much like a quantitative survey in design (with routing, and some closed questions), but had a high proportion of open-ended questions with a number of probes. The interview guide reflected this and was designed by Ipsos MORI in conjunction with Defra. The guide was designed to provide further information on questions asked in the quantitative survey.

The interview guide was based around the following research questions, agreed between Ipsos MORI and Defra:

- 1 What types of insurance do businesses have? Do businesses without buildings insurance not have any type of insurance at all?
- 2 What reasons are there for some businesses not having insurance?
- 3 When did uninsured businesses last have insurance, if they have ever had it?
 - What changed that meant they ceased to take out insurance?
 - What would persuade uninsured businesses to take out insurance?
 - What do they feel is the most important benefit of having insurance?
- 4 What are the reasons why they have insurance? What are the key drivers?

- 5 What would make them consider not taking out insurance?
- 6 What do they value most about each type of insurance they have?
- 7 What trends have they noticed about availability of insurance? What do they attribute this to?
- 8 Have they flooded at all / recently? If yes have they put in place any PLP? Why? If not, why?
- 9 What was the main impact of the flood? Did they make a claim? If yes, what for / how easy was it to do so? If no, why not?

1.3.3 Data collection

25 interviews were conducted by telephone by an interviewer from Ipsos MORI's Telephone Centre. All interviews were recorded (with participants' permission) and then transcribed.

1.3.4 Analysis and interpretation

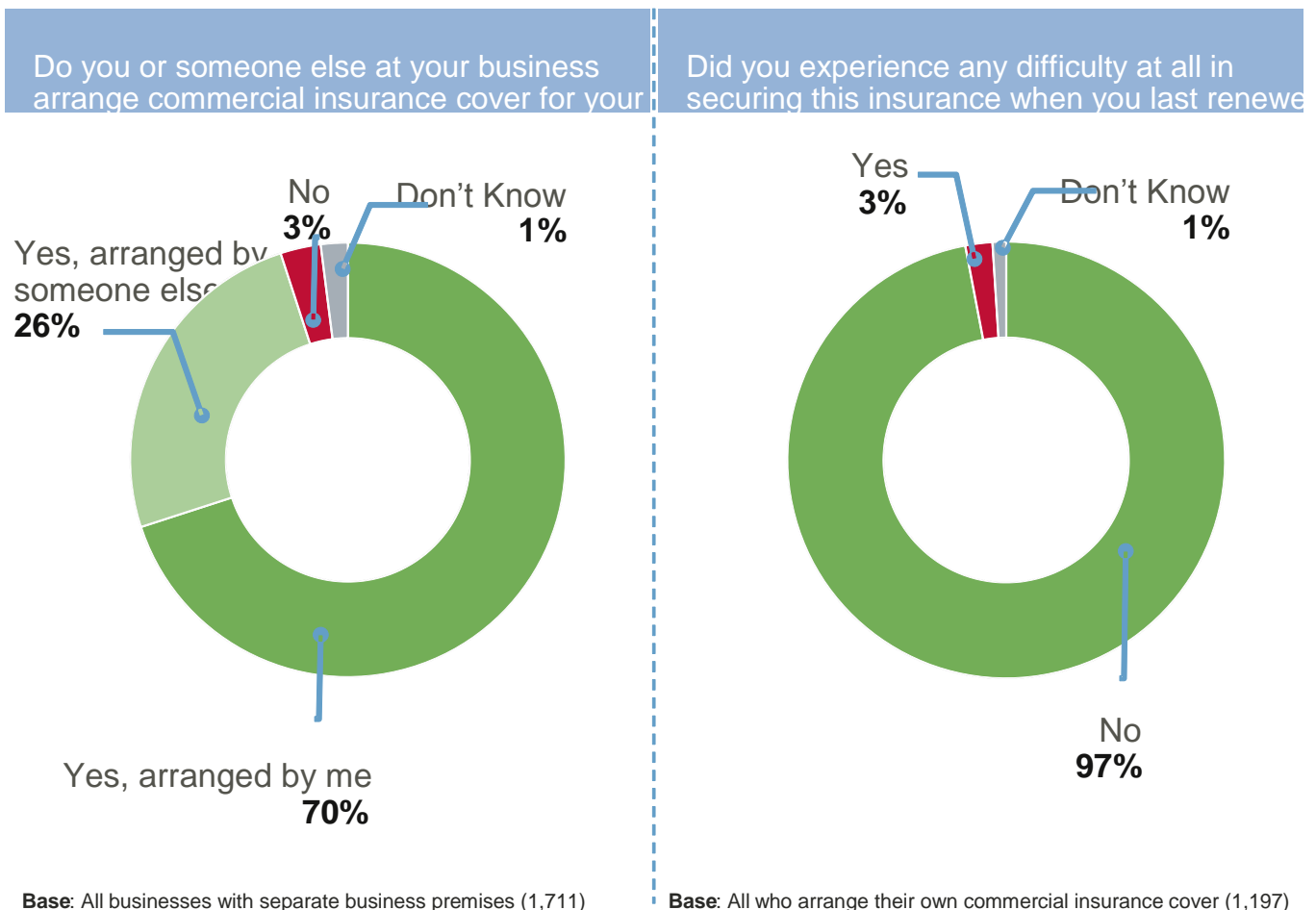
As explained above, the in-depth interviews used a mix of closed and open-ended questions and the results from these are reported alongside each other in this report. The results of the closed questions give useful indicative findings but as they are based on a small sample size should be interpreted with caution. The open-ended qualitative questions, whilst not intended to be statistically robust or representative, were valuable to include to allow for an open-ended discussion. The findings should be interpreted in this light.

