Deloitte.

The future of small business insurance

What do customers want?

MAKING AN IMPACT THAT MATTERS since 1845

Contents

Introduction

Small business insurance has been one of the most talked-about areas of insurance over the past five years. While talk has been high, action has been low from most incumbent insurers. Small businesses are changing their business models (e.g., 'ghost' or 'dark' kitchens, digitally enabled operations, etc.) to align with evolving consumer behaviors and heightened risk awareness caused by the pandemic. This report from Deloitte Global was developed from a global survey which found that the need has never been greater for insurers to invest and differentiate in the market for small and medium-sized enterprise (SME) insurance.

Deloitte surveyed 5,300 SMEs (defined as having between 5-75 full-time equivalent employees) from 14 countries: the United States, Canada, the United Kingdom, Ireland, Belgium, Switzerland, France, Italy, Denmark, Norway, Sweden, China, Japan, and Australia to understand their views about insurance. Overall, we observed that most SMEs surveyed shared similar perspectives across all focus areas, apart from Chinese and UK-based SMEs who expressed views which frequently deviated from the average across all other countries surveyed. Insurers, both incumbents and new entrants alike, can use the findings from this survey to engage with the SME segment in a more meaningful way.

The research revealed six key findings:

Strong demand globally for more insurance
The survey shows that there is a desire to understand coverage better and that demand for additional coverage has increased globally—both among SMEs that historically have been unprotected, as well as those that have protection but are now looking to enhance their coverage.

Trust remains strong
In spite of regulatory attention and negative headlines that challenges with business interruption claims have disenfranchised the SME about insurance, the trust small businesses have in their insurer/intermediary has been remarkably resilient and remains high across the industry.

Demand for non-insurance services: SMEs want Cover+
SMEs are looking to their insurance providers for an offer that goes beyond traditional coverages and are looking for additional services to protect themselves as well as obtain advice on the key risks that their businesses face.

Advice is more important than price
Despite the traditional orthodoxy that price is the number one driver for buying insurance, SMEs have indicated that although it is important, their decisions on insurance will be made on other factors in addition to price.

Interest in engaging with 'non-traditional' insurance distributors
Ninety percent of SMEs expressed interest in purchasing coverage from a non-traditional player (e.g., bank, major technology company, online retailer). They are looking to providers for better advice on the risks their businesses face, proactive notice when their risk profile changes/evolves, and more comprehensive suites of products.

Engagement preferences vary widely
Engagement preferences vary. There is a strong correlation between the age of individuals looking to obtain coverage and the preference for using digital channels to research, buy or manage insurance. A segmented approach is needed to meet the expectations and preferences of a varied base of users. The lack of digital offerings may be discouraging to some SMEs.

Strong demand globally for more insurance

The survey shows that the attitudes and behaviors of SMEs toward insurance are shifting, with 26% of SMEs expecting to spend more on business insurance in the near future—and SMEs in all countries in the survey are, on balance, more likely to purchase coverage.

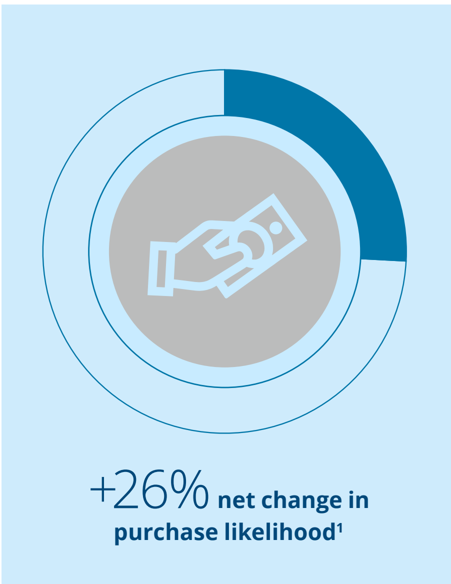


Figure 1

SMEs expressing increased likelihood of purchasing insurance

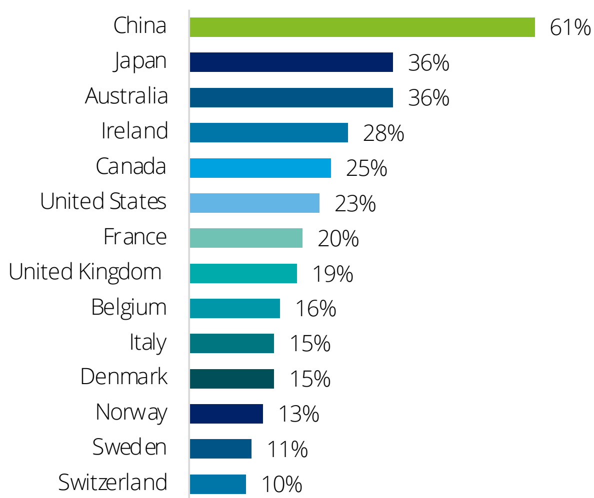


Figure 1 source: Deloitte analysis based on survey responses to the question 'How has the impact of COVID-19 changed your attitude toward purchasing business insurance?' Excludes 'about the same' which represents 34% of respondents. Percentages shown represent the net change in purchase likelihood. (N = 5,300)

International observations

Among all the countries in the survey, SMEs in China expressed the greatest interest in purchasing business insurance (61%). We observed that trust in the industry is high in China: 68% of respondents already had 'full' trust in their insurers pre-COVID-19 compared with 42% across the other countries and trust has improved more in China than elsewhere, with 82% of SMEs in China reporting a net improvement in their level of trust with their insurer since the pandemic, compared with 67% across other countries. This improvement in trust was largely attributed to an acceleration in the payment of claims and providing additional services (e.g., financial advice).

SMEs in Japan and Australia stand out (36%) as being more inclined to purchase business insurance in the future. Conversely, SMEs in the Nordic countries are much less interested in purchasing more coverage (13%). When asked why they are less likely to buy business insurance in the future, 40% of Nordic SMEs said that insurance doesn't cover the main risks faced by their businesses and 38% indicated that their business activities have changed and/or risks have lessened.

The key drivers for an increase in the likelihood of purchasing business insurance are a desire to avoid future losses that the business experienced due to the pandemic (50%); financial vulnerability (46%); and an increased awareness of the risks that the business is facing (39%). See Figure 2.

