



The future of UK small business insurance Change beneath the surface

November 2022

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Foreword

Is the UK market for small business insurance on the cusp of change? The results of the latest Deloitte SME insurance survey offer tantalising clues that customer attitudes are altering.

The Small Business Insurance (SBI) sector which serves Small and Medium-Sized Enterprises (SMEs) is a traditional market: business relationships are long-standing, channels of engagement evolve only slowly, and satisfaction levels among customers are high. So why would anyone expect change?

To help providers better understand the outlook for this important sub-segment of the insurance market, Deloitte surveyed 5,300 small business owners (defined as having between 5-75 full-time equivalent employees) from 14 countries in July and August 2021 to build up a detailed picture of their future needs and preferences regarding business insurance.

The UK findings outlined in this report are from the 501 SME owners in this country who responded to Deloitte's global research survey and found that there are already changes to be seen in customer needs and attitudes, and while trust in existing insurance providers remains high, SME companies still say they want more from their insurers.

The research revealed six key findings for insurers to better serve the needs of small business owners:

1. There is evidence of unsatisfied demand

Awareness and appetite for insurance is growing, yet certain insurance offerings remain unsaturated, with uptake below international averages. Insurers and intermediaries need to prove their value in order to incentivize SMEs to take the plunge.

2. Trust remains strong among consumers

Customer trust in UK insurance providers remains high, with business relationships typically long standing. Established loyalty reduces switching pressures but also dampens innovation – established players should be proactive in closing any gap between demand and supply.

3. The hidden demand for 'Cover+' and non-insurance services

Customers are interested in 'Cover+', an offer that goes beyond traditional covers and includes value-added services. Demand is broad and covers legal advice, cybersecurity, climate change, and more. This represents an opportunity for insurers and intermediaries to expand their relationships with SMEs in daily life and leverage their knowledge as part of diverse offerings.

4. Price is paramount—but product still matters

SMEs in the UK prioritise price when purchasing insurance, with premium discounts and the provision of tailored risk advice as the most reported reasons for switching providers. Incumbents who can leverage traditionally stable relationships and can compete on price are in a strong position to retain business provided their offering remains relevant to customers.

5. Importance of 'non-traditional' insurance distributors

Customers are also increasingly prepared to consider buying from alternative providers (e.g. banks, technology companies) with incumbent providers facing new competition from digital companies with the customer data and the capital to alter the landscape in insurance – but nimble insurers may also find opportunities to leverage their strong customer relationships to build ecosystem partnerships with data-rich internet platform companies.

6. Reinvent the engagement and interaction model

Companies want more information, and more advice. They also want to access those services through new channels of engagement (while not giving up on traditional channels), and they want more flexible insurance models.

The results suggest a paradox. There is plenty of evidence that the customer-provider relationship in insurance remains stable and predictable. And there is also evidence that customers are ready for change. Is this a recipe for disruption? And if so, what should insurance providers do about it?

For insurers and distributors, the conclusion is a simple one. More than ever, they need to get closer to their customers, and stay close. That is the only way to secure the future.

We hope you find this report insightful, and we would be happy to discuss the results in more detail.



Mark Patterson
Global General Insurance Leader



Laura Scarpa
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To help providers better understand the outlook for this important sub-segment of the insurance market, Deloitte surveyed 5,300 small business owners (defined as having between 5-75 full-time equivalent employees) from 14 countries in July and August 2021 to build up a detailed picture of their future needs and preferences regarding business insurance.

The UK findings outlined in this report are from the 501 SME owners in this country who responded to Deloitte's global research survey.

Understanding the market context



The UK market for SME insurance is primed for unexpected change. On the surface the market appears static, but appearances are deceptive. There are emerging signs that long-term stability in a well penetrated market masks a growing appetite for new kinds of insurance products, services, and engagement models. Deloitte's latest survey of SME business owners in the UK and beyond suggests that now is the moment for insurers and intermediaries to reconnect with customers whose insurance preferences and needs are evolving fast.

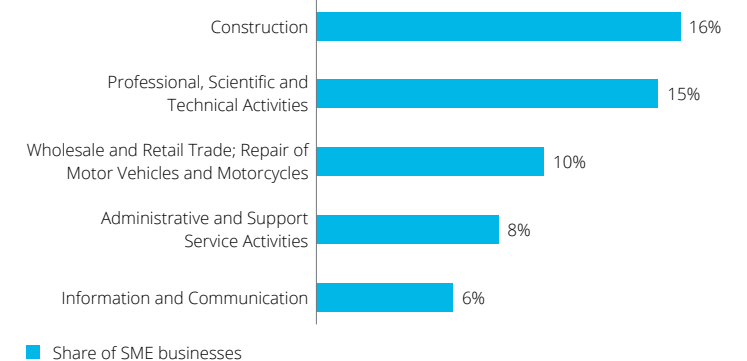
The UK market for small business insurance is unique – there is an unusually high level of market penetration in some key insurance segments, customer-provider relationships are often long-standing, the channels that customers use are the channels that they have always used, and in the recent past, buyers have demonstrated a strong disinclination to switch providers. What is more, price has long been seen as the driving force within the UK market, making it difficult for providers to win new business through diversified and differentiated product offerings.

All in all, the market looks stable, and resistant to change. An opening up of the highly intermediated UK market has long been forecast, but the market has remained static. Yet as SME businesses look to a future that seems more risk-laden than in the recent past, Deloitte's 2021 SME insurance survey suggests that a subtle but distinct evolution in the market may indeed be imminent. Despite high levels of satisfaction with past insurance arrangements, insurance customers now say they are growing increasingly interested in broader insurance coverage, they want more insight and choice and informed advice from providers, and they express a new willingness to buy through alternative channels and from alternative providers. The survey results suggest that now is the time for providers to get closer to their customers.

