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Urgent SA small business insurance reform needed, White Paper finds

South Australian small businesses believe insurance is vital for protection but expensive and confusing, and reform is needed urgently to ensure their survival.

Those were the findings of a new White Paper released by certified social enterprise Resilient Ready, which outlined five main recommendations to government and the insurance industry.

Resilient Ready ran a series of small business insurance talks online and in 13 metro and regional communities across the state to explore experiences and attitudes to insurance among business communities.

The program attracted 150 small business owners and operators.

The 12-month project was funded by SAFECOM's Disaster Risk Reduction Grant program and delivered in collaboration with the South Australian Department for Industry, Innovation and Science (DIIS) and the Council of Small Business Organisations Australia (COSBOA).

The results identify extensive vulnerabilities regarding understanding, access to informative support and processes that enable small and micro business people to get the insurance they don't necessarily know they need from a supplier they don't always know exists.

Clear themes emerged:

- Need for bespoke micro-insurance solutions
- Confusion about roles of brokers and agents
- Big gap in culturally and linguistically diverse resources
- Not knowing insurance basics including why they need it, what's in their policy or what it covers
- Unaware of insurance responsibilities
- Using industry network policies but unaware if they cover a specific situation
- Awareness that some sectors are unable to access coverage

Resilient Ready founder and CEO Renae Hanvin says: "Urgent and strategic change is needed for a small business insurance evolution.

"It became clear that many small business owners and operators risk voiding their insurance entirely because they are buying the wrong kind of insurance, undervaluing their assets, or failing to disclose key details."

The White Paper findings confirm that insurance is often “a grudge purchase” and many small business owners and operators are not always making informed choices that bring value to their business, Ms Hanvin says.

The document lists recommendations to help drive a holistic approach to benefit small businesses, government and insurers.

- Encourage a collective commitment to shared responsibility
- Embed insurance into everyday business activities
- Use “plain English” language
- Nudge all stakeholders towards financial benefits
- Recognise and reward change makers

The White Paper and small business insurance talks are part of a wider Resilient Ready program to help micro and small businesses people prepare for and survive disaster, and thrive afterwards.

Host of the Doing Disasters Differently podcast, Ms Hanvin also created the Business Community Resilience (BCR) Toolkit program of micro-learning solutions, which have been rolled out in regions throughout South Australia, New South Wales, Queensland and Victoria.

She quickly identified the gap around insurance so upskilled her own insurance knowledge and understanding. She is now committed to helping educate others.

“We know insurance is not a strategic priority for most micro and small businesses,” she says.

“Yet it could be. And it should be.”

A fresh approach is needed, and Resilient Ready will launch in 2024 an easily digestible and memorable format of insurance-related micro learning that fits the busy schedules of small and micro business owners and operators.

International research shows that when a major disaster occurs, 40 per cent of small businesses instantly close and 80 per cent of those not reopened within five days post impact are closed within two years (source: FEMA).

“Given the current era of compounding disasters (including bushfires, floods) and other disruptions (such as pandemics, cyber-attacks) facing the business communities of South Australia, these statistics are concerning,” Ms Hanvin said.

“I’ve been a small business owner for many years and know firsthand the relief that appropriate, adequate insurance brings, especially in this era of compound disasters where it’s not a matter of ‘if’ but ‘when’ the worst will happen.”

In South Australia, small businesses make up 98 per cent of all businesses, contribute \$49 billion to the SA economy and employ almost 40 per cent of the state's workforce.

Recent research by the Department for Industry Innovation and Science (DIIS) found a third of South Australian small businesses self-identified as being in a "survival" phase, focused on generating enough cash flow to stay in business.

"Frankly, that's scary," Ms Hanvin said.

"But there are simple, easy, cost effective ways to that you can take right now to help you prepare for disaster so you can bounce back afterwards."

Findings from the White Paper report have also been shared with government and the insurance industry.

-ENDS-

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About Resilient Ready:

[Resilient Ready](#) is a certified social enterprise and leader in business community disaster resilience, focused on building resilient businesses, helping communities thrive and leading collaborations. Resilient Ready builds long-term relationships with government, corporates, SMEs and communities across Australia and around the world.

Project Partners:

This project is being delivered by Resilient Ready in collaboration with the South Australian Department for Industry, Innovation and Science (DIIS) and the Council of Small Business Organisations Australia (COSBOA).

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