

BizCover SME Insurance Price Index

Q1_2019_2020





BizCover SME Insurance Price Index

Sustained appetite from insurers in the SME sector has resulted in prices largely remaining steady with further discounting on the cost of public liability insurance for office based professionals.

The BizCover SME Insurance Price Index released today shows that while the cost of insurance on the BizCover platform for SME businesses has remained steady over the last 12 months, there has been a sharp 3% decrease in the most recent quarter to the index price level last seen 24 months ago in Q1 FY18.

Overall Price Index

Figure 1 shows the overall BizCover SME Insurance Price Index to Q1 FY20, 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 3% step decrease in price levels from the prior quarter (Q4 FY19) to the most recent quarter (Q1 FY20), after a period of general price stability since Q3 FY17. Those in the Trades industry sector have seen little change over the year, while the price of Public Liability insurance in the Professionals and Retail industry sectors has driven down the overall price of insurance in those industry sectors in the most recent quarter.

Overall BizCover SME Insurance Price Index

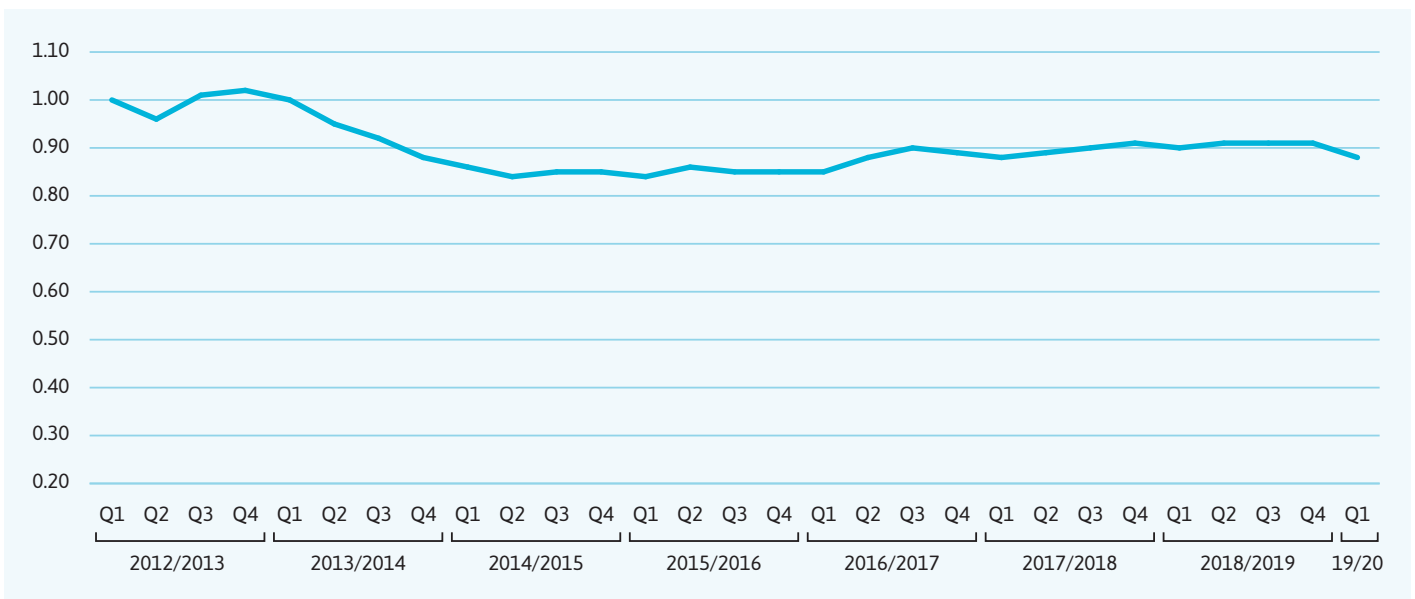


Figure 1 – Overall Index

Price Index by Industry

The BizCover SME Insurance Price Index is comprised of 3 industry groups – Professionals, Trades and Retail. Since mid-2016 the cost of Trades insurance has steadily increased by around 12% to Q3 FY18 and has been flat since that time. The cost of insurance for the Professionals and Retail industry groups has stayed relatively flat over that time since mid-2016, but has shown a step decrease of 4% from the prior quarter (Q4 FY19) to the most recent quarter (Q1 FY20) for both of those industry groups (Figure 2). This has been a continuing trend in the Retail industry group since Q2 FY19.

