



BizCover
for **Brokers**

Broking Streamlined.

SMEs Under the Microscope During Covid-19



Along with much of the country, Australia's small businesses faced countless challenges over the last few years.

But despite this period of uncertainty, many SME owners are feeling cautiously optimistic. Having learned to handle the unprecedented, these owners are confident in their ability to continue to adapt and grow.

Brokers are uniquely positioned to help Australia's more than 2.4 million small businesses regroup and rebound from the effects of COVID-19. The first-hand data gathered in this report provides valuable insights into the risks Australian small businesses currently face and how well they are protected.

About the 2022 Small Business Bravery Report

Our primary data was collected through an online survey of small businesses (20 employees or less) in January 2022. A total of 1,327 business owners responded, representing 20 industries and each Australian state and territory.

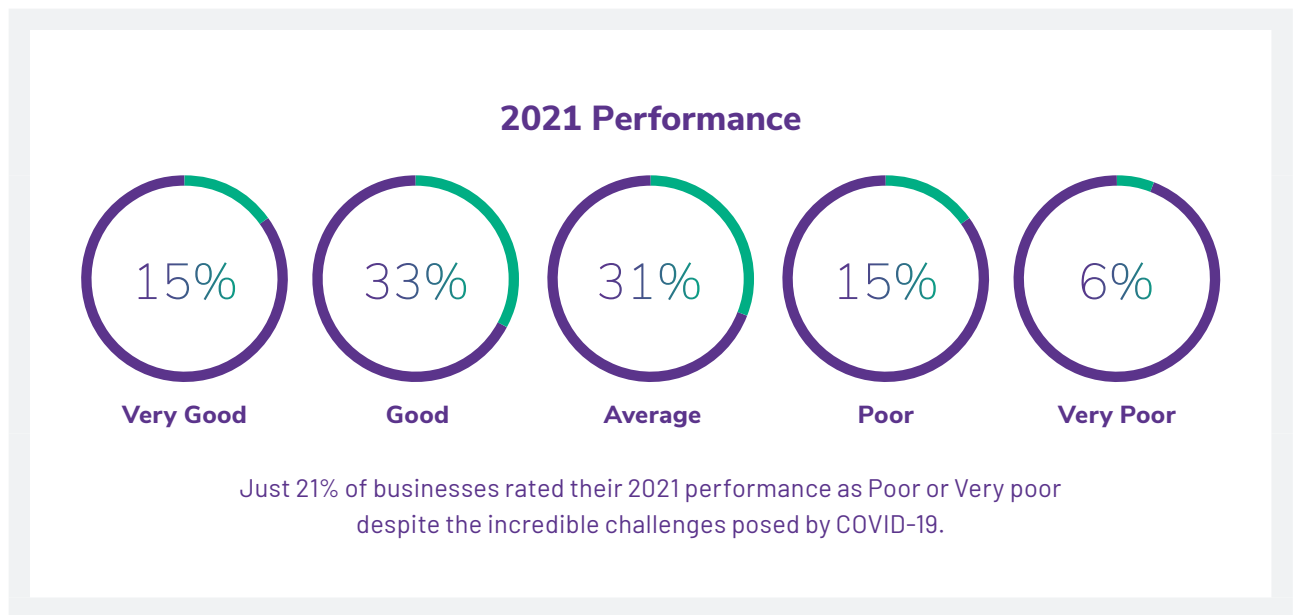
The 2022 Small Business Bravery Report highlights the tough road these businesses travelled in 2021, providing a snapshot of the Australian small business landscape.

