

BizCover SME Insurance Price Index

Q1 2020/2021



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BizCover SME Insurance Price Index

Despite commercial insurance pricing continuing to escalate worldwide – Australian SMEs continue to benefit from long-term steady pricing.

Overall Price Index

The BizCover Insurance Price Index shows no overall increase in price levels from the previous quarter (Q4 FY20) to the most recent quarter (Q1 FY21) and illustrates the general price stability on the BizCover platform over the last 12 months notwithstanding the national lockdown and recession in the second half of FY20. In fact, prices have remained fairly consistent over the last three years with minor adjustments over each quarter.

This can be seen in Figure 1, which shows the overall BizCover SME Insurance Price Index up to Q1 FY21, including the movement in the Index across all products and industry classes of insurance purchased through the BizCover SME insurance platform.

Those in the Trades & Professionals industry sectors have seen little change in the overall price of insurance since the start of the last financial year, even though there has been a 0.9% increase in the overall price of insurance for the Trades sector and a 1% decrease in the overall price of insurance for the Professionals sector in the most recent quarter. The overall price of insurance in the Retail industry sector has remained steady over the quarter, bouncing back from its lows during the onset of COVID-19 as insurers lowered prices to retain Retail customers during that uncertain time.

Overall BizCover SME Insurance Price Index

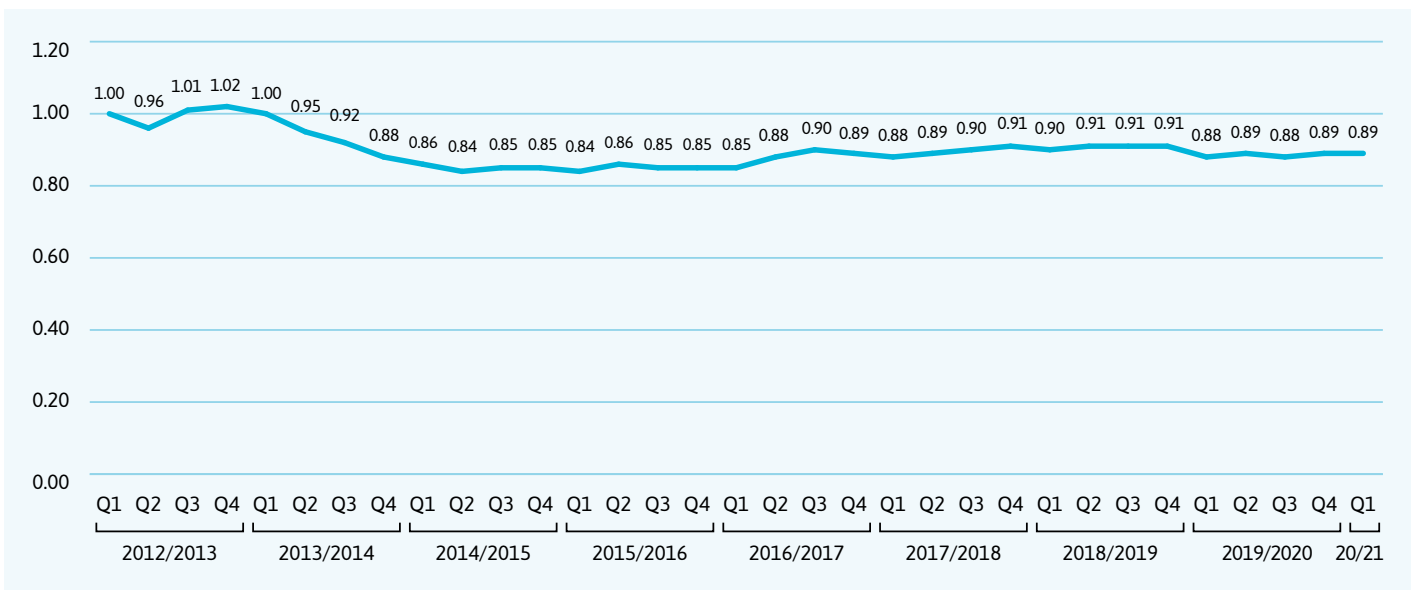


Figure 1 – Overall Index

Price Index by Industry

The BizCover SME Insurance Price Index is comprised of 3 industry groups who have purchased insurance through the BizCover platform, being Professionals, Trades and Retail. The Retail index has remained flat in the most recent quarter, suggesting that the price dip in Q3 FY20 was a temporary drop driven by COVID-19.

Declines in the price level of Professional Indemnity and Public Liability insurance have driven the decline in the Professional index by 1% compared to last quarter. A 0.9% increase in the Trades Index over the last quarter has been driven primarily by increases in the Contents and Portable Equipment sections of Business Packs.

