



CFIB

Research



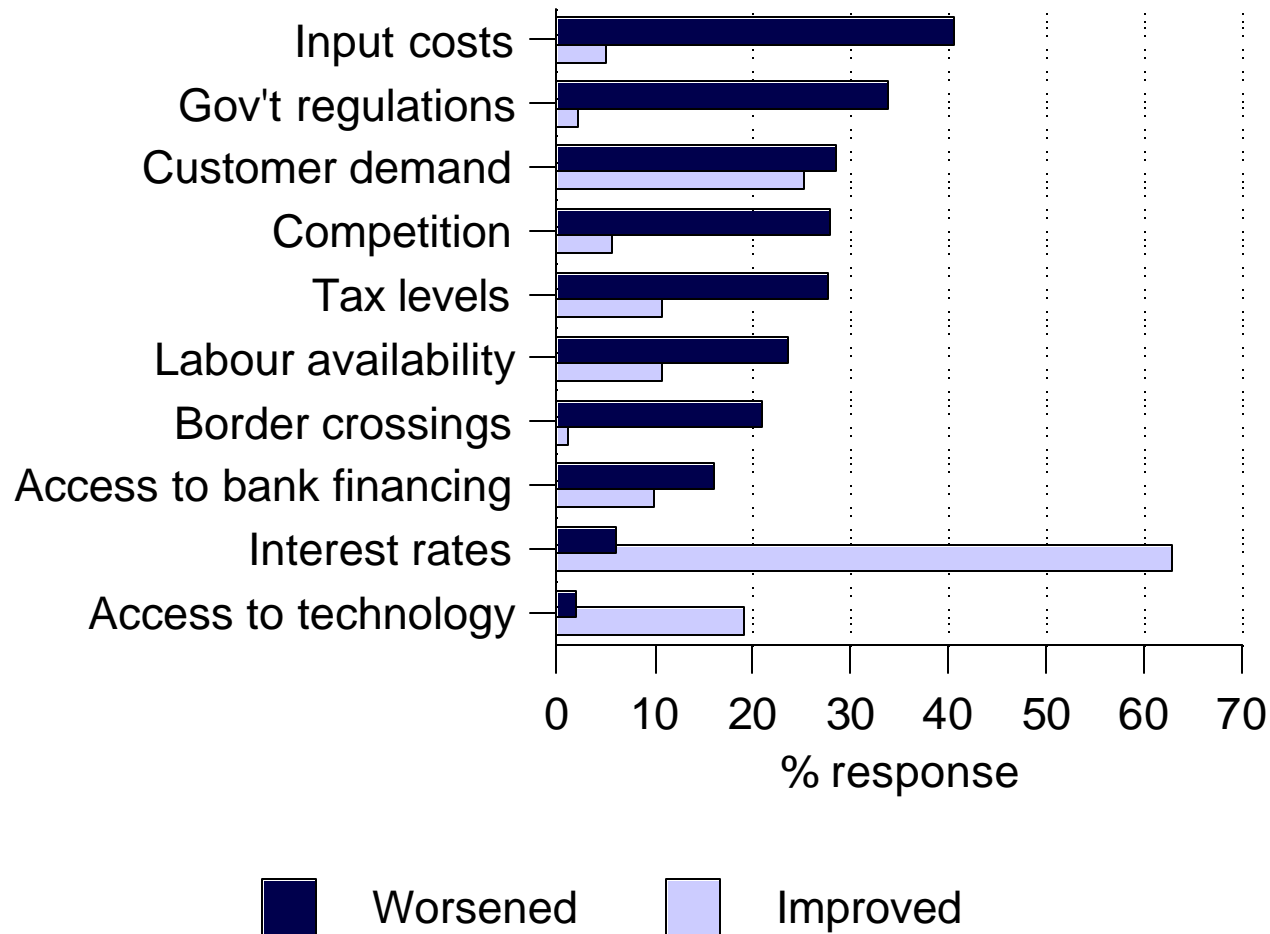
Insuring the Future of Small Business

Highlights of CFIB Survey on
P&C Insurance

Why survey SMEs on insurance?

- ◆ Pressure from CFIB members
- ◆ Escalating concerns about premiums, coverages, communications, etc.
- ◆ Impact felt by SMEs in all regions/all sectors
- ◆ Need to understand impacts
- ◆ Undertook consultations in designing survey

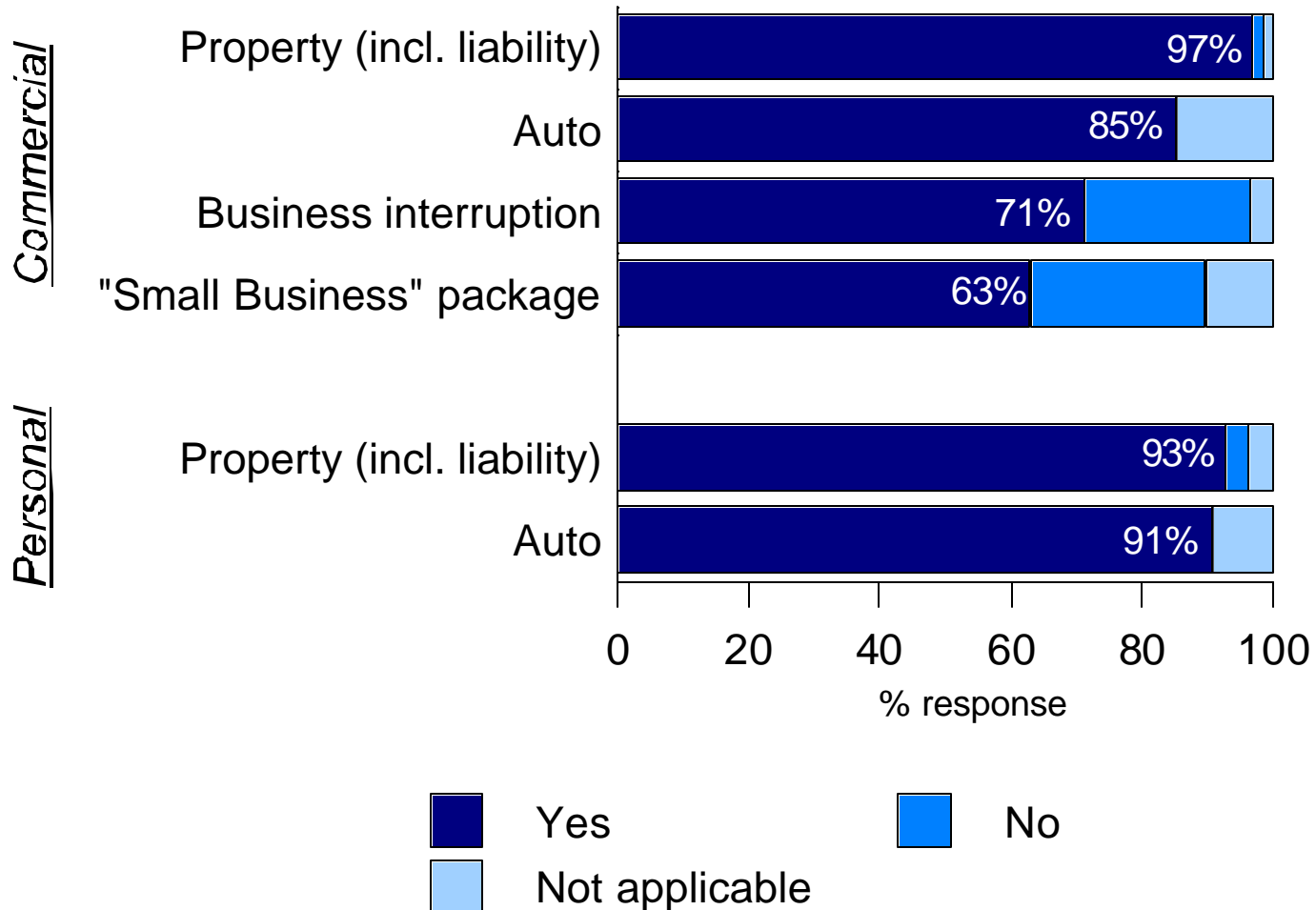
Input costs are #1 external factor affecting business performance