Figure 2
Reasons why SMEs want to buy more insurance

- **50%** I want to avoid any future losses that the business suffered due to the pandemic
- **46%** My business is more financially vulnerable to damages and losses
- **39%** I am more aware of the risks my business faces
- **39%** I better understand the risks my business needs protection from
- **38%** I understand better what is covered and what is not covered under my current business insurance

Source: Deloitte analysis based on survey responses. Only includes respondents who indicated that they are more likely to purchase business insurance. Respondents were able to select up to three reasons, therefore the total is greater than 100%. (N = 2,415)

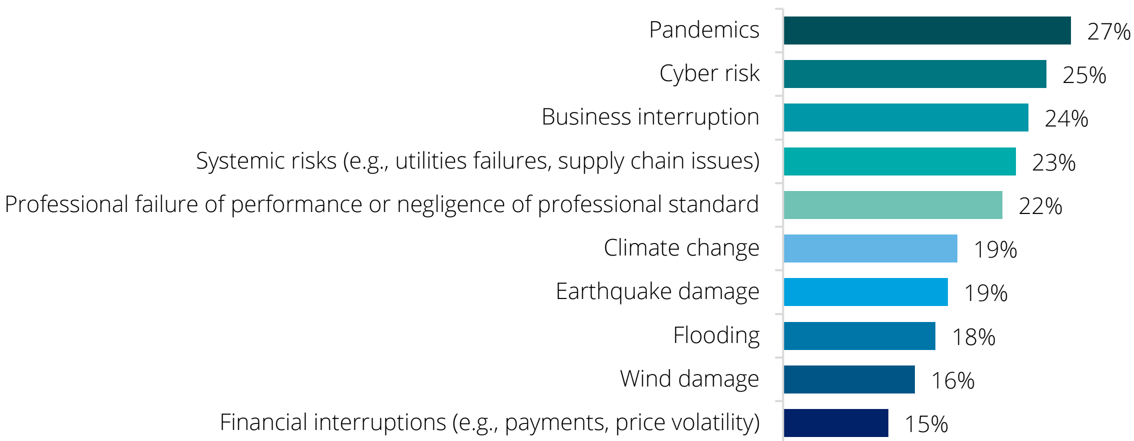
International observations

SMEs in some countries expressed a likelihood of taking action on business insurance in addition to purchasing more coverage. In Australia, survey respondents expressed a greater likelihood of reviewing their channel preferences for researching, purchasing, and servicing their business insurance, with 18% indicating that they are likely to switch their insurance intermediary, and 17% saying that they are likely to stop using an intermediary and do their own research, compared to averages of 10% and 14% among SMEs in the other countries in the survey. Similarly, 20% of survey respondents in Sweden and Switzerland expressed the likelihood that they might stop using an intermediary and do their own research in the future, compared to an average of 14% across other countries.

There are differences in the types of coverage that SMEs may be looking to add to their portfolios. Across all countries in the survey, 27% of SMEs not already covered indicated that they would like to add protection from pandemics to their portfolios, followed by cyber risk (25%), and business interruption (24%). Interestingly, climate change, perhaps the most globally discussed topic in 2021, did not appear among the top five risks most sought out by SMEs, with only 19% of SMEs not presently covered expressing interest in adding coverage against the risk.

Figure 3

Risks not currently covered for which SMEs would like to add coverage/protection



Source: Deloitte analysis based on a subset of survey responses. Only top 10 risks shown: others include unfair or discriminatory employment practices, damage to intangible assets, and damage to reputation. Respondents were able to select multiple risks, therefore the total is greater than 100%. (N = 5,300)

International observations

Given the disruption following the initial outbreak of COVID-19 in China and subsequent measures to control the spread, the pandemic has had a strong effect on the views of Chinese SMEs, 45% of whom not already covered would like to add protection from pandemic risk to their portfolios, compared with the average of 25% across other countries in the survey. Also, among Chinese SMEs, relatively high proportions indicated a wish to add coverage against systemic risks (31%) and flooding risk (28%), compared with averages of 23% and 17% respectively in other countries—perhaps unsurprising given the scale of heavy, prolonged rainfall and flooding in northern China that occurred in 2021.[2]

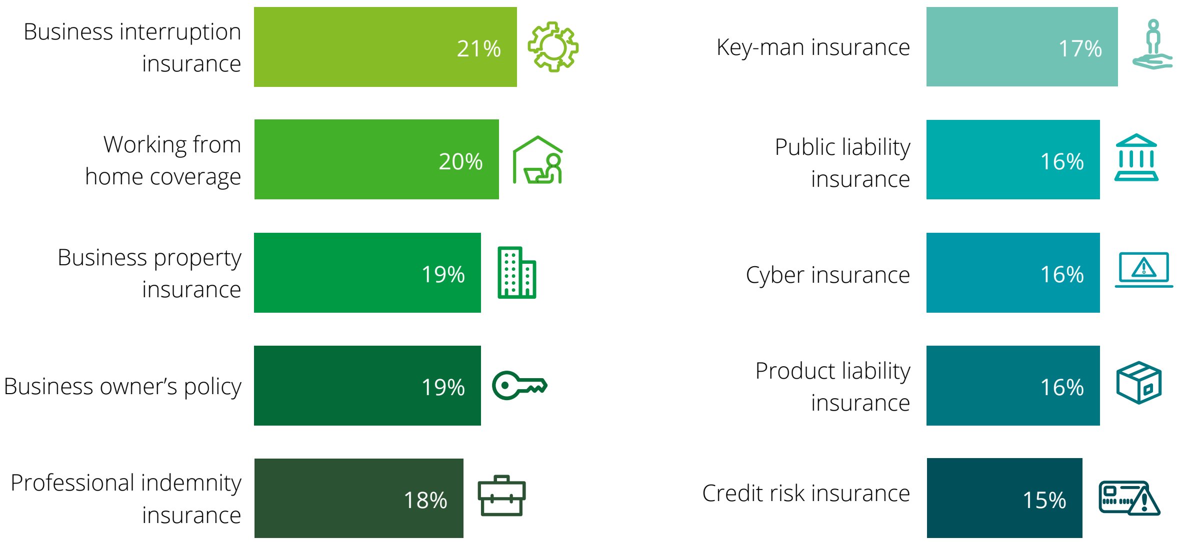
In Japan, 30% of SMEs not already covered would like to add coverage for earthquake damage to their portfolio, compared with the average of 17%.

SMEs in the United Kingdom had the lowest level of interest in climate change protection, with only 11% of SMEs not presently covered expressing a desire to add coverage for it, well below the average of 20% across the other countries.