BizCover SME Insurance Price Index by Industry

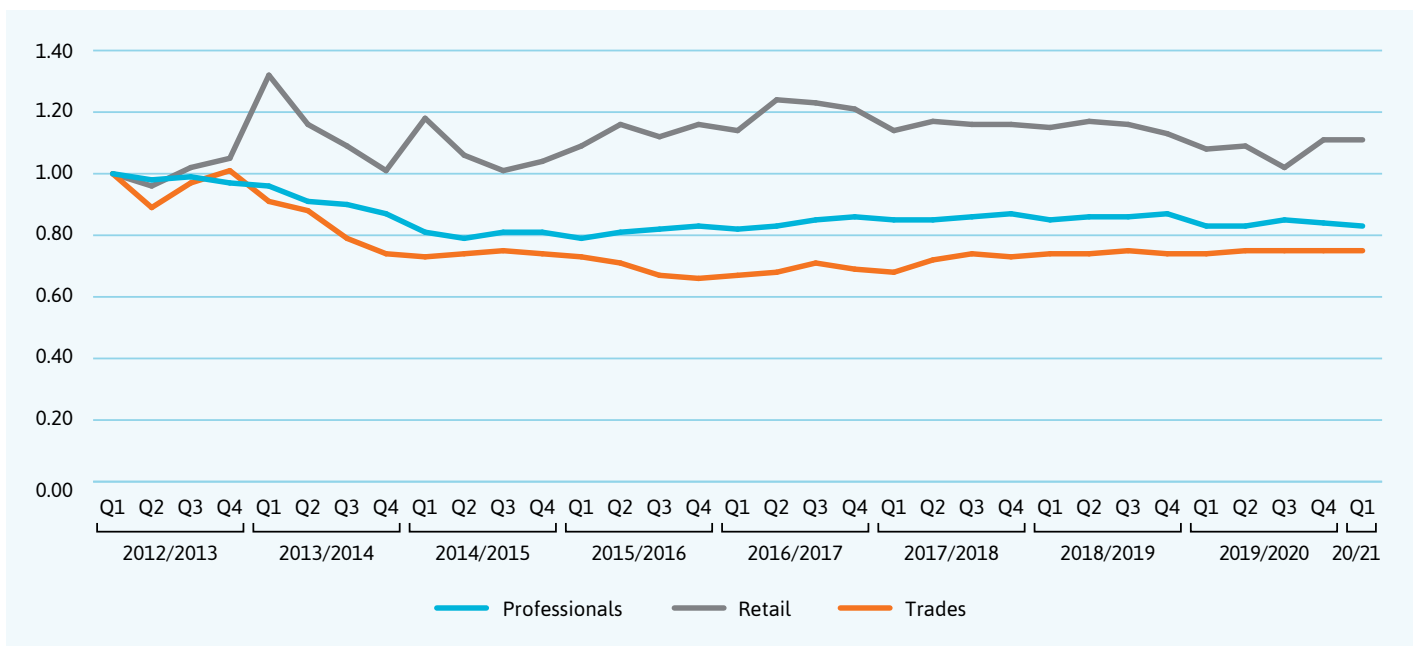


Figure 2 – Price Index by Industry





Price Index by Industry by Product

Within the Trades sector, there was a 4.8% increase in the price of coverage for Portable Equipment & a 25.5% increase for the Contents section of Business Packs, following several years of increases in the price of these sections. In contrast, Public Liability policy prices for the Trades sector have remained flat. Overall, there has been a quarterly increase of 0.9% for the Trades index.

The price of Public Liability insurance within the Retail industry sector showed a decrease of 4.1% as individual insurers compete with adjustments to their pricing. Sections of the Business Pack for this industry sector also showed price increases, particularly Contents which showed an 8.3% increase for the quarter. Overall, the Retail index has remained flat in the most recent quarter.

The Professionals index has remained flat overall for more than five years, with minor seasonal fluctuations. A 1.3% decline in the price level of Professional Indemnity insurance was complemented by a 3.5% decrease in the price level of Public Liability insurance for the Professionals sector, resulting in an overall reduction of 1% in the Professionals index for the quarter. It should be noted that the price of Public Liability insurance has declined to levels not seen since Q1 FY20, the lowest level seen in 6.5 years following steady rises since Q3 FY14.

