

BizCover SME Insurance Price Index



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BizCover SME Insurance Price Index

Despite the hype around price increases for business insurance, pricing for small business insurance has remained flat over the last year.

However, there are price variances depending on the industry and SME (Small to Medium Enterprise) product type.

The BizCover SME Insurance Price Index released today shows that the cost of insurance on the BizCover platform for SME insurance have remained steady over the last 12 months. Those in the Retail industry sector have seen little change over the year with the price of insurance products purchased through the BizCover platform remaining flat over that time, however the price of some insurance products for Professionals (mainly Public Liability insurance) and Trades (Contents and Portable Equipment) purchased through the BizCover platform have shown a slow and steady upward trend. Of interest is the fact that SME professionals have also experienced flat pricing of Professional Indemnity insurance purchased through insurers on the BizCover platform, notwithstanding the fact that the broader commercial insurance industry has seen ongoing increases in Professional Indemnity pricing.

Overall Price Index

Figure 1 shows the overall BizCover SME Insurance Price Index to Q4 FY19, showing the movement in the Index across all products and industry classes of insurance purchased through the BizCover SME insurance platform. The Index shows a 6% step increase in price levels between Q1 FY17 to Q3 FY17, from which point the Index has remained flat in the current period Q3 FY17 to Q4 FY19, with an immaterial decline in the current quarter Q4 FY19.

Price Index by Industry

The BizCover SME Insurance Price Index is comprised of 3 industry groups, Professionals, Trades and Retail. Since mid-2016 the cost of Trades insurance has steadily increased by around 12% to current levels, while the cost of insurance for Professionals and Retail industries has stayed relatively flat over that time (Figure 2).

Price Index by Industry by Product

The increase in the Trades Price Index was predominantly driven by price increases in the property sections (most commonly, Portable Equipment and Contents) through Business Pack policies, as can be seen in Figure 3, which shows the Price Index for Business Pack sub-products for the Trades industry.

The Retail Industry has experienced price increases in Glass and Theft sub-products since mid-2016 to Q4 FY19, however these have been offset by price reductions in Contents sub-product and a relatively flat price of Public Liability insurance over that time (Figure 4).

This is in contrast to the Price Index for the main SME insurance products purchased by Professionals – Public Liability and Professional Indemnity – shown in Figure 5. The cost of Professional Indemnity insurance has remained flat since mid-2014, while the cost of Public Liability insurance has steadily increased by around 18% since Q3 FY14 to Q4 FY19.

Conclusion

The BizCover SME Insurance Price Index data shows that SME insurance pricing is more stable when compared to a number of other commercial insurance classes. However, the data also demonstrates that SME insurance policy prices are influenced by and can materially vary within product and industry categories.



About the index

BizCover is Australia's largest online business insurance service for Australian SMEs. BizCover has assisted its SME customers purchase over 450,000 Business Insurance policies over the last decade – including Public Liability, Professional Indemnity, Business Packs, Management Liability and Cyber Liability – from a panel of leading insurers (including AIG, Allianz, Berkley Insurance Australia, Dual Australia, Hollard, Point Underwriting Agency, QBE and Vero).

The BizCover SME Insurance Price Index shows movements in the price of SME insurance purchased through the BizCover platform using Q1 FY13 as a baseline, by product, by industry segment, and overall. The index is weighted by a standard basket of products (including cover limits) so that it highlights price movements within the basket, rather than volume movements between products which may skew results of price movements overall.

Over the last 12 months, the BizCover SME Insurance Price Index has been updated to track activity groups within industries on a more granular basis. It has also incorporated Business Insurance (BizPack) sub products (such as Glass, Theft, etc) and their sum insured limits as factors in the calculation, which provides a more comprehensive view of price movements, including by sub products. Finally, the Index has also been re-weighted so that the standard basket of products now uses FY17 data for a more recent and relevant representation of market distribution.

