

# BizCover SME Insurance Price Index

Q2 2019/2020



# Contents

<b>BizCover SME Insurance Price Index</b>	<b>3</b>
<b>Overall Price Index</b>	<b>3</b>
Overall BizCover SME Insurance Price Index	3
<b>Price Index by Industry</b>	<b>4</b>
BizCover SME Insurance Price Index by Industry	4
<b>Price Index by Industry by Product</b>	<b>5</b>
Trades Industry by Business Pack sub-product	5
Retail Industry by Business Pack sub-product	6
Professionals Industry by Product	6
<b>Conclusion</b>	<b>6</b>





# BizCover SME Insurance Price Index

**Growth in the number of larger customers now using the BizCover platform to purchase business insurance has resulted in the Index showing a small increase. The increase corresponds to the higher premiums that bigger businesses pay due to their increased revenue. Smaller businesses with less revenue have not experienced an increase in premiums overall.**

The BizCover SME Insurance Price Index released today shows that the overall cost of insurance on the BizCover platform for SME businesses has ticked up slightly in the most recent quarter, starting to reverse the decline of the previous quarter back to the steady level seen over the last 24 months.

## Overall Price Index

Figure 1 depicts the overall BizCover SME Insurance Price Index to Q2 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 1% overall increase in price levels from the prior quarter (Q1 FY20) to the most recent quarter (Q2 FY20), returning to the point of general price stability since Q3 FY17. Those in the Trades industry sector have seen little change over the year, the Professionals sector has stabilised at the lower price levels set last quarter, while the price of the Contents section of Business Pack insurance in the Retail industry sector has increased the overall price of insurance in that sector and the index overall in the most recent quarter.

Overall BizCover SME Insurance Price Index

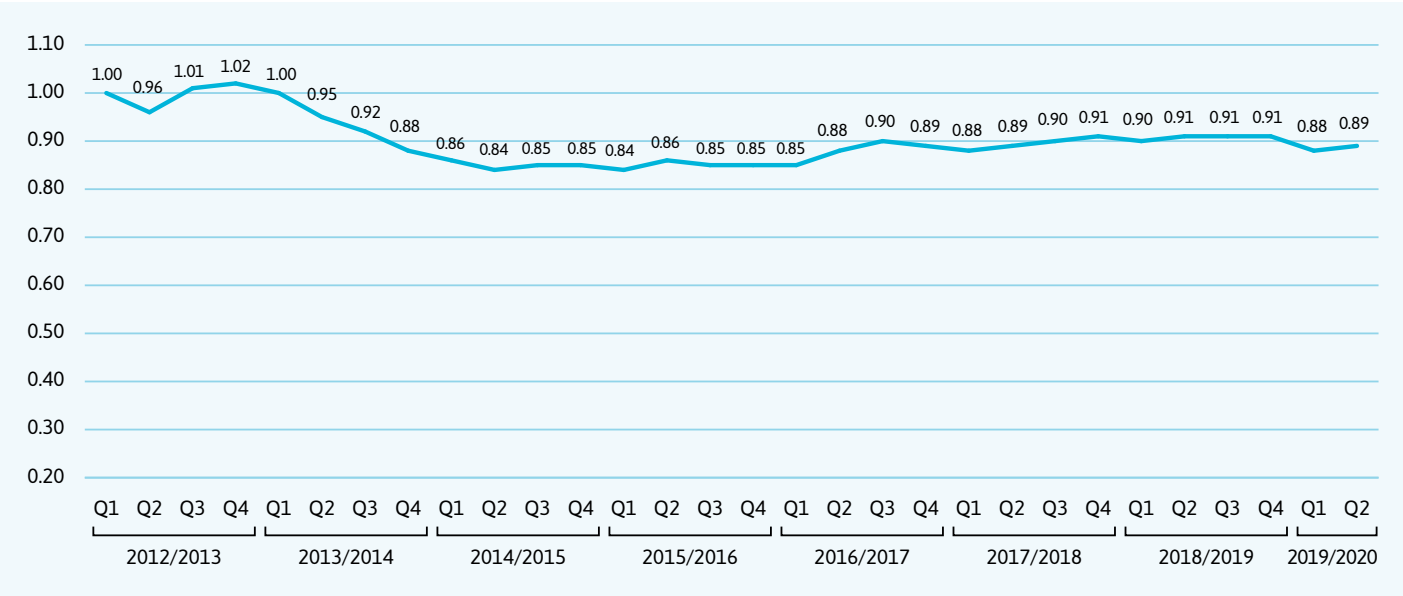


Figure 1 – Overall Index

## Price Index by Industry

The BizCover SME Insurance Price Index is comprised of 3 industry groups – Professionals, Trades and Retail.