In aggregate, the top three types of coverage SMEs are looking to purchase in the next three years are: business interruption insurance (21%); working from home coverage (20%); and business property insurance (19%).

Figure 4

Types of insurance coverage that SMEs want to add to their portfolios in the next three years



Source: Deloitte analysis based on survey responses. Respondents were able to select up to three types of insurance coverage, therefore the total is greater than 100%. (N = 5,300)

International observations

There are differences between countries. SMEs in the United States expressed greater interest in purchasing cyber insurance (21%) compared with an average of 15% across the other countries. This is unsurprising given the extent of high-profile cyber-attacks that occurred in the United States in 2021, with businesses now taking action on the need for better cybersecurity.

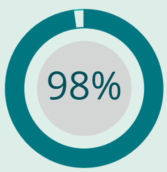
China also stands out: SMEs there give greater emphasis to product liability insurance and credit risk insurance—with 24% and 23% of SMEs respectively expressing interest in purchasing these products in the future, as businesses in China plan to mitigate customer credit risk through a more frequent use of credit risk insurance, compared with averages of 15% and 14% for the other countries. Conversely, these products are less in demand among SMEs in the United Kingdom, where only 10% expressed an interest in buying product liability insurance in the future and only 8% are interested in credit risk insurance, potentially influenced by the introduction of the Trade Credit Insurance guarantee by the government in May 2020 through July 2021.[3]

Insurers should take the increased interest in insurance products among SMEs as a sign of future growth to come from the segment and should move quickly to design new products and propositions aligned to these evolving needs in order to provide coverage to the new risks facing small businesses.

Trust remains strong

Trust in the industry was high prior to the pandemic, with over 90% of SMEs saying that they had trust in their insurer/intermediary, and only 1% not trusting their insurer/intermediary at all—and despite reports of widespread frustration with insurers among the SME segment about the problems with pay-outs on business interruption claims, trust in the industry has not been damaged.

However, while trust appears high across the SME segment, more could be done. Many SMEs expressed an appetite for an increase in advice and provision of additional services and products better suited to protecting their businesses from the risks they are exposed to.



of SMEs trust their insurer or intermediary the same or more than before the pandemic[4]

Over 70% of SMEs reported greater trust in their insurer or intermediary since the outbreak of the pandemic. The main reasons were insurers/intermediaries offering additional services to help with difficulties (e.g., financial advice), accelerating the payment of claims, and offering temporary premium discounts. Those that reported deterioration in trust (less than 5%) cited a lack of support throughout the pandemic (37%) or not being covered as expected (33%). This evidence indicates that trust during was linked to the provision of services to support SMEs through challenging times, and those that saw a weakening of the trust in their insurer or intermediary attributed it predominantly to lack of support, coverage, and/or advice.

International observations

Before the pandemic, trust was consistently high across the industry and in all countries in the survey, with over 85% of SMEs indicating that they have trust in their insurer/intermediary. An exception is Norway, where only 64% of SMEs expressed trust in their insurer/intermediary. This observation is possibly explained by the fact that 90% of SMEs surveyed in Norway reported that they "tried" to make an insurance claim since the pandemic began, compared with 70% across the other countries, and the diminished trust may be caused by this. However, it is worth recognizing that the time frame for "trying" to submit a claim was from the start of the pandemic (March 2020) and therefore is nearly a two year period, and may be further inflated by SMEs that simply may have reached out to their broker to discuss eligibility for a claim versus actually submitting the claim.

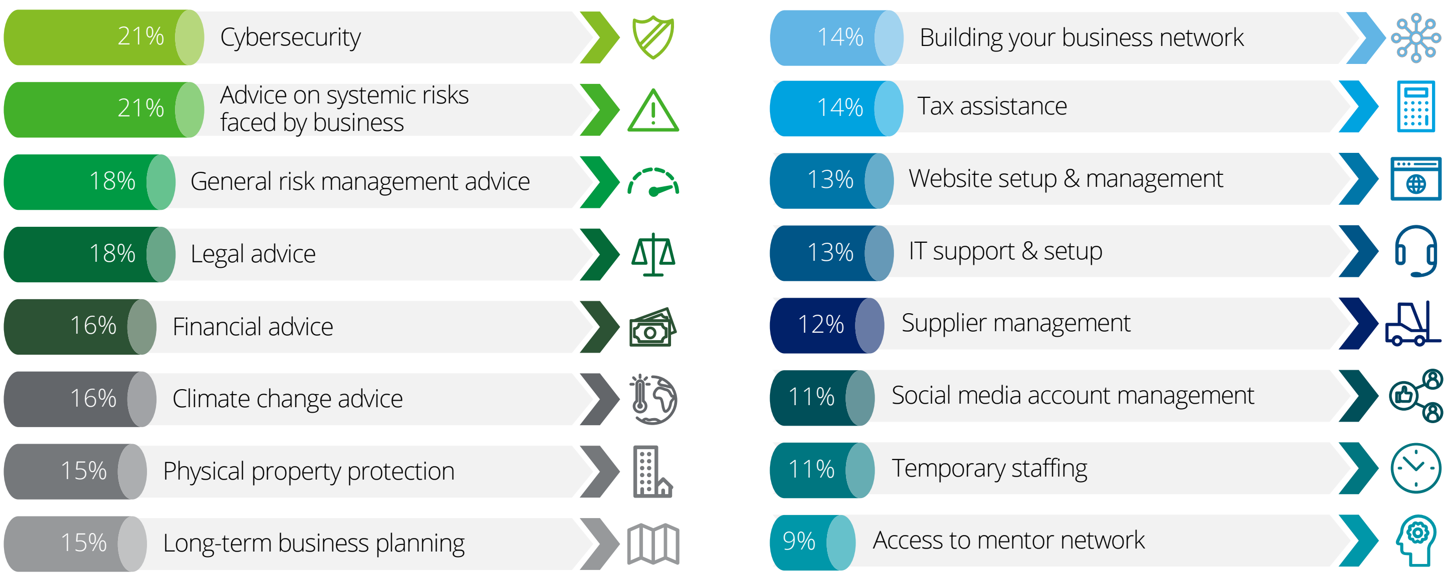
A significantly lower proportion of SMEs in the United Kingdom (around 45%) reported an improvement in trust in their insurer/intermediary since the beginning of the pandemic than the average in other countries (70%). However, this is because a large proportion (50%) of SMEs in the United Kingdom indicated that their level of trust in their insurer/intermediary had neither increased nor decreased.