Figures

Overall BizCover SME Insurance Price Index

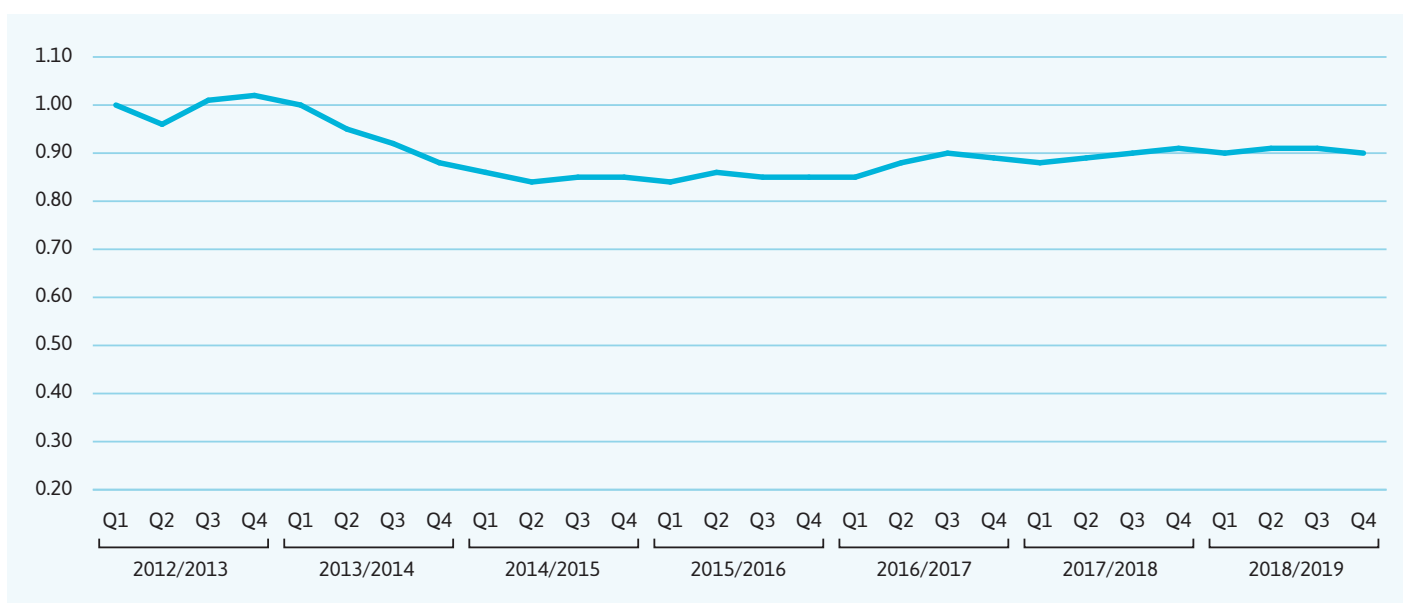


Figure 1 – Overall Price Index

	Q1	Q2	Q3	Q4
2012/2013	1.00	0.96	1.01	1.02
2013/2014	1.00	0.95	0.92	0.88
2014/2015	0.86	0.84	0.85	0.85
2015/2016	0.84	0.86	0.85	0.85
2016/2017	0.85	0.88	0.90	0.89
2017/2018	0.88	0.89	0.90	0.91
2018/2019	0.90	0.91	0.91	0.90