SMEs represent a critical segment within the UK insurance market

The vast majority of businesses in the UK are SMEs. The population of SMEs has been growing rapidly since 2000, with numbers rising 61% to 2021 when SMEs accounted for over 99% of all UK businesses¹. Many are in high value sectors of the economy including professional, scientific, and IT enterprises. The size of the total SME market makes it important for providers and intermediaries: it is a market to play for. Insurance providers should not risk losing touch with the changing priorities of their customers at a moment when attitudes and priorities are changing.

Figure 1. Proportion of SMEs by industry sub-sector



Source: Business population estimates for the UK and regions 2021.

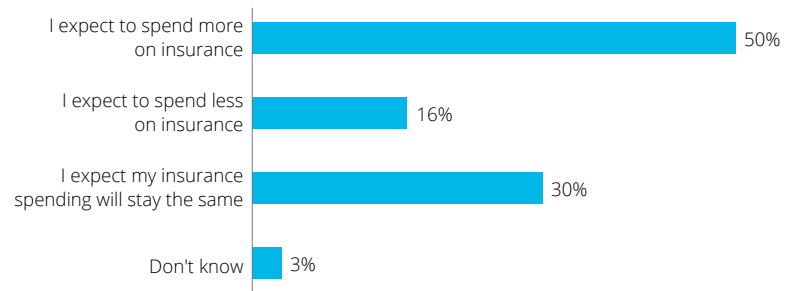
Evidence of unsatisfied demand



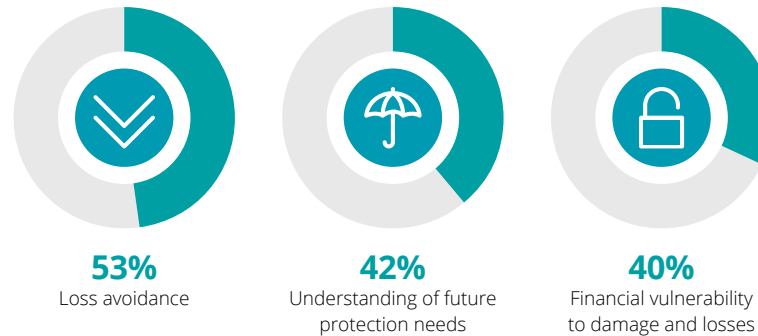
In the UK, SMEs want and intend to buy more insurance in the future. Overall, 80% of respondents expect to spend the same or more on business insurance in the future. This can be attributed to the disruption that UK SMEs faced with three quarters experiencing an impact due to the pandemic – reinvigorating a new spark in awareness and demand for business insurance in order to improve preparedness and resilience for the future.

Conventional wisdom suggests that the UK business insurance market is characterised by high levels of product penetration with key segments of the product landscape highly saturated. The results suggest that in fact important segments of the business insurance market are under-served. While the public liability (65%) and business property (59%) segments are relatively saturated, the credit risk (13%) and work-from-home (18%) insurance segments are far from being fully served. Demand is increasing for credit risk, cyber protection, and business interruption products but take-up remains relatively low, and climate change protection and reputational damage cover are still little used.

Figure 2. Future spending on business insurance



The top three drivers for respondents purchasing behaviour are loss avoidance (53%), understanding of future protection needs (42%), and financial vulnerability to damage and losses (40%).

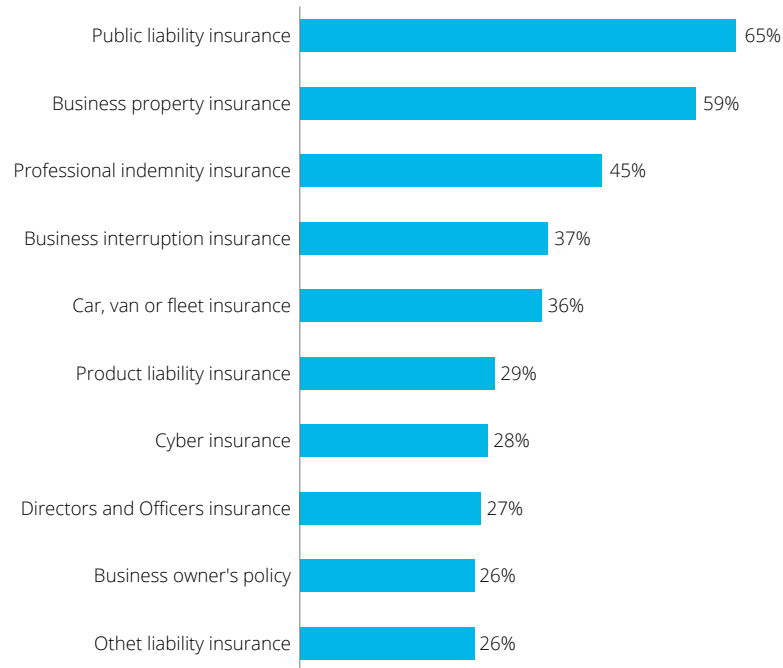


Source: Deloitte analysis based on survey responses to the question 'In the future, do you expect your insurance spending will change?' (N = 494)

The results suggest that in fact important segments of the business insurance market are under-served...

In many cases UK take-up of these more specialist insurance products remains below the global average as insurance providers and intermediaries have failed to demonstrate either the business need or the value case for under-served insurance segments even while customers are demonstrating appetite for wider insurance coverage, potentially opening their businesses to attack from new competitors.