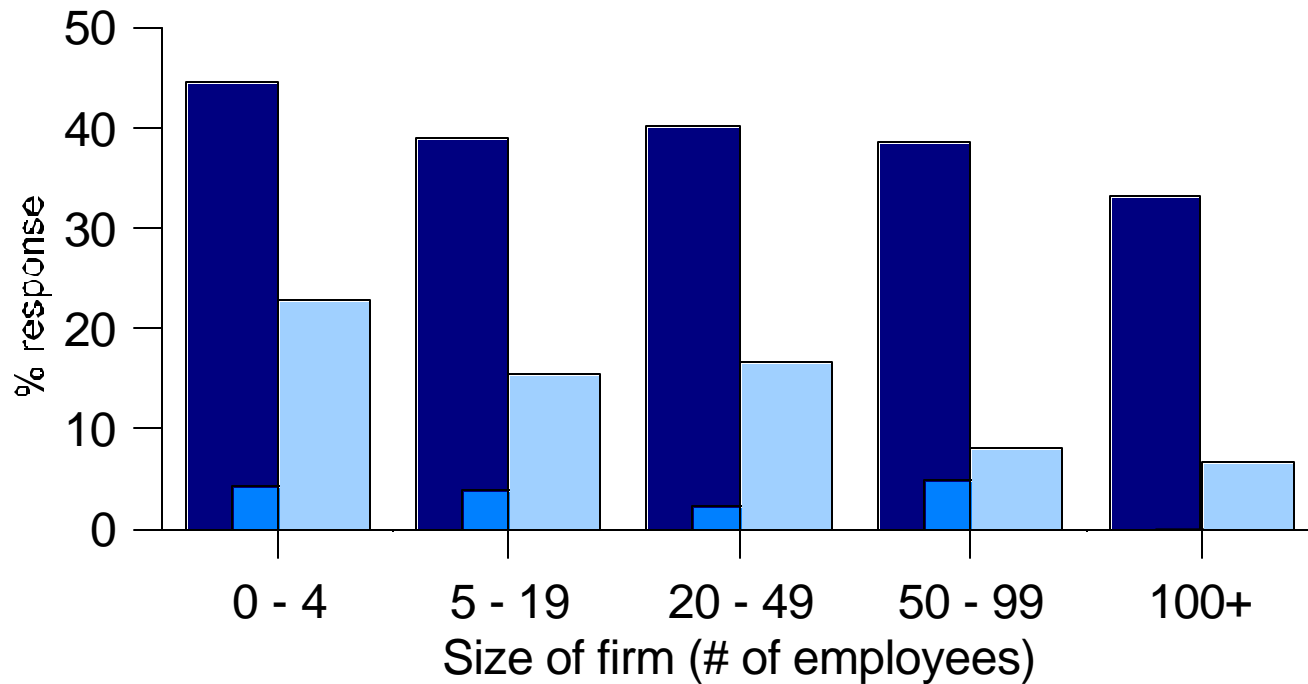
CFIB Insurance Survey

- ◆ Conducted between March and May 2002
- ◆ 8,181 business owners responded
- ◆ All regions, all sectors
- ◆ Main Focus: the role of broker/agent, carrier and SME client in managing insurance costs
 - ◆ Insurance coverage
 - ◆ Broker-SME client relationship
 - ◆ Service satisfaction levels
 - ◆ Premiums
 - ◆ Claims experience
 - ◆ Banks in insurance

Extent of Coverage

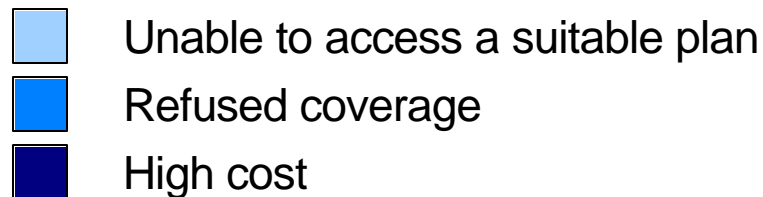
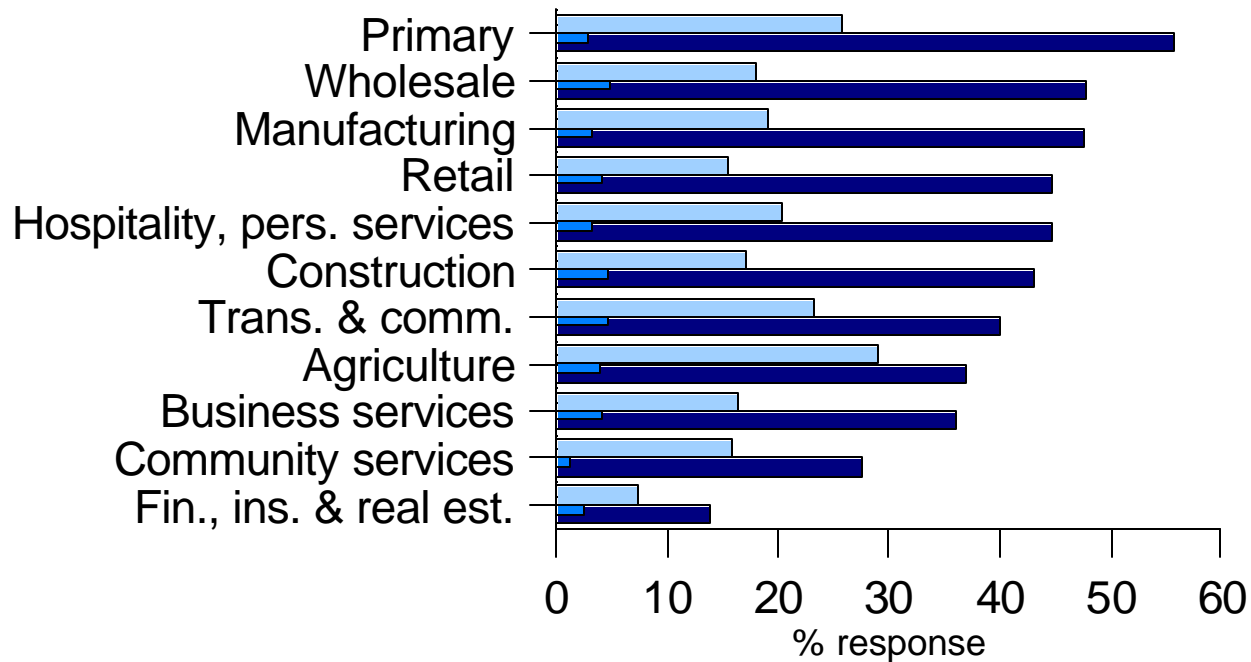