BizCover SME Insurance Price Index by Industry

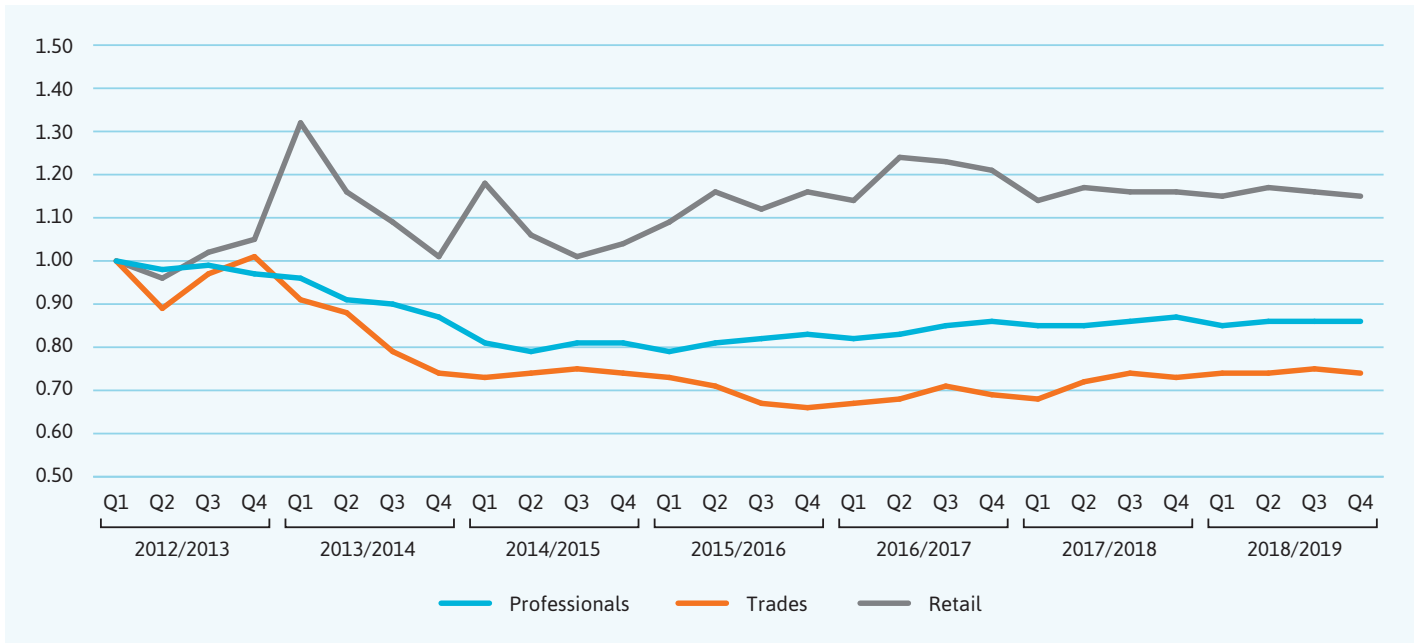


Figure 2 – Price Index by Industry

		Professionals	Trades	Retail
2012/2013	Q1	1.00	1.00	1.00
	Q2	0.98	0.89	0.96
	Q3	0.99	0.97	1.02
	Q4	0.97	1.01	1.05
2013/2014	Q1	0.96	0.91	1.32
	Q2	0.91	0.88	1.16
	Q3	0.90	0.79	1.09
	Q4	0.87	0.74	1.01
2014/2015	Q1	0.81	0.73	1.18
	Q2	0.79	0.74	1.06
	Q3	0.81	0.75	1.01
	Q4	0.81	0.74	1.04
2015/2016	Q1	0.79	0.73	1.09
	Q2	0.81	0.71	1.16
	Q3	0.82	0.67	1.12
	Q4	0.83	0.66	1.16
2016/2017	Q1	0.82	0.67	1.14
	Q2	0.83	0.68	1.24
	Q3	0.85	0.71	1.23
	Q4	0.86	0.69	1.21
2017/2018	Q1	0.85	0.68	1.14
	Q2	0.85	0.72	1.17
	Q3	0.86	0.74	1.16
	Q4	0.87	0.73	1.16
2018/2019	Q1	0.85	0.74	1.15
	Q2	0.86	0.74	1.17
	Q3	0.86	0.75	1.16
	Q4	0.86	0.74	1.15

BizCover SME Insurance Price Index – Trades Industry by Business Pack sub-product

