

# BizCover SME Insurance Price Index

Q1 2021/2022

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# BizCover SME Insurance Price Index

## Insurance prices for SMEs return to FY19 levels through the BizCover platform

The BizCover SME Insurance Price Index provides a comparative pricing benchmark by tracking a set portfolio of products across quarterly average premium changes since 2012. Preserving the product weightings within the portfolio provides us with a unique benchmark to compare relative pricing changes from 2012 for Australian small business insurance on BizCover's insurance aggregation platform.

This baseline index enables us to impartially identify pricing movements across a range of insurance types and industry sectors for Australian small businesses. Please note this is an aggregate measure and does not reflect specific premium pricing changes of individual policies or insurers.

## Overall Price Index

For the first quarter of FY22, the BizCover Insurance Price Index remains largely flat, with a quarter-percent increase to 0.93. This minor upwards trend continues since Q3 of FY20 when the pandemic was announced, taking us to a 7-year index high exceeding the 0.92 of FY14's third quarter.

In this recent quarter, the Trades sector saw a 1.3% increase in the pricing index, whereas the Retail sector saw an equivalent decrease of 1.2%, and the Professionals sector remains largely unchanged with only a 0.5% decrease in prices.

## Overall BizCover SME Insurance Price Index

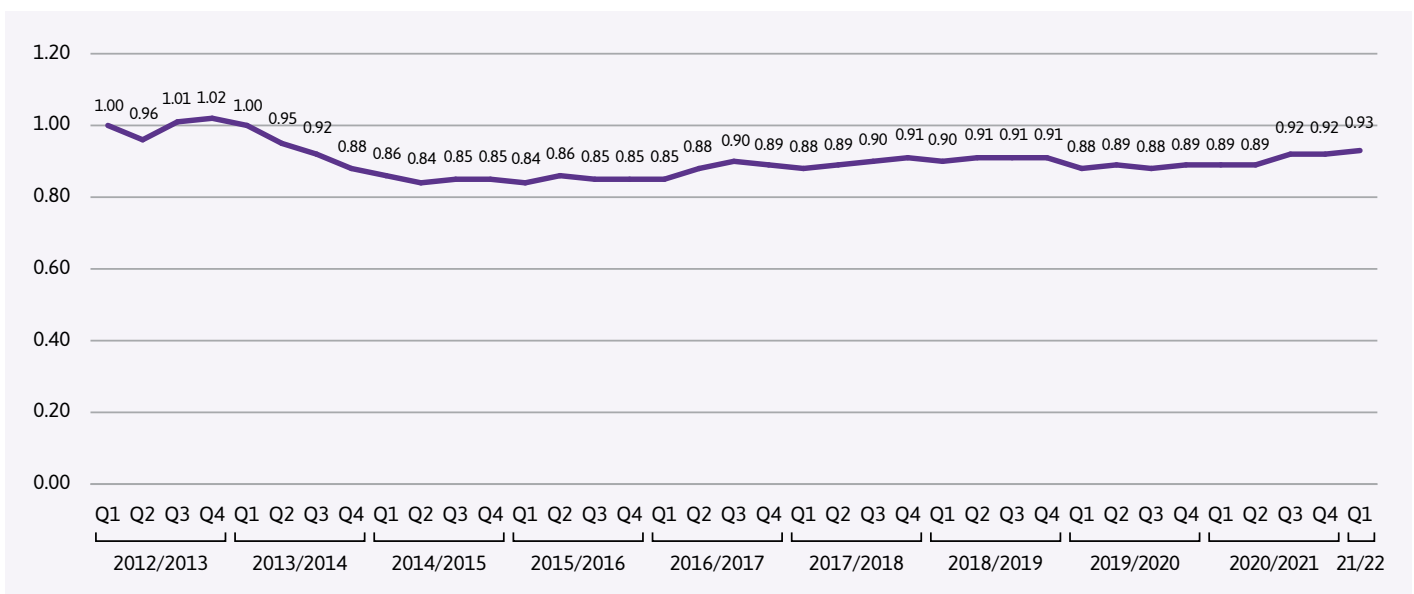


Figure 1 – Overall Index

## Price Index by Industry

The BizCover SME Insurance Price Index is comprised of 3 industry groups – Professionals, Trades and Retail – who have purchased business insurance through the BizCover platform.