High cost and lack of suitable plans are main reasons for lack of insurance coverage



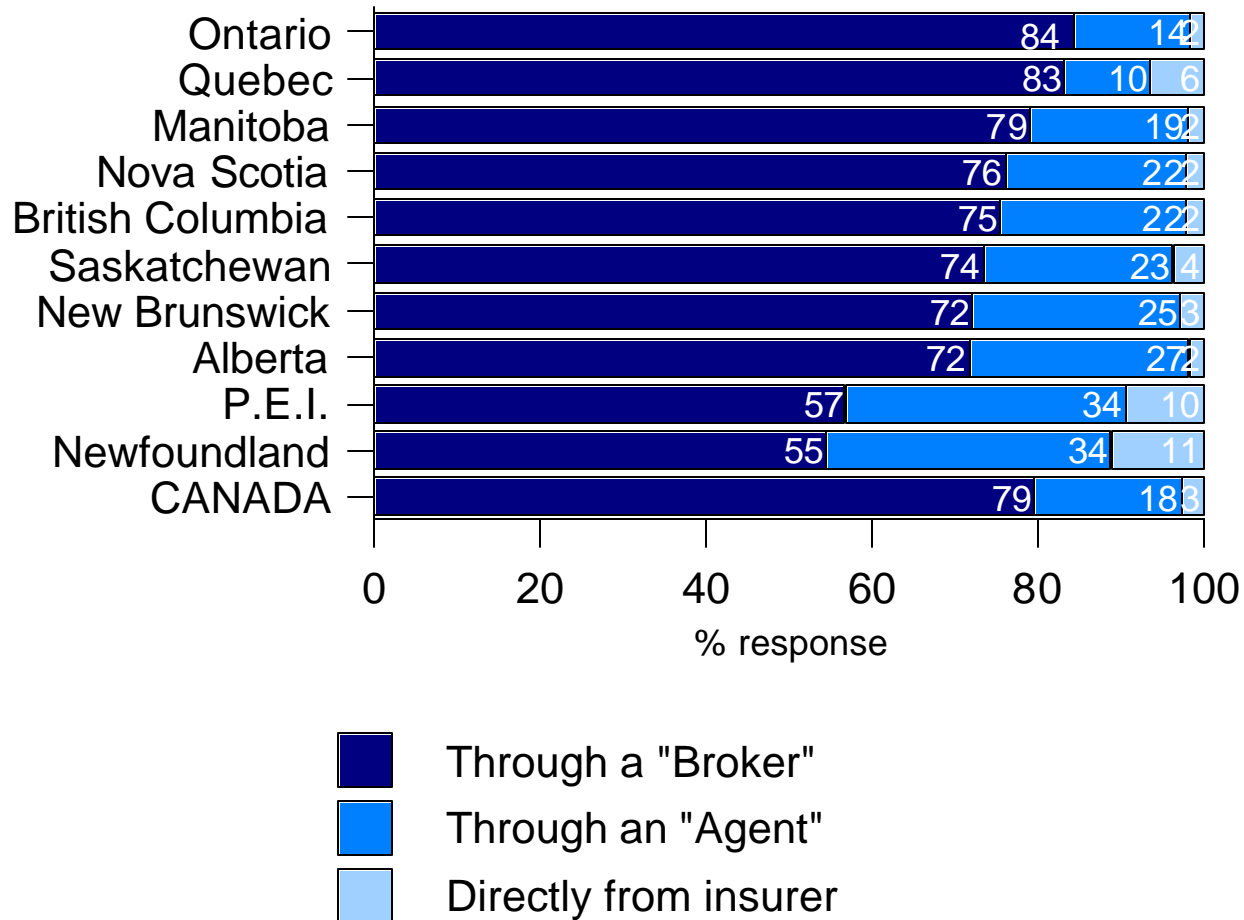
- High cost
- Refused coverage
- Unable to access a suitable plan

High cost remains top issue regardless of sector



Majority of SMEs use Brokers

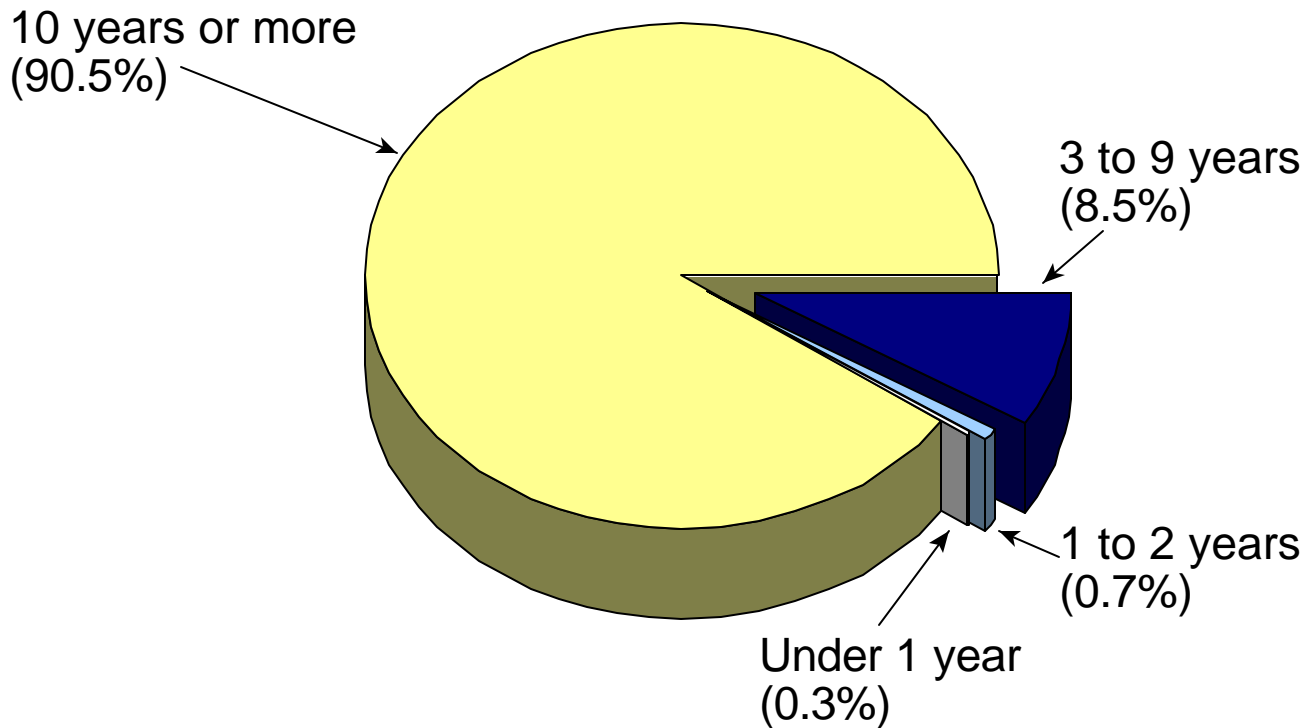
How do you typically purchase insurance for your business?