Figure 3. Current penetration of business insurance products



Source: Deloitte analysis based on survey responses to the question 'Excluding Employee Health Insurance, Group Life Insurance and Pensions, which of the following types of insurance does your business currently have? Please select all that apply'. Only top 10 results shown. (N = 501)



UK Snapshot:

Demand trends among UK respondents surveyed

The UK is broadly in line with other markets for future expected spending, although variations can be seen when the responses are dissected at an industry sub-segment or regional level. In general, demand is likely to remain strong over time, with 62% of SMEs planning to renew all their existing cover (34 percentage points above the international average) between 2022 to 2024.



By Industry

Non-profit corporations, finance, and legal services were most likely to expect to spend more (60% and 62% of SMEs respectively) on business insurance in the future. Further, there is exceptionally strong take-up of public liability insurance in the non-profit (95%) and construction & transportation (88%) sectors, and strong penetration of business property insurance in media & marketing (78%) and the medical & health (67%) segments.

By Product

Overall, demand is increasing for new cover on pandemics (23%), cyber risk (22%) and business interruption (20%) while demand is relatively weak for climate change protection (only 11% of SMEs not presently covered expressed interest) and reputational damage (5%).

By Region

The highest propensity to spend more is among respondents based in Wales (92%) while demand is markedly weaker in regions such as the North East (48%) and East (44%). Standout areas of higher regional demand are in pandemic cover where 32% of East Midlands SMEs expressed interest; cyber security cover where 28% of SMEs in the South East expressed interest, and business interruption cover where 27% of SMEs in Scotland expressed interest.

Awareness and appetite for insurance is growing, yet certain insurance offerings remain unsaturated with uptake below international averages, including credit risk, cyber protection, and business interruption products. Insurers and intermediaries need to prove the value of their offerings to incentivize SMEs to take the plunge.

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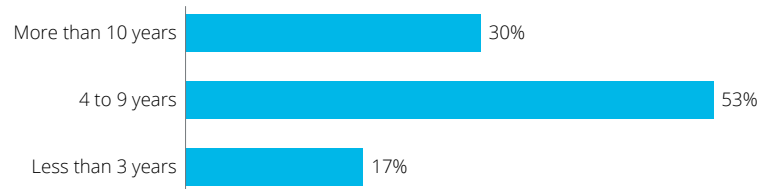


Trust remains strong among consumers

In terms of customer perceptions, established insurance providers still own the market. Customer trust in UK insurance providers remains high, with over 90% of SMEs reporting a high level of trust in providers and intermediaries prior to the COVID-19 pandemic, and a significant proportion reporting that the Covid pandemic had increased their trust in intermediaries (47%) and insurers (44%).

Trust is the foundation of high levels of stability in the UK insurance market, with business relationships typically long standing. Over half of UK SMEs (53%) have used the same intermediary for 4-9 years, and 30% have used the same intermediary for over ten years.

Figure 4. Number of years SMEs have been using their intermediary
Length of intermediary relationship



Source: Deloitte analysis based on survey responses to the question 'You said that you use an insurance intermediary. For how many years have you used this intermediary?' (N = 366)

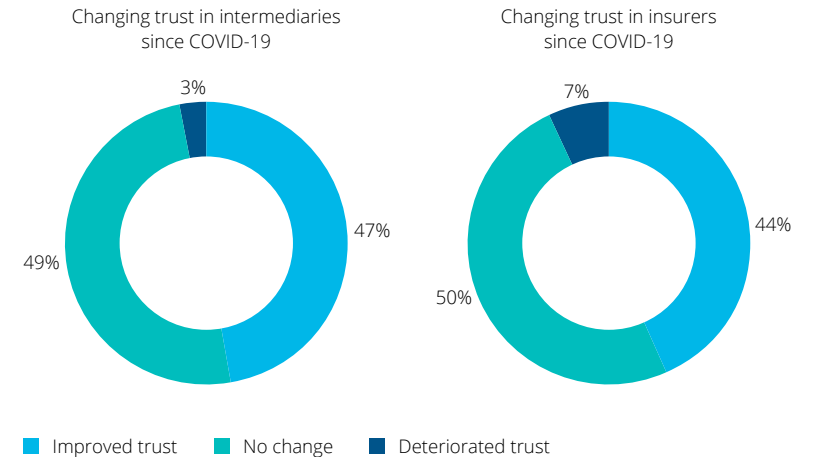
Future intentions also reflect stability. Fewer than 10% of UK SMEs say they presently have intentions to switch insurers (8%) or intermediaries (7%) in the future, and almost half (45%) reported no intention to change their behaviour (the international propensity to switch providers is much higher).

Increased regulatory attention and pandemic-related negative headlines have done little to undermine the high level of trust between UK SMEs and their insurance intermediaries and providers. In our survey UK SMEs reported high levels of trust in both insurers (91%) and intermediaries (93%) prior to the pandemic, and following the pandemic there was an increase in trust for both insurers and intermediaries.

Yet market stability may prove a double-edged sword for UK SME insurance providers. In the absence of switching pressure from customers, providers may see little reason to expand their product and service offers, even while certain insurance segments go under-served

and while customers say their interest in broader insurance cover is growing. The mismatch between a static market and unmet demand is growing, and providers may be missing an opportunity to capitalise on high levels of trust to grow new business areas.

Figure 5. Changing trust in insurers and intermediaries since COVID-19



Source: Deloitte analysis based on survey responses to the questions '(1) Your insurer, (2) Your insurance intermediary: And how did that level of trust change, if at all, since the COVID-19 outbreak (from around 15 March 2020)?' (N = (1) 486; (2) 370)

UK Snapshot:

Trust persists despite turbulent times



By Industry

Medical & health SMEs reported the highest rate of improved trust in both insurers (64%) and intermediaries (84%). Retail & entertainment also saw improvements, with 61% reporting increased trust in insurers. One departure from the pattern of high trust is in the education sector where 32% of SMEs report that they were likely to consider switching insurers, and 21% were likely to consider switching intermediaries.