The Retail index rebounded 2% in the most recent quarter, after a sustained drop that began 12 months ago. This was primarily caused by an increased demand on the BizCover platform for the Contents section of Business Pack insurance by businesses with higher revenue (>\$400,000 pa) compared to prior quarters. Such businesses with higher revenue have correspondingly higher premiums and are now able to better use the BizCover platform to quickly and easily obtain their insurance cover due to increased insurance carrier appetite on the platform.

The Professionals index remained steady after the drop in Q1 FY20 which was previously driven by downward adjustments in the price of Public Liability insurance for that sector.

The Trades index remained flat overall despite the increase in the price of Contents section (see Figure 3), as that section of Business Packs comprises a relatively low proportion of policies within the overall Trades sector.

### BizCover SME Insurance Price Index by Industry

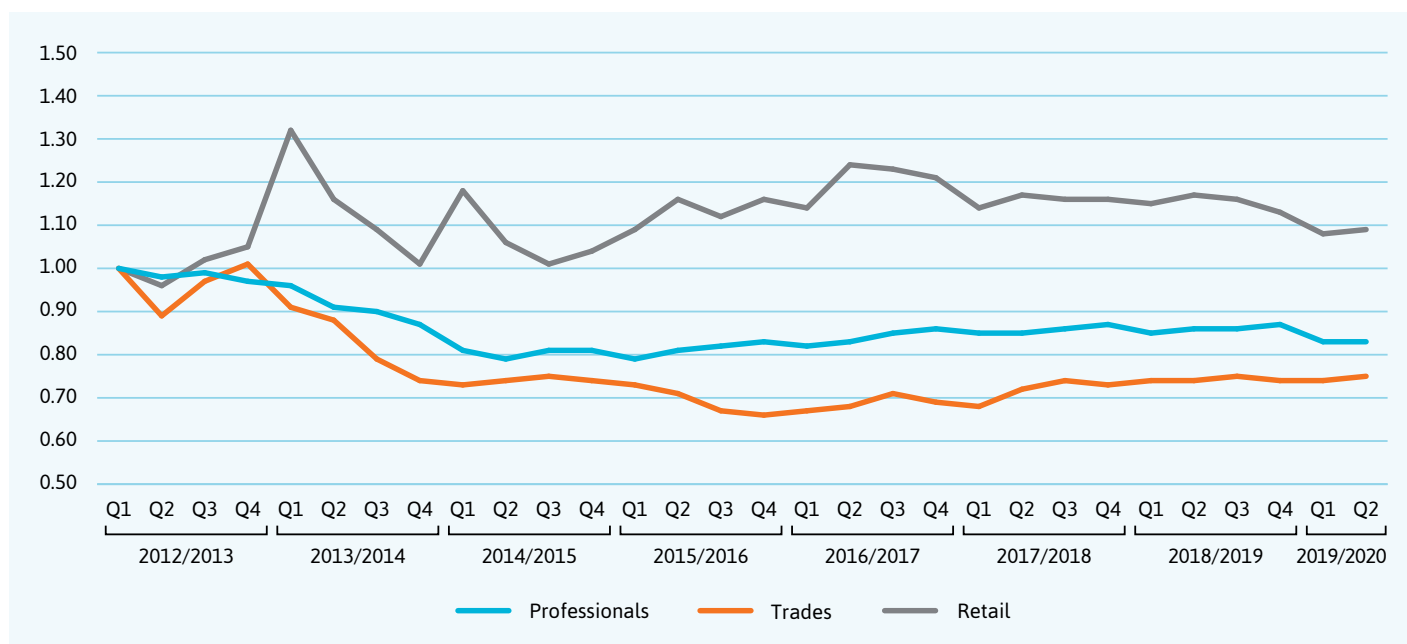
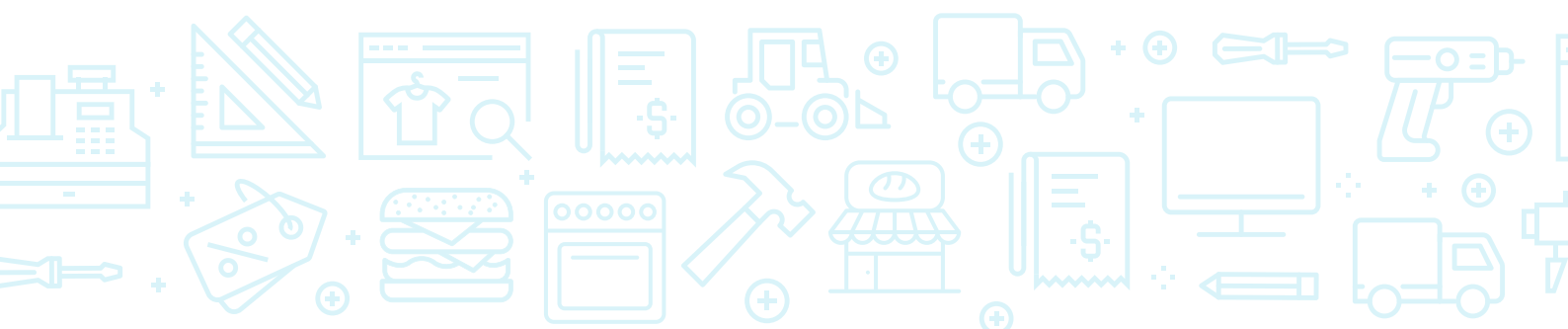