Demand for non-insurance services—SMEs want Cover+

SMEs are looking to their insurers to provide support/services beyond protection, more than what has typically been received, with over 93% of SMEs surveyed globally expressing an openness to new/different services from their insurer. We have coined this 'Cover+'—SMEs have indicated an appetite for an offer that goes beyond traditional coverages and encompasses non-traditional, non-insurance services.

When SMEs were asked which services they might use if offered by their insurer, the top five services were cybersecurity (21%), advice on systemic risks (21%), general risk management (18%), legal advice (18%), and financial advice (16%).

Figure 5
Services that SMEs would use if offered by their insurer



Source: Deloitte analysis based on survey responses. Respondents could choose more than one service, therefore the total is greater than 100%. (N = 5,300)

International observations

In China, SMEs were most interested in advice on systemic risks (33%) compared with 21% across the other countries in the survey. In the United Kingdom, the greatest interest was in legal advice (23% of respondents). SMEs in Switzerland expressed the greatest interest in advice on climate change (26%), compared with 16% across the other countries.

To broaden their value propositions to more of a service-based model, insurers and intermediaries should provide carefully targeted services, partner with third parties, and leverage external ecosystems to provide a bundled package of small business advice and protection to SMEs, covering services deemed most important to them (e.g., cybersecurity, advice on systemic risks, legal advice, financial advice).

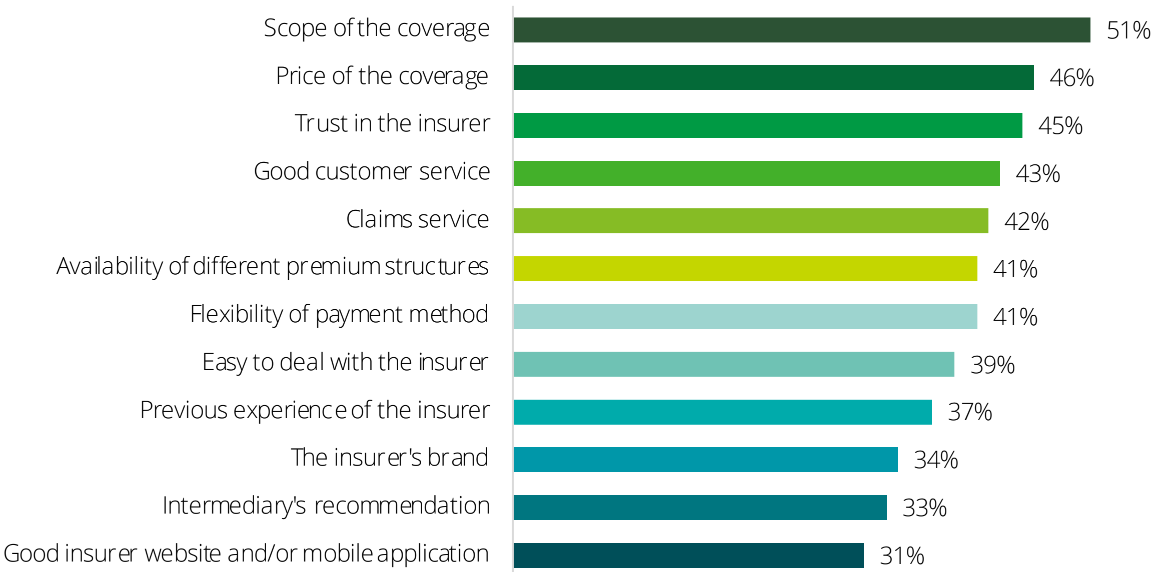
Case study	**Online platform offering legal services to SMEs[5]** Farillio, established in 2017, is a digital platform that provides legal services for a monthly fee. Sitting alongside traditional insurance products, Farillio has partnered with insurers[6] such as Covea, Beazley, Simply Business, and Hiscox.

Case study	**Online platform for SMEs[7]** Bullfrog Insurance is a licensed Canadian insurance brokerage that offers Canadian SMEs both professional liability insurance and business liability insurance directly online. Bullfrog offers SMEs advice via helpful blogs for small businesses, in addition to other value-adding services (e.g., payroll services, business payments, health and dental benefits).

Advice is more important than price

On balance, the SME segment is not proving to be as price sensitive as in consumer segments. Across all countries in the survey, respondents ranked scope of coverage as the most important factor (51%) when making purchase decisions. Although price ranks in aggregate as the second most important factor (46%), respondents give almost equal weighting to trust in the insurer (45%), good customer service (43%), claims service (42%), availability of different premium structures (41%), and flexibility of payment methods (41%). The focus on premium advice presents both an opportunity and challenges for incumbent insurers—as SMEs may now be seeking a more comprehensive offer (i.e., 'Cover+').

Figure 6
The most important reasons why SMEs choose their insurer



Source: Deloitte analysis based on survey responses. Excludes SMEs that do not purchase business insurance unless required by law. Respondents could choose up to five reasons, therefore, the total is greater than 100%. (N = 5,199)

International observations

The United Kingdom is the most price-sensitive market for insurance, with 64% of SMEs ranking price in the top five reasons for choosing their insurer, compared with an average of 44% across the other countries in the survey. SMEs in the United Kingdom also appear the least influenced by claims servicing, with only 28% of respondents ranking this as a top five factor in purchasing decisions, the lowest proportion across all countries surveyed, compared with an average of 43% across the other countries.