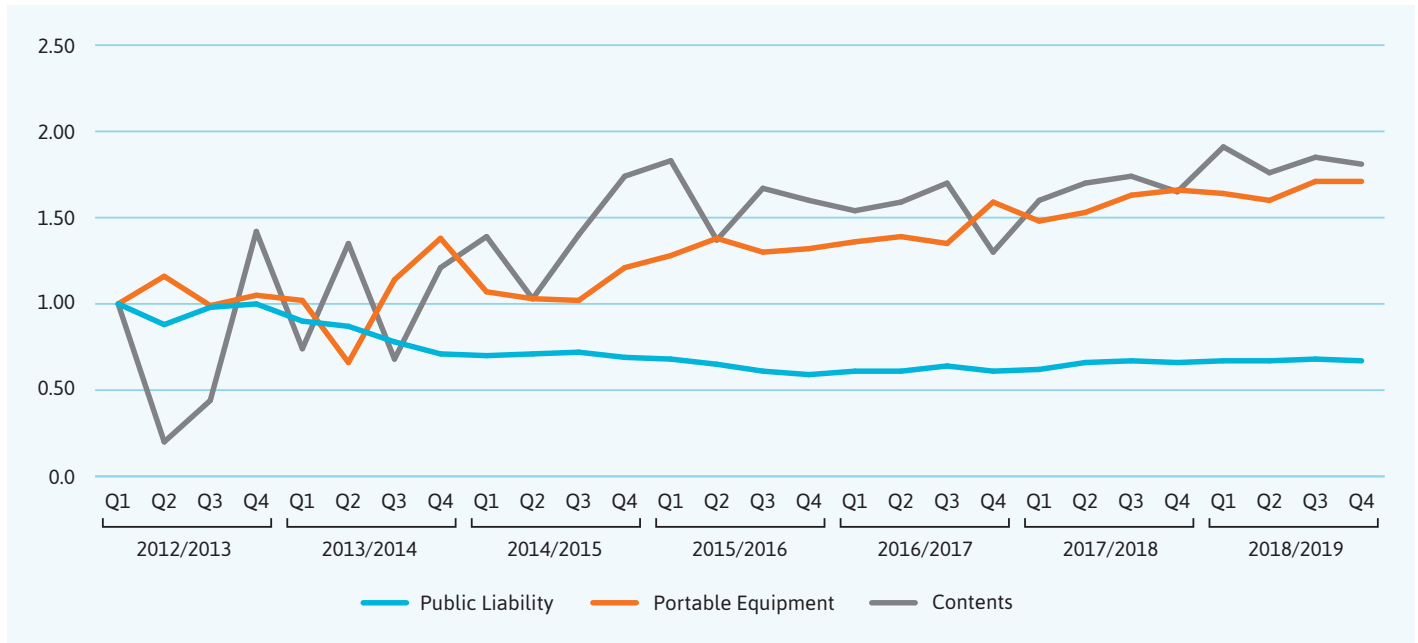


Figure 3 – Trades Price Index by Business Pack sub-product

		Public Liability	Portable Equipment	Contents
2012/2013	Q1	1.00	1.00	1.00
	Q2	0.88	1.16	0.20
	Q3	0.98	0.99	0.44
	Q4	1.00	1.05	1.42
2013/2014	Q1	0.90	1.02	0.74
	Q2	0.87	0.66	1.35
	Q3	0.78	1.14	0.68
	Q4	0.71	1.38	1.21
2014/2015	Q1	0.70	1.07	1.39
	Q2	0.71	1.03	1.03
	Q3	0.72	1.02	1.40
	Q4	0.69	1.21	1.74
2015/2016	Q1	0.68	1.28	1.83
	Q2	0.65	1.38	1.37
	Q3	0.61	1.30	1.67
	Q4	0.59	1.32	1.60
2016/2017	Q1	0.61	1.36	1.54
	Q2	0.61	1.39	1.59
	Q3	0.64	1.35	1.70
	Q4	0.61	1.59	1.30
2017/2018	Q1	0.62	1.48	1.60
	Q2	0.66	1.53	1.70
	Q3	0.67	1.63	1.74
	Q4	0.66	1.66	1.65
2018/2019	Q1	0.67	1.64	1.91
	Q2	0.67	1.60	1.76
	Q3	0.68	1.71	1.85
	Q4	0.67	1.71	1.81

BizCover SME Insurance Price Index – Retail Industry by Business Pack sub-product