2 Key Findings

2.1 Uptake of insurance

2.1.1 Prevalence and availability of insurance

Uptake of insurance across businesses is high. The quantitative survey showed that 95% of small businesses arrange commercial insurance cover for their premises. There is no significant difference between at risk (97%) and control (95%). Of those who arrange their own insurance cover⁵, just 2.5% said they experienced difficulty in securing this insurance, suggesting that availability of insurance is not a problem for businesses. There was again no difference between at-risk and control.



The in-depth interviews supported these findings. 24 of the 25 businesses interviewed had some form of insurance. The insurance type varied; 17 had contents or stock insurance, 14 had business continuity insurance and 11 had buildings insurance. Other forms of insurance mentioned included professional indemnity, public liability and vehicle insurance.

⁵ Those whose businesses are covered but the participant was did not arrange the cover themselves were not asked this question

2.1.2 Benefits and reasoning for having insurance

In the in-depth interviews, businesses were asked about the main benefits of having insurance and their main reasons for taking it out. Businesses felt insurance offered them one or more of the following: to be able to operate as a business; peace of mind; and/or specifically to mitigate against financial losses. This echoes the findings of the household survey, suggesting that there is a distinct three strand framework in which both householders and businesses evaluate the value of insurance - necessity, reassurance and financial reasons. Though the importance of these strands seem to vary both between businesses and householders, as well as within them, they have consistently appeared throughout the research.

Many of the businesses immediately referred to the necessity of having insurance to be able to operate as a business. This was due to both legal requirements and other restrictions or expectations imposed on them by other parties (such as clients or landlords).

We are required by our landlords to have public liability insurance so we wouldn't be allowed to rent the premises we have if we're not.

Arts/entertainment, not at risk of flooding (4)

We would not win new business without it and have to meet requirements for current business.

Transport/storage, at risk of flooding (27)

The reassurance or “peace of mind” dimension of having insurance was seen as another important benefit for businesses. This psychological factor was often followed by an appreciation that this reassurance came from the protection against unknown futures. It also involved reassurance not just for the business, but also its employees and clients.

Peace of mind, I suppose. Making sure if anything disastrous were to happen we'd be covered.

Information/communication, at risk of flooding (7)

Equally, security for clients because they are more comfortable if they know you're insured.

Professional services, not at risk of flooding (5)

The third theme was the financial benefit of insurance, related to protecting future earnings by minimizing the costs incurred in the case of a claim and/or enabling business to continue.

It's a major cost, but on the other hand if ever it is needed then that cost would be nowhere near to what you would have to pay out.

Transport/storage, at risk of flooding (27)

If something happens and we're not able to trade, the recurring revenue would be insured. So if we made five grand a month and we had a fire here, we'd be paid five grand a month until we could do business again.

Administrative services, at risk of flooding (23)

However, as with householders, a number of businesses referred to not knowing the true value of their insurance as they had yet to claim. In some instances, businesses had purposefully not

claimed for minor damages so as not to affect their premiums. The example below relates to general minor damages experienced, rather than flood related damages specifically.

We've had instances where vehicles have been damaged or whatever, the damage has been relatively slight, so we've paid for it out of the company rather than claiming on the insurance, so it's all outgoings.

Administrative services, at risk of flooding (2)

2.1.3 Reasons for not having insurance

The one business in the in-depth interviews without any form of insurance said this was due to the cost of insurance. As the business was in a serviced office, they felt they did not need buildings insurance and the value of their contents did not, in their opinion, warrant insurance.

Just costs really. We're based in service offices, so the building is already insured by our landlord, so it didn't seem like something that we really needed. It's quite expensive really. We would have only needed contents and it didn't seem worth it because of the value of the contents.

Professional services, not at risk of flooding (28)

2.1.4 Reasons for no longer taking out insurance

Businesses that had taken out insurance were asked in the in-depth interviews what it would, hypothetically, take for them to cease renewing their insurance. Many stated that there would be no reason for them not to have insurance or re-emphasised that insurance was a legal necessity for them to operate.

Among those who gave a potential reason for ceasing to take out insurance, the most common was cost. Some referred to the impact of the cost of insurance becoming unsustainable due to the rising cost of insurance, or decreasing profits meaning insurance became less of a priority. Related to this, was the financial implications of a claim not being successful and thus the value of insurance being undermined. Though some considered going without insurance if it became too expensive, one potential strategy identified was to pass the cost on to their customers.

If the payments got to a point where it was completely uneconomical, that would be the only thing I can think of [that would mean not taking out insurance].

Arts/entertainment, not at risk of flooding (4)

I suppose a major incident of non-pay-out. Although we all moan about it, it does make sense for in case of an unexpected disaster or a personal attack type situation.

Wholesale/retail, at risk of flooding (8)

2.1.5 Changes in insurance

Drawing on the closed questions asked during the in-depth interviews, the majority of businesses with insurance believed the ease of getting insurance had stayed about the same over the last year. Where this was not the case, it was felt to have got easier, largely due to increasing competition in the insurance industry.

2.2 Perceptions of flood risk and its impact on availability of insurance

Of the 25 small businesses interviewed, 11 were based in areas of high flood risk and 7 in areas of medium risk. Despite this sample profile, low numbers believed their premises were at risk of flooding, with many believing this was not the case. This included instances where premises had flooded previously. This suggests that there is a low awareness of flood risk among small businesses.