...but Brokers are somewhat less popular with SMEs that are:

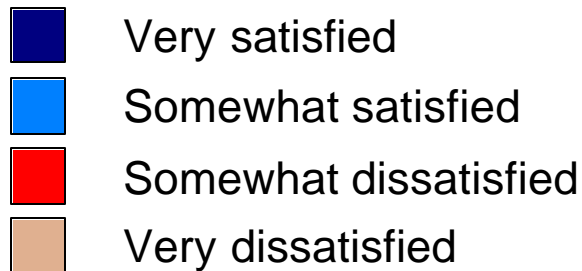
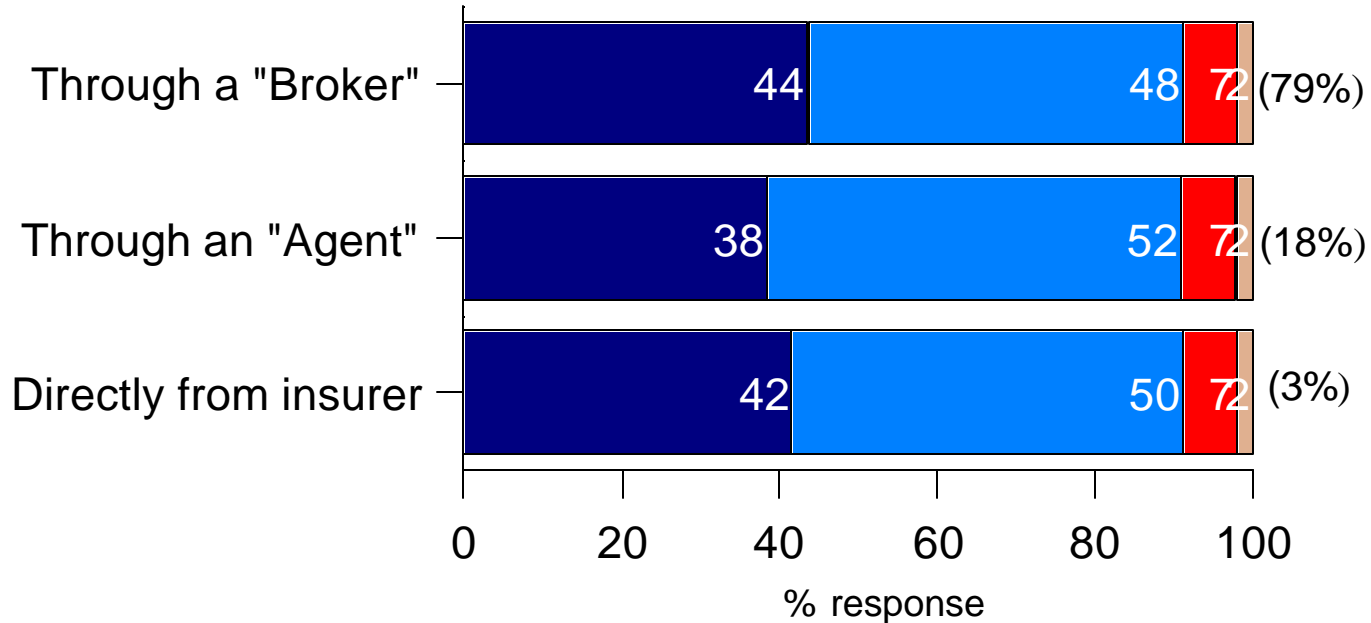
- ◆ Very small (74%, fewer than 5 employees)
- ◆ Young (67%, in operation for 1 year or less)
- ◆ Agriculture (64%)
- ◆ Retail (74%)
- ◆ Rural (74%)

*Nine out of ten established SMEs
have a longstanding relationship
with their broker*