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SMEs' Perceptions of 2021

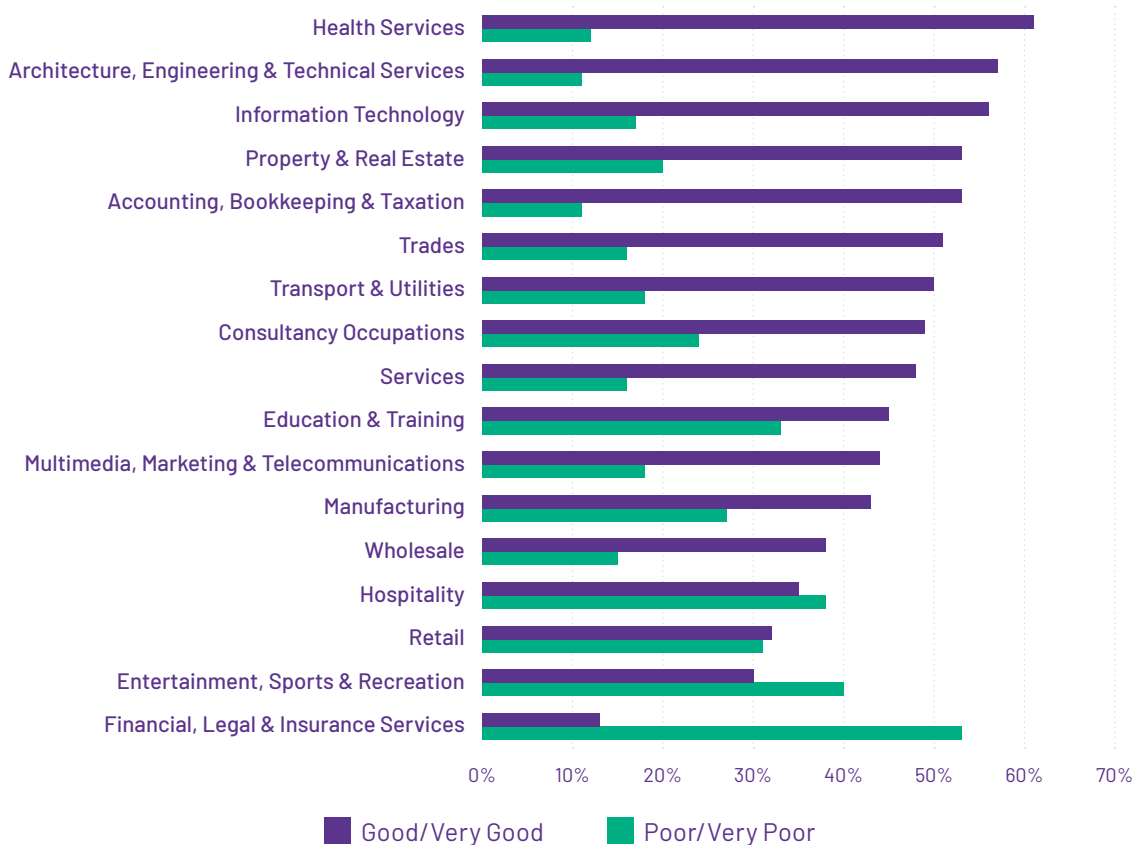
Despite the difficult circumstances presented by COVID-19, nearly half of all businesses (48%) judged their performance as Good or Very Good, with a further 31% rating their performance as Average. Only 21% of small businesses rated their 2021 business performance as Poor or Very Poor.



While the majority of SMEs rated their performance in 2021 positively, there were stark differences between industries.

Health Services and Architecture, Engineering & Technical Services reported the most positive reviews of their 2021 performance. However, Entertainment, Sports & Recreation (40%) and Financial, Legal & Insurance (53%) were the most negative.

Business Performance - Industry Winners and Losers



The Health Services and Architecture, Engineering & Technical Services industries reported the most positive reviews of their 2021 performance, while Entertainment, Sports & Recreation and Financial, Legal & Insurance were the most negative.

Key Takeaway:

SMEs in the hardest hit industries may have a tough road ahead, but they could also be poised for a rebound in 2022 and beyond.



This may create opportunities for brokers to make inroads with new clients.