Among those who said their premises are at risk of flooding, proximity to rivers appears to be the one of the drivers of these perceptions.

We're quite near a river, and it's quite flat land.

Information/communication, at risk of flooding (7)

It's definitely liable to flooding because we are right on the river edge, but we have not had an incident that has caused a loss to business.

Transport/storage, at risk of flooding (18)

One business who said they were possibly at risk of flooding said that this had impacted on their ability to get quotes for insuring their business, as one provider had not given them a quote. However the other businesses who thought they were at risk of flooding did not believe their flood risk status had an impact on their insurance.

Basically we insure with one company that we have been with for many years. We do go to the other companies and we go for the cheapest and they just say this year it is 'x' amount of money. It normally goes up by about one hundred pounds a year and I just sign the paperwork and send it back. So I don't think that there is an issue with us getting insurance.

Transport/storage, at risk of flooding (18)

2.3 Businesses experiences of flooding and installation of flood protection measures

Around one in ten businesses (11%) surveyed through the SBS said they were aware of properties in their area being flooded, and just one in 25 (4%) said their current business premises had been flooded. There were no differences between the at-risk and control groups for either of these questions.

In the depth interviews, two of the businesses interviewed said their business had ever been flooded and neither of them had made a claim. One of these was flooded more than three years ago and the business reported that the flood had not had much impact on their business. Some stock was affected but the damaged goods were not sufficiently valuable to make a claim worthwhile given the excess on their policy.

The stock was probably written off - I can't remember if the insurance covered it or not. I can't remember if we claimed or not - it was quite a long time ago. Because we have a £250 excess we don't tend to claim unless it's pretty valuable.

Wholesale/retail, at risk of flooding (8)

Another business located in a high risk area was flooded within the last 12 months. This business also reported that it was not severely affected by the flood. The business experienced a loss of power but this was not described as an issue. The flood did cause some damage but as with the other flooded business the extent of the damage – an electrical post with a replacement value estimated at £70 - was not considered sufficient to make a claim worthwhile.

The small businesses who believed they were at risk of flooding were asked if there were any flood protection measures installed on their premises. None of these businesses had installed measures themselves, whether in response to flood risk status, a flooding event or any other reason (it should be remembered that this finding is only based on a small sample of businesses and may not reflect the status of flood protection measures in businesses more widely). One business, which had been flooded, reported flood protection measures were already in place when the business moved into the premises.

There was a floodgate since before we had the yard. It's basically three planks of wood nailed together. It's basically to stop a surge. It's not waterproof. It can be made waterproof, we have done it in the past by using cans of foam to seal it all up. It's there to stop the surge of flooding across the rest of the industrial estate.

Transport/storage, at risk of flooding (18)

The other businesses at risk of flooding, but which were not aware of this status, also had no flood protection measures installed. For example, one participant said they had “never really thought about it” whereas the other said it was because they were tenants, believing the landlord would install measures if it were necessary.

I don't own the site. We've been on the same site for 11 years - it's an old farmyard which has been converted into workshops and I'll be honest with you our landlord is very fair man and if he thought there was a risk of flooding for any reason he would have done something. There is a river that runs through and underneath the farmyard, which has obviously been there since the beginning of time, and if it hasn't flooded yet he's obviously assuming it isn't going to, especially given last year's weather.

Administrative services, at risk of flooding (2)

Whilst there is limited evidence, the interviews suggest that there is low awareness of flood risk among businesses and low awareness of the potential impacts of flooding for businesses, The findings could also be interpreted to suggest that even those businesses that do believe they are at risk of flooding are nevertheless unlikely to have installed measures to protect against this risk.

3 Conclusions

Although there was almost universal take up of insurance and very few reported issues with obtaining insurance, the following conclusions can be drawn:

- Uptake of commercial insurance is extremely high. The vast majority (95%) of small businesses arrange commercial insurance cover for their premises, and almost all of these (97%) did not experience difficulty in securing this insurance. Availability of commercial insurance does therefore not appear to be a major issue.
- Some businesses need to take out insurance as it is a legal requirement, however there are few businesses for which this is the only reason. Many value the peace of mind and protection from significant loss that insurance provides.
- Insured businesses generally cannot envisage not having insurance. A significant price rise to the extent it becomes unaffordable was the only circumstance in which some thought they might stop getting insurance.
- Awareness of flood risk, and the potential impact of flooding for businesses, appears to be limited. Even among those who are aware of their flood risk status it is rare for this to cause problems in getting insurance.
- The businesses interviewed that were at risk of flooding had not installed flood protection measures in response to this status.

4 Appendices

4.1 Semi-structured interview guide

S1. Can I just check, am I speaking to [INSERT NAME FROM SAMPLE]?

1. Yes – CONTINUE
2. No – THANK AND CLARIFY TELEPHONE NUMBER TO CALL FOR REFERRAL IF POSSIBLE

Introduction

Good morning/ afternoon/ evening. My name is _____ and I am calling from Ipsos MORI, the independent research organisation. We understand that you recently completed a telephone survey about your business for Government, and that you agreed to be contacted for further research.

We are carrying out some research on behalf of the Government Department for Environment Food & Rural Affairs (Defra), to explore the take up of insurance among small businesses. You may recall receiving a letter about this research in the last few weeks.

The research should take around 15-20 minutes of your time. All of the results will be anonymous, and only shared with Defra in an anonymous format.

ASK ALL

SINGLE CODE ONLY

S2. Are you happy to take part?

1. Yes – CONTINUE
2. No – CLOSE

ASK ALL

SINGLE CODE ONLY

S3. As far as you are aware are does your business have any type of insurance?