Following a 0.01 drop in the insurance price index for the Retail sector last quarter, BizCover has seen a further drop of 1.2% for Retail sector policy pricing in the current quarter. However, whilst prices have fallen for 3 consecutive quarters, the Retail index has still shown an average 12-month price increase of 6.3%, carrying a residual impact from the 15% increases in price experienced by BizCover's Retail small business customers from the start of the pandemic in 2020.

The Trades Index increased by 1.3% over the last quarter, driven primarily by ongoing increases in the price of Contents and Portable Equipment sections of Business Packs for that sector over the period.

Professional Indemnity and Public Liability insurance for the Professional industry sector remained consistent, falling only 0.5% for the quarter, remaining in the same 0.82-0.87 index range it has tracked for the last 5 financial years.

### BizCover SME Insurance Price Index by Industry

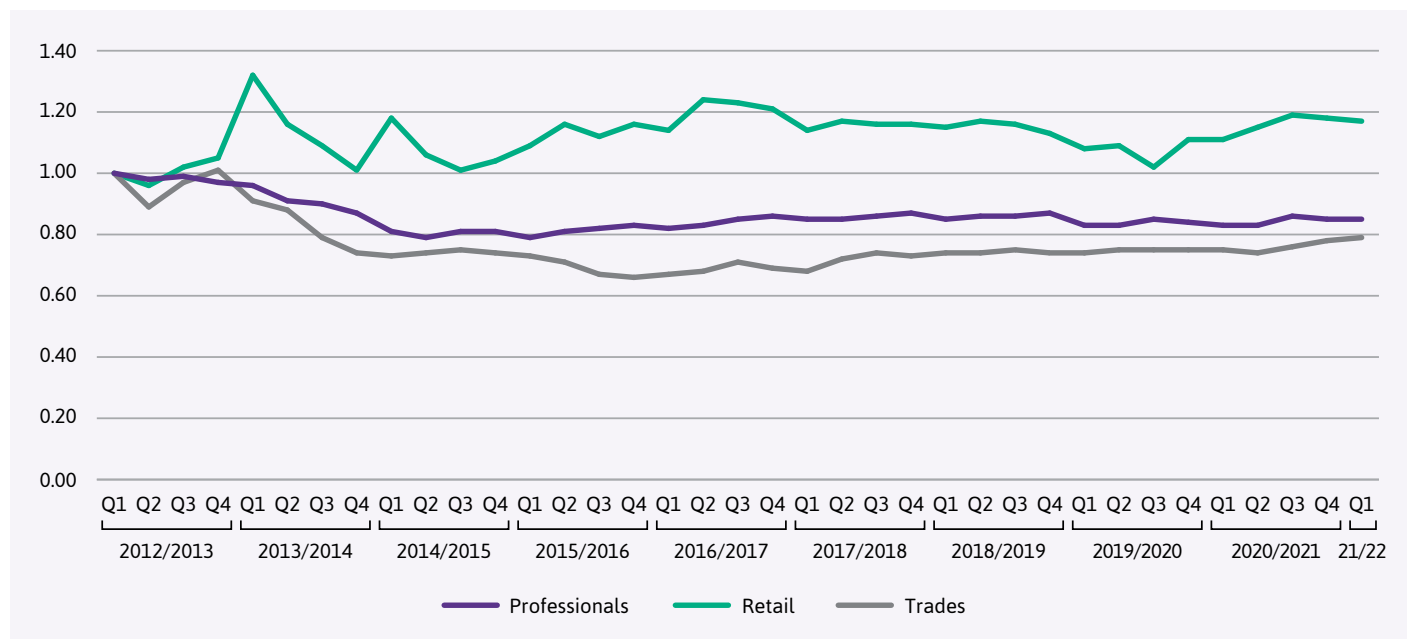


Figure 2 – Price Index by Industry



## Price Index by Industry by Product

Within the Retail sector small business insurance category, there were noteworthy movements in the top 5 sections as determined by the number of sales.