By Region

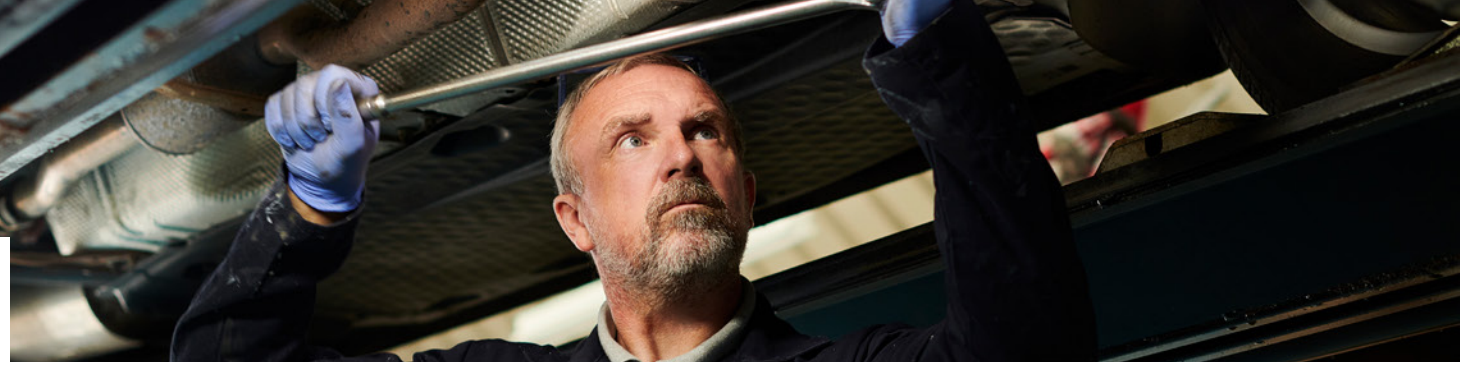
The picture of long-term stability of business relationships is particularly marked in several regions where SMEs report insurance business relationships of 10 years or more (40% of SMEs in the South East, 39% in Scotland and 38% in Yorkshire and the Humber). Relationships are much less stable in Wales and Northern Ireland (relationships of 10 years plus were reported by only 8% and 13% respectively, and in Wales half of SMEs have business relationships of less than three years with their insurance providers).

The UK's market dynamics continue to suggest stability and incremental change. Overall, only a small proportion of UK SMEs intend to switch insurer (8%) or intermediary (7%) in the future, and 45% reported no intention to change their behaviour, more than twice the international average of 19%.

Customer trust in UK insurance providers remains high, with business relationships typically long standing. Established loyalty reduces switching pressures but also dampens innovation- established players should be proactive in closing any gap between demand and supply.

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The hidden demand for 'Cover+'



UK insurance customers express a high degree of satisfaction from the insurance products they already buy. However, they are not just interested in buying more insurance – they also want more related value added services.

Respondents report interest in a range of advisory services that are a natural fit with insurance products: legal advice, cybersecurity support and broad business risk all feature high on the customer wish list.

Insurers are well placed to discharge the roles of educators and service intermediaries on a range of emerging business risk issues - but this survey suggests the market for insurance-related advice is under-served.

The demand for Cover+ is broad: it covers legal advice, cybersecurity, climate change, and more. Results show that UK SMEs were most interested in legal advice (23%, five percentage points above the international average) followed by cybersecurity (20%, one point below average) and general risk management advice (20%, 2 points above average).

... this survey suggests the market for insurance-related advice is under-served.

Figure 6. Demand for value adding services



Source: Deloitte analysis based on survey responses to the question 'Which of the following services would you use if they were offered by your insurer to help your business with common small business challenges and/or provide protection in the event of a loss?' (N = 501)

UK Snapshot:

Supporting SME resilience through 'Cover+'



By Industry

The demand for legal advice ranges from 35% of non-profit SMEs to a lower level of 8% for medical & health services companies. There is also strong interest in cybersecurity in medical & health services (33%) as well as from media and marketing companies (28%). Demand for climate change advice is generally lower with a UK average of 13% of all SMEs reporting interest (education SMEs are an exception with 32% reporting interest).



By Region

The standout results are that the strongest demand for legal advice is from SMEs in Wales (33%) and Yorkshire (32%), and an above-average proportion of East Midlands SMEs (29%) report demand for climate change advice. For all regions in the UK demand for access to mentor networks and social media account management is low (5% in each case, four and six percentage points below the international average respectively).



Customers are interested in Cover+ value adding services. Demand is broad and covers legal advice, cybersecurity, climate change, and more. This represents an opportunity for insurers and intermediaries to expand their relationships with SMEs in daily life and leverage their knowledge as part of diverse offerings.

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Price is paramount – but product still matters



The consensus is that the UK insurance market is highly price driven. That is true in so far as UK customers are more likely than international peers to cite price as either the main or one of the top three purchase drivers, and more likely to cite discounts as critical to decision making – but UK customers also rate other factors highly with intermediary recommendations, scope of insurance coverage, brand and service also rated as important.