1. Yes
2. No
3. Don't know – THANK AND CLOSE

ASK IF HAVE INSURANCE (CODE 1 AT S3)

SINGLE CODE ONLY

S4. Is this insurance cover arranged by you or someone else?

1. By me – CONTINUE
2. By someone else - ASK TO BE PUT THROUGH, IF NOT POSSIBLE ASK FOR CONTACT DETAILS

ASK CODE 1 @ S3

MULTI CODE OK (CODES 1-4, CODE 5 SINGLE CODE ONLY)

Q1. As far as you are aware, which, if any, of the following types of insurance does your business have?

READ OUT

1. Buildings insurance
2. Content or stock insurance
3. Business continuity insurance
4. Other (specify) _____
5. None

ASK IF DON'T HAVE INSURANCE (CODE 2 AT S3)

Q2. What would you say are the main reasons that you don't have insurance cover for your business premises?

OPEN ENDED. ALLOW FOR SPONTANEOUS RESPONSE FIRST THEN PROBE ON:

- *Cost*
- *Hassle*
- *Refused- if so, why? Because of flood risk?*
- *Not needed- if so, why?*

ASK IF DON'T HAVE INSURANCE (CODE 2 AT S3)

SINGLE CODE ONLY

ALLOW DK

Q3. Did you have insurance previously?

1. Yes
2. No

ASK IF HAD INSURANCE PREVIOUSLY (CODE 1 AT Q3)

Q4. When did you last have insurance?

WRITE IN

ASK IF HAD INSURANCE PREVIOUSLY (CODE 1 AT Q3)

Q5. What changed to make you give up your insurance?

OPEN ENDED. ALLOW FOR SPONTANEOUS RESPONSE FIRST THEN IF NECESSARY
PROBE ON:

- *Change in premium/ excess*
- *No longer required/ necessary*

ASK IF DON'T HAVE INSURANCE (CODE 2 AT S3)

Q6. What, if anything, do you think would persuade you to take out insurance?

OPEN ENDED. ALLOW FOR SPONTANEOUS RESPONSE FIRST THEN IF NECESSARY
PROBE ON:

- *Lower cost- if so by how much*
- *Easier to take out*
- *More bespoke insurance*
- *Multi-annual insurance*

ASK ALL

Q7. What would you say are the main benefits of having insurance?

OPEN ENDED. ALLOW FOR SPONTANEOUS RESPONSE FIRST THEN IF NECESSARY
PROBE ON:

- *Peace of mind*
- *Save money*

ASK IF HAVE INSURANCE (CODE 1 AT S3)

Q8. What would you say are the main reasons why you have insurance?

OPEN ENDED. ALLOW FOR SPONTANEOUS RESPONSE FIRST THEN IF NECESSARY
PROBE ON:

- *Necessity*
- *Protection from flood risk*
- *Business continuity*

PROBE FOR DIFFERENCES FOR DIFFERENT TYPES OF INSURANCE THEY HAVE

ASK IF HAVE INSURANCE (CODE 1 AT S3)

Q9. What, if anything, do you think would make you stop taking out insurance?

OPEN ENDED. ALLOW FOR SPONTANEOUS RESPONSE FIRST THEN IF NECESSARY
PROBE ON:

- *Premiums become too expensive*
- *Economic climate*
- *Other business expenses more important*
- *Reduction in risk*

ASK ALL

SINGLE CODE ONLY

Q10. On balance, would you say it has been easier or harder to get insurance this year than last year, or about the same?

1. Easier than last year
2. Harder than last year
3. About the same
4. Not applicable

ASK IF THINK CHANGED SINCE LAST YEAR (CODES 1-2 AT Q10)

Q11. What do you think are the reasons behind this?

OPEN ENDED. ALLOW FOR SPONTANEOUS RESPONSE FIRST THEN IF NECESSARY
PROBE ON:

- *Economic climate*
- *Flooding nationally/ regionally*
- *Flood risk locally- probe for awareness of this as well as it being a possible driver of cost changes*

ASK IF THINK HARDER THAN LAST YEAR (CODE 2 AT Q10)

Q12. You said it has been harder to get insurance this year. Has this led to any changes in how you get insurance?

OPEN ENDED. ALLOW FOR SPONTANEOUS RESPONSE FIRST THEN IF NECESSARY
PROBE ON:

- *Using a broker*
- *Shopping around*
- *Taking longer to arrange it*

ASK ALL

SINGLE CODE ONLY

Q13. Would you say your premises are at risk of flooding? This could be flooding from the sea, rivers or heavy rainfall but not from burst pipes or other plumbing issues.

1. Yes, definitely
2. Yes, possibly
3. No
4. Don't know

ASK IF PERCEIVED RISK OF FLOODING (CODE 1-2 AT Q13)

Q14. What makes you say that?

OPEN ENDED

ASK IF PERCEIVED RISK OF FLOODING (CODE 1-2 AT Q13)

Q15. What impact, if any, would you say your risk of flooding has had on your ability to get quotes for insuring your business?

OPEN ENDED

ASK ALL. MULTICODE OK FOR CODES 1-3).

Q16. Has your business ever been flooded? IF YES: Roughly when was this?

1. Yes – in the last year
2. Yes – in the last three years
3. Yes – longer than three years ago
4. No
5. Don't know

ASK IF AT PERCEIVED RISK OF FLOODING (CODE 1-2 AT Q13)

MULTICODE OK FOR CODES 1-2

Q17. Are any flood protection measures installed on your business's premises?