The largest decline in the pricing index for Retail insurance policies was the index price of Business Interruption insurance, which fell 15% in the quarter, albeit remaining high at 31% above index value. Business Interruption insurance spiked in Q3 of FY2020 with the introduction of state government restrictions that impacted businesses and has remained an average of 38% above the index value of 1.0 last seen in early FY20. It is noteworthy that this fall preceded a High Court ruling announced on the 8th October 2021,

with the court ruling supporting a narrow interpretation of loss for Business Interruption insurance claims. It will be interesting to see how the index for Business Interruption insurance moves over the rest of this Financial Year.

Similarly, the indexed cost of Glass insurance for Retail sector businesses fell by an average of 8.3% when compared to Q4 of last financial year. This takes Glass insurance to pricing levels not seen since 2016, with the index falling for 6 consecutive quarters. Smaller reductions were seen in Contents and Theft insurance as well, contributing to the overall reduction of 1.2% for the Retail sector business insurance pricing index over the quarter.

## Retail Industry by Business Pack sub-product

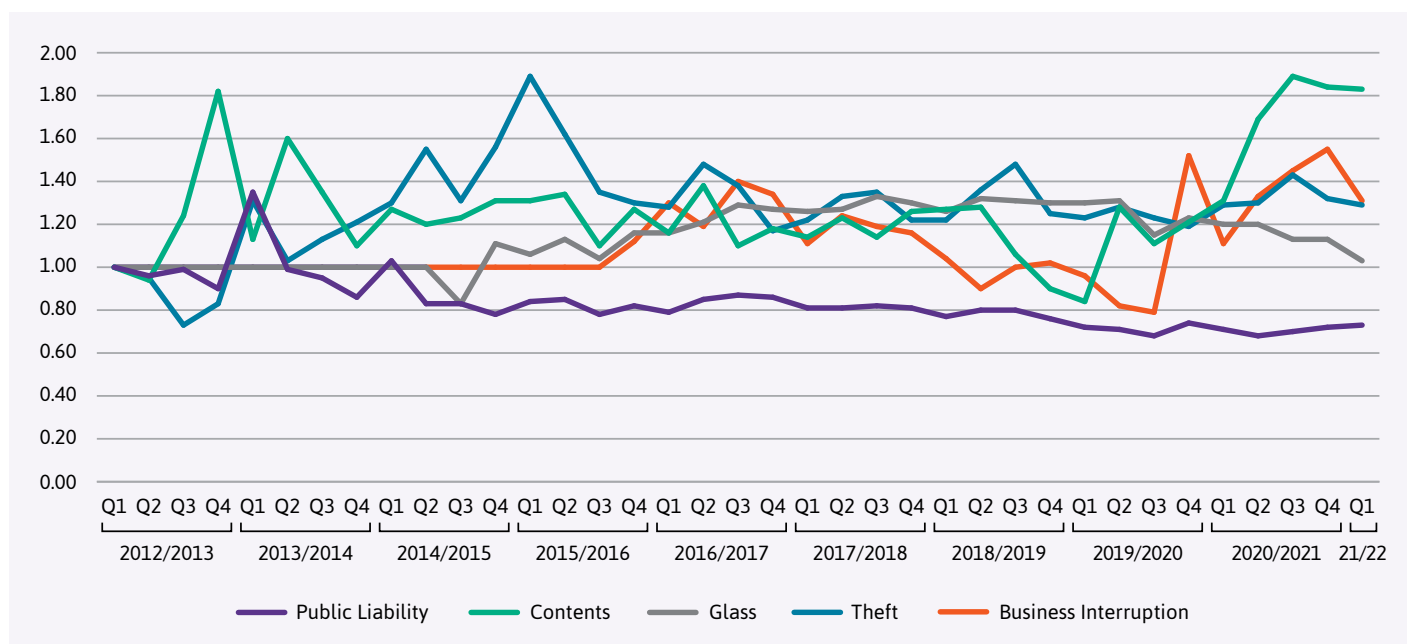


Figure 3 – Retail Price Index

As noted previously, the Trades sector saw an aggregate pricing index increase of 1.3% for the quarter. From the below chart, it is apparent that this included index increases for both Contents and Portable Equipment sections of Business Packs of 15.5% and 4.2% respectively.