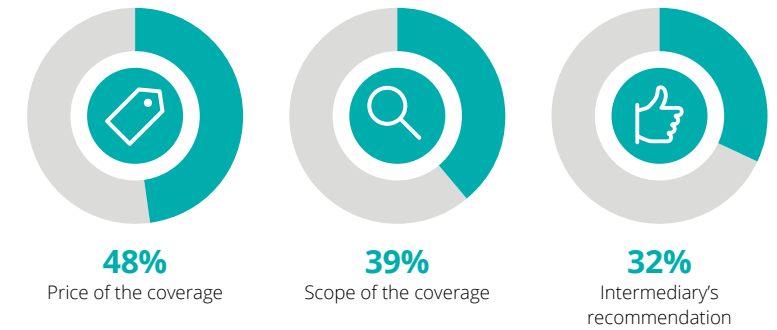
Despite a perceived reluctance to switch providers, the Deloitte 2021 SME insurance survey shows that UK customers are in fact ready to switch when incentives are present. Discounts are most important, but customers are also ready to be influenced by improved coverage of business needs, trust, and more value-added services.

A lesson of the 2021 survey is that providers cannot rely on competing on price alone: the market is about price and product.

The UK remains the most price-oriented SME business insurance market of all 14 countries covered in our global survey with price and discounting ranking well above the international average as purchase drivers.

According to the UK data the reasons-to-buy rankings show that 17% of SMEs ranked price of coverage as the primary factor in past purchasing behaviour, and 48% ranked it as one of the top three reasons (compared to international averages of 11% and 33% respectively). However, other factors can be of similar importance. Intermediary recommendations are cited by 18% of SMEs as the most important purchase driver, whilst scope of coverage is cited by 14% of SMEs.

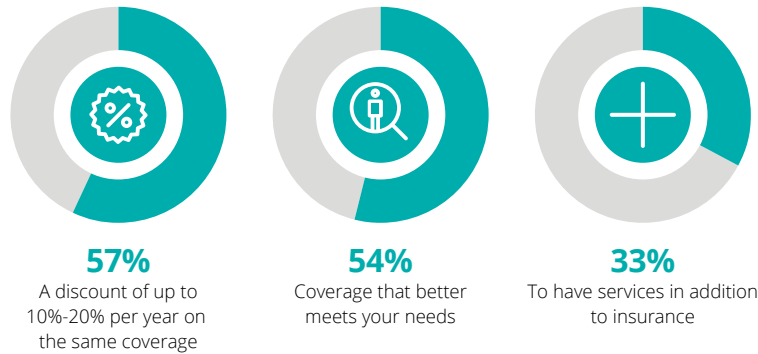
Figure 7. Drivers of past purchasing behaviour



Source: Deloitte analysis based on survey responses to the question 'Ranked Top 3 Summary: Thinking of the most recent time you purchased business insurance, please rank in order of importance (most to least) up to five reasons you decided to choose your insurer'. (N = 494)

The survey also gathered data on reasons-to-switch: almost a third (31%) companies reported that discounts (of 10-20%) were the leading reason to switch providers (which is 13 percentage points above the international average). Other significant switching drivers are coverage which better meets business needs (20%), and trust and value-adding services (both 9%).

Figure 8. Drivers for switching



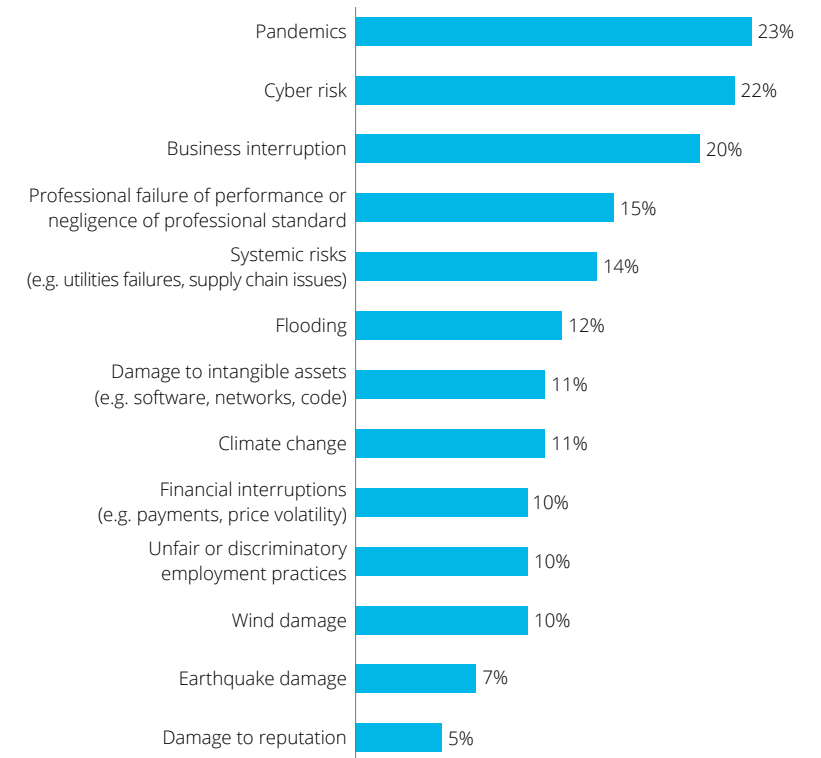
Source: Deloitte analysis based on survey responses to the question 'Please rank the top three reasons why you might switch your insurer to one that you have not used before'. (N = 501)

When exploring what coverage could drive SME purchasing decisions, a fifth or more of companies reported willingness to buy additional cover for certain types of risks including pandemic risk (23% of SMEs), cyber risk (22%) and business interruption (20%).