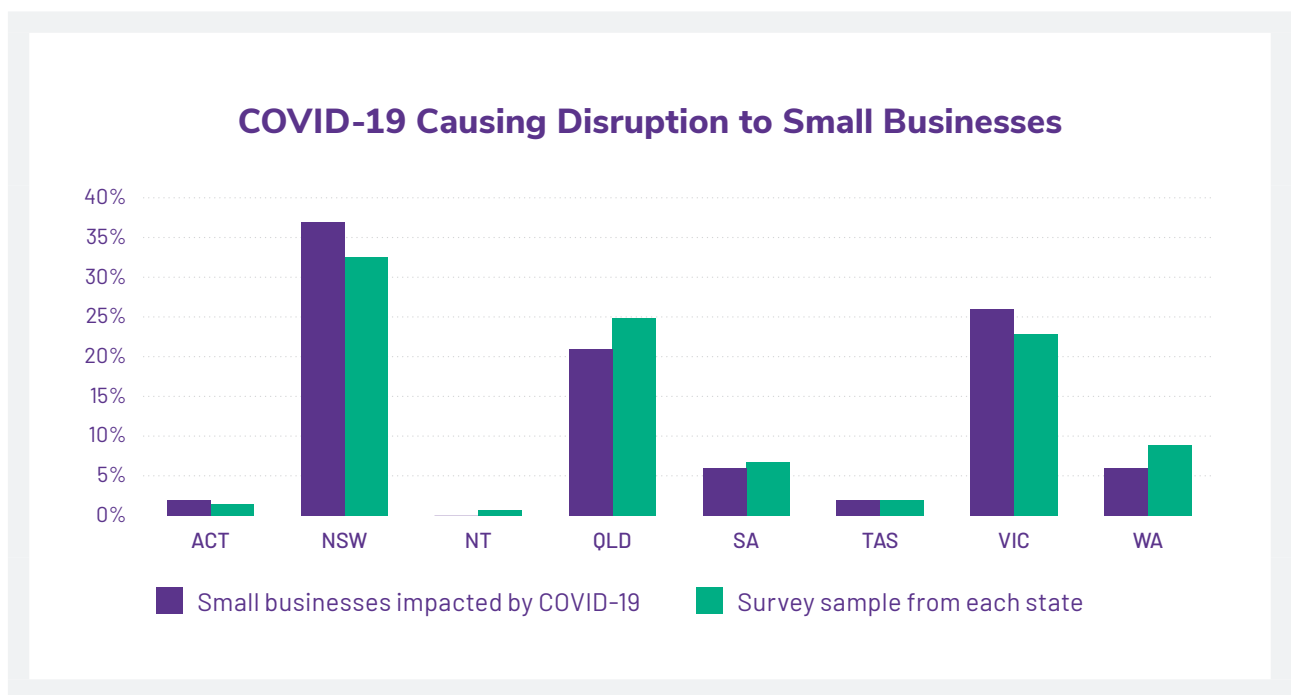
	Health Services	Architecture, Engineering & Technical Services	Entertainment	Sports & Recreation	Legal & Insurance
Key Cover	<ul style="list-style-type: none"> ✓ Allied Health, (Combined Professional Indemnity & Public Liability) 	<ul style="list-style-type: none"> ✓ Professional Indemnity 	<ul style="list-style-type: none"> ✓ Public Liability 	<ul style="list-style-type: none"> ✓ Allied Health, (Combined Professional Indemnity & Public Liability) 	<ul style="list-style-type: none"> ✓ Professional Indemnity
Opportunities	<ul style="list-style-type: none"> ✓ Cyber Liability ✓ Personal Accident & Illness 	<ul style="list-style-type: none"> ✓ Cyber Liability ✓ Tax Audit ✓ Management Liability ✓ Office Pack ✓ Public Liability 	<ul style="list-style-type: none"> ✓ Business Interruption (Business Pack) ✓ Cyber Liability ✓ Management Liability 	<ul style="list-style-type: none"> ✓ Business Interruption (Business Pack) ✓ Personal Accident & Illness ✓ Public Liability ✓ Cyber Liability 	<ul style="list-style-type: none"> ✓ Tax Audit and Business Interruption (Business & Office Pack) ✓ Cyber Liability ✓ Management Liability





CITY WORKERS IN
**CONSULTANCY
 & IT** were most
 likely to
WORK FROM HOME

SMEs operating in NSW and Victoria were also more likely to report that their business was disrupted by COVID-19. This correlates with the difference in length and severity of lockdowns and trade restrictions experienced by each state.



Both states were the most likely to change to a work-from-home model. Across the country, city workers in Consultancy and IT were most likely to operate from a home office.

