

2011

Survey of Small Business Owners'
Perceptions of Risk

“Even as the economy remains uncertain, small business owners continue to find ways to show their resiliency by seeking out growth opportunities. While owners are focusing on innovation and expansion into new geographies, **protecting their businesses** by developing business continuity and risk management plans can mean the difference between success and unnecessary exposure to avoidable risks.”

– **Marc Schmittlein**, President and Chief Executive Officer,
Travelers Small Commercial Accounts

2011

Small Business Risk & Disaster Management Survey Results

Introduction

Small business owners from across the country gathered in Washington, D.C., in May to attend **America's Small Business Summit**, hosted by the U.S. Chamber of Commerce. As a corporate sponsor of the event, Travelers conducted an on-the-ground survey of attending entrepreneurs to:

- 1) Gauge the efforts that business owners are planning to take to grow their businesses;
- 2) Identify whether business owners understand that changes to their businesses — even positive ones — can expose their businesses to insurable risks; and
- 3) Raise awareness that business continuity planning is essential to managing risks.

Executive Summary

Surveyed business owners see expanding operations and providing clients with **new products and services** as the highest priority among potential growth opportunities, with only slightly fewer business owners who indicate **tapping the availability of top talent** as the top priority. Anecdotally, the added risks these ventures might bring to a business did not seem evident to respondents.

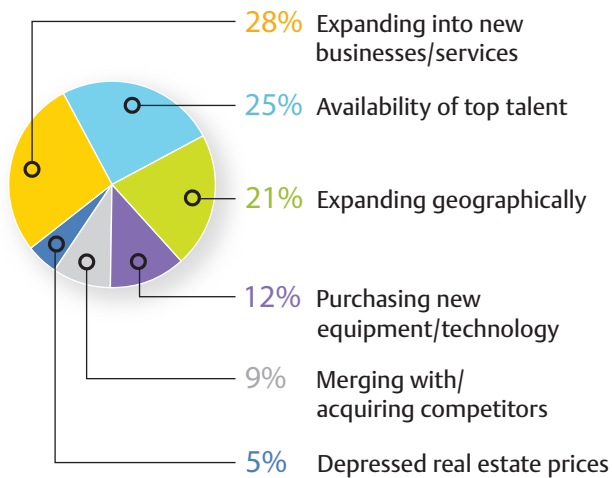
While small business owners understand that employee safety is important, **less than half of the respondents are regularly reviewing safety and risk management protocol** with their employees more than once a year.

When seeking risk management advice, business owners first tap their peers and then reach out to their accountants. **Despite their specific focus on risk management, insurance agents were ranked as the third choice for risk management advice.**

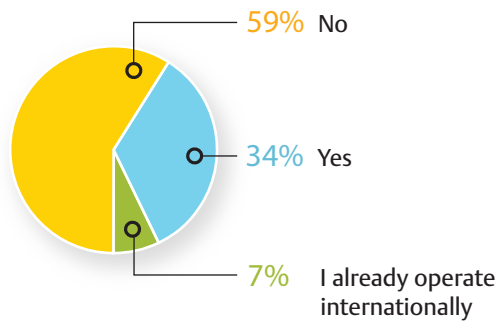
Business owners are looking to expand their operations geographically and while the majority of owners are planning to keep their expansion within the United States, more than one-third are considering expanding their business operations internationally.

Survey Results

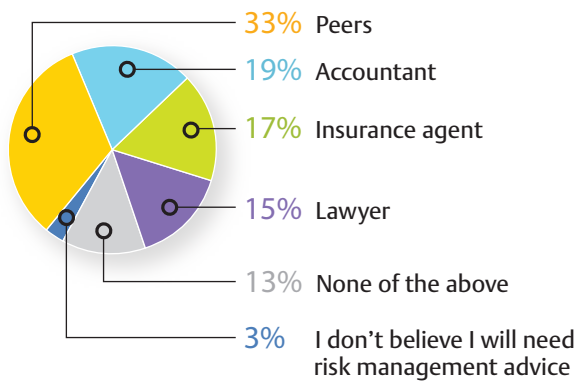
As the economy continues to recover, which of the following opportunities do you plan to take advantage of in the next 12 months? Choose one:



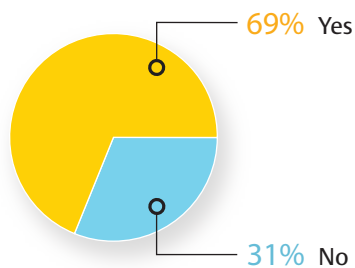
In the next 12 months, will you be expanding your business internationally (outside of the U.S.)?



