

BizCover SME Insurance Price Index

Q3 2019/2020



BizCover SME Insurance Price Index

Finally, some good news for SMEs in the wake of the COVID-19 crisis. BizCover's Q3 SME Insurance Price Index shows the cost of business insurance for SMEs on the BizCover platform has remained flat for three consecutive quarters. This is despite the changed economic conditions brought on by the COVID-19 crisis in the second half of the quarter.

A small decline in the index was driven by a drop in the Contents coverage for highly weighted Retail occupations, such as restaurants and bistros, towards the end of the quarter.

Overall Price Index

Figure 1 depicts the overall BizCover SME Insurance Price Index to Q3 FY20. This includes the movement in the Index across all products and industry classes of insurance purchased through the BizCover SME insurance platform. The Index shows only a 0.4% overall decrease in price levels from the previous quarter (Q2 FY20) to the most recent quarter (Q3 FY20) and illustrates the general price stability from the beginning of FY20. Those in the Trades and Professionals industry sectors have seen little change during the year. Conversely, the overall price of insurance in the Retail industry sector has decreased since Q2 FY19 and fell a further 7% this quarter.

Overall BizCover SME Insurance Price Index

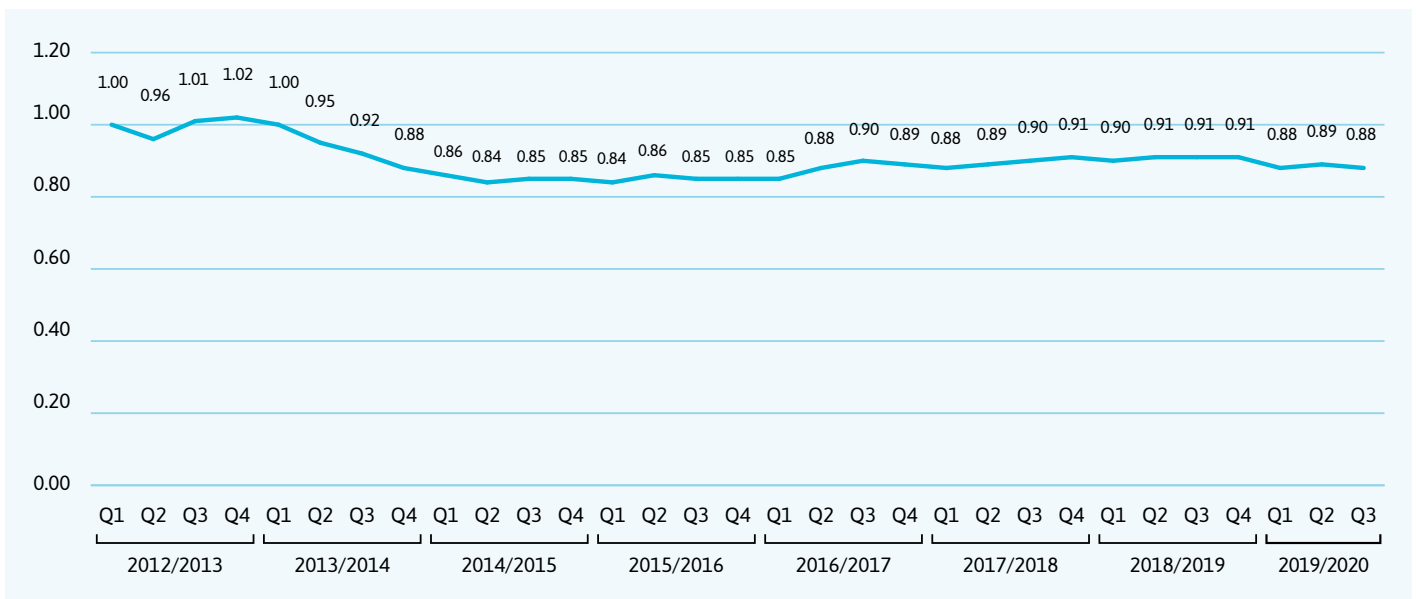


Figure 1 – Overall Index

Price Index by Industry

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

The Retail index declined 7% in the most recent quarter equating to a sustained drop of 13% since Q2 FY19. This was primarily driven by a shift in volumes between different client buckets. A decrease in the costs of the Contents, Glass and Theft sections of Business Pack policies taken by highly weighted occupations during this quarter was also a contributing factor.

The Professionals index has shown a 2% increase which was propelled by a seasonal increase in the price of Professional Indemnity insurance.

The Trades index remained flat despite the material fluctuation in the price of coverage for Contents (see Figure 3). That section of Business Packs comprises a relatively low proportion of policies within the overall Trades section.