BizCover SME Insurance Price Index by Industry

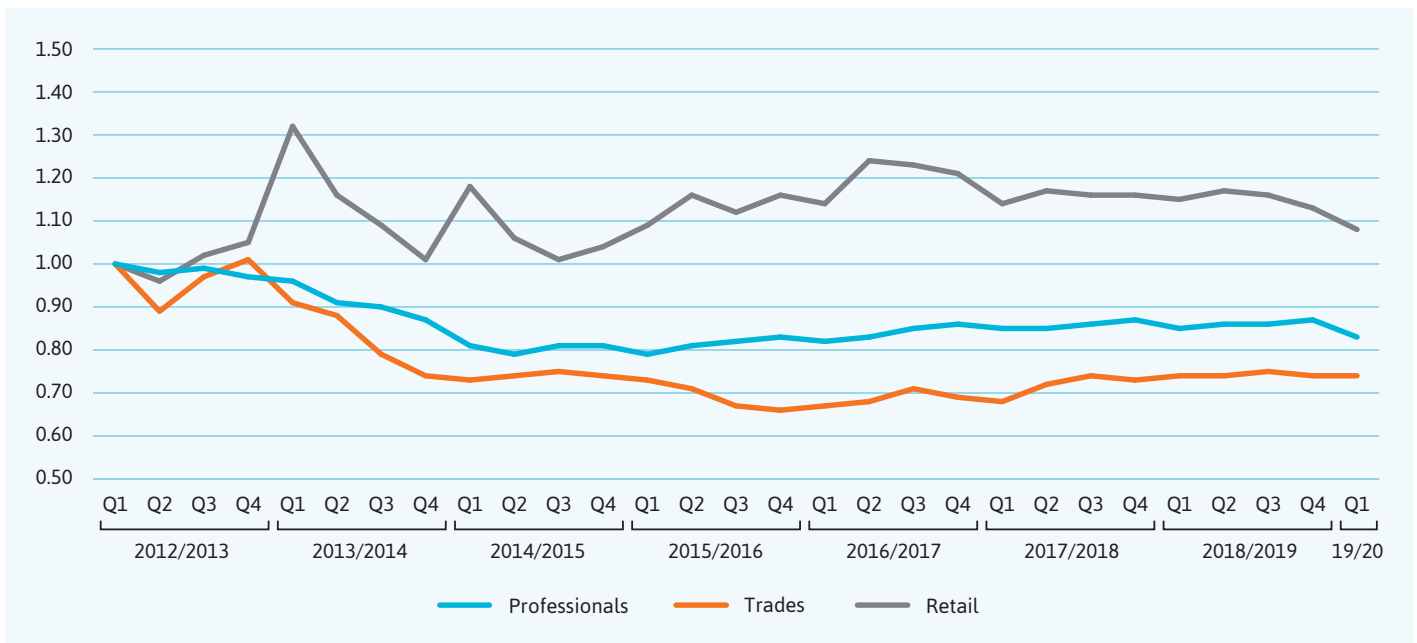


Figure 2 – Price Index by Industry





Price Index by Industry by Product

While there have continued price increases in the property sections (most commonly, Portable Equipment and Contents) within Business Pack policies for the Trades industry sector, the price of Public Liability insurance for this sector has remained flat, and has kept the overall price of SME insurance for the Trades industry sector flat overall.

The Retail industry sector has seen a 4% reduction in the overall price of SME insurance in the most recent quarter, driven by a 5% decrease in the price of Public Liability insurance for this sector, being the

largest component of SME insurance for this sector, notwithstanding the level price of Glass, Theft and Contents sub-products.

This effect has been similar in the Professionals industry section which has seen a 4% reduction in the overall price of SME insurance in the most recent quarter, driven by a 13% decrease in the price of Public Liability insurance for this sector in the most recent quarter, while the cost of Professional Indemnity insurance has stayed flat for an extended period of time.

