

# Doing Insurance Differently

Candid Conversations  
with South Australian  
Small Businesses



Renae Hanvin  
Lorraine Pitman

# Acknowledgements

Resilient Ready would like to thank our project collaborators and partners, the Office for Small and Family Business within the Department for Industry, Innovation and Science (DIIS) and the Council of Small Business Organisations Australia (COSBOA).



## Acknowledgement of Country

We acknowledge the traditional owners throughout South Australia, and we pay respect to the custodians of the lands on which we conducted this White Paper. We recognise their deep connection to the land, water and air of the area and the knowledge, capability and resilience of all Aboriginal and Torres Strait Islander people in South Australia.

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## Disclaimer

While the findings in this White Paper are related to insurance, Resilient Ready are not insurance experts, and the findings in this report do not in any way constitute legal or professional advice or guidance in this regard.

# Doing Insurance Differently

Candid Conversations with South Australian Small Businesses



Insurance Talk in Mount Gambier, SA.

## Executive Summary

### **South Australian small businesses find insurance necessary and vital for protection, but expensive and confusing.**

During a 12-month project funded by SAFECOM's Disaster Risk Reduction program, social enterprise Resilient Ready ran Small Business Insurance Talks to explore experiences and attitudes to insurance in business communities across South Australia.

As Australia's leading business community resilience experts, we identified surprising and extensive vulnerabilities for small businesses as well as opportunities for a new approach.

Our focus was to explore how small business owners and operators find, access, and understand insurance when it comes to their business operations.

In addition, what would they need in order to change how they think and what they would do for better insurance-related outcomes.

Delivered through two rounds of 'Talks' held online and across 13 metro and regional South Australian communities, simple questions were asked to understand the current 'thinking' and 'doing' around small businesses and insurance.

## Concerning vulnerabilities

The results were clear and identified extensive vulnerabilities when it comes to foundational understanding, access to informative support and processes that enable small business people, including micro businesses, to get the insurance they don't necessarily know they need from a supplier they don't always know even exists.

It became clear as the consultations progressed 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.

Increasing insurance premium costs were evident in decision making when it comes to asset valuations in connection to premium fees, leading to extensive small businesses likely underinsured.

Findings identified 49% have or are not sure if they have underinsured to keep premiums low. An alarming result with major consequences.

When it comes to knowing or adhering to policy holder insurance-related responsibilities, most small business participants were caught by surprise.

Many business operators lack awareness of mandatory insurance requirements as summarised by a participant: "I only know from this discussion that there are things I'm responsible for."

63% are not sure or do not know what their insurance-related responsibilities are.

## A time for change

Small business owners and operators often spend all their time working in their business, not on their business.

The talks afforded some rare time to reflect on how they are meeting a core business obligation and resilience need - insurance.

It's clear that many small business owners and operators are not always making informed choices that bring value to their business. A new approach is needed.

79% would like to understand more about what insurance means to their small business.

Our five recommendations are driven by the need for a new holistic approach to benefit small businesses, government, and insurers.

1. Activate a collective commitment to shared responsibility
2. Embed insurance into business as usual
3. Evolve language, products and knowledge for common use
4. Nudge all stakeholders towards financial benefits
5. Recognise and reward change makers

**“I had no idea my industry association membership might include insurance; I didn't even know that was a thing!”**

— Small Business Participant

# Introduction

This White Paper and series of small business insurance talks are part of a wider program of work delivered by Resilient Ready.

The core focus is to help people in micro and small businesses think differently about insurance and support them to make informed choices that drive positive behaviour changes.

The key objective is to empower every small business to thrive.

In South Australia, small businesses make up 98% of all businesses, a figure reflected nationally.

They contribute \$49 billion to the State economy and employ almost 40% of the local workforce, making them one of the biggest employers in South Australia.

So, what is a small business? The Australian Taxation Office classes small businesses as those with a turnover of \$10 million or less.

At Resilient Ready the notion of a small business includes micro businesses (self-employing or up to 3 employees) and small businesses (employing between 4-19 people) typically with a turnover of less than \$2 million.

Small businesses are a highly vulnerable stakeholder group who are essential to the social and economic viability of South Australia.

This project has been delivered by social enterprise Resilient Ready in collaboration with the Office of Small and Family Business within the South Australian Department for Industry, Innovation and Science (DIIS) and the Council of Small Business Organisations Australia (COSBOA).



Insurance Talk in Whyalla, SA.

## Fighting to survive

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.

Other challenges faced by small businesses included the attraction and retention of staff, low digital literacy and cyber awareness, and a lack of access to capital to grow and expand their operations.