BizCover SME Insurance Price Index by Industry

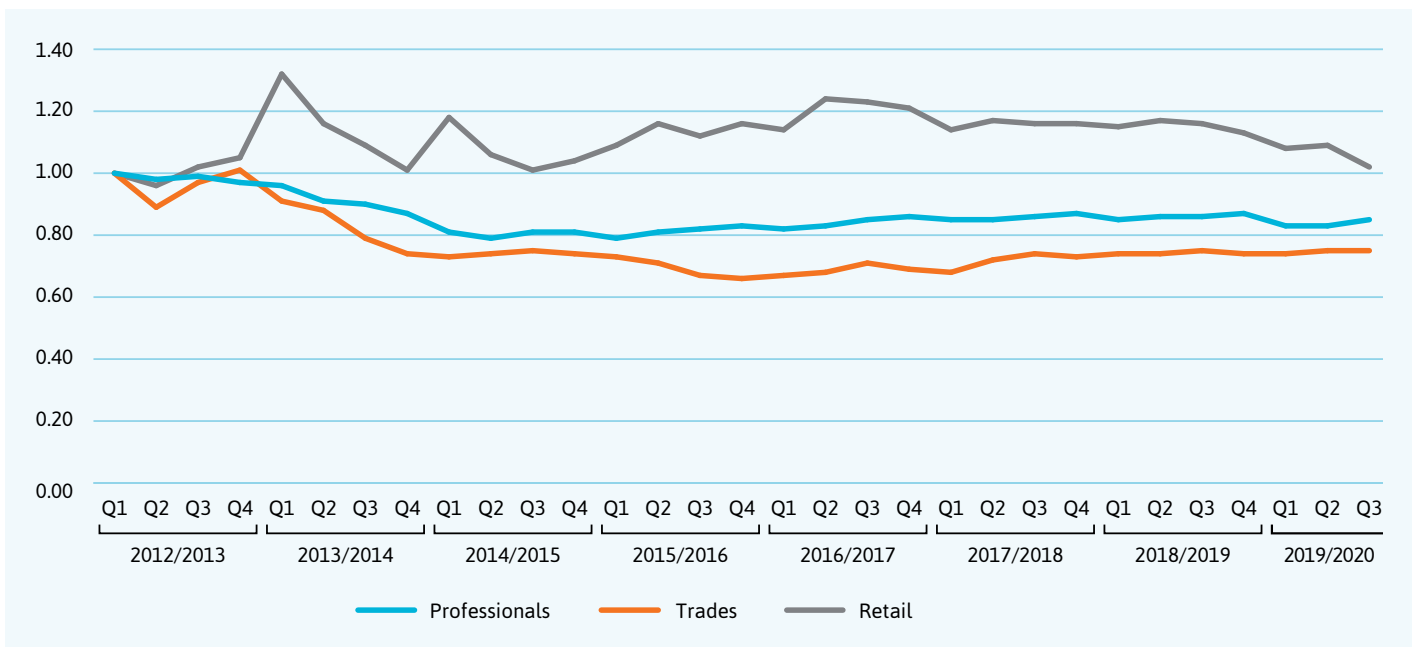


Figure 2 – Price Index by Industry





Price Index by Industry by Product

The material price decreases of 24% for the Contents section and 6% in the Portable Equipment section for the Trades industry sector has been offset by its 3% increase in the price of Public Liability insurance.

Prices for all major Business Pack sections including Contents, Glass and Theft have declined in the last quarter for the Retail industry segment. This was primarily influenced by a shift in volumes between different client buckets. Specifically, the increase in the number of clients with a \$250k–\$300k per annum revenue over clients with a \$500k+ per annum revenue. It was also impacted by a decrease in the costs of the Contents sections taken out by highly weighted occupations such as restaurants and bistros. The price of Public Liability insurance in the Retail industry segment has declined an additional 4% this quarter, extending a 15% decline over 12 months from Q3 FY19.

The Professionals index has shown a 2% increase which was mainly driven by a seasonal increase in the price of Professional Indemnity insurance.

The prices of Professional Indemnity and Public Liability insurance for the Professionals sector increased slightly this quarter after a steep drop in its Public Liability insurance prices in Q1 FY20. The price of Professional Indemnity insurance has remained flat on the BizCover platform for more than 5 years now, while showing a 2% increase in the current quarter. The uptick is attributable to the seasonal price increase of Professional Indemnity insurance illustrated in Figure 5.