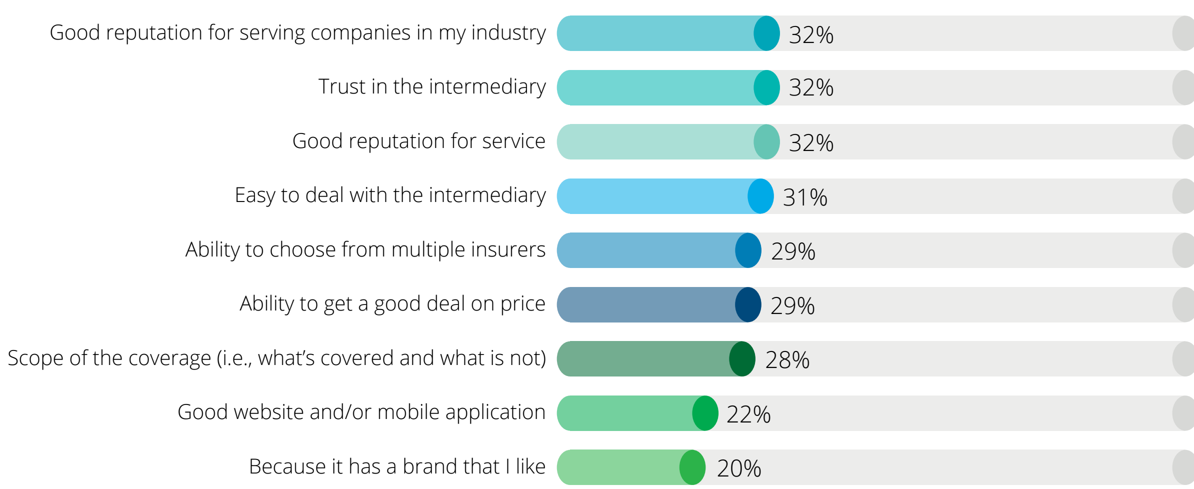
In Norway and Australia, SMEs value the availability of different premium structures (e.g., monthly, semi-annual): over 50% of respondents in both countries rank this in the top five reasons for choosing their insurer, compared with an average of 39% in the other countries in the survey.

Good customer service is important in China, with 60% of SMEs ranking this as a top five factor in purchasing decisions, compared with 40% across other countries. Other common reasons why SMEs in China chose their insurer include the insurer's brand (51%) and a good claims service (56%), compared to 32% and 41% respectively across other countries in the survey.

In Switzerland, the most important factor for respondents (54%) in selecting their insurer is claims service (i.e., automatic payments in the event of a natural disaster); while in Italy 57% of respondents indicated that trust is the most important factor.

Case study **Offering broad scope coverage, flexible payment, and strong customer service**[8]
Superscript enables businesses to build their own policy and offers flexibility in terms of payment terms through a monthly subscription (i.e., pay monthly, change, or cancel cover at any time), and strong customer service (e.g., buy direct vs. advised sales).

Figure 7
Reasons why SMEs choose their intermediary



Source: Deloitte analysis based on survey responses. Only includes respondents that indicated that they use an insurance intermediary. Respondents could choose up to three reasons, therefore the total is greater than 100%. (N = 4,121)

A similar story applies to SMEs that purchase business insurance via an intermediary. When respondents were asked about the most important reasons for choosing their insurance intermediary, the top three reasons were having a good reputation for serving companies in their industry (32%), trust in the intermediary (32%), and a good reputation for service (32%). The ability to get a good deal on price (29%) ranked sixth—indicating again that on balance, SMEs are not price-sensitive when it comes to business insurance.

International observations

SMEs in the United Kingdom appear to show far less brand loyalty to their insurance intermediary than SMEs in other countries—with only 9% indicating that they chose their insurance intermediary because it has a brand that they like, compared with 21% across the other countries. In Denmark, SMEs value the ability to choose from multiple insurers, with 39% of respondents ranking this as the top reason for choosing their intermediary, compared with 28% across other countries. In China, in addition to having the ability to choose from multiple insurers (36%), respondents value insurance intermediaries that have a good reputation for service, with 46% ranking this as a top reason for choosing their intermediary, compared with 29% across the other countries.

Figure 8

The top three reasons for using an insurance intermediary

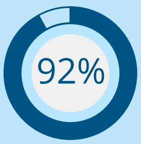
Source: Deloitte analysis based on survey responses. Respondents were able to select up to three reasons, therefore totals do not equal 100%. Only includes respondents that indicated that they use an insurance intermediary. (N = 4,121)

This reinforces the view that SMEs are looking for a comprehensive offer (i.e., Cover+), including better advice delivered by a trusted adviser (i.e., advice is more important than price).

International observations

As indicated previously, SMEs in the United Kingdom are more price sensitive, with 50% of SMEs surveyed indicating that the top reason they use an insurance intermediary is to find the best deal on price, compared with 37% in the other countries in the survey. This may be due largely to the prevalence of price comparison websites in the United Kingdom. In China, respondents exhibited a greater affinity for advice: 57% indicated that the most important reason for using an insurance intermediary is to have a trusted adviser and 52% said that they are looking for advice on risk management, compared with 40% and 35% respectively among the other countries in the survey.

Interest in engaging with 'non-traditional' insurance distributors

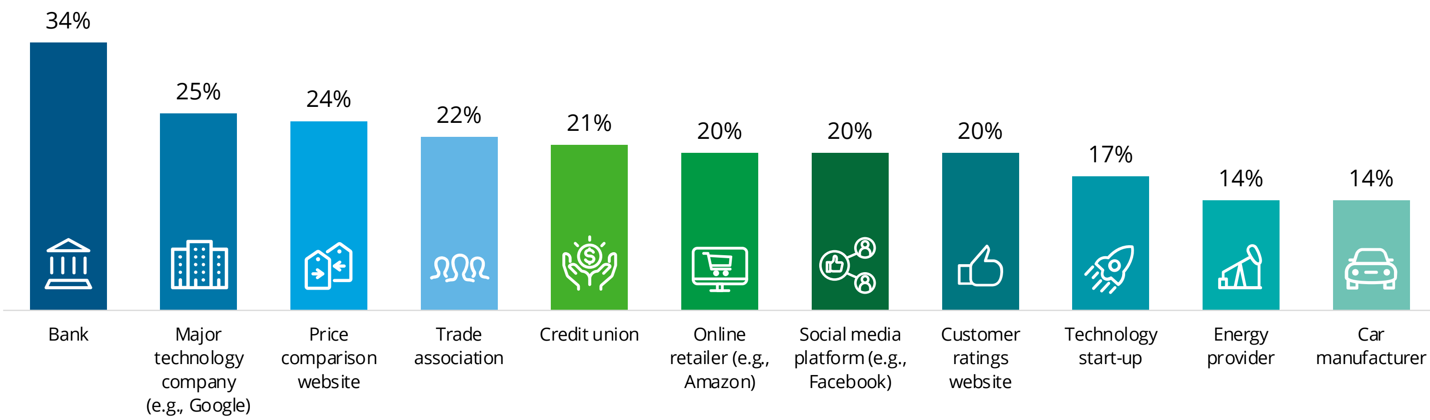


of SMEs surveyed would buy insurance from a player other than an insurer or intermediary

SMEs would be willing to engage with alternative or 'non-traditional' distributors to help resolve their insurance needs. Despite exceedingly high levels of trust in the industry, 92% of SMEs in the survey would consider buying insurance from a player other than an insurer or insurance intermediary.