As part of its research, DIIS found micro and small business operators had a greater focus on the day-to-day running of a business rather than planning for future emergency situations and operational challenges.

DIIS identified a need for simplified information and guidance, a 'continuity resilience guide,' as a good starting place to address emergency and next-step planning, walking small businesses through complex and strategic planning in an easy-to-follow manner.

While not specifically included in the DIIS research, a key component of business resilience is effective and adequate insurance.

## A begrudging conversation

Recognising insurance is a grudge purchase and conversation topic to most, Resilient Ready ran two rounds of strategic talks in select South Australian metro, regional and rural communities as well as online conversations.

Launched on 23 August 2023 at the Mount Gambier Country Cabinet the event was attended by the Minister for Small and Family Business Andrea Michaels and Department for Industry, Innovation and Science (DIIS) Chief Executive Officer Adam Reid.

Facilitated by Resilient Ready CEO + Founder Renae Hanvin and South Australian Stakeholder Lead Lorraine Pitman, the Talks were held in 13 communities and online.

Round 1 talks focused on what small business owners and operators currently "think" about insurance.

Round 2 talks focused on what small business owners and operators would "do" to enhance their level of insurance-related understanding and risk management processes.

For those in attendance, the light bulb moments were plentiful.

Adelaide

Adelaide Hills

Barossa

Berri

Kangaroo Island

Loxton

Mount Gambier

Naracoorte

Port Augusta

Port Pirie

Port Lincoln

Robe

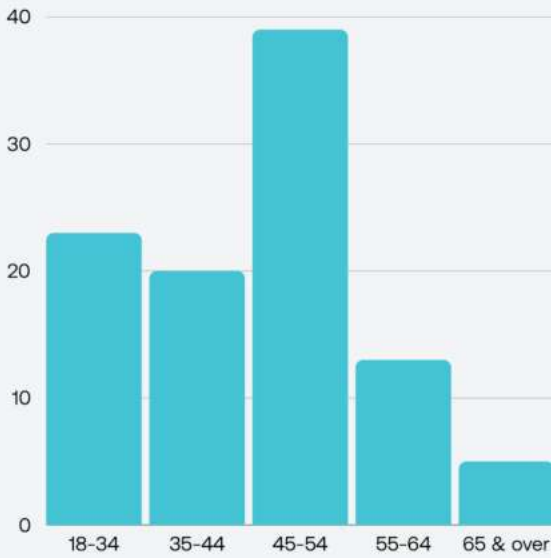
Whyalla

& Online

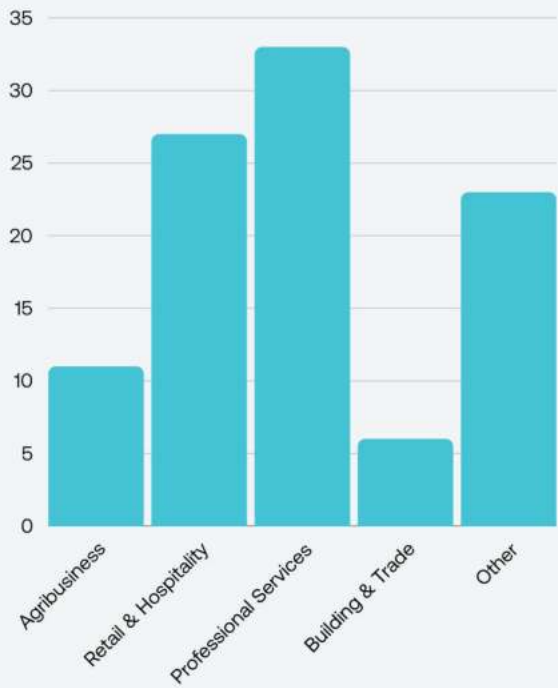
# A snapshot of participants

Close to 150 participants engaged in the online and in-community sessions.