Trades Industry by Business Pack sub-product

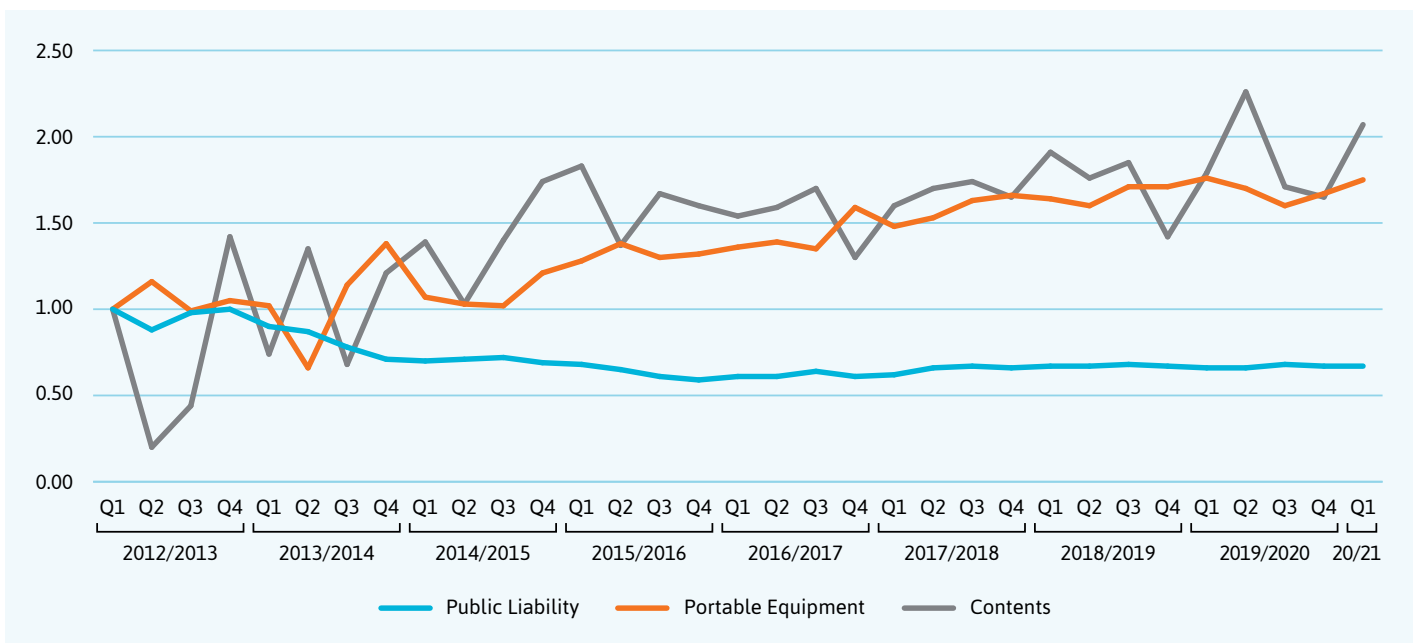


Figure 3 – Trades Price Index

Retail Industry by Business Pack sub-product

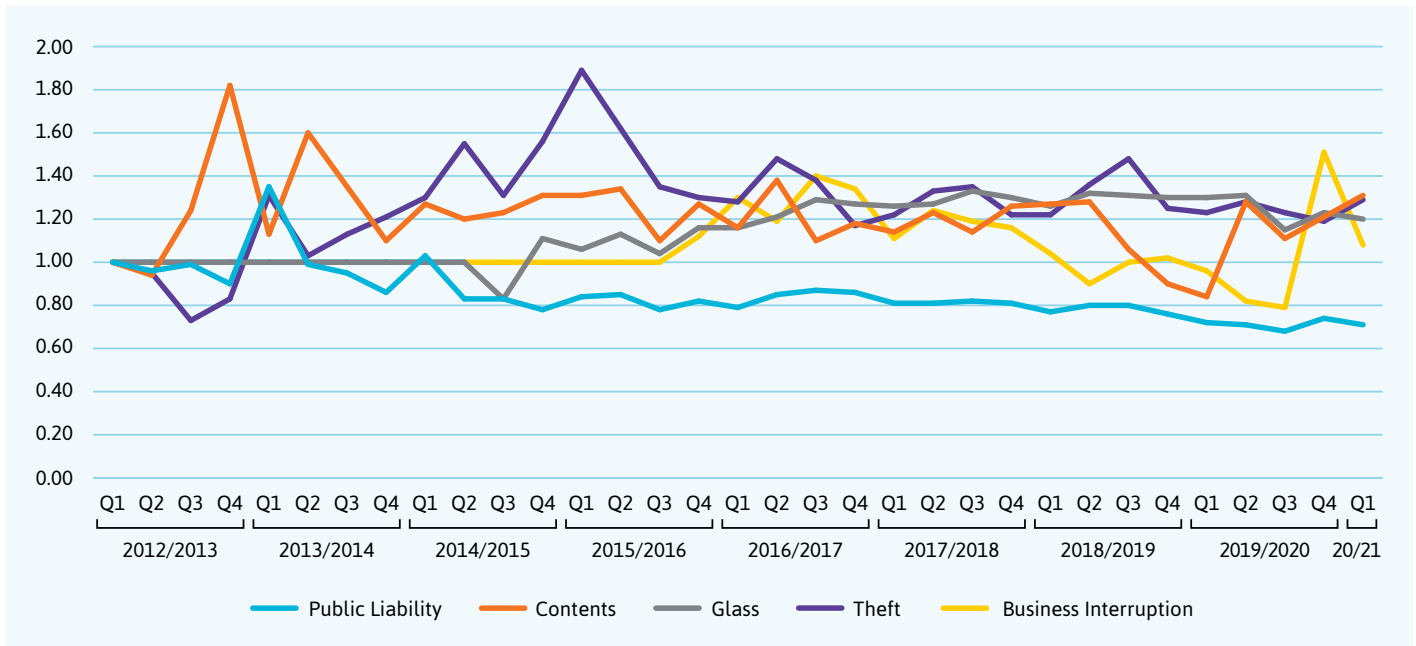


Figure 4 – Retail Price Index

Professionals Industry by Product

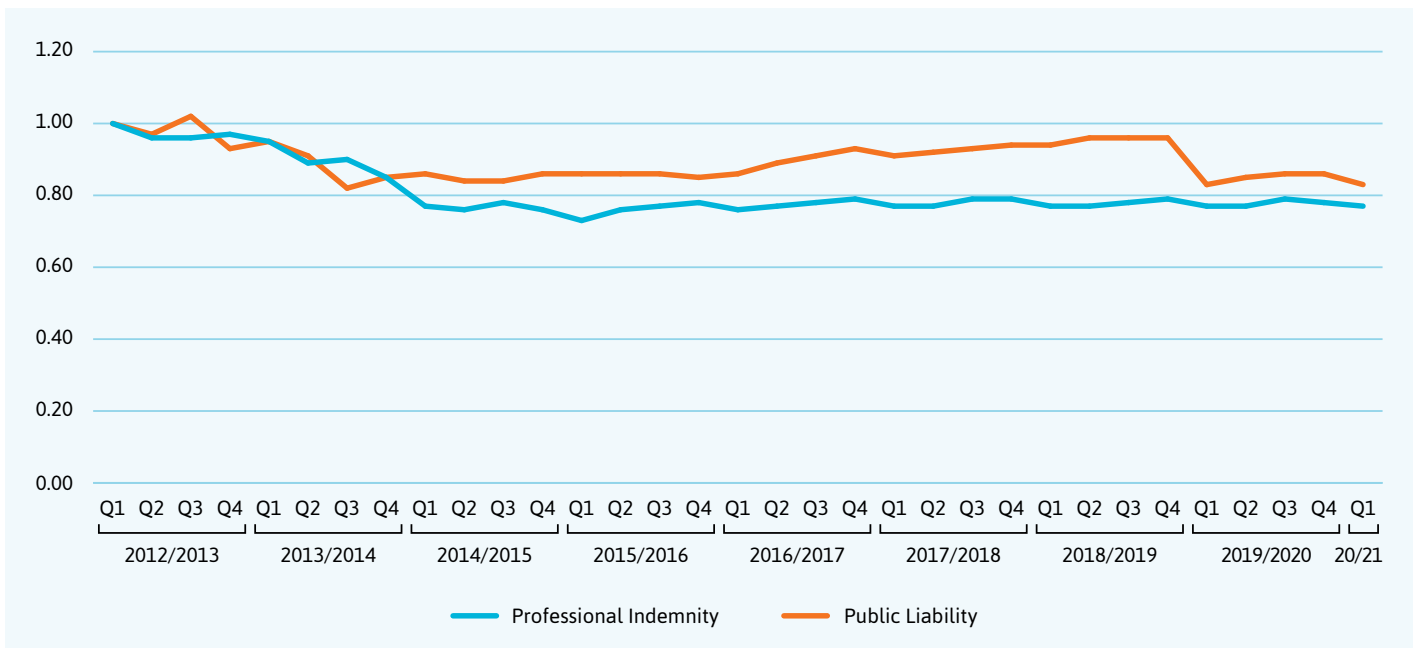


Figure 5 – Professionals Price Index

Conclusion

The price of business insurance for SMEs on BizCover’s platform has remained flat overall for the most recent quarter and is only 1% higher than same quarter last year. This is good news for SME businesses emerging from the COVID-19 lockdown who want to keep their insurance costs down. However, Trade businesses were most affected by pricing changes by SME insurers, with the price levels of Contents and Portable Equipment insurance sections of Business Packs increasing over the quarter.



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Disclaimer

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