Key Takeaway:

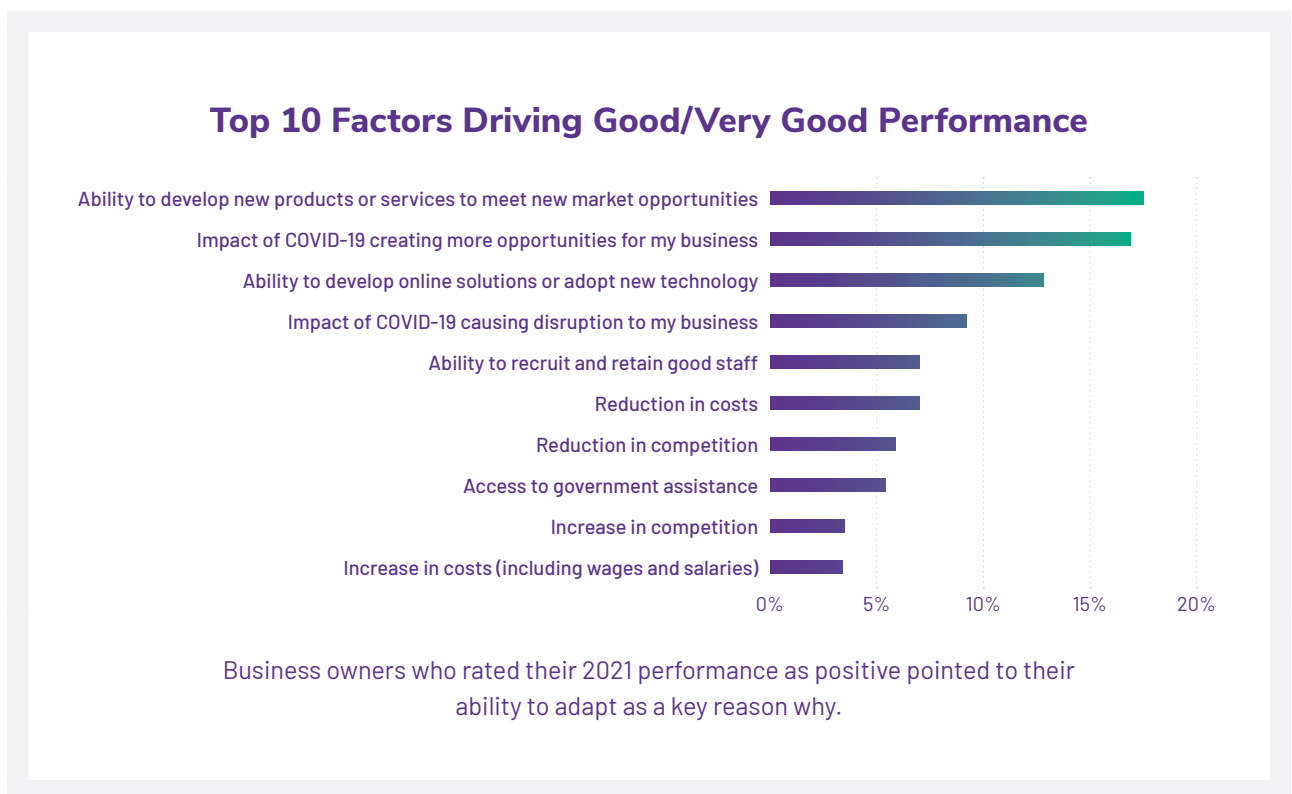
A common misconception is that small businesses don't need insurance if they are operating out of a home office. Brokers will need to bust this myth and offer coverage solutions for work-from-home and hybrid work conditions.

Using Technology to Survive COVID

There were clear performance drivers for businesses that achieved a Good or Very Good rating.

Of those with these ratings, 17.5% cited their ability to develop new products or services to meet new market opportunities, making it the top performance driver of 2021. A further 12.8% cited the ability to adopt online solutions or new technology as the top driver. It's clear that these small businesses embraced the challenge of quick shifts to digital or finding other ways of servicing Australians.