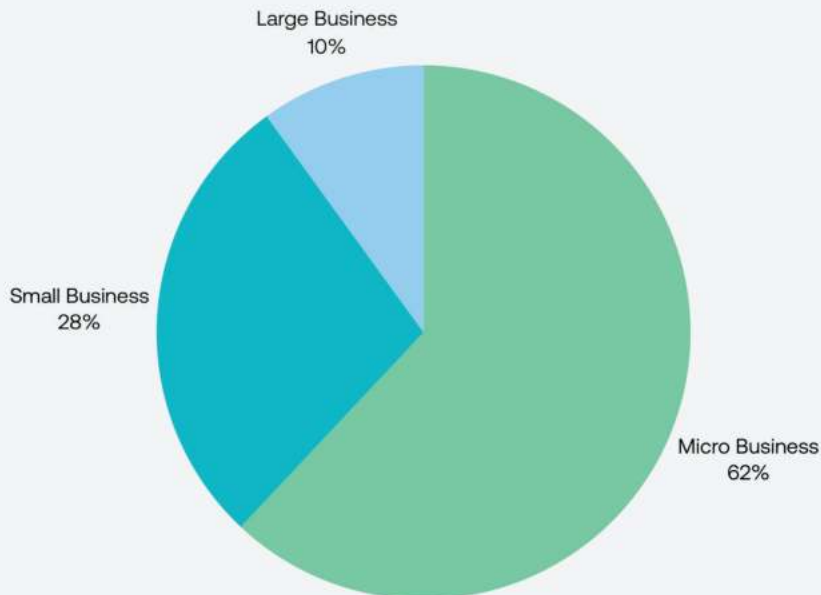
Age of Insurance Talks participants in %



Industry of Insurance Talks participants in %



Business size of Insurance Talks participants in %



# Think Different

Clear themes emerged during our first round of Insurance Talks with small business owners and operators, who spoke frankly about their lack of knowledge and shared their challenges in tackling business insurance.

To gauge attitudes towards insurance, participants were initially asked to sum up small business insurance in one word.

The top five words selected were: expensive, essential, necessary, confusing, and protection.

Almost 100 participants shared their main concerns through the sessions, which revealed:

- 64% of participants said they either could not or were not sure they could afford all the necessary insurance.
- 51% were not sure what insurance their small business needed, and 59% do not have or do not know if they have all the insurance they need.
- 63% are not sure or do not know what their insurance-related responsibilities are, and 6% do not think they have any.
- 49% have or may have underinsured to keep premiums low.
- 79% said they would like to understand more about what insurance means to their small business.





“I can’t get insurance on our heritage building because our community doesn’t have a fire truck or station.

We can’t get a fire truck or station because our community is too small. What do I do?”

— Small Business Participant

When asked to articulate further, participants shared some personal experiences, and the following distinct themes and revelations began to emerge:

- Need for bespoke micro-insurance solutions
- Confusion about the roles of brokers and agents
- Big gap in culturally and linguistically diverse (CALD) resources
- Not knowing the insurance basics including why they need it, what’s in their policy or what it covers them for
- Unaware of insurance responsibilities
- Using industry network policies but unaware if they cover a specific situation
- Aware some sectors are unable to access coverage, i.e. artists cannot get insurance over 5 metres, businesses cannot afford or get insurance on heritage buildings



Main Street in Loxton, SA.

# Do Different

As a follow-on, the second round of Insurance Talks shared Round 1 data findings and put focus on what would encourage positive behaviour change when it comes to:

- Purchasing insurance
- Under insurance
- Insurance responsibilities
- Reviewing insurance

57% are unsure or would not join an industry association if it included insurance in its membership with the key reason they don't know if it'd be what they need.

However, it was acknowledged that better and more affordable insurance could be an option if offered via industry associations.

Bespoke conversations were also had on insurance affordability and reducing risks for cheaper insurance.

95% would take steps to reduce risks to get cheaper insurance.

Small business owners in the majority put ownership onto their brokers when it comes to underinsurance. Many participants shared experiences of trying to obtain quotes and the challenges that come with regular asset valuations.

The notion of policy-holder responsibilities highlighted a high risk gap. The majority of participants lack awareness of mandatory insurance requirements.

"I only know from this discussion that there are mandatory requirements," said a participant.



“The font size and language in the policy is really difficult to read and understand.

It needs to be plain and simple. Is that even possible when it comes to insurance?”

— Small Business Participant

Round 2 discussions on policy reviews identified the majority of business people confessed to rarely reviewing their insurance policies.

Most business participants indicated they only review the price because everything else was too confusing. Business people expressed frustration with the high amount of legal language used and lack of clarity in policies.

It was also acknowledged there is an urgent need to support business owners and operators from culturally and linguistically diverse (CALD) backgrounds.

Those with English as a second language can struggle to understand the complex terminology around insurance, and there are few, if any, resources to assist them.



Insurance Talk in Naracoorte, SA.

# Recommendations

The two rounds of Insurance Talks confirmed urgent and strategic change is required for a small business insurance evolution. Below outlines 5 strategic recommendations identified by Resilient Ready:

1

## **Activate a collective commitment to shared responsibility**

We must work together towards a common goal that will articulate, commit to, and activate a shared responsibility approach inclusive of micro-to-small business owners and operators, business industry associations, government and the insurance sector.