Figure 9

'Non-Traditional' insurance distributors that SMEs would purchase insurance from



Source: Deloitte analysis based on survey responses. Excludes SMEs that indicated that they would not buy insurance from a company other than an insurer or insurance intermediary. Respondents could choose multiple distributors, therefore the total is greater than 100%. (N = 4,860)

For the SMEs who expressed interest in purchasing insurance from a non-insurer or insurance intermediary, the non-traditional distributors/companies with the highest ratings were: banks (34%), major technology companies (25%), and price comparison websites (24%).

When asked why they would buy from a non-insurer/non-traditional intermediary, three main reasons emerged:

- **33%** of SMEs expressed an interest in receiving advice on the risks that their business faces and how best to obtain protection using insurance and through other means
- **32%** of SMEs expressed a greater desire to receive proactive notification when their business may need to take action to improve protection against risks
- **31%** of SMEs expressed a greater desire to have insurance to cover risks that their business is currently not protected against

International observations

Significant differences exist between countries with respect to channel/intermediary preferences of SMEs. In the United Kingdom, SMEs appear less likely to purchase from a credit union or a social media company, with only 13% of respondents (compared to 21% in other countries) expressing that they would purchase insurance from a credit union and only 10% expressing that they would buy via a social media platform (compared with 21% across the other countries). Conversely, in Ireland and Switzerland, SMEs appear more inclined to purchase from a social media platform, with 29% of respondents in Ireland and 34% in Switzerland indicating they would purchase from a social media platform, compared with 19% across other countries. While in China, nearly 50% of respondents indicated that they would purchase from a bank, followed by 30% who would buy from a major technology company.

Although an overwhelming percentage of SMEs indicated that they *would* buy from a company other than an insurer or insurance intermediary, there is no evidence that this *will* translate to results, evidenced by the fact that over 80% of SMEs in the survey that use an intermediary have used the same intermediary for at least four years, and approximately 50% of SMEs have been using their intermediary for at least six years.

The past experience of SMEs appears to influence their inclination to use a non-insurer/insurance intermediary. Interest spikes among those who had needed a major change to their coverage within the previous three years (40%) and those who had suffered a major loss that wasn't covered (38%).

Case study

Global technology platform offering financial software to small businesses[9]
Intuit provides a wide range of small business services, such as preparing tax returns and financial accounts through TurboTax and QuickBooks. It now offers a range of business insurance products, including general liability, workers' compensation, health insurance, business property insurance, business owner's policy insurance, and professional liability insurance with coverage customized for various industries.

Case study

Business marketplace offering a range of smart integrations[10]
Starling Bank is one of the UK's leading challenger banks, focusing on current and business account products. Alongside its core banking proposition, Starling provides a marketplace of smart integrations. It enables users to connect via the Starling app with products and services in accounting (Xero; QuickBooks; FreeAgent; PayStream), payments (Zettle; Sumup) and security (Cybersmart), and a range of leading SME insurance products provided by InsurTechs such as Superscript, Dinghy, Nimbla and Equipsme.

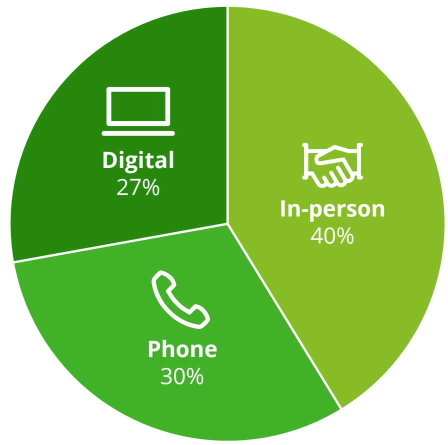
An opportunity therefore exists for non-insurers to leverage their understanding of small businesses and provide SMEs with simple and relevant advice in a cost-effective model, partnering with non-traditional distributors to provide a more comprehensive offer to small businesses.

Engagement preferences vary widely

A one-size-fits-all approach is unsuitable for managing the engagement preferences of customers. The survey provides evidence to suggest that the choice of how SMEs choose to engage with their insurance provider (and their overall preference for digital interactions) is driven by the characteristics of the person buying the insurance rather than the underlying characteristics of the business. Specifically, the age of the individual purchasing the insurance is the biggest driver for 'how' SMEs research, buy, and manage insurance (e.g., digital, phone, in-person). A sophisticated segmentation approach is therefore needed: those insurance providers that are likely to win in the SME segment are those that offer omni-channel direct purchasing and servicing models supported by a highly tailored and comprehensive suite of products.

The survey reveals that, contrary to conventional wisdom, the likelihood of an SME shifting to digital channels in the future is strongly influenced by the characteristics of the insurance purchaser, and not the purchaser's business. A similar pattern emerges when looking at how long the purchaser has held business insurance (i.e., sophistication), with adoption rates for digital engagement higher among those who are less experienced/newer to the industry. There is minimal variation between industrial sectors in the likelihood of SMEs using websites for insurance transactions, with adoption rates ranging from 15%–22% across all sectors covered by the survey.

Figure 10
Preferred channel for purchasing business insurance



Source: Deloitte analysis based on survey responses. Excludes approximately 3% of respondents who said 'Other' or 'Don't Know', therefore the total does not equal 100%. (N = 5,300)

International observations

SMEs in Italy exhibited the greatest inclination to continue to purchase small business insurance in-person: 54% of respondents said they would continue to buy insurance this way, compared to 39% across other countries in the survey. Looking at the preference for digital purchasing channels, respondents in Canada (34%), Belgium (34%) and Switzerland (41%) indicated an intention to purchase digitally in the future, compared to an average of 25% across other countries. These results may be at least partially explained by the fact that there are very few leading digital offerings for SMEs globally, rather than a specific aversion to digital channels for purchasing business insurance across the segment.

Case study **Omni-channel small business insurance**[11]
Hiscox provides an omni-channel direct model, with end-to-end digital quote and bind for small business insurance customers, with access to contact center support, and offers a range of coverage options to meet all small business needs. Hiscox business insurance also provides access to supplementary information and support through its Business Support Hub and CyberClear Academy.