Of those who expressed interest, 27% are willing to pay up to £999 for coverage for any one item. Education and medical SMEs were least price-sensitive to pandemic insurance (60% and 67% respectively were willing to pay over £10,000). Retail & entertainment companies were least price-sensitive to cyber insurance, with a near majority (48%) willing to pay over £10,000, and retail & entertainment and education companies were least price-sensitive to business interruption insurance, with a majority (68% and 67%) willing to pay over £10,000. This broad lack of price sensitivity suggests the existence of an underserved market – although in all three price-sensitivity cases caution is necessary as the sample size was less than 10 companies.

A lesson of the 2021 survey is that providers cannot rely on competing on price alone: the market is about price and product.

Figure 9. Appetite for new risk coverages



Source: Deloitte analysis based on survey responses to the question 'Protection against which of the following risks would you like to add to your insurance portfolio that are not already covered? Please select all that apply'. (N = 501)

Price is paramount – but product still matters (continued)

Figure 10. Willingness to pay for products where demand is growing



Source: Deloitte analysis based on survey responses to the questions '(1) Pandemics, (2) Cyber, (3) BI: How much would you be willing to pay per year to add coverage for these risks?' (N = (1) 114; (2) 109; (3) 99)

SMEs in the UK prioritise price when purchasing insurance, with premium discounts and the provision of tailored risk advice as the most reported reasons for switching providers. Incumbents who can leverage traditionally stable relationships and can compete on price are in a strong position to retain business provided their offering remains relevant to customers.

The UK remains the most price-oriented SME business insurance market of all 14 countries covered in our global survey with price and discounting ranking well above the international average as purchase drivers.

Importance of 'non-traditional' insurance distributors

The Deloitte 2021 SME insurance survey shows that the 'business as usual' view of the UK insurance market may be outdated. Of all the results on the survey one of the most striking is the high proportion of UK SMEs surveyed that express interest in purchasing business insurance from non-traditional providers – potentially driven by both price focused discounting and the demand for 'Cover+'.

Almost a third of companies (30%) said they were most interested in buying insurance from a non-traditional provider if they were able to offer a discount in the 10-20% range, while 28% said that provision of tailored business risk would be a purchase driver and 26% said they would buy from alternative providers if they could offer more insight into their business than a conventional insurer.

Figure 11. Reasons for considering non-traditional providers



Source: Deloitte analysis based on survey responses to the question 'In addition to insurers and insurance intermediaries, some of the other companies that provide products and services to your business have an insight into its operations and the risks that it might face. They can use this insight to provide your business with insurance that could be better than your current insurance. For which of the following reasons would you buy insurance from a company other than an insurer or insurance intermediary? Please select up to three reasons'. (N = 501)

UK Snapshot:

Emerging opportunities for alternative providers



By Industry

Non-profit SMEs reported the highest openness to discount related engagement (50%), and retail & entertainment SMEs were most open to time saving as a reason for engagement (30%). 34% of manufacturing SME respondents reported interest in switching if a provider had an integrated offering that proactively notified about insurance needs. There is also a higher-than-average interest in social media alternative providers among retail & entertainment SMEs (19%).

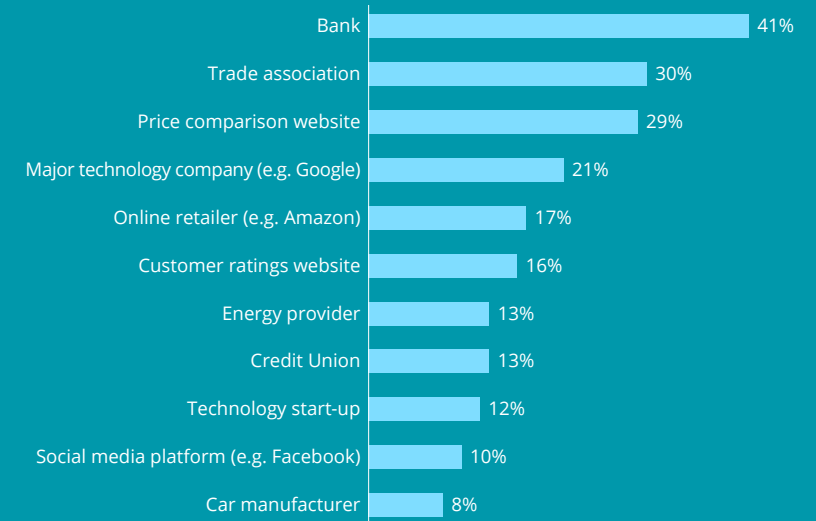


By Region

Price-related switching to alternative providers was most likely to be considered by SMEs in the South West (44%) and West Midlands (42%), and least likely in the North East (15%). Exceptions to the average where there is strong interest indicating an under-served market include high interest in social media alternative providers in Scotland where 27% of SMEs would consider switching to social media companies, high interest in trade association providers in Wales (56% of SMEs) and the South West (44%), and high interest in online retailers in Northern Ireland (38%).

Preferred alternative providers include banks (the most likely alternative source of insurance preferred by 41% of SMEs, seven percentage points above the international average), trade associations (preferred by 30%, eight points above average) and price comparison websites (29%, five points above average). Less preferred alternative providers compared to the international average were social media companies (10%, 10 percentage points below international average), credit unions (13%, eight points below average), and major technology companies (21%, four points below average).

Figure 12. Preferred alternative providers



Source: Deloitte analysis based on survey responses to the question 'You said that you would buy insurance from a company other than an insurer or insurance intermediary. Which of the following types of companies would you buy from? Please select all that apply'. (N = 402)

The potential for a redrawing of the map of UK business insurance is clear – and it is notable that many of the alternative providers that SMEs say are of interest are also businesses that have access to large reserves of customer data and capital that could be combined to disrupt the market.