As the economy improves and your business begins to grow and expand, who would you turn to for risk management advice? Choose one:

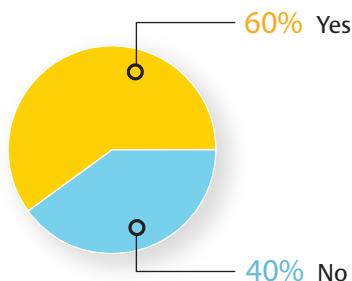


Would you say your business has changed significantly since the financial downturn first started?

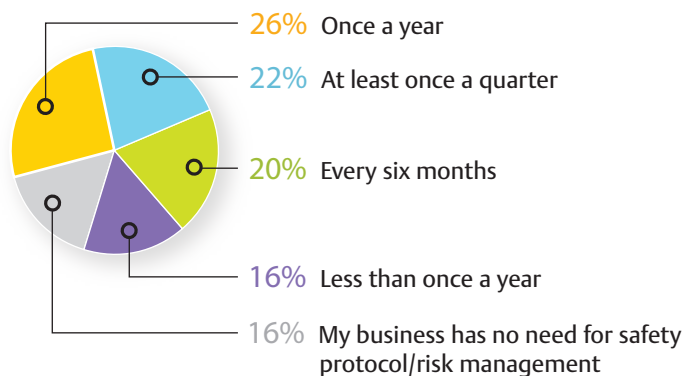


Survey Results (continued)

Have you consulted with your insurance agent about any changes your business has experienced (fewer employees, more employees, new real estate, new business focus, etc.) since the economy has begun to recover?



How frequently do you review safety and risk management protocol with your employees?



“Risk management is vital to the long-term survival of a business, and it’s important to understand that there are **many types of risks**. Small business owners and their employees need to be aware of and prepared for any scenario. Education and planning are key risk management elements of protecting any business.”

– **Marc Schmittlein**, President and Chief Executive Officer,
Travelers Small Commercial Accounts



Conclusion

Proper risk management can be the key to a business's long-term success, and an ongoing conversation between an owner and his/her insurance agent creates the best chance to mitigate unnecessary exposures.

As one of the largest providers of small business insurance, Travelers has the expertise and experience necessary to offer small business owners risk management guidance and solutions.

Through its national network of independent insurance agents, Travelers offers insurance solutions to help protect small businesses. Risk control information and expertise are also available to help entrepreneurs identify and mitigate the unique risks and exposures facing their businesses.

The survey was conducted in-person at the U.S. Chamber of Commerce America's Small Business Summit on May 23–25, 2011. A total of 121 small business owner attendees were polled.

About Travelers

The Travelers Companies, Inc. (NYSE: TRV) is a leading provider of property casualty insurance for auto, home and business. The company's diverse business lines offer its global customers a wide range of coverage sold primarily through independent agents and brokers. A component of the Dow Jones Industrial Average, Travelers has more than 30,000 employees and operations in the U.S., Canada, U.K. and Ireland. The company generated revenues of approximately \$25 billion in 2010. For more information, visit travelers.com.

About Travelers Risk Control Services

Travelers Risk Control provides a variety of services and resources to help businesses identify and manage their unique risks. With diverse backgrounds and areas of specialization, the Risk Control staff is able to provide customers with consultative and cost-effective risk management solutions. Risk Control's Customer Portal at travelers.com/riskcontrol also is a valuable resource. By registering, customers gain exclusive access to more than 1,500 products, including **TravSources**[®], a collection of safety and risk management resources packaged by industry or topic; **Travelers Virtual Risk Manager**, an online self-assessment tool offering customized action plans; and educational opportunities, such as classroom training, webinars, and computer-based training — many provided at no cost to the customer.

About Travelers Select Accounts

Travelers Select Accounts is a leading provider of property and casualty insurance products for small businesses. Serving businesses with generally fewer than 50 employees, Travelers Select Accounts offers guaranteed cost insurance policies, including commercial auto, workers compensation, umbrella, and packaged products covering property and liability exposures. Each small-business risk is independently evaluated through an automated underwriting platform, which in turn enables agents to quote, bind and issue a substantial amount of small-business risks at their desktop. Risks with more complex characteristics are underwritten with the assistance of an Account Executive. Travelers Select Accounts also offers its independent agents options to connect aspects of sales and service, including agency automation capabilities and service centers that function as an extension of an agency's customer service operations.



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