Figure 2 – Price Index by Industry





## Price Index by Industry by Product

While there have been material recent price increases of 21% in the Contents section for the Trades industry sector in the most recent quarter, this has been offset by a 5% reduction in the price of Portable Equipment sections which comprises the largest component within Business Pack policies for the Trades industry sector who usually wish to insure their tools of trade rather than fixed Contents. The price of Public Liability insurance for this sector has remained flat.

There has been a 12% price increase in the Contents section of Business Pack policies for the Retail sector this quarter, which has outweighed a 2% decrease in the price of Public Liability insurance for Retail (continuing after a 5% decrease in the prior quarter), to lead a 2% increase in the overall price index for that sector over the quarter.

The prices of Professional Indemnity and Public Liability insurance for the Professionals sector have both remained steady this quarter, after the recent steep drop in the price of Public Liability insurance for that sector in the prior quarter. The price of Professional Indemnity insurance for Professionals has remained flat on the BizCover platform for over 5 years now.

## Trades Industry by Business Pack sub-product

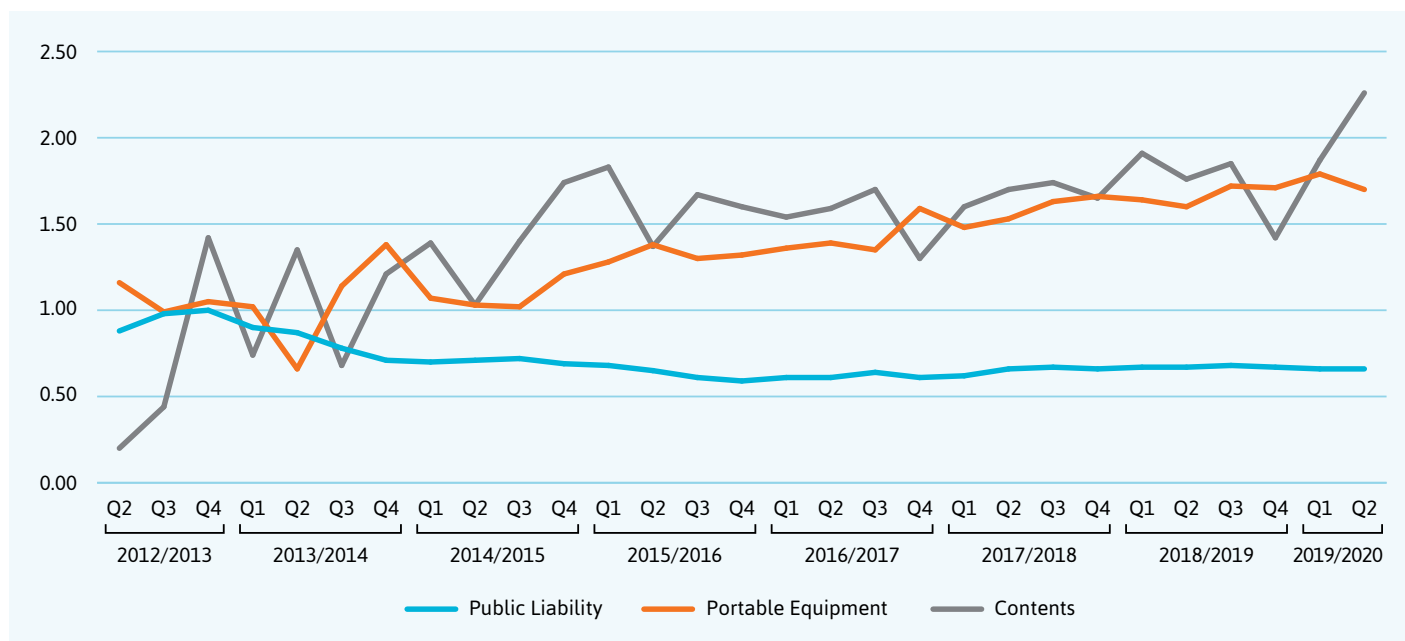


Figure 3 – Trades Price Index

## Retail Industry by Business Pack sub-product

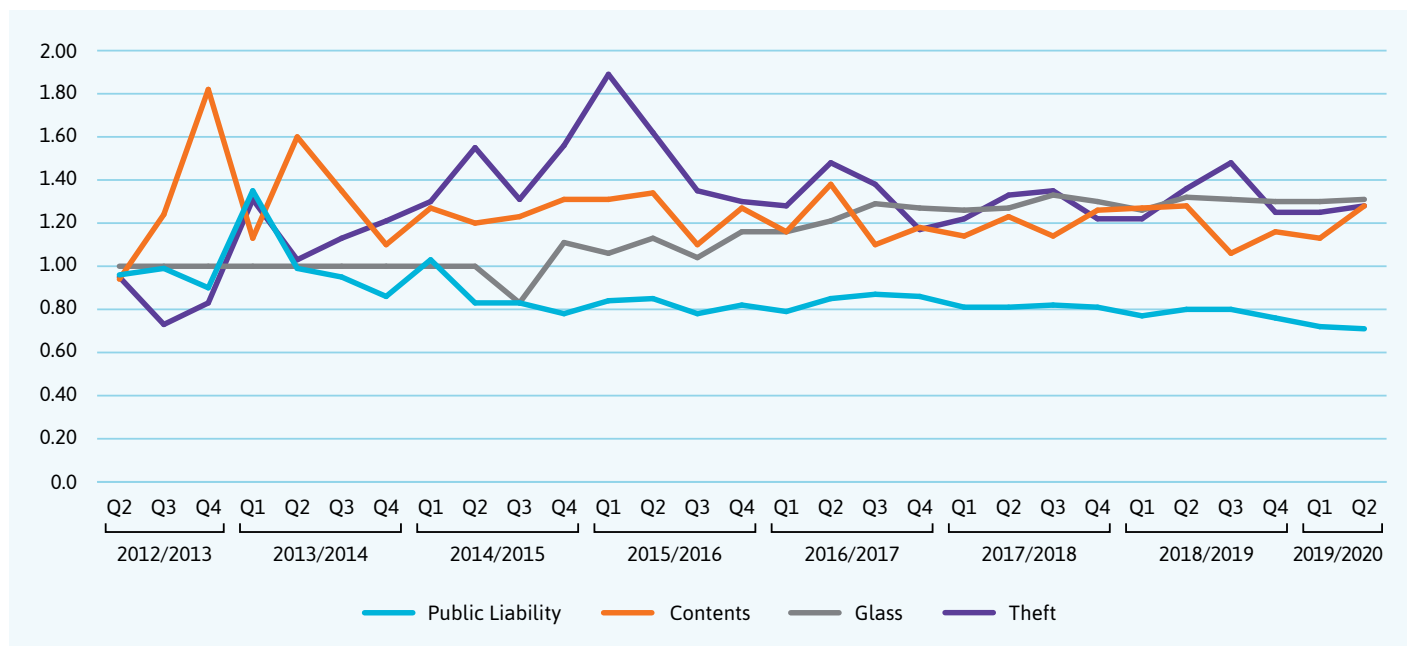


Figure 4 – Retail Price Index

## Professionals Industry by Product



Figure 5 – Professionals Price Index

## Conclusion

The BizCover SME Insurance Price Index data for this quarter shows that demand for various insurance products can drive changes in components of the Index and the Index overall, even where insurance carriers have not changed their prices. In particular, an increasing trend of larger sized businesses using the BizCover platform to obtain and manage their business insurances has led to a small increase in the overall Index in the most recent quarter, while the price of business insurance for smaller businesses has remained steady and low.