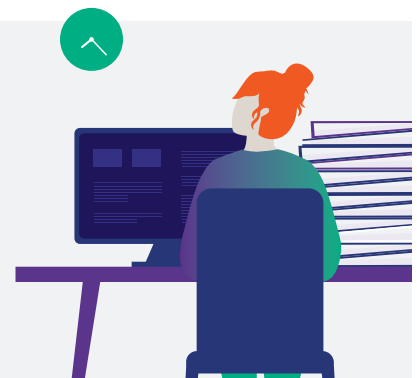
In fact, 16.9% of SMEs said COVID 19 created more opportunities to provide goods and services to their customer base, with Health Services and Multimedia, Marketing & Telecommunications performing best across this metric.



Brokers were also among the Australians embracing technology in the past year. Customer service delays in the insurance industry pushed brokerages to find new ways to overcome this hurdle. Online tools, like the BizCover for Brokers platform, provided brokers with instant quotes and binding, allowing many to grow their brokerages despite COVID-19 slowdowns.

Key Takeaway:

Clients are increasingly pushing for online solutions to provide them with faster, more efficient results. Brokers can use technology to streamline their processes, providing their clients with instant access to insurance products and freeing up valuable time to grow their brokerage. Tapping into rising industries, like Health Services and Multimedia, Marketing & Telecommunications, could also help fuel this growth.



Shielding Your SMEs from Risk

Survey results clearly indicate a disconnect between the most concerning risks and insurance coverage.

For example, cybercrime, data breaches or fraud is the most concerning risk small businesses currently face, with 31% flagging it in the survey. This was mainly driven by city-based small businesses in Accounting, Bookkeeping & Taxation, Consultants and Information Technology.

Yet only 7% of businesses have Cyber Insurance.

Most concerning risk areas



- Cybercrime, data breaches or fraud
- Personal liability as a director or manager
- Losing key staff members
- Legal action or claims against the business due to professional errors or negligence
- Theft of business assets or equipment
- Flood, fire or other damage to business property, inventory or equipment
- Legal action or claims against the business due to injury or property damage

Cybercrime, data breaches or fraud and personal liability as a director or manager are the top two areas of risk for a combined 57% of business owners.

Over a quarter (26%) of small business owners said they are concerned about risks associated with personal liability as a director or manager, and 30% said they have Management Liability cover. This may seem like a positive at first glance. But consider that 70% of small business managers and directors are not covered for claims of wrongful acts in the management of their business – and 74% are not even concerned by it.

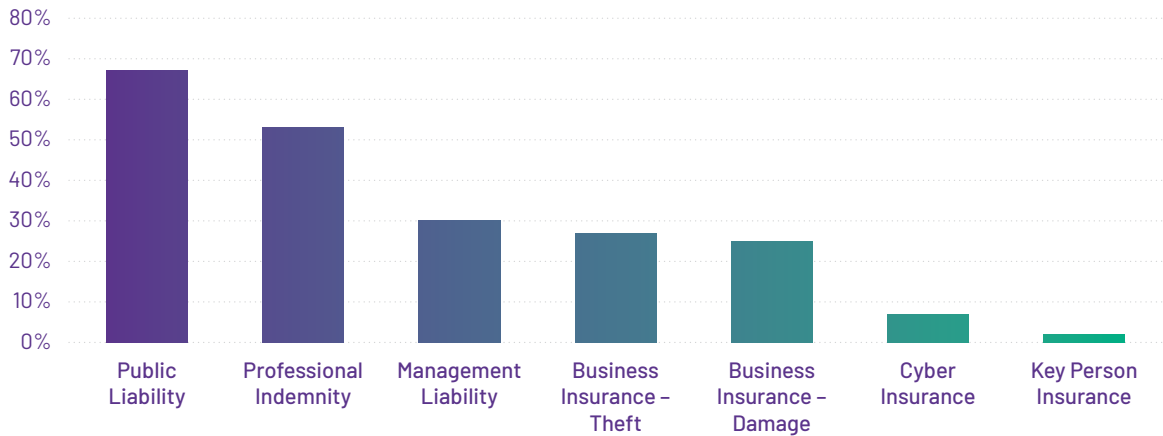


70%
OF SME

**MANAGERS &
DIRECTORS**

ARE NOT COVERED FOR CLAIMS OF
WRONGFUL ACTS
in the management of their business

Which of the following business risks do you have insurance coverage for?