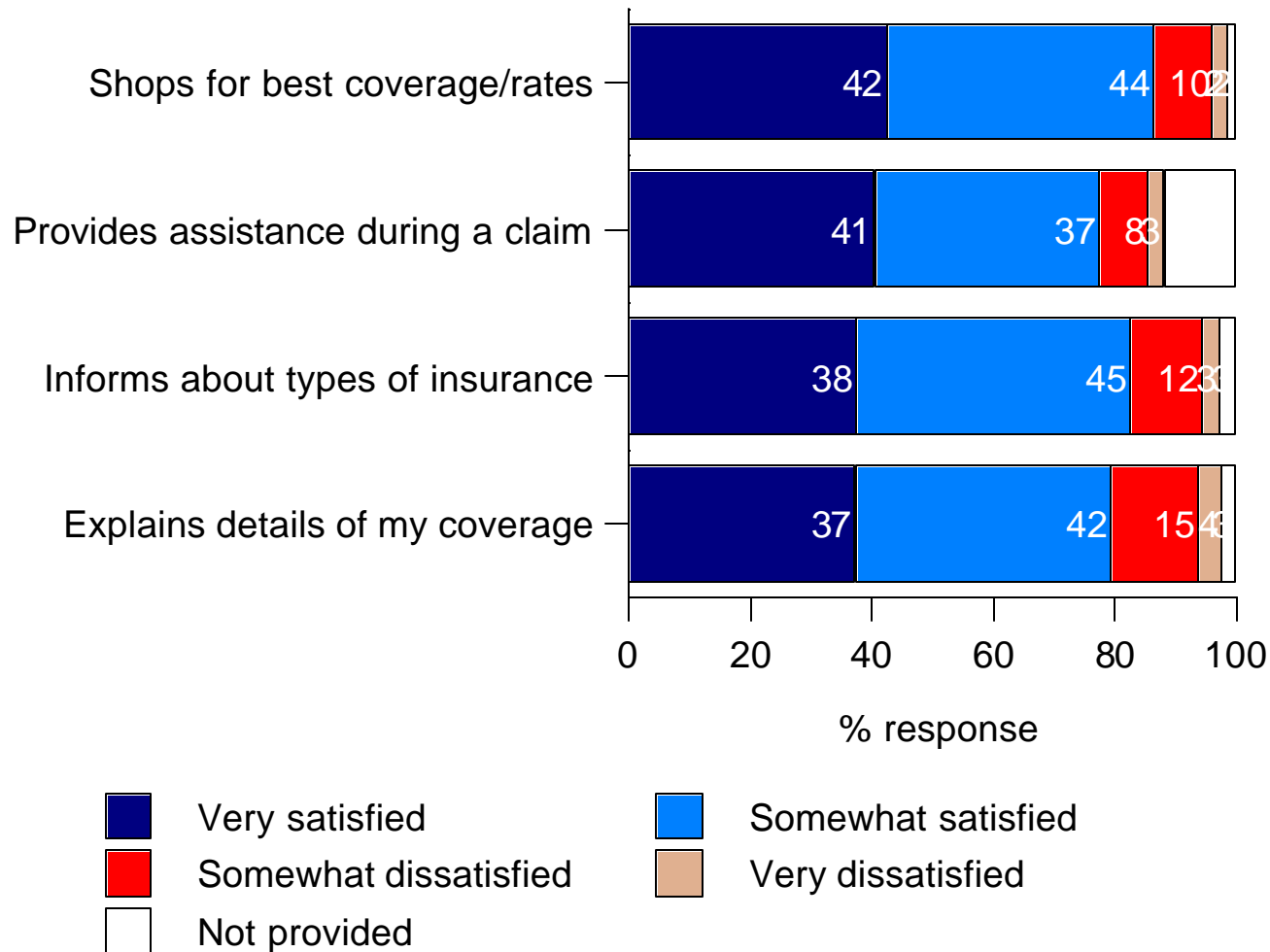


SMEs that have been in business for 11+ years and use a broker

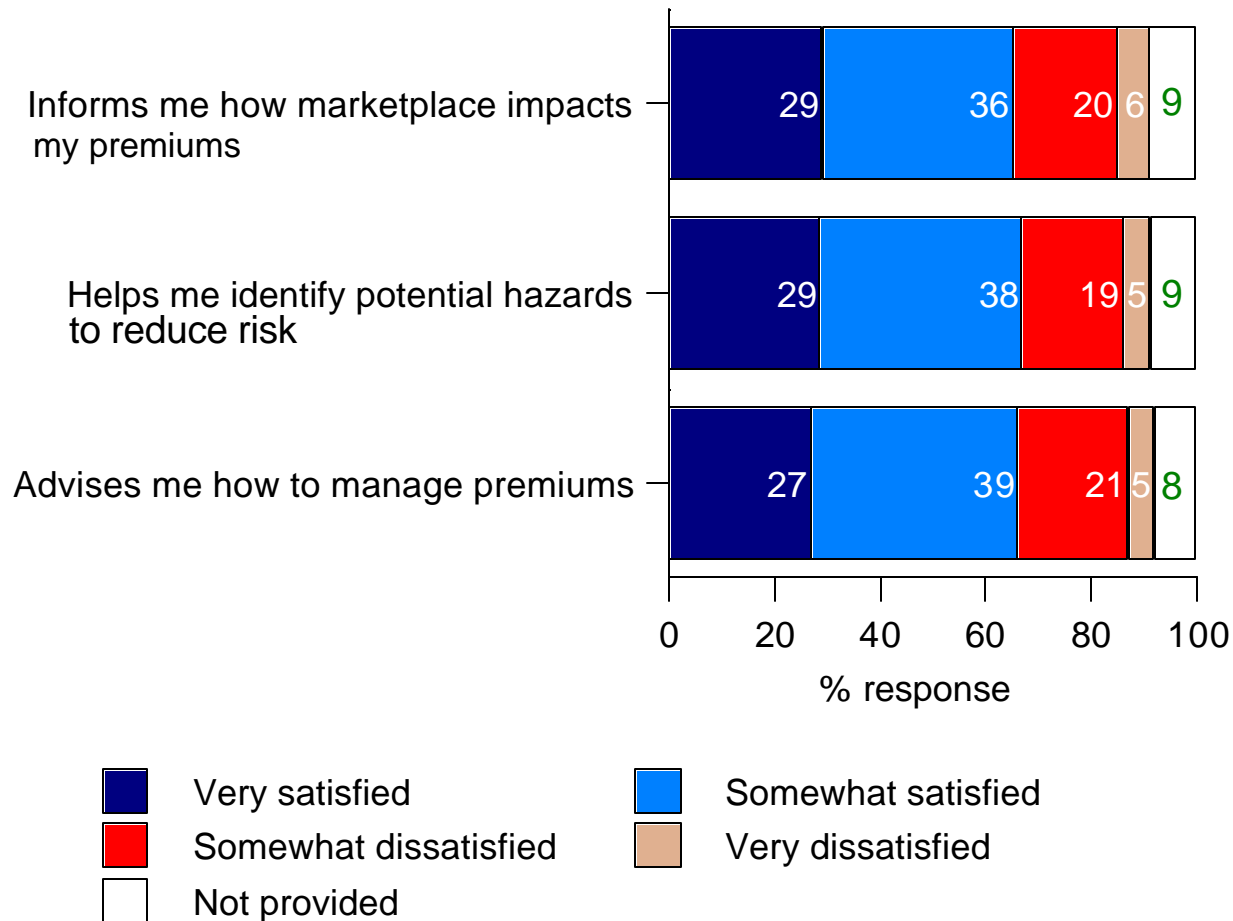
Overall Service Satisfaction



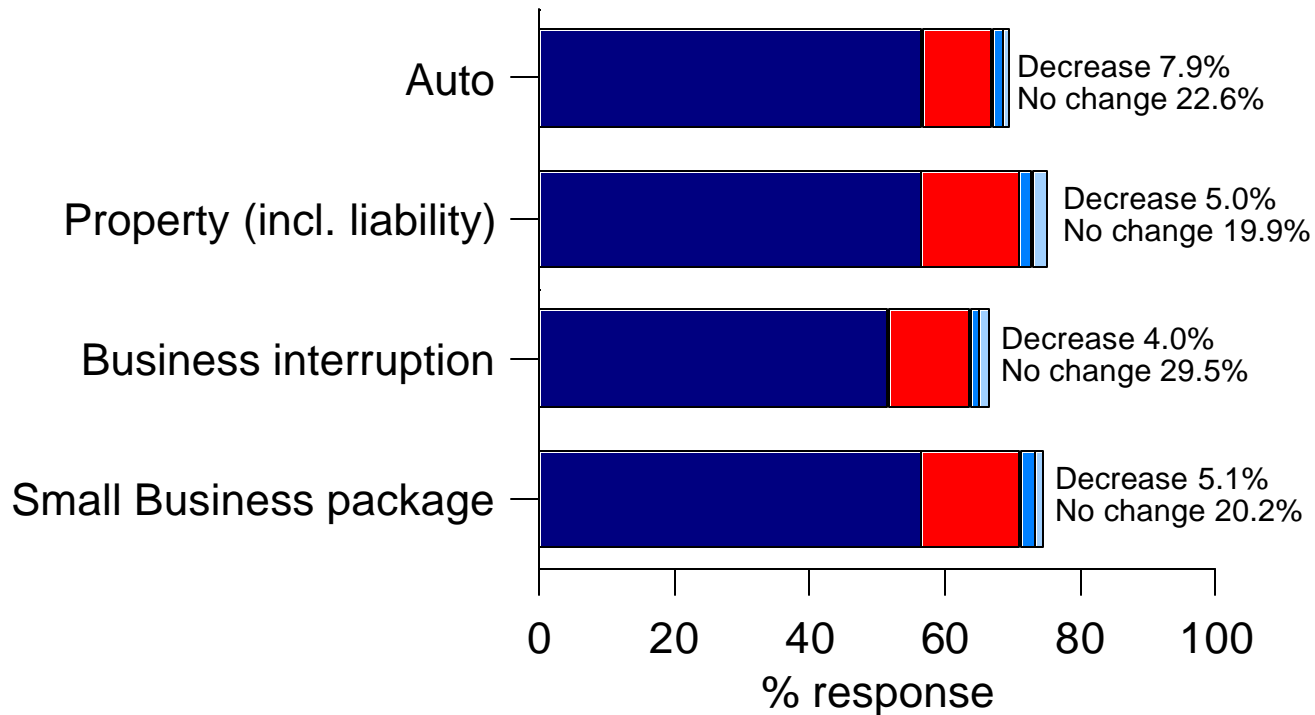
Majority of SMEs are satisfied with their broker...