Customers are also increasingly prepared to consider buying from alternative providers (e.g. banks, technology companies) with incumbent providers facing new competition from digital companies with the customer data and the capital to alter the landscape in insurance – but nimble insurers may also find opportunities to leverage their strong customer relationships.

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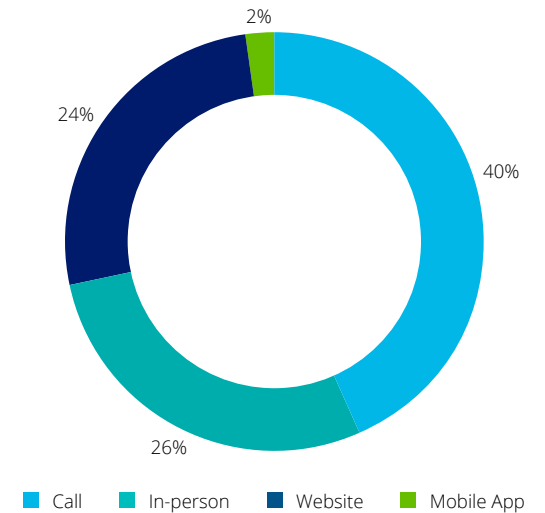
Reinvent the engagement and interaction model

Insurance in the UK is a high-touch business and in the SME market, traditional channels of engagement are still dominant. While SMEs reported 61% intermediary and 28% insurer usage when they last bought insurance these transactions are still largely unmediated by technology. Close to half (44%) of SMEs still buy their business insurance over the phone, and almost a quarter (24%) do so in person, and only around a quarter of initial purchases (23%) are transacted via websites and apps, with mobile apps as the least used channel, preferred by only 2% of all SMEs. This same pattern holds for post-purchase engagement like renewals, coverage adjustments and claims.

SMEs however are showing growing acceptance of digital solutions with 26% stating that in the future they would prefer to purchase insurance either by website or app. In a clear sign that customers are beginning to look for more responsive insurance provision the survey reveals a high level of SME interest in flexible insurance business models such as ‘on-demand’ adjustable models (72% of SMEs expressed interest) and ‘pay-as-you-go’ models (43% of SMEs expressed interest).

These are services that are naturally suited to automated digital engagement, and our expectation is that the use of online channels capable of delivering automated solutions will grow.

Figure 13. Future engagement preferences by channel



Source: Deloitte analysis based on survey responses to the question ‘Thinking about how you would like to purchase business insurance in the future, which of the following best describes your preferred method?’ (N = 501)

UK Snapshot:

Evolving attitudes towards digital

By Industry

When past engagement is viewed in greater detail a more nuanced picture emerges with a strong preference for online engagement among specific industries and age groups. 10% of technology SMEs reported future preference for apps and 9% of those aged 18-34 preferred them, as did 6% and 5% respectively of SMEs in Northern Ireland and the North West. Websites were preferred by 26% of businesses citing either price comparison sites (4%), or insurers' (12%) and intermediaries' (10%) sites. Media & marketing SMEs in particular favoured websites with 47% reporting it as their top choice, along with 29% of London-based SMEs.

In terms of alternative business models 72% of SMEs reported interest in on-demand adjustable business models, with interest spread evenly amongst respondents aged 18-54 at 61%. In second place 43% of SMEs reported interest in pay-as-you-go models although this was 26 points below the average; retail & entertainment businesses showed higher interest at 54%.

Once again it seems that preferences are more varied than the headline results suggest, and that digital engagement will grow. Insurance providers cannot rely on the traditional engagement pattern of yesterday remaining the engagement pattern of tomorrow: increasingly a segmented 'omni-channel' approach is called for.



Companies want more information, and more advice. They also want to access those services through new channels of engagement (while not giving up on traditional channels), and they want more flexible insurance models.

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Conclusion



How fluid is the UK insurance market? The accepted view is that this is a saturated market functioning on conventional lines, with long-standing business relationships that are resistant to disruption is broadly correct. Yet at the same time the Deloitte SME insurance survey shows that the UK market also contains seeds of change.

So, while the propensity to renew existing cover is high, there is also evidence of under-served demand for additional cover such as in credit risk, pandemic risk, and cyber-security. Trust between customers and providers is higher than the international average, but this is not universal – there are significant exceptions in some industry segments, and some regions. Price is still an important shaper of the market, yet the survey data show that other factors such as policy coverage and recommendations are equally influential.

There are also emerging signs of a new kind of market, with broader product offers and new channels of engagement. The SME buyer is interested in 'Cover+' offers, including advice on issues like legal and management risk, and cybersecurity, and is open to alternative providers and alternative channels of engagement that favour internet platform companies with the technology and the customer data that could begin to reshape the market. For traditional insurance providers this is both a competitive threat and an opportunity to partner and expand their business.

In business change is often unexpected. Stability and stasis at the aggregate level can mask important indicators of change in specific segments of the market. That is the case with the UK SME business insurance market. Rapid game-changing disruption is highly unlikely – but incremental change that cuts right across the market is already apparent and deserves close and continued attention.

Price is still an important shaper of the market, yet the survey data show that other factors such as policy coverage and recommendations are equally influential.

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Appendix – Definitions

Definitions of the insurance products referred to in this report

Public Liability Insurance

Protects your business from being sued by members of the public.

Other Liability Insurance

Protects your business from being sued (e.g. by employees).

Directors and Officers Insurance

Protects Directors and other senior personnel from being sued.

Business Owner's Policy

Combines business property and business liability insurance into one business insurance policy.

Product Liability Insurance

Protects your business from being sued due to a faulty Product.

Professional Indemnity Insurance

Protects your business from being sued by a dissatisfied client (e.g. for poor advice).