Case study	**Online platform for SMEs to provide advice, purchase, and servicing[12]** Coverwallet is an insurance intermediary that provides a digital and app-based platform for obtaining advice, quotes, and management of insurance policies, using data and analytics to provide automated risk analysis and benchmarking. Coverwallet also provides SMEs with recommendations about insurance coverage, claims support, and it uses an omni-channel approach with phone, email, video, and online chat capabilities to advise customers.

Insurers need to continue to develop digital channels and to provide a customer experience that enhances SME loyalty and 'stickiness.' To optimize the experience, insurers should follow these guiding principles:

- ensure a seamless experience across digital and non-digital channels to avoid friction when shifting between channels (e.g., web to call center)
- deliver a customer experience that is simple, intuitive, and low effort (e.g., by using automated data capture and entry)
- deploy web channels for more complex needs, such as using videos and chat to provide advice on risk management, in a way that enables SMEs to 'get the job done' in a reassuring manner.

Conclusion

Small business insurance can offer an insurer, new insurance entrant, or trusted small business service provider an opportunity to drive material growth. What has been learned from the digital disruption of the past 5 years, is that when there is an unmet need in the market and willingness to consider alternative providers, there will be opportunities for bold, growth-focused organizations to capitalize on that unmet need. Concurrently, there is a threat to organizations which accept the status quo and continue to operate as is.

Although COVID-19 created challenges for both the insurance Industry and small businesses, it resulted in increased demand and interest in insurance. The trust that remains between small businesses and their insurer, or intermediary, puts existing providers in an advantageous position to offer a range of differentiated products, services, and advice. However, the threat to traditional insurance providers is real. Small businesses have sent a strong signal through this survey that they favor providers that can offer them the best advice, products, and services at a fair price. Therefore, as suggested by the report findings, insurers should look beyond price as a source of differentiation, with SMEs most valuing scope of services (Cover+) and advice as key factors that will drive their future purchasing decisions. Historically, the SME segment has been largely untapped in a meaningful way and we believe a significant opportunity exists in this space for organizations seeking profitable growth through targeted investment and sharpened focus on the segment.

The research revealed six key findings:

- Strong demand globally for more insurance
- Advice is more important than price
- Trust remains strong
- Interest in engaging with 'non-traditional' insurance distributors
- Demand for non-insurance services: SMEs want Cover+
- Engagement preferences vary widely

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Appendix—Definitions

Definitions of the insurance products referred to in this report

Public liability insurance—Protects against legal action by members of the public

Other liability insurance—Protects the business against legal action (e.g., by employees)

Directors and officer's insurance—Protects directors and other senior personnel from legal action

Business owner's policy—Combines business property and business liability insurance into one business insurance policy

Product liability insurance—Protects against liability due to faulty products

Professional indemnity insurance—Protects against legal action by a dissatisfied client (e.g., for poor advice)

Business interruption insurance—Protection against losses caused by an interruption to business

Business property insurance—Protects property against physical damage

Key man insurance—Protects against the risk of the death or illness of a key employee (e.g., CEO)

Credit risk insurance—Protects against defaults in payments by customers

Cyber insurance—Protection against hacking of IT systems and networks

Car, van, or fleet insurance—Protects against physical damage of vehicles and other losses

Working from home coverage—Protects against the risks of working from home (e.g., hacking, occupational health issues, etc.)

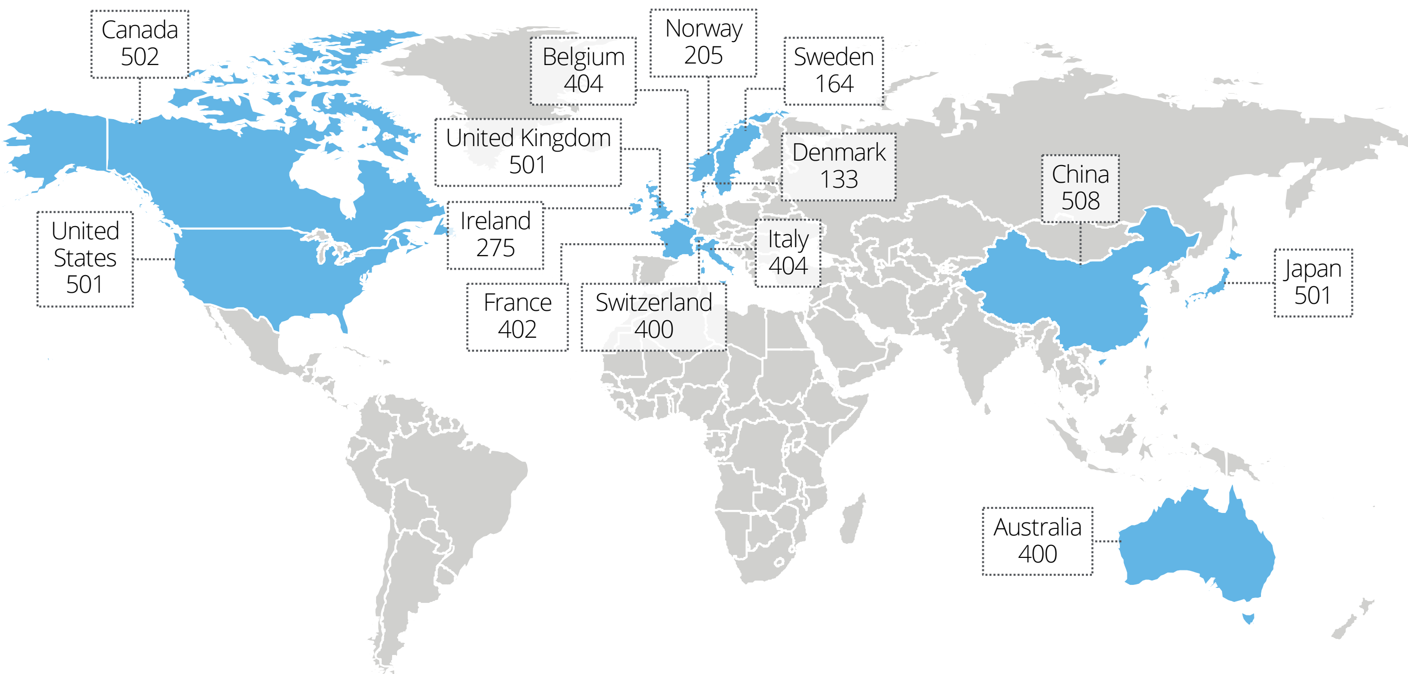
Appendix—Demographics and methodology

Survey methodology, samples, and demographics

Deloitte Global conducted a global survey of small businesses to understand their attitudes and behaviors toward insurance. SMEs sampled are intended to be representative of the SME base in their respective countries. The results are presented in aggregate, however there are likely variations to be expected across countries (e.g., channel preferences, types of coverage held, affinity for face-to-face interactions). Where applicable, we have commented on some of these regional variations through commentary on 'international observations' which looks to highlight some of the outliers and shed light on possible explanations.