2

## **Embed insurance into business as usual**

Insurance in its holistic form must become a priority focus for basic business foundation skills. We must collectively build capabilities and capacity in all stakeholders to evolve insurance understanding, access to, uptake of and asset and responsibility management.

3

## **Evolve language, products and knowledge for common use**

Insurance is and will continue to be complex. We must evolve language and communication methods, make product offerings more inclusive and relevant, and work to common goals so small business owners and operators can build their knowledge and make informed decisions.

4

## **Nudge all stakeholders towards financial benefits**

World bank data states \$1 invested before a disaster can save up to \$15 in recovery. Effective nudge-theory solutions to empower more micro to small businesses to purchase adequate insurance brings financial benefits to businesses, government and insurers.

5

## **Recognise and reward change makers**

Running a small business is hard and many are actively in survival mode. It's time to create a future where positive change makers are both recognised and rewarded. We must embed tangible and intangible rewards for our small businesses ready to lead the way.

# Closing Remarks

When our CEO + Founder Renae Hanvin began creating micro-learning solutions, she quickly identified the gap around insurance.

Spending months up-skilling her own lack of insurance knowledge and understanding, she is committed to removing that burden for others.

Alongside our own experiences, Resilient Ready has worked with hundreds of micro to small business people.

We know insurance is not a strategic priority for the majority of micro and small businesses.

Yet it could be. And it should be.

That's where a fresh approach to capability and resilience building is needed, in an easily digestible and memorable format that fits the busy schedules of small and micro business owners and operators.

International research shows that when a major disaster occurs, 40% of small businesses instantly close and 80% 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.

If we address some of the gaps, we can make small businesses more sustainable, building greater resilience and strengthening local communities," said Renae Hanvin.

A new era where small businesses are better placed to withstand the impacts and help their communities recover more quickly in a better outcome for all.



Insurance Talk in Kangaroo Island, SA.

# Contributors



**Renae Hanvin,  
CEO + Founder, Resilient Ready**

Renae is the CEO + Founder of Resilient Ready, a certified social enterprise driving a new ecosystem in business and community risk reduction and resilience. Her focus is to strengthen community networks and global wellbeing in this new era of compounding disasters.

Host of the 'Doing Disasters Differently' podcast, Renae is transforming the disaster risk reduction and resilience sector across Australia by building a new era of resilient and ready people.

Renae is a regular conference speaker, delivering risk reduction, resilience and social capital solutions to benefit micro to small businesses, corporates, not-for-profits, industry associations and sectors, councils and government.



**Lorraine Pitman,  
South Australian Stakeholder Lead, Resilient Ready**

Lorraine is charged with delivering programs presenting Resilient Ready's Business Community Resilience Toolkit program.

With extensive business development and stakeholder relationship management experience, Lorraine has worked across a diverse range of industry sectors, including state and local government, not-for-profit, and large corporate organisations.

Lorraine is an experienced leader who is passionate about business process improvement, strategic relationship management, and is committed to innovation, and change.

# References

[Talking about Small Business Insurance across South Australia](#), 17 August 2023.

[Upper Spencer Gulf BCR Toolkit Program Is Coming to Whyalla Next Month](#), 5AU.com.au

[Barossa! Let's Talk Business Insurance](#), Barossa.org.au

[Community consultations, online and in-person, from August – October 2023](#) conducted by Resilient Ready to develop 10 micro-learning modules to help people in small businesses think differently about insurance.

[Small Business Statewide Engagement Summary of Insights](#), August-October 2022, Office of Small and Family Business, Department of Industry, Innovation and Science (DIIS).

# About Us

Resilient Ready is a certified social enterprise driving a new ecosystem in business and community risk reduction and resilience.

We are a global collective of experts building everyday capabilities in organisations of any shape, size, location and structure - to get ahead of future disasters.

Increasing business community capabilities will save lives and livelihoods, and strengthen community networks and global wellbeing.

We know disasters are increasing. Let us help your organisation and community adapt to thrive through future disruptions.



## Our Solutions

We deliver strategic solutions for building disaster resilience to benefit micro, small to medium businesses, corporates, government, councils, industry associations and not-for-profits.

Find out more about our Award-winning solutions at [www.resilientready.org](http://www.resilientready.org)

## Our Commitment to Deliver

Every day, we deliver on our commitment to building resilient businesses, helping communities thrive and leading multi-stakeholder collaborations.

- We always deliver needs-led solutions
- We donate 100+ hours per year in pro-bono work
- We employ locals on all funded place-based projects

Our approach aligns with organisational commitments to global blueprints including UN Sustainable Development Goals and the Sendai Framework for Disaster Risk Reduction.



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