

Risk on the Rise

ARAG

Is legal liability jeopardizing small businesses across Canada?

7 out of 10

Canadian small business owners¹ dealt with at least one legal dispute in the last three years.



Up 230% versus 2015²

Is it COVID?

Has the number of legal disputes increased as a result of the pandemic?

NO!

Only 38% of legal disputes were related to the pandemic. 62% were due to daily operations.

Top 3 legal disputes faced:



Contract disputes & collecting money owed

61%



Legal disputes related to employees³

36%



Property + highway traffic ticket disputes

33%

Increasing legal liability & legal costs now rank 3rd in the top of mind risks that small business owners worry about.

Nº 1



Broad economic uncertainty

42%

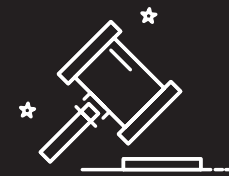
Nº 2



Data security, technology, cyber

28%

Nº 3



Increasing legal liability & legal costs

25%

Let's talk impact!

56% of small business owners

say legal disputes have a lot of or a moderate amount of **financial impact** on their business

70% of small business owners

say they spend a lot of or a moderate amount of **time** dealing with legal disputes

73% of small business owners

say legal disputes give them a lot of or a moderate amount of **mental stress** on a personal level

3 out of 10

Small business owners personally know another business owner who has been **significantly impacted** by or **lost their business** following a legal dispute.



Up 200% versus 2015²

5k to 50k

Canadian small business owners are spending on average, anywhere between \$5,000 to \$50,000 on lawyer's fees and other legal expenditures.

up to \$92,118

The average hourly rate of an experienced lawyer in Canada is \$448⁵, and a simple two-day civil action lasting longer than 7 days can cost up to \$92,118⁴.

Legal expense insurance mitigates the risk, with very little cost in comparison⁶.

There's interest, but is there awareness?

6 out of 10

say their broker/insurer has **never** spoken to them about the **financial impacts** of a legal dispute.

7 out of 10

say their broker/insurer has **never** spoken to them about the **mental impacts** of a legal dispute.

We collectively owe it to small business owners to discuss legal risks.

Find out how: [ARAG.ca/RiskOnTheRise](https://arag.ca/RiskOnTheRise)

¹ We define small businesses as those that are either self-employed or have anywhere between 1 to 50 employees.

² Based on research conducted in collaboration with Ipsos in 2015.

³ This stat does not apply to small businesses that are self-employed.

⁴ Data from Canadian Lawyer Mag 2021 Legal Fees Survey

⁵ Data from Canadian Lawyer Mag 2016 Legal Fees Survey

⁶ Our study showed that the revenue bands of 75% of small businesses surveyed was anywhere up to \$2 million. The average mandatory rating (including Contract Disputes & Debt Recovery) of a legal expense insurance policy for revenue bands up to \$2 million is \$275 a year. Commercial insurance policies provide some legal coverage, but there are gaps in a typical commercial portfolio. Legal expense insurance fills those gaps. To learn more, refer to our [guide](#).