Trades Industry by Business Pack sub-product

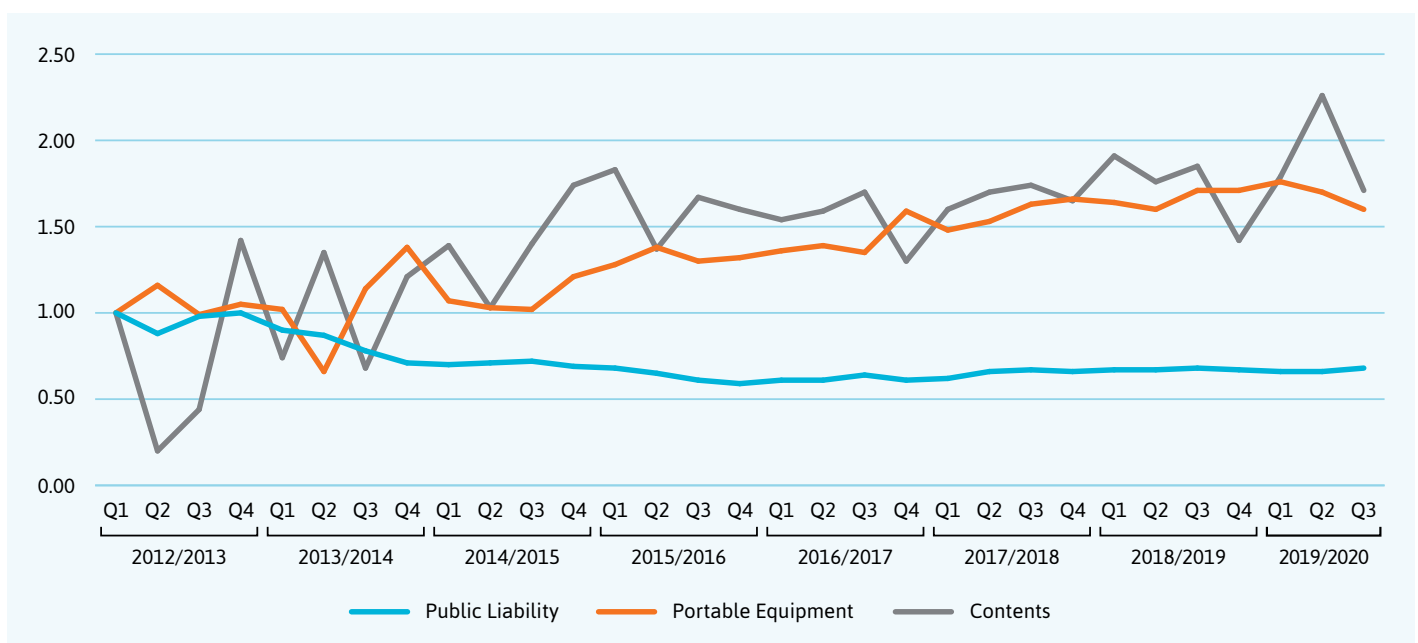


Figure 3 – Trades Price Index

Retail Industry by Business Pack sub-product

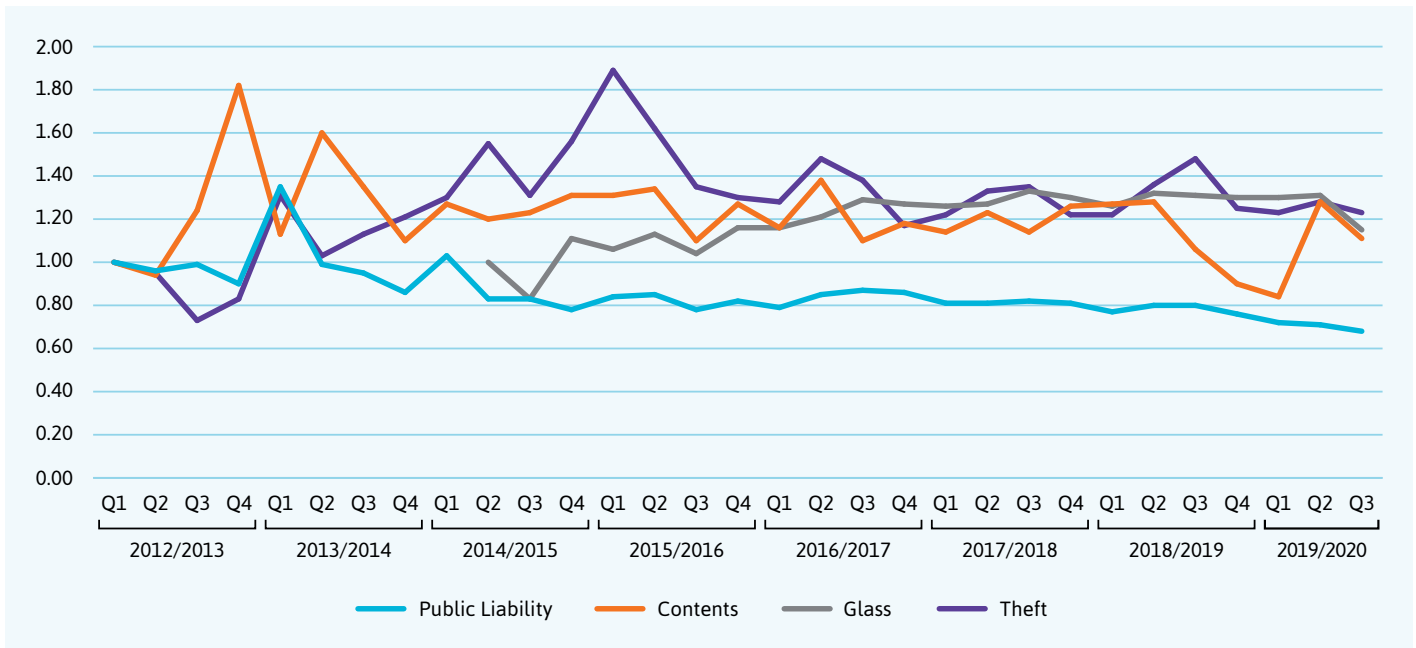


Figure 4 – Retail Price Index

Professionals Industry by Product

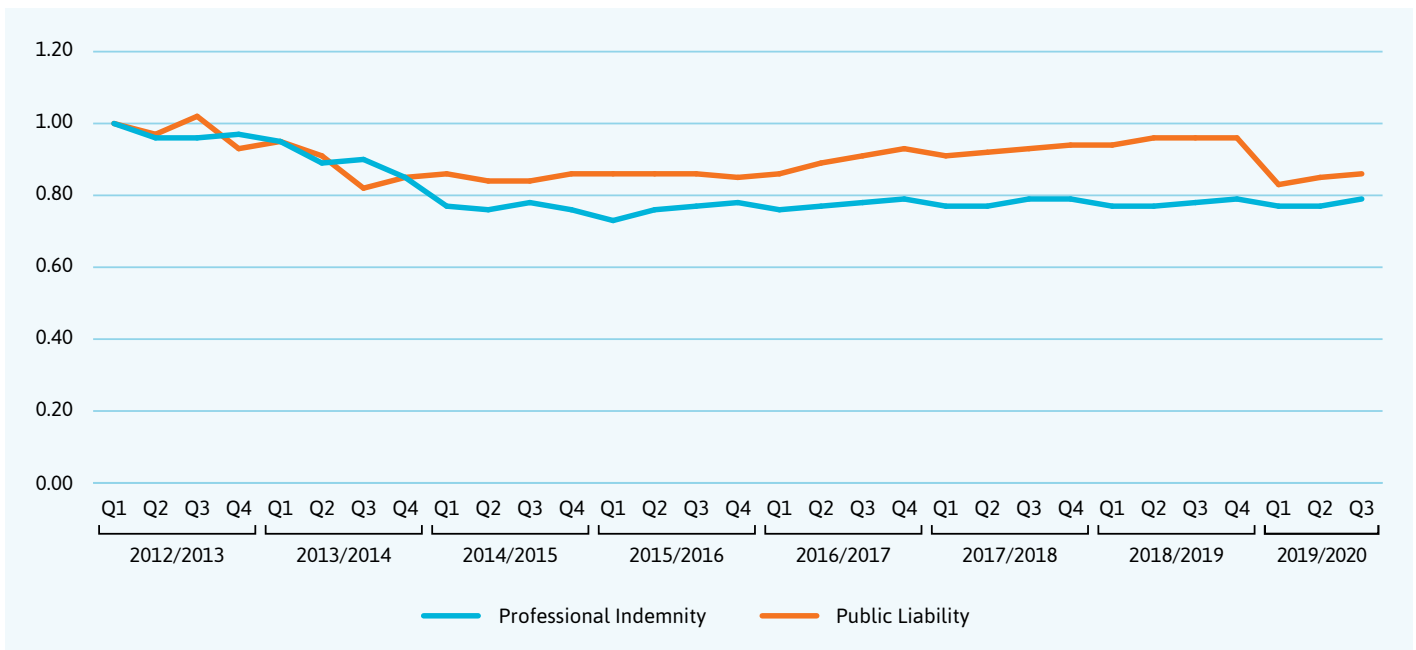


Figure 5 – Professionals Price Index

Conclusion

The price of business insurance for SMEs on BizCover’s platform has remained flat overall for three consecutive quarters.

However, the economic impact of the COVID-19 crisis has begun to influence the index as evidenced through a small decline towards the end of the quarter. The drop in Business Pack section costs in the most affected Retail occupations, such as restaurants and bistros, are the key drivers of this decline.



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Disclaimer

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