Business Interruption Insurance

Protects your business from lost revenue due to physical damage.

Business Property Insurance

Protects your business' property from physical damage.

Key-man Insurance

Protects your business from the risk of the death or illness suffered by a key employee (e.g. CEO).

Credit Risk Insurance

Protects your business from a customer defaulting.

Cyber Insurance

Protects your business from being hacked.

Car, Van, or Fleet Insurance

Protects your vehicles from physical damage or other losses.

Working from Home Coverage

Protects staff from the risks of working from home (e.g. hacking, occupational health issues, etc.).



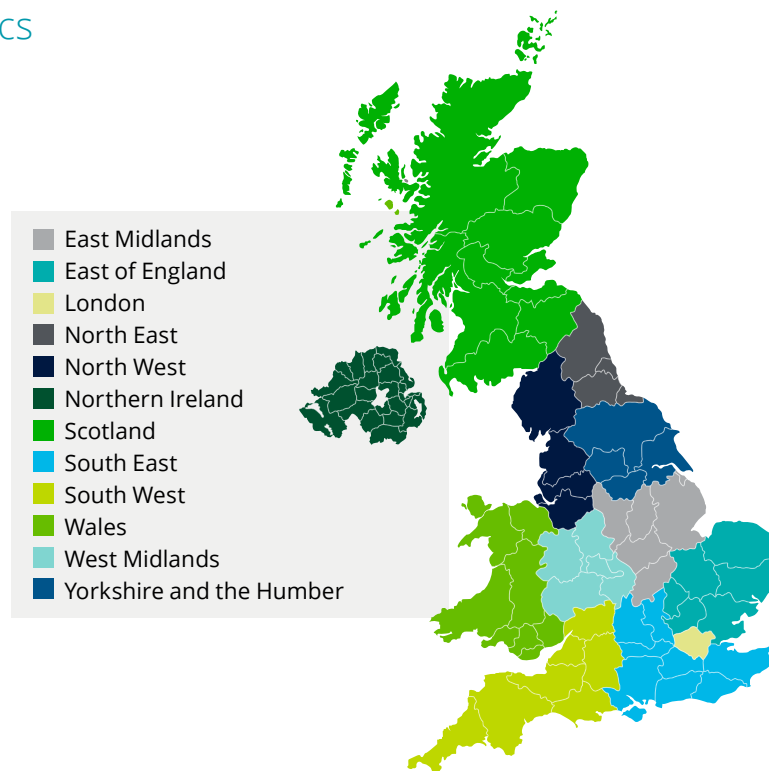
Appendix – Demographics and methodology

Survey methodology, samples, and demographics

Deloitte Global conducted a global survey of small businesses to understand their attitudes and behaviours toward insurance. The SMEs sampled are intended to be representative of the SME base in their respective countries: a total of 5,300 companies were surveyed in 14 countries worldwide during July and August 201, with 501 respondents drawn from the UK. The results are presented in aggregate for the UK, however where applicable we have commented on some of the regional variations where we've looked to highlight some of the outliers and shed light on possible explanations.

Methodology and samples

- 501 online interviews (July– August 2021)
- 12 regions covered



Respondents screened to represent small businesses:

- Representative mix of industries
- 5–75 full-time employees (mean: 30)
- US\$450,000–\$33m annual revenue (mean: \$4.5m)
- 1–10 locations (mean: 2)
- Primary (60%) or shared (40%) responsibility for business insurance decision-making

...a total of 5,300 companies were surveyed in 14 countries worldwide during July and August 201, with 501 respondents drawn from the UK.

Appendix – Demographics and methodology (continued)

Demographics

Exhibit 1. Percentage breakdown by age

	Total	UK
Base	5,300	501
18–34	18%	15%
35–54	71%	59%
55+	11%	25%
Mean	42.4	46.2
Median	41.0	45.0

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

	Total	UK
Base	5,300	501
I'm the primary decision maker	76%	60%
I share the decision-making responsibility with someone else	24%	40%

Exhibit 3. Percentage breakdown of industries represented

	Total	UK
Base	5,300	501
Professional	14%	14%
Charity/non-profit	2%	4%
Construction and transportation	12%	10%
Education	4%	4%
Financial and legal	13%	12%
Retail	22%	22%
Manufacturing	13%	12%
Media	4%	4%
Medical/health	5%	2%
Technology	7%	8%
Other	5%	9%

Appendix – Demographics and methodology (continued)

Exhibit 4. Percentage breakdown of number of full-time equivalent employees

	Total	UK
Base	5,300	501
5–9	8%	17%
10–19	15%	22%
20–29	17%	15%
30–49	37%	27
50–75	23%	20%
Mean	34.2	29.6
Median	35.0	25.0

Exhibit 5. Percentage breakdown by region

	UK
Base	501
East Midlands	6%
East of England	16%
London	16%
North East	7%
North West	11%
Northern Ireland	3%
Scotland	7%
South East	13%
South West	7%
Wales	2%
West Midlands	6%
Yorkshire and the Humber	6%

Exhibit 6. Percentage breakdown of annual revenue

	Total	UK
Base in US\$	5,300	501
\$350,000 - \$699,999	18%	14%
\$700,000 - \$1,399,999	22%	21%
\$1,400,000 - \$3,499,000	22%	29%
\$3,500,000 - \$6,999,999	18%	14%
\$7,000,000 - \$13,999,999	11%	12%
\$14,000,000 - \$24,000,000	2%	4%
Don't know	7%	6%



Endnotes

1 [Commons Library Research Briefing, 21 December 2021](#)

2 [Business population estimates for the UK and regions 2021: statistical release](#)

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