The primary driver of the overall index increase for the Trades sector however is Public Liability insurance, reflecting the portfolio product weightings in place for the index, with less than a 1% increase in the Public Liability pricing index for business pack insurance for Trades, bringing down the average price index increase for the Trades sector to 1.3%.

### Trades Industry by Business Pack sub-product

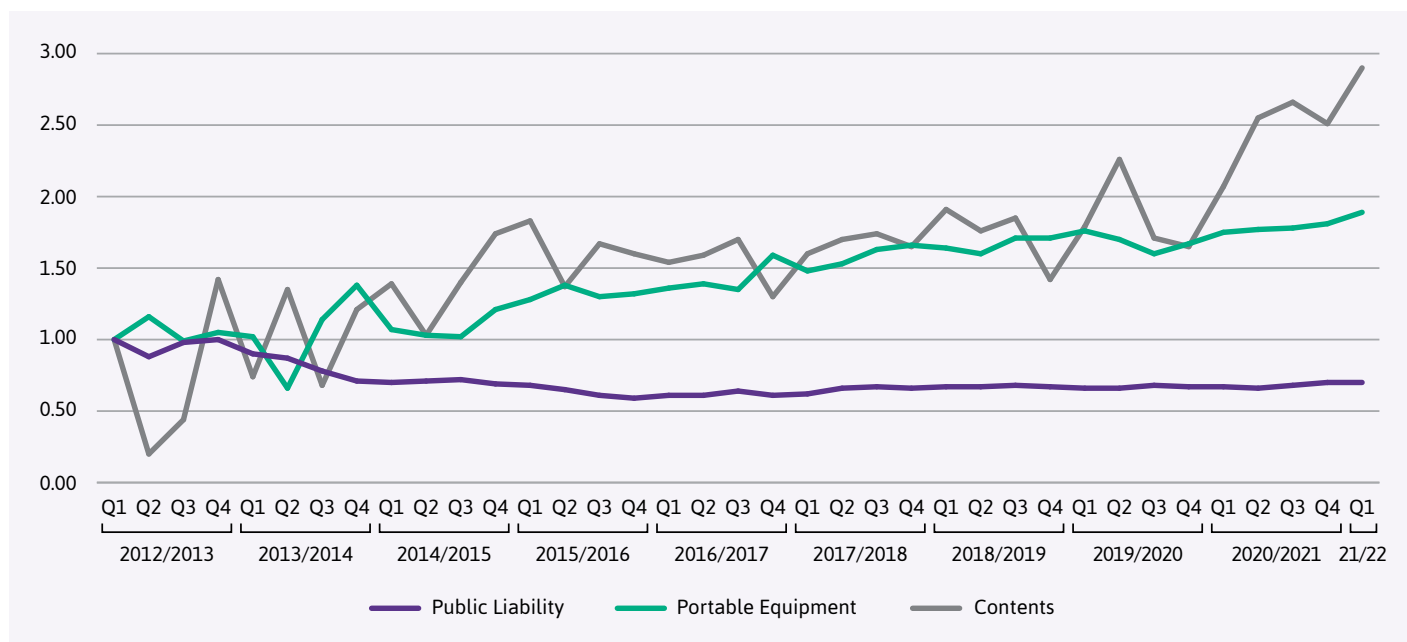


Figure 4 – Trades Price Index





Within the Professionals sector, the index movements remain consistently small. Professional Indemnity products for Professionals saw a 0.9% fall in the pricing index benchmark, however this is within the normal seasonal fluctuations usual for the first quarter of the financial year.

Public Liability insurance for Professionals also benchmarks on a similarly narrow range, oscillating between 0.83 and 0.86 on the benchmark index over the last two full financial years.

### Professionals Industry by Product



Figure 5 – Professionals Price Index

## Conclusion

Business insurance for Small-Medium Enterprises on BizCover's platform has increased by 0.3% overall in the most recent quarter.

Contributing to the 0.3% increase are both falls in the relative pricing of Retail business pack insurance of an average 1.2%, and increases in the pricing benchmark level for the Trades sector of 1.3%.