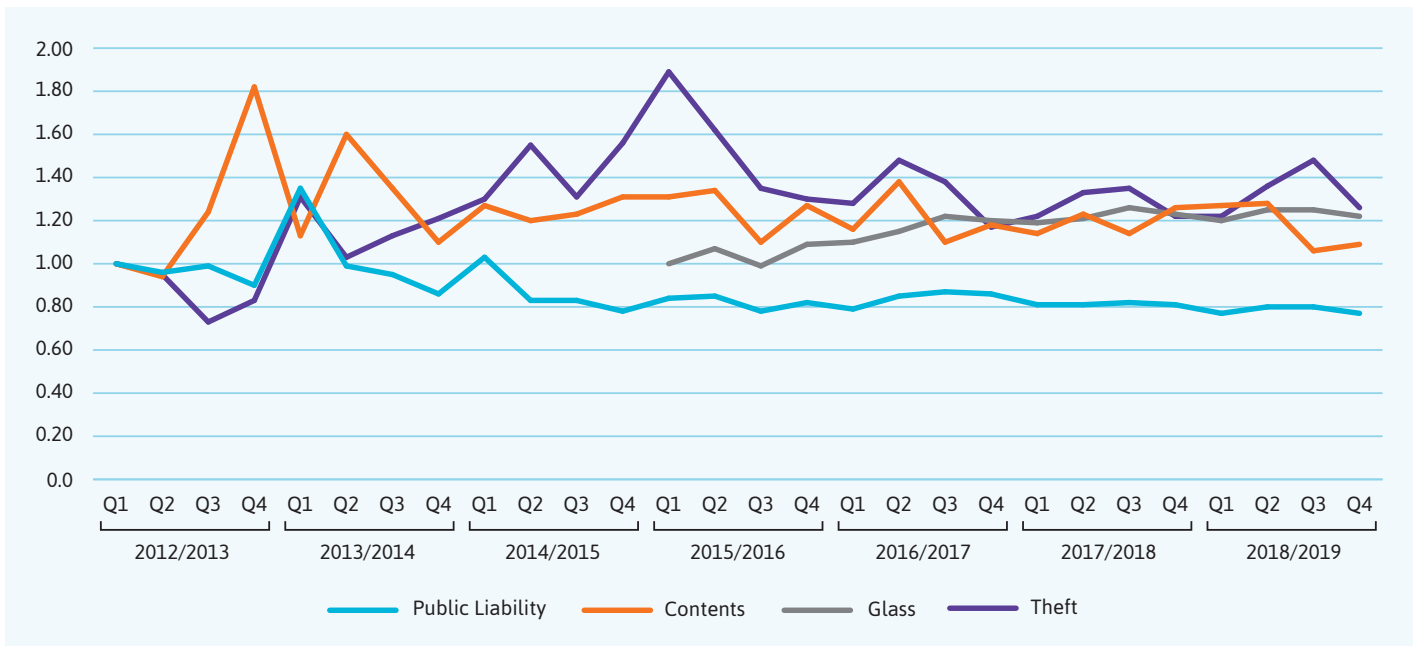


Figure 4 – Retail Price Index by Business Pack sub-product

		Public Liability	Contents	Glass	Theft
2012/2013	Q1	1.00	1.00	-	1.00
	Q2	0.96	0.94	-	0.95
	Q3	0.99	1.24	-	0.73
	Q4	0.90	1.82	-	0.83
2013/2014	Q1	1.35	1.13	-	1.31
	Q2	0.99	1.60	-	1.03
	Q3	0.95	1.35	-	1.13
	Q4	0.86	1.10	-	1.21
2014/2015	Q1	1.03	1.27	-	1.30
	Q2	0.83	1.20	-	1.55
	Q3	0.83	1.23	-	1.31
	Q4	0.78	1.31	-	1.56
2015/2016	Q1	0.84	1.31	1.00	1.89
	Q2	0.85	1.34	1.07	1.62
	Q3	0.78	1.10	0.99	1.35
	Q4	0.82	1.27	1.09	1.30
2016/2017	Q1	0.79	1.16	1.10	1.28
	Q2	0.85	1.38	1.15	1.48
	Q3	0.87	1.10	1.22	1.38
	Q4	0.86	1.18	1.20	1.17
2017/2018	Q1	0.81	1.14	1.19	1.22
	Q2	0.81	1.23	1.21	1.33
	Q3	0.82	1.14	1.26	1.35
	Q4	0.81	1.26	1.23	1.22
2018/2019	Q1	0.77	1.27	1.20	1.22
	Q2	0.80	1.28	1.25	1.36
	Q3	0.80	1.06	1.25	1.48
	Q4	0.77	1.09	1.22	1.26