Methodology and samples

- 5,300 online interviews (July–August 2021)
- 14 countries covered



- Respondents screened to represent small businesses:
  - Representative mix of industries
  - 5–75 full-time employees (mean: 34)
  - US$450,000–$33m annual revenue (mean: $4.5m)
  - 1–10 locations (mean: 2)
  - Primary (76%) or shared (24%) responsibility for business insurance decision-making

Demographics

Exhibit 1. Percentage breakdown by age

	Total	US	CA	UK	IR	BG	SU	FR	IT	DN	NO	SW	CN	JP	AU
Base	5,300	501	502	501	275	404	400	402	404	133	205	164	508	501	400
18–34	18%	15%	18%	15%	12%	14%	8%	24%	20%	20%	24%	14%	31%	19%	10%
35–54	71%	54%	75%	59%	84%	85%	90%	70%	68%	62%	69%	76%	60%	72%	82%
55+	11%	32%	7%	25%	4%	2%	2%	6%	13%	18%	6%	10%	9%	9%	8%
Mean	42.3	47.1	40.6	46.2	41.8	40.6	42.3	39.7	42.5	42.7	39.9	41.7	40.4	41.7	42.5
Median	41.0	45.0	40.0	45.0	42.0	41.0	42.0	40.0	42.0	40.0	40.0	40.0	41.0	41.0	42.0

Exhibit 2. Percentage breakdown of respondent's role in the decision-making regarding business insurance

	Total	US	CA	UK	IR	BG	SU	FR	IT	DN	NO	SW	CN	JP	AU
Base	5,300	501	502	501	275	404	400	402	404	133	205	164	508	501	400
I'm the primary decision maker	76%	73%	81%	60%	89%	78%	91%	71%	54%	68%	84%	74%	77%	83%	83%
I share the decision-making responsibility with someone else	24%	27%	19%	405	11%	22%	9%	29%	46%	32%	16%	26%	23%	17%	17%

Exhibit 3. Percentage breakdown of industries represented

	Total	US	CA	UK	IR	BG	SU	FR	IT	DN	NO	SW	CN	JP	AU
Base	5,300	501	502	501	275	404	400	402	404	133	205	164	508	501	400
Professional	14%	12%	16%	14%	11%	14%	10%	15%	13%	13%	25%	19%	16%	11%	13%
Charity/non-profit	2%	6%	2%	4%	2%	1%	4%	2%	1%	2%	4%	2%	2%	1%	0%
Construction & transportation	12%	14%	7%	10%	18%	11%	18%	10%	10%	14%	9%	10%	5%	20%	11%
Education	4%	2%	4%	4%	2%	2%	5%	2%	5%	9%	3%	6%	5%	5%	3%
Financial and legal	13%	10%	10%	12%	8%	12%	6%	10%	14%	18%	16%	11%	23%	15%	13%
Retail	22%	17%	26%	22%	34%	23%	26%	26%	13%	9%	24%	13%	21%	18%	26%
Manufacturing	13%	14%	12%	12%	13%	10%	14%	13%	13%	9%	4%	11%	14%	15%	15%
Media	4%	2%	6%	4%	5%	7%	6%	4%	3%	5%	4%	10%	1%	2%	2%
Medical/health	5%	6%	5%	2%	4%	4%	8%	4%	4%	5%	4%	5%	4%	6%	4%
Technology	7%	6%	8%	8%	2%	14%	6%	7%	11%	9%	6%	9%	7%	3%	10%
Other	5%	10%	5%	9%	1%	1%	0%	7%	12%	8%	0%	4%	1%	4%	4%

Exhibit 4. Percentage breakdown of annual revenue

	Total	US	CA	UK	IR	BG	SU	FR	IT	DN	NO	SW	CN	JP	AU
Base in US$	5,300	501	502	501	275	404	400	402	404	133	205	164	508	501	400
$350,000–$699,999	18%	12%	26%	14%	4%	9%	6%	21%	20%	11%	40%	32%	21%	14%	15%
$700,000–$1,399,999	22%	25%	24%	21%	15%	13%	34%	23%	24%	23%	22%	25%	23%	21%	22%
$1,400,000–$3,499,000	22%	25%	20%	29%	25%	20%	25%	24%	18%	21%	16%	16%	22%	23%	23%
$3,500,000–$6,999,999	18%	20%	15%	14%	31%	27%	21%	18%	13%	16%	6%	12%	16%	24%	26%
$7,000,000–$13,999,999	11%	10%	6%	12%	22%	23%	13%	7%	8%	12%	15%	7%	10%	13%	10%
$14,000,000–$24,000,000	2%	2%	3%	4%	1%	5%	-	1%	1%	5%	-	1%	2%	2%	3%
Don't know	7%	6%	6%	6%	1%	3%	2%	7%	15%	12%	15%	7%	6%	3%	3%

Endnotes

1 Net change represents the delta between those that responded, “much more likely to purchase” or “more likely to purchase” less those that responded, “much less likely to purchase” or “less likely to purchase.”

2 “China floods: Nearly 2 million displaced in Shanxi province”, BBC, 11 October 2021.

3 “Government to support businesses through Trade Credit Insurance guarantee”, Gov.UK, 13 May 2020.

4 Includes SMEs that responded, “improved significantly”, “improved somewhat”, or “about the same.”

5 Accessed via Farillio website (https://www.farill.io/)

6 Sample of insurer partnerships, accessed via Farillio website

7 Accessed via Bullfrog Insurance website (https://bullfroginsurance.com/)

8 “Superscript unveils subscription-based shop insurance”, Insurance Business Mag, 13 October 2021.

9 Accessed via Intuit website (https://quickbooks.intuit.com/insurance/)

10 Accessed via Starling Bank website (https://www.starlingbank.com/business-account/marketplace-for-businesses/)

11 Accessed via Hiscox website (https://www.hiscox.co.uk/business-insurance)

12 Accessed via Coverwallet website (https://www.coverwallet.com/)

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