When compared with the key risks we're seeing, there's a disconnect between the coverage small businesses have and their key concerns.

Essentially, any small business with physical interactions with a third party should consider Public Liability cover. Yet 33% of respondents said they did not have Public Liability cover, and only 11% were concerned about the risk.

This may make sense for businesses that work remotely, as the risk is greatly reduced. But for those returning to the office or dealing with clients, customers or suppliers face-to-face, not getting this form of cover could be a risk in itself.

Key Takeaway:

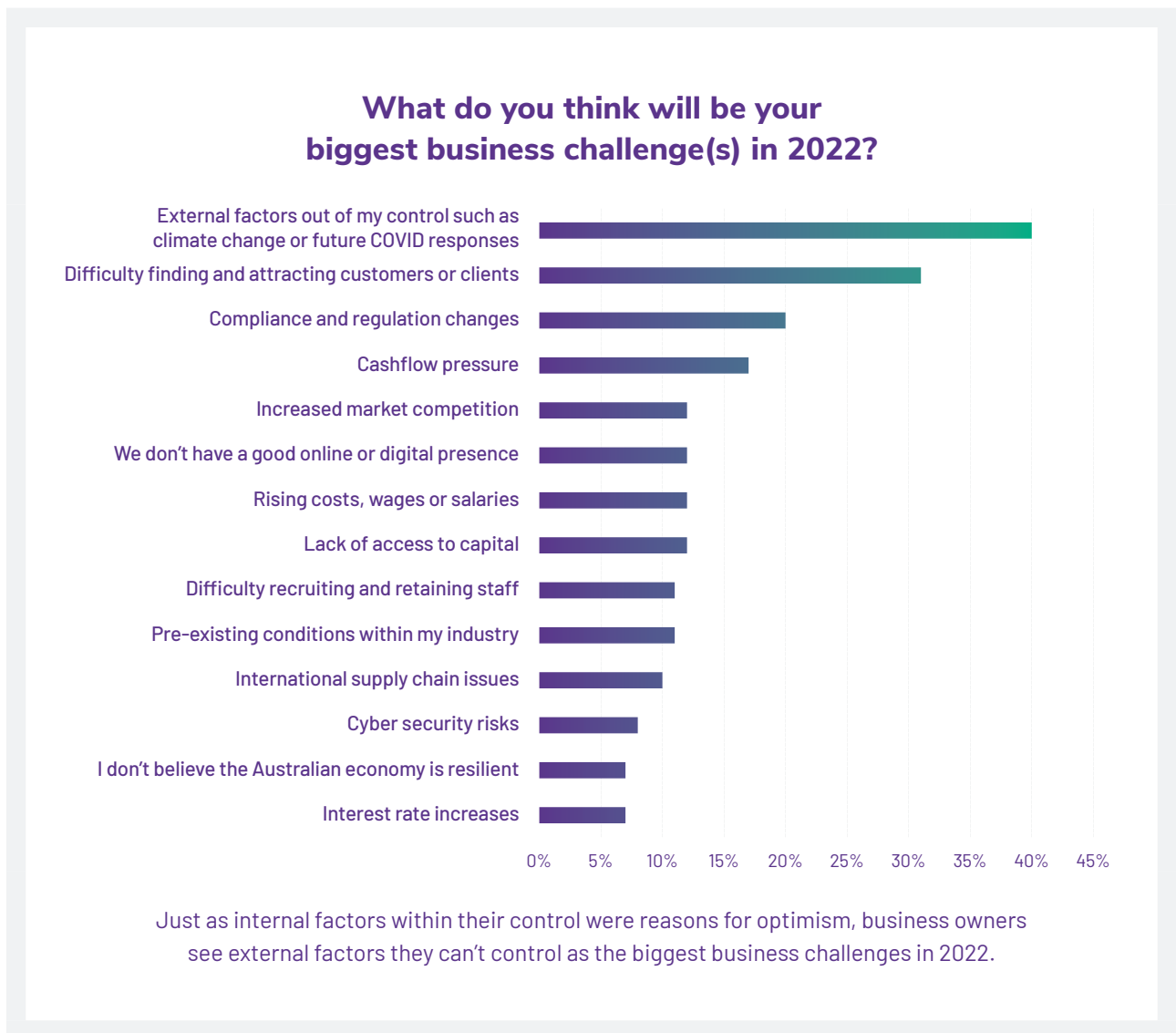
Many SMEs are likely underinsured or not insured in key risk areas. Brokers can help close these deficits by providing education and quotes for relevant products to their clients.