BizCover SME Insurance Price Index – Professionals Industry by product

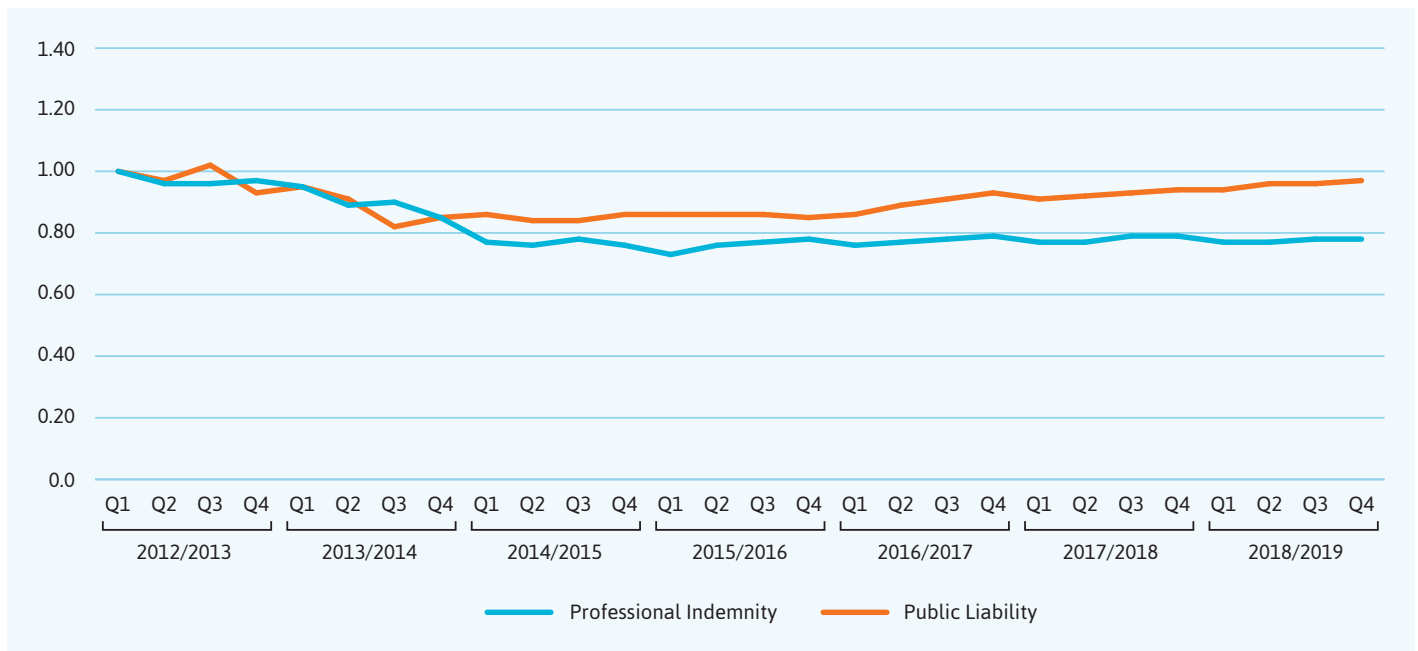


Figure 5 – Professionals Price Index by product

		Professional Indemnity	Public Liability
2012/2013	Q1	1.00	1.00
	Q2	0.96	0.97
	Q3	0.96	1.02
	Q4	0.97	0.93
2013/2014	Q1	0.95	0.95
	Q2	0.89	0.91
	Q3	0.90	0.82
	Q4	0.85	0.85
2014/2015	Q1	0.77	0.86
	Q2	0.76	0.84
	Q3	0.78	0.84
	Q4	0.76	0.86
2015/2016	Q1	0.73	0.86
	Q2	0.76	0.86
	Q3	0.77	0.86
	Q4	0.78	0.85
2016/2017	Q1	0.76	0.86
	Q2	0.77	0.89
	Q3	0.78	0.91
	Q4	0.79	0.93
2017/2018	Q1	0.77	0.91
	Q2	0.77	0.92
	Q3	0.79	0.93
	Q4	0.79	0.94
2018/2019	Q1	0.77	0.94
	Q2	0.77	0.96
	Q3	0.78	0.96
	Q4	0.78	0.97



**For more information
please contact:**

Simon Schwarz

Chief Financial Officer

✉ simons@bizcover.com.au

☎ 1300 249 268

Disclaimer

Please note that the information set out above is general only and should not be relied upon as advice. The cost of individual policies may vary and will depend on underwriting criteria, insurer pricing appetite and choice of insurer at the time of quote. All covers are subject to the terms and conditions of the issued insurance policy.