...but brokers have much room for improvement in some areas



Change in Insurance Premiums: Commercial



Up 1-19%

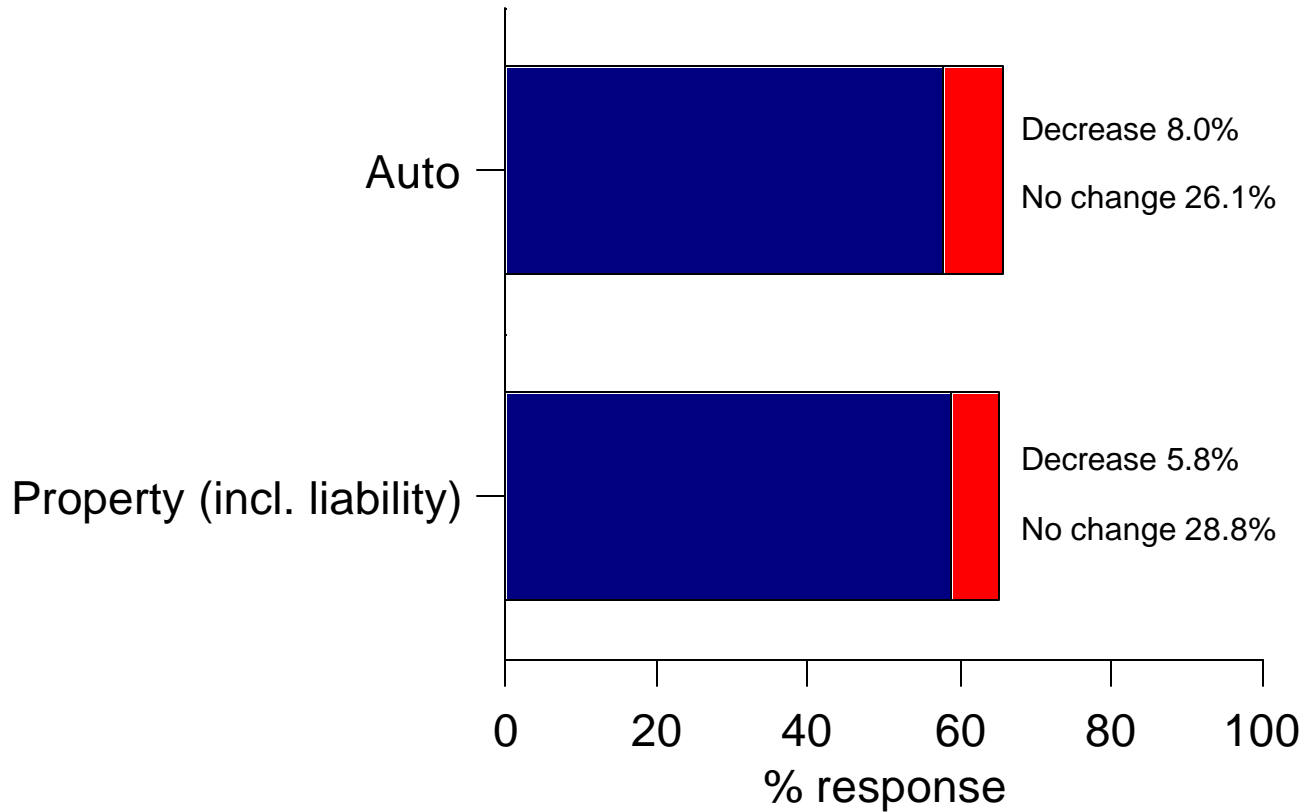
Up 20-49%

Up 50-99%

Up 100% or more

Responses for those SMEs that either had no change to their policy, or either had their deductible increased and/or a deletion of coverage.