33% of respondents
did not have
PUBLIC LIABILITY COVER



Compliance & Regulation Concerns

SMEs identified several external factors that are worrying them. Compliance and regulation changes are impacting confidence levels for 20% of owners. Compliance was a burning issue for those in Health Services, and for small businesses in Queensland and WA.



Key Takeaway:

Your advice on how insurance can help a client meet or mitigate their compliance and regulatory obligations is one of the most important factors for SMEs when it comes to choosing insurance coverage. The B4B platform provides instant policy comparisons, so you can talk through options with your clients as they relate to compliance and risk.

Looking to a Brighter Future

Despite facing ongoing challenges and adapting to a changing landscape, SMEs are cautiously optimistic as they move into the future.

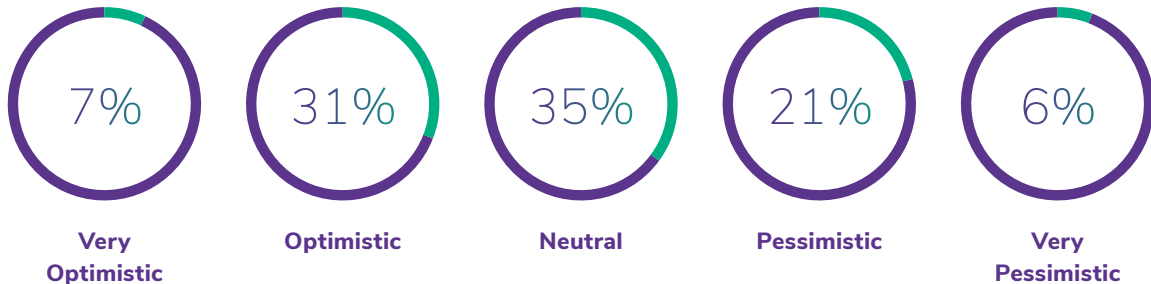
Businesses were divided about how Australia's economic recovery will pan out in 2022. Only 38% answered Optimistic or Very Optimistic, while 35% remained Neutral.



38% of respondents were optimistic AUSTRALIA'S ECONOMY WILL RECOVER IN 2022



How optimistic are you in Australia's economic recovery in 2022?



Small business owners are still unsure about how well the Australian economy will recover from the impacts of COVID-19.

While owners are uncertain about the nation's recovery, they have confidence in their own ability to drive their business forward. Close to two-thirds (62%) of small businesses said they are either Cautiously Optimistic or Very Optimistic their business will grow in 2022. Only 8% were Pessimistic, although a large portion (22%) remained unsure about what lies ahead, indicating plenty of uncertainty remains for small business to grapple with.

How optimistic are you about your business in 2022?



Despite uncertainty about the overall Australian economy, nearly two-thirds have a positive outlook on their small business' future.

Key Takeaway:

2022 brings a sense of resilience, well-being and hope across the small business landscape. Brokers can build on their SME clients' optimism and drive for success, by providing them with competitively priced insurance solutions that fit the changing business landscape and address key risk exposures.

62% of respondents
were optimistic
**THEIR BUSINESS WILL
GROW IN 2022**



About BizCover for Brokers

BizCover for Brokers is a full lifecycle platform for business insurance that streamlines the end-to-end process for brokers when servicing their SME clients. Created by brokers for brokers, everything we do is about empowering brokers and increasing efficiency.

The B4B platform boasts a broad appetite across 8 products covering over 6,000 occupations. With a single data entry, brokers can compare multiple quotes for multiple products from multiple insurers and bind in minutes. Every broker on the B4B platform also has access to our dedicated Customer Support team for additional assistance when they need it most.

Log in to bind your next policy.