1. Yes – installed while my business has been at these premises
2. Yes – installed before my business took over these premises
3. No
4. Don't know

ASK IF INSTALLED FLOOD PROTECTION MEASURES (CODE 1-2 AT Q17)

Q18. What flood protection measures have you had installed?

OPEN ENDED. PROBE FULLY FOR DETAILS OF ALL MEASURES, INCLUDING WHEN INSTALLED AND COST.

ASK IF INSTALLED FLOOD PROTECTION MEASURES SINCE BUSINESS TOOK OVER PREMISES (CODE 1 AT Q17)

Q19. What are the main reasons why you have installed any flood protection measures?

OPEN ENDED. ALLOW FOR SPONTANEOUS RESPONSE FIRST THEN IF NECESSARY
PROBE ON:

- *Requirement of insurance company to get quote*
- *Recommendation of insurance company*
- *Own initiative e.g. to save money*

ASK IF DIDN'T INSTALL FLOOD PROTECTION MEASURES (CODE 3 AT Q17)

Q20. Why do you currently not have any flood protection measures installed?

OPEN ENDED. ALLOW FOR SPONTANEOUS RESPONSE FIRST THEN IF NECESSARY
PROBE ON:

- *Too expensive*
- *Too much hassle*
- *Measures wouldn't be effective*
- *Risk not high enough to justify it*
- *Don't know what I can do/ where to get measures*

ASK IF INSTALLED FLOOD PROTECTION MEASURES SINCE BUSINESS TOOK OVER
PREMISES (CODE 1 AT Q17)

MULTICODE OK

Q21. How did you fund the flood protection measures that have been installed at your current premises?

1. By me/ my business
2. By the local council
3. By central government
4. Someone else- SPECIFY
5. Don't know

ASK IF BUSINESS HAS BEEN FLOODED (CODES 1-3 AT Q16)

Q22. You mentioned previously that your business has been flooded. What were the main impacts of the flood [IF CODE MORE THAN 1 OF CODES 1-3 AT Q16: floods] on your business?

OPEN ENDED. ALLOW FOR SPONTANEOUS RESPONSE FIRST THEN IF NECESSARY
PROBE ON:

- *Business had to shut- if so probe how long for*
- *Fewer customers- roughly what percentage? How long did it take to recover?*
- *Staff and/ or customers couldn't access the premises*
- *Loss of power/ other services*
- *Loss of stock*

ASK IF BUSINESS HAS BEEN FLOODED (CODES 1-3 AT Q16)

SINGLE CODE ONLY

Q23. Did you make a claim?

1. Yes
2. No
3. Don't know

ASK IF DIDN'T MAKE A CLAIM (CODE 2 AT Q23)

Q24. What were the main reasons that you didn't make a claim?

OPEN ENDED

ASK IF DID MAKE A CLAIM (CODE 1 AT Q23)

Q25. What was the claim for?

OPEN ENDED. ALLOW FOR SPONTANEOUS RESPONSE FIRST THEN IF NECESSARY
PROBE ON:

- *Buildings damage*
- *Contents loss/ damage*
- *Business had to shut as no power*
- *Business had to shut as inaccessible*

ASK ALL

Q26. Thank you for your help, this is everything that we wanted to cover in the interview. Is there anything else you'd like to say on this subject?

OPEN QUESTION, DO NOT PROMPT

4.2 SBS boost questionnaire

Small

Pro_9394

Business Survey 2014

9th July 2014

PRIVATE & CONFIDENTIAL

Questionnaire (V1 Post-Pilot)

SCREENER

ASK TO SPEAK TO OWNER/PROPRIETOR/MD/OTHER SENIOR DECISION MAKER

- S1) **Good morning/afternoon, can I check that I'm calling [NAME OF BUSINESS]. My name is XXX and I'm calling from BMG Research. We are an independent research company and we're doing some work on behalf of the Department for Environment, Food and Rural Affairs (Defra)**

I would like to ask your opinion about a range of issues concerning small businesses; it will take about 20-30 minutes, depending on your responses.

The results of the survey will be fed back to government and will be used to inform government policy on small business. Is now a convenient time to talk?

ADD IF NECESSARY:

- **Your co-operation will ensure that the views expressed are representative of all small businesses**
- **Whether or not you like the government's actions this is your chance to influence them – everyone's views will be taken into account**
- **All information collected will be treated in the strictest confidence. Responses will not be attributed to any individual or company. Results will be reported in the form of aggregated statistics.**
- **We work strictly within the Market Research Society Code of Conduct**
- **Enterprises have been randomly chosen from the Government's Inter-Departmental Business Register**
 - Continue 1
 - Transfer to another respondent 2
 - Refused 3
 - Hard appointment 4
 - Soft appointment 5
 - Dead/unobtainable number 6
 - Other (SPECIFY) 7

ASK ALL

S3) Can I just check, are you one of the most senior person in day-to-day control of [NAME OF BUSINESS]?