Looking at the quarterly percentage changes in the pricing index, it is notable that this financial year's Q1 pricing index change is the first time we have seen a Q1 increase in the index. As a result of four consecutive quarterly increases, we have seen a 4.3% increase in the overall SME price index benchmark on the same time last year.

## BizCover SME Pricing Index Quarterly Percentage Change

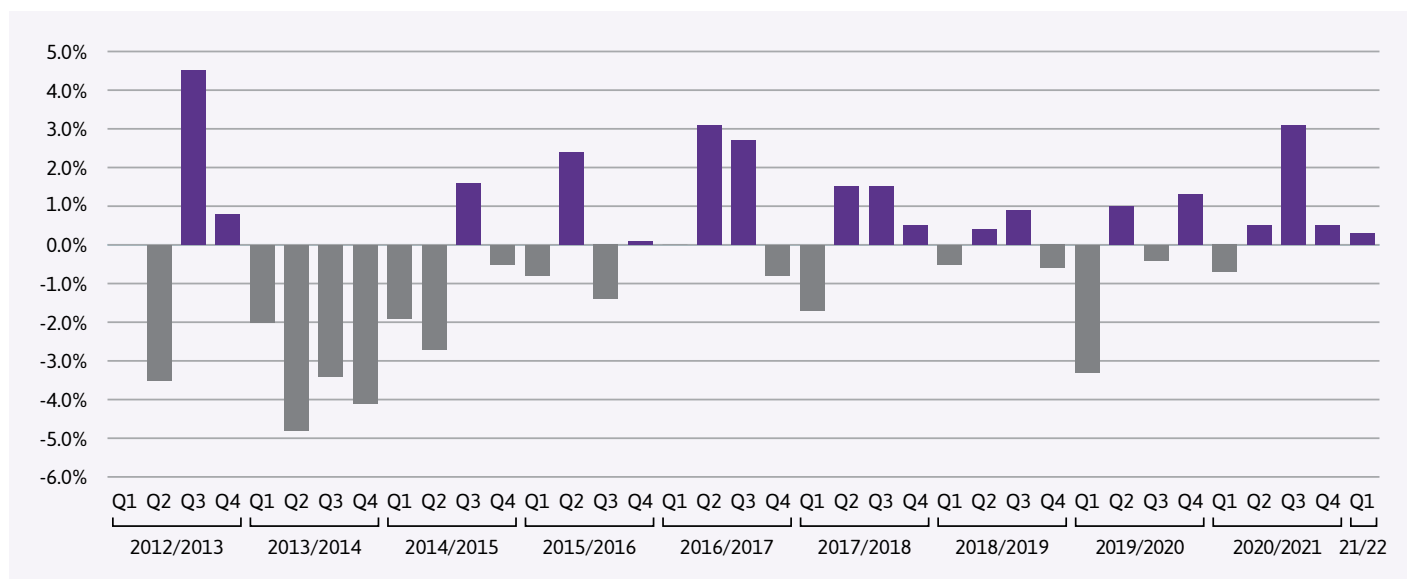


Figure 6 – Quarterly Price Index Percentage Changes

Whilst we've observed 4 consecutive quarterly increases, the index as an aggregate measure of the portfolio remains below the pricing index of 1.0. Insurance for small businesses, across all sectors, remains cheaper on balance than it was at the start of FY14.





# About BizCover for Brokers

## **Bizcover for Brokers is an online quote and bind platform that makes it easy for brokers to unlock their SME potential.**

We allow you to compare multiple quotes and bind SME commercial insurance for your clients in minutes. With our competitive pricing and single data entry point, you can get quotes from some of Australia's leading insurers, with cover for over 6,000 occupations.

BizCover for Brokers is the only place you need to get cover on Business Packages, Public Liability, Professional Indemnity, Management Liability, Cyber Insurance, Tax Audit & Personal Accident & Illness.


BizCover for Brokers collaborates with brokers to enable them to:

- Take full advantage of benefits and cost savings of our aggregation/comparison business model
- Improve your business efficiencies using our simple, fast and paperless system
- Embrace the change that's occurring in the market, by partnering with a leading online broker platform, without compromising the service to your clients

BizCover for Brokers has a dedicated team who can assist with your business and a LiveChat service that enables you to ask questions, in real time, of your Broker Relationship Manager.

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