Change in Insurance Premiums: Personal



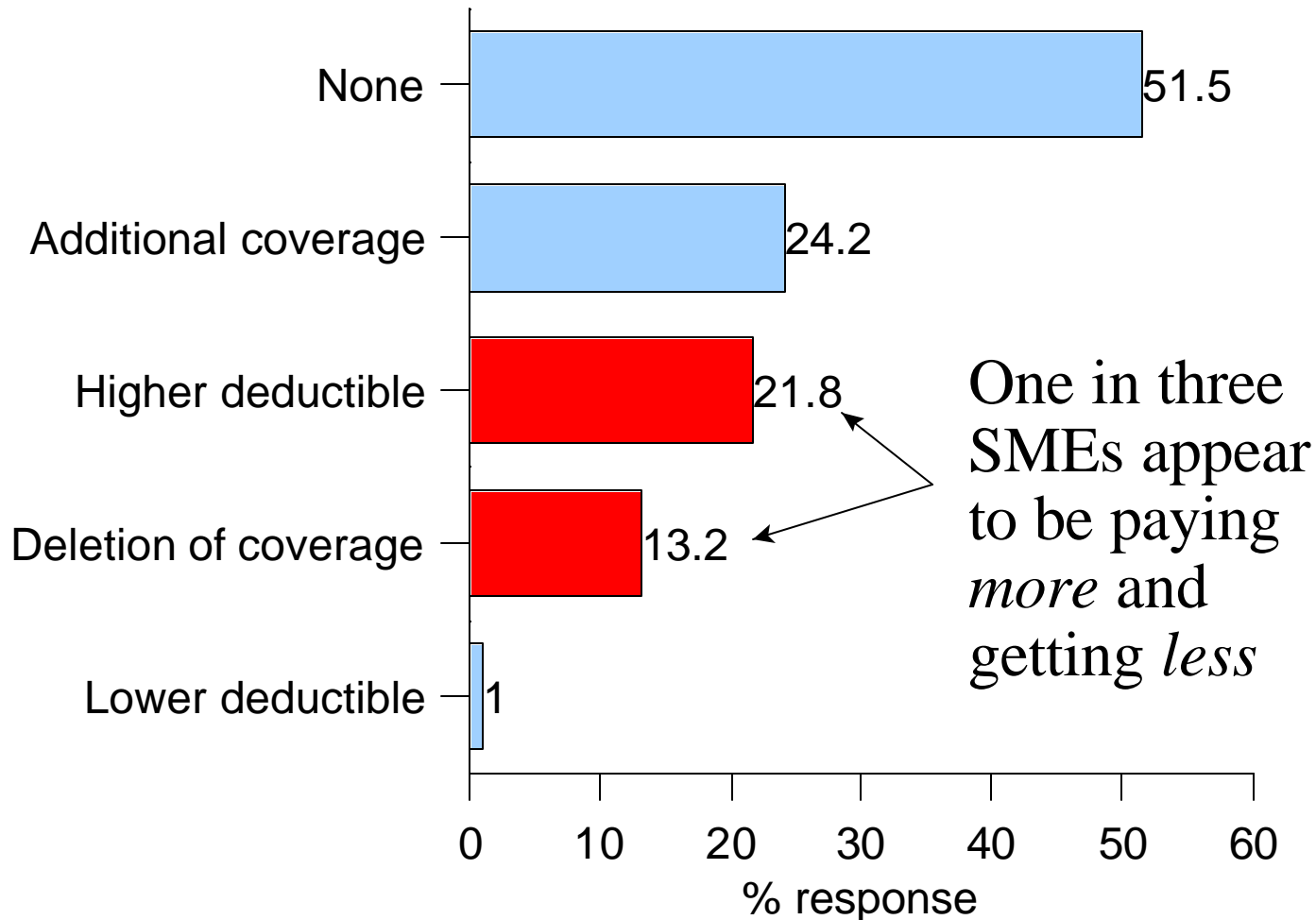
Up 1-19%



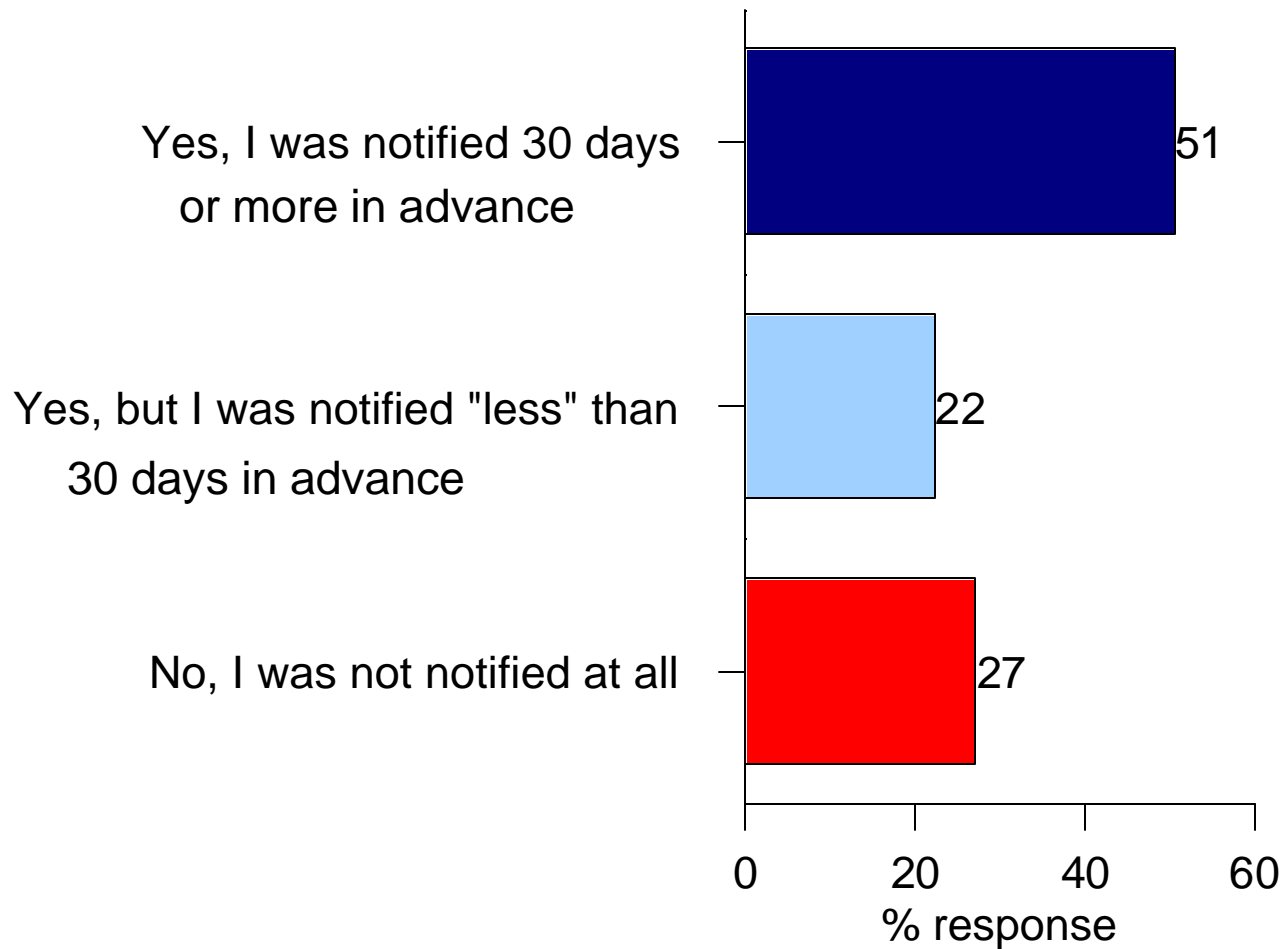
Up 20 or more%

Responses for those SMEs that either had no change to their policy, or either had their deductible increased and/or a deletion of coverage.