Yes	1	CONTINUE TO A1
No/Uncertain	2	ASK TO SPEAK TO SENIOR PERSON IN THE ORGANISATION – TRANSFER, SET APPOINTMENT, REFUSED OR OTHER

SOME SECTIONS WILL ONLY BE ASKED OF HALF THE SAMPLE, SELECT AS FOLLOWS

	Sections to ask – England, Wales and Northern Ireland			
Interview number	J	N	O	H0
1	Y	Y		
2		Y	Y	
3			Y	Y
4	Y			Y

	Sections to ask – Scotland			
Interview number	J	N	O	L5+
1	Y	Y		
2		Y	Y	
3			Y	Y
4	Y			Y

SECTIONS TO ASK		
------------------------	--	--

Finance	H	Applies to H0 only in England, Wales and NI
Innovation	J	J0-J4
Public sector	L	Applies to L5, L5i and subsequent questions in Scotland only
Training	N	N1-N5
Technology	O	O1-O6

SECTION A: ABOUT THE BUSINESS

ASK ALL

A1) **How many sites in the UK does your business operate from, including your head office?**

ENTER NUMBER (RANGE=1-9,999) _____

Don't know / Uncertain ...X

Refused ... Y

A2) **How many paid employees does your business currently employ across all sites, excluding owners and partners?**

- INCLUDE FULL AND PART TIME
- INCLUDE TEMPORARIES/CASUALS, BUT NOT AGENCY STAFF
- EXCLUDE SELF-EMPLOYED
- EXCLUDE OWNERS/PARTNERS, BUT OTHER DIRECTORS COUNT AS EMPLOYEES

ENTER NUMBER (RANGE=0-99,999) _____

IF MORE THAN 249 EMPLOYEES, THANK AND CLOSE

A2ADUM CATI TO CODE AUTOMATICALLY TO FOLLOWING BANDS FOR QUOTAS:

MONITORING QUOTAS	
None (no employees)	1
1-4 employees (Very small micro)	2
5-9 employees (Larger micro)	3
10-49 employees (Small)	4
50-250 employees (Medium) – THANK AND CLOSE	5

A2a) **And including yourself, how many working owners and partners are there [ADD IF 1+ EMPLOYEE AT A2: in addition to the {NUMBER AT A2} employees you have just mentioned?] NB: IF ONLY OWNED BY TRUSTEES OR MEMBERS, CODE ZERO**

ASK IF SUM AT A2/A2a IS 1+. OTHERS GO TO A2c

A2b) **How many of the [SUM OF A2 AND A2a] are temporary or casual staff?**

ASK ALL

A2c) **And how many, if any, contractor or agency staff or self employed do you have working for you right now that are not on the payroll?**

	Enter number	DK	REF
A2a (owner/partners)		X	Y
A2b (temporary/casual)		X	Y
A2c (not on the payroll)		X	Y

A3) **I have [READ OUT SECTOR DESCRIPTION FROM SAMPLE] as a general classification of your organisation's principal activity. Bearing in mind this is a general classification only, does this sound about right?**

Yes	1
No	2

ASK IF NO AT A3. OTHERS GO TO A5:

A4) **What is the principal activity of your organisation? PROBE AS NECESSARY:**

- **What is the main product or service of this organisation?**
- **What exactly is made or done at this organisation?**
- **What material or machinery does that involve using?**

PROBE FULLY. RECORD DETAILS AND CODE BELOW

ASK ALL

A5) **What is the legal status of your organisation?** DO NOT READ OUT, BUT PROMPT IF NECESSARY. ALLOW MULTICODE ONLY IF 'OTHER' MENTIONED

INTERVIEWER NOTE: IF BUSINESS NAME CONTAINS 'LTD' OR 'LIMITED' THEY ARE USUALLY A LTD. COMPANY (CODE 2). IF 'PRIVATE LIMITED COMPANY' MENTIONED, CHECK WHETHER LIMITED BY SHARES OR BY GUARANTEE. FOR OTHERS RECORD ALL INFORMATION VERBATIM TO ESTABLISH OWNERSHIP. N.B. "CHARITY" IS NOT A LEGAL STATUS)

Sole proprietorship	1
Private limited company, limited by shares (LTD.)	2
Public Ltd Company (PLC)	3
Partnership	4
Limited liability partnership	5
Private company limited by guarantee	6
Community Interest Company (CIC, limited by guarantee or shares)	7
Friendly Society	8
A Co-operative	9
Industrial and Provident Society	10
Private Unlimited Company	11
Foreign Company	12
A trust	13
An unincorporated association	14
Other (SPECIFY)	15
Don't know	16

Refused	17
---------	----

A6) **And how many years has this firm been trading? This includes under all ownerships and all legal statuses. SINGLE-CODE. PROMPT IF NECESSARY.**

Less than one year	1
1 years	2
2 years	3
3 years	4
4 years	5
5 years	6
6 – 10 years	7
11 – 20 years	8
More than 20 years	9
Don't know	10

A7) **Has there been a change of ownership of the business in the past three years? SINGLE-CODE**

Yes	1
No	2
Don't know	3

A8) **Can I just confirm with you that the postcode of your present location is [READ OUT POSTCODE FROM DATABASE]? SINGLE-CODE**

Yes	1	GO TO A10
-----	---	-----------

No	2	RECORD CORRECT POSTCODE (A8A), THEN ASK A9
----	---	--

ASK IF DATABASE POSTCODE NOT CORRECT (A8/2), OTHERS GO TO A10

A9) **Is that in...?** SINGLE-CODE

England	1
Scotland	2
Wales	3
Northern Ireland	4
DO NOT READ OUT: None of the above (E.G. CHANNEL ISLANDS, ISLE OF MAN)	5
Don't know	6