Trades Industry by Business Pack sub-product

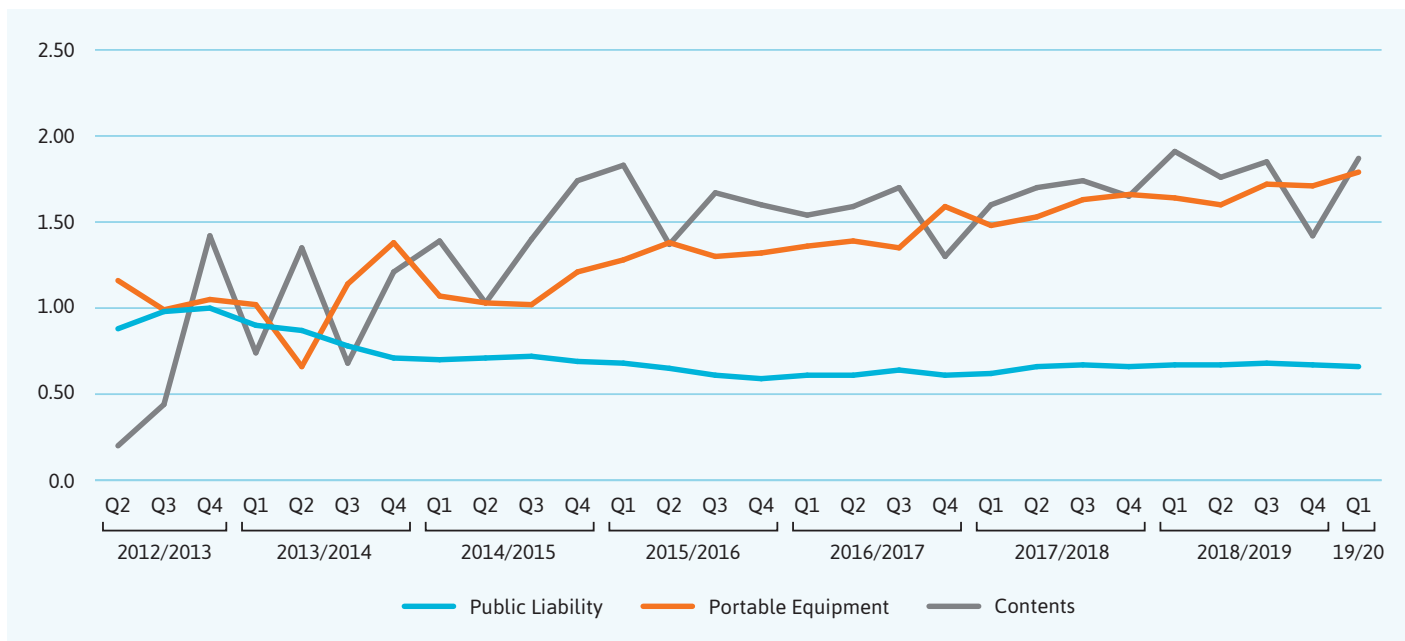


Figure 3 – Trades Price Index

Retail Industry by Business Pack sub-product

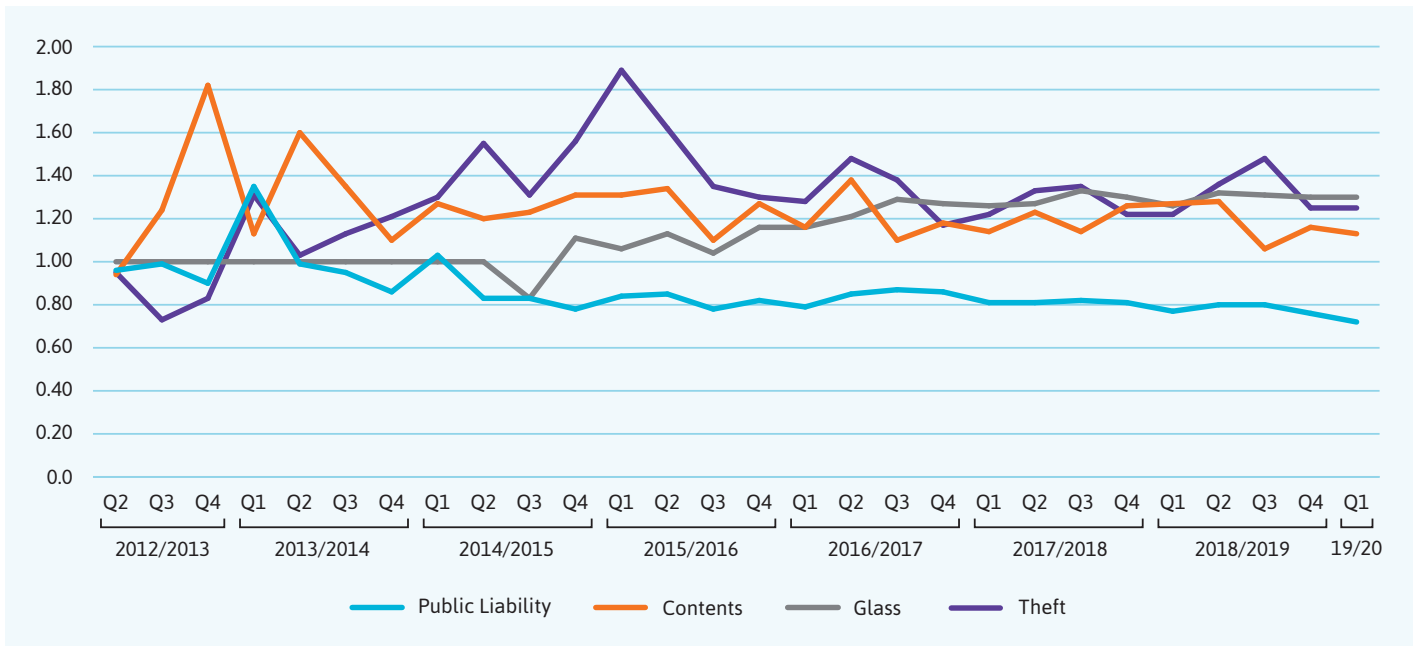


Figure 4 – Retail Price Index

Professionals Industry by Product

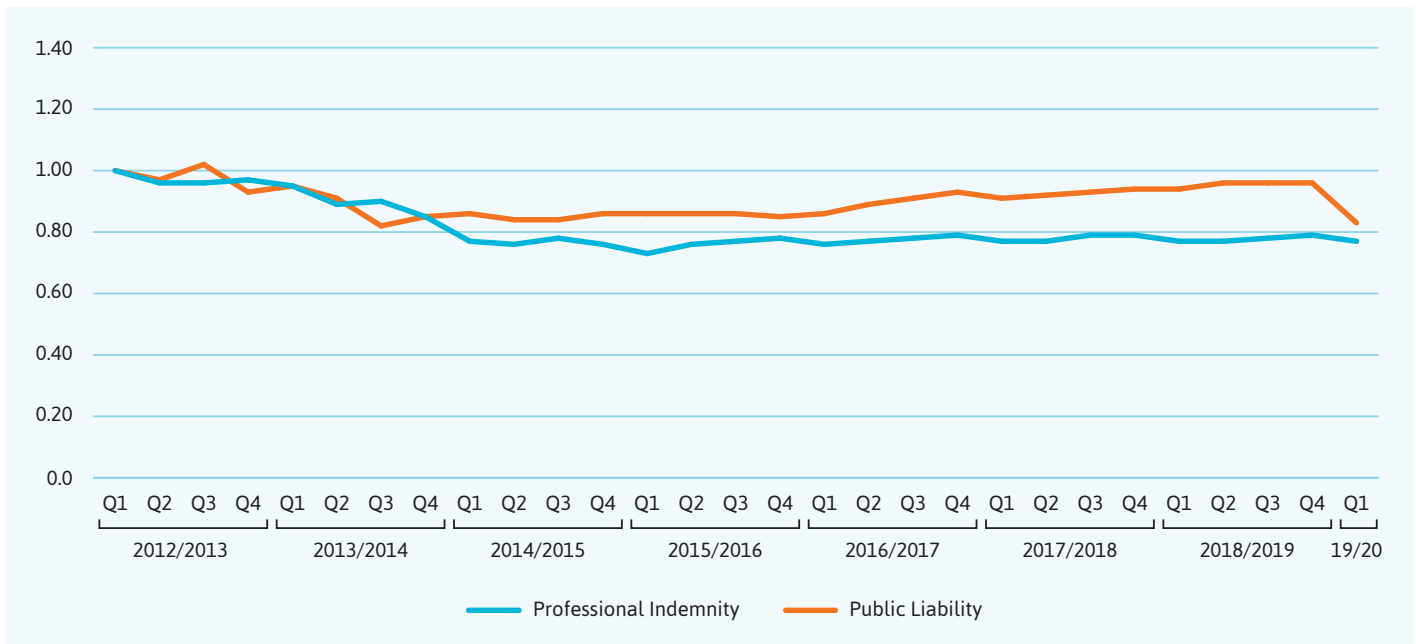


Figure 5 – Professionals Price Index

Conclusion

The BizCover SME Insurance Price Index data for this quarter continues to demonstrate that SME insurance pricing overall is more stable when compared to a number of other commercial insurance classes. However the data shows that pricing levels can experience step changes in specific product or industry classes, depending on pricing changes by insurers and consumer preference for different insurance brands across industry classes.



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Disclaimer

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