Changes to insurance policy in addition to premium hikes



Written notification in advance of all changes to insurance policy

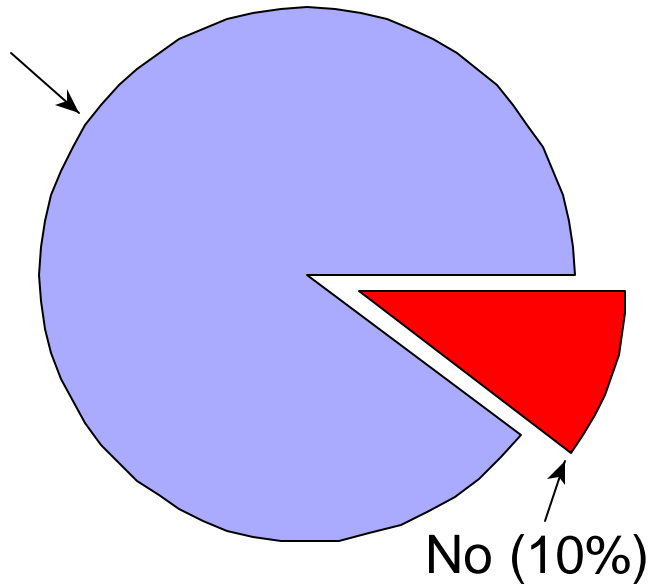


If notified, were you provided with an explanation for all the changes

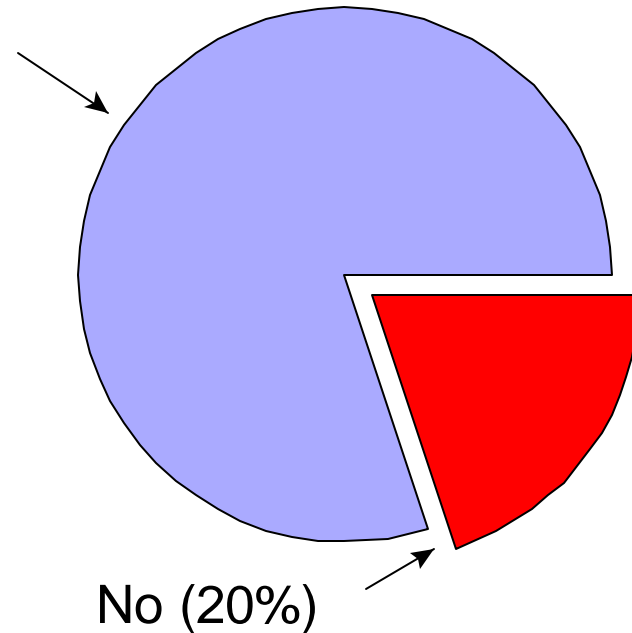
Notification on time
(30+ days in advance)

Late notification
(Less than 30 days)

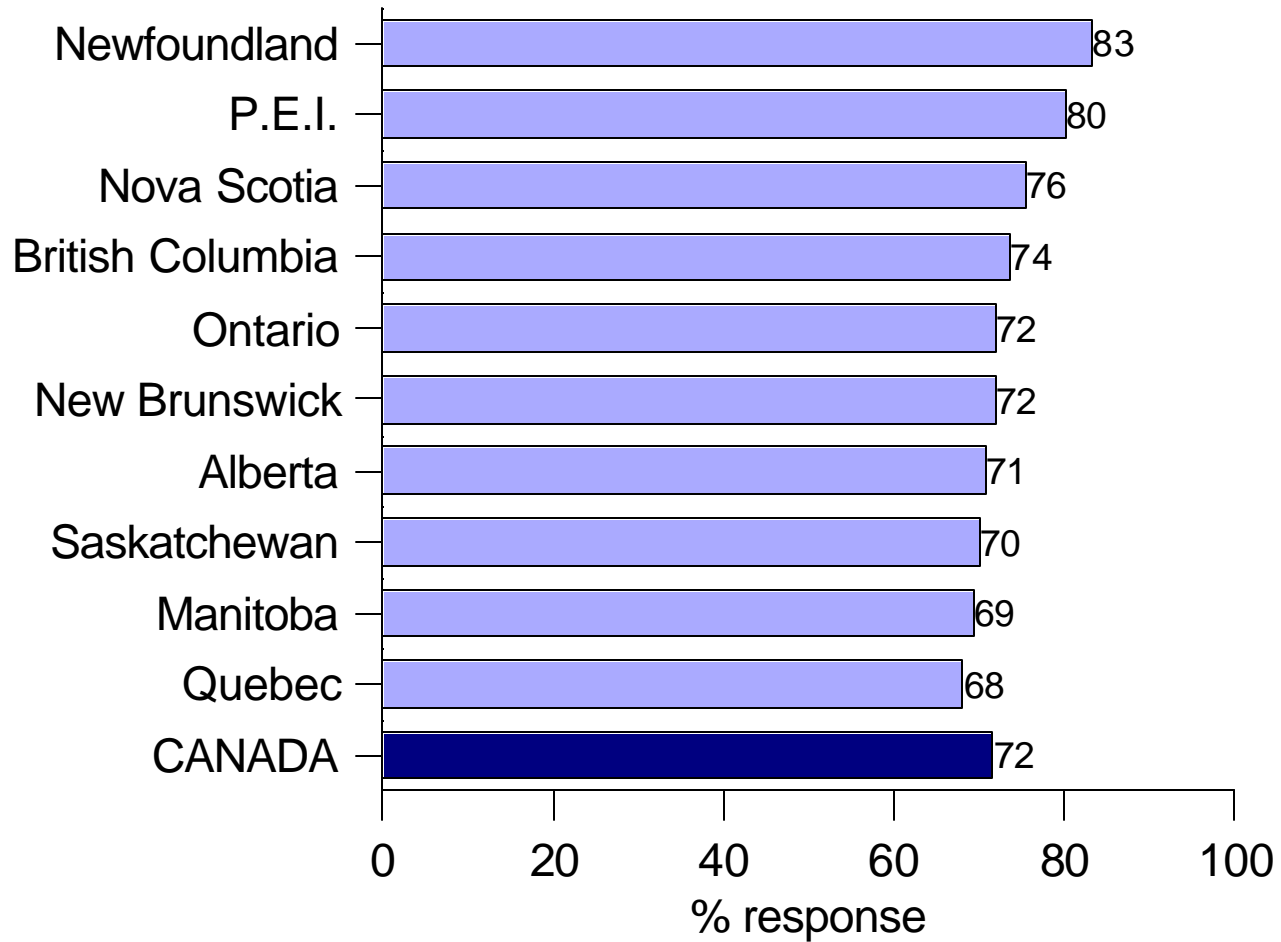
Yes (90%)