IF NONE OF THESE (CODE 5), CLOSE

DUMA9 USE INFO FROM A9 '1-4' OR, IF A9 '1 OR DK', USE INFO FROM SAMPLE

England	1
Scotland	2
Wales	3
Northern Ireland	4

ASK ALL

A10) **Do you have separate business or work premises other than your home?**

Yes	1
No	2
Refused	3

SECTION H: FINANCE

ASK HALF SAMPLE (AT RANDOM) ONLY IN ENGLAND, WALES AND NORTHERN IRELAND. IN SCOTLAND, ASK ALL. OTHERS GO TO H1

H0) **ASK IF HAVE SEPARATE BUSINESS PREMISES (A10/1) IN ENGLAND AND WALES ONLY. OTHERS GO TO FILTER BEFORE J0**

H20) **Do you or someone else at your business arrange commercial insurance cover for your premises? IF NO: Is this because somebody else arranges it (e.g. a landlord) or because you don't have premises insurance**

Yes	1
No – someone else arranges	2
No – do not have it	3
No – other reason (SPECIFY)	4
Don't know	5

H21 DELETED

ASK IF ARRANGE INSURANCE COVER (H20 '1'). OTHERS GO TO H27

H22) **Did you experience any difficulty at all in securing this insurance when you last renewed it?**

Yes	1
No	2
Don't know	3

H23 DELETED

ASK IF HAD DIFFICULTY ARRANGING INSURANCE (H22 '1'). OTHERS GO TO FILTER BEFORE J0

H24) **Did you experience any difficulty at all in securing this insurance due to risk of flooding?**

Yes	1
No	2
Don't know	3

ASK IF DIFFICULTY CAUSED BY RISK OF FLOODING (H24 '1'). OTHERS GO TO FILTER BEFORE J0

H25) **Were you refused cover by all you approached, or did you obtain at least one quote? SINGLE CODE ONLY**

Refused by all approached	1
Obtained at least one quote	2
Don't know	3

ASK IF OBTAINED AT LEAST ONE QUOTE (H25 '1'). OTHERS GO TO FILTER BEFORE J0

H26) **Were the quotes you obtained higher than in previous years, either in terms of the premium or the excess? IF YES: PROBE FOR WHETHER PREMIUM OR EXCESS HIGHER, OR BOTH**

Yes – premium increased	1
Yes – excess increased	2
Yes – both premium and excess increased	3
No increase	4
Don't know	5

ASK IF DO NOT HAVE INSURANCE COVER (H20 '3'). OTHERS GO TO FILTER BEFORE J0

H27) **Have you tried to obtain commercial business insurance cover in the last 12 months?**

Yes	1
No	2
Don't know	3

ASK IF TRIED TO ARRANGE INSURANCE COVER (H27 '1'). OTHERS GO TO FILTER BEFORE J0

H28) **Did you experience any difficulty at all in securing this insurance due to risk of flooding?**

Yes	1
No	2
Don't know	3

ASK IF DIFFICULTY CAUSED BY RISK OF FLOODING (H28 '1'). OTHERS GO TO FILTER BEFORE J0

H29) **Were you refused cover by all you approached, or did you obtain at least one quote? SINGLE CODE ONLY**

Refused by all approached	1
Obtained at least one quote	2
Don't know	3

ASK IF OBTAINED AT LEAST ONE QUOTE (H29 '1'). OTHERS GO TO FILTER BEFORE J0

H30) **Were the quotes you obtained higher than in previous years, either in terms of the premium or the excess? IF YES: PROBE FOR WHETHER PREMIUM OR EXCESS HIGHER, OR BOTH**

Yes – premium increased	1
Yes – excess increased	2
Yes – both premium and excess increased	3
No increase	4
Don't know	5

New questions added

ASK ALL

SA

Q1. As far as you are aware has your current business premises been flooded in the last 3 years, that is, since September 2011? We are talking about flooding from rain, rivers or the sea, rather than from burst pipes or a leaking roof. This could include flooding to any land surrounding your premises such as a garden or drive. Please select one that applies

1. Yes
2. No
3. Don't know

ASK IF CODE 1 AT Q11

SA

Q2. When was the most recent time this happened? Please select one that applies

1. In the last 3 months
2. 3 months up to 6 months ago
3. 6 months up to 1 year ago
4. 1 year up to 2 years ago
5. 2 years up to 3 years ago

6. 3 years ago
7. More than 3 years ago
8. Don't know / can't remember

To be asked of those not able to secure insurance (H25, code 1 or H30 code 1)

What actions, if any, are you considering after being denied insurance? (only when it is because of the risk of flooding)

- None
- Have not thought about it
- Take property level protection
- Increase savings
- Considering moving
- Considering closing my businesses

SECTION P: TURNOVER

ASK ALL

P1) **Can you please tell me the approximate turnover of your business in the past 12 months?** RECORD EXACT FIGURE BELOW, IF NOT SURE, ASK FOR AN APPROXIMATE FIGURE. ALLOWED RANGE £0-£99,999,999

£									
---	--	--	--	--	--	--	--	--	--

Don't know X

Refused Y

TO COMPLETE IF FIGURE GIVEN AT P1. OTHERS GO TO FILTER BEFORE P1b

P1a INTERVIEWERS TO RE-ENTER TURNOVER INTO RANGE. DO NOT ASK. SINGLE CODE ONLY

£0-£9	1
£10-£99	2
£100-£999	3
£1,000-£9,999	4
£10,000-£99,999	5
ASK IF DK OR REF AT P1. OTHERS GO TO P2 £100,000-£999,999	6
Which of these ranges does your turnover fall into? READ OUT UNTIL ANSWER GIVEN. £1,000,000-£9,999,999	7
£10,000,000-£99,999,999	

P1b)

Less than £81,000	1
-------------------	---

£81,000 - £99,999	2
£100,000 - £249,999	3
£250,000 - £499,999	4
£500,000 - £999,999	5
£1m – £1.99m	6
£2m - £2.8m	7
£2.81m - £4.99m	8
£5m - £9.99m	8
£10m - £14.99m	10
£15m - £24.99m	11
£25m or more	12
Don't know	13
Unwilling to answer	14

ASK ALL TRADING FOR AT LEAST ONE YEAR (A6/NOT '1'). OTHERS GO TO B5

P2) **Compared with the previous 12 months, has your turnover in the past 12 months increased, decreased or stayed roughly the same? SINGLE-CODE**

Increased	1
Decreased	2
Stayed the same	3
Don't know	4
Unwilling to answer	5

ASK IF TURNOVER HAS INCREASED / DECREASED (P2/1-2), OTHERS GO TO FILTER ABOVE P4

P3) **By approximately what percentage did your turnover (IF P2/1) increase (IF P2/2) decrease in the past 12 months, compared with the previous 12 months?**

Enter percentage (IF DECREASED P2 '2', RANGE = 0-100%; IF INCREASED P2 '1', RANGE = 0-999%)

Uncertain / DKX

Refused /Unwilling to answer ... Y

ASK IF DECREASED BY MORE THAN 50% (P2 '2' AND P3 '51-100'). OTHERS GO TO FILTER AT P5

P4)

You said that your turnover decreased by (ANSWER AT P3)%. That means your turnover decreased by more than half compared with the previous 12 months. Is that correct?

Yes	1
No	2
Not sure	3
Refused	4

IF NO AT P4,
REASK P3. OTHERS GO
TO P7

ASK IF INCREASED BY MORE THAN 100% (P2 '1' AND P3 '101-999'). OTHERS GO TO FILTER AT P6

P5)

You said that your turnover increased by (ANSWER AT P3)%. That means your turnover has more than doubled compared with the previous 12 months. Is that correct?

Yes	1
No	2
Not sure	3
Refused	4

IF NO AT P5,
REASK P3. OTHERS GO
TO P7

ASK IF DON'T KNOW HOW MUCH TURNOVER INCREASED/DECREASED AT P3 (P3 'x'). OTHERS GO TO P7

P6) **Would you say it [TEXT SUBSTITUTION: (IF P2/1) increased (IF P2/2) decreased] by up to 10%, up to 20% or by more than 20%?**

Up to 10%	1
Up to 20%	2
More than 20%	3
Don't know	4
Increase	1
Decrease	2
Stay the same	3
Don't know	4
Unwilling to answer	5

P7)

In the next 12 months do you expect your turnover to increase, decrease, stay roughly

ASK ALL

ASK IF EXPECT TURNOVER TO INCREASE / DECREASE (P7/1-2), OTHERS GO TO Q1

P8) **By approximately what percentage do you expect your turnover (IF P7/1) increase (IF P7/2) decrease in the next 12 months? SINGLE-CODE**
 INTERVIEWER NOTE: IF DON'T KNOW, PROMPT WITH BANDS

Enter percentage (IF DECREASE P7 '2', RANGE = 0-100%; IF INCREASE P7 '1', RANGE = 0-999%)

Uncertain / DKX

Refused / Unwilling to answer ... Y

ASK IF EXPECT TO DECREASE BY MORE THAN 50% (P7 '2' AND P8 '51-100').
OTHERS GO TO FILTER AT P10

P9) **You said that you expect your turnover to decrease by (ANSWER AT P8). That means you expect your turnover to decrease by more than half what it is now. Is that correct?**

Yes	1
No	2
Not sure	3
Refused	4

IF NO AT P9, REASK P8. OTHERS GO TO Q1

ASK IF EXPECT TO INCREASE BY MORE THAN 100% (P7 '1' AND P8 '101-999').
OTHERS GO TO FILTER AT P11

P10) **You said that you expect your turnover to increased by (ANSWER AT P3. That means you expect your turnover to more than doubled compared with what it was in the last 12 months. Is that correct?**

Yes	1
No	2
Not sure	3
Refused	4

IF

NO AT P10, REASK P8.
OTHERS GO TO Q1

ASK IF DON'T KNOW HOW MUCH TURNOVER WILL INCREASE/DECREASE AT P8 (P8 'X'). OTHERS GO TO Q1

P11) **Would you say it will [TEXT SUBSTITUTION: (IF P7/1) increase (IF QP7/2) decreased] by up to 10%, up to 20% or by more than 20%?**

Up to 10%	1
Up to 20%	2
More than 20%	3
Don't know	4

SECTION U: END

U1) **ASK ALL**
The Department for Environment, Food and Rural Affairs (Defra) may want to carry out follow up research sometime in the next 12 to 24 months. Would you be willing to help with that research? SINGLE-CODE

Yes	1
No	2

ASK ALL

U2) **Would it be possible for BIS to link your responses to other information that you have provided previously to the Government? By this data linkage, we can reduce the burden of our surveys on your business and can improve the evidence that we use.**

ADD IF NECESSARY

Data will only be used to inform research on businesses in aggregate - we will never release information that identifies any individual business - and your survey responses remain strictly confidential. Do you give your consent for us to do this?

Yes	1
No	2

U3) ASK ALL
RECORD RESPONDENT'S NAME

U4) RECORD RESPONDENT'S JOB TITLE

U5) ASK ALL
INTERVIEWER TO RECORD WHETHER THE RESPONDENT IS A MAN OR A
WOMAN
SINGLE-CODE

Man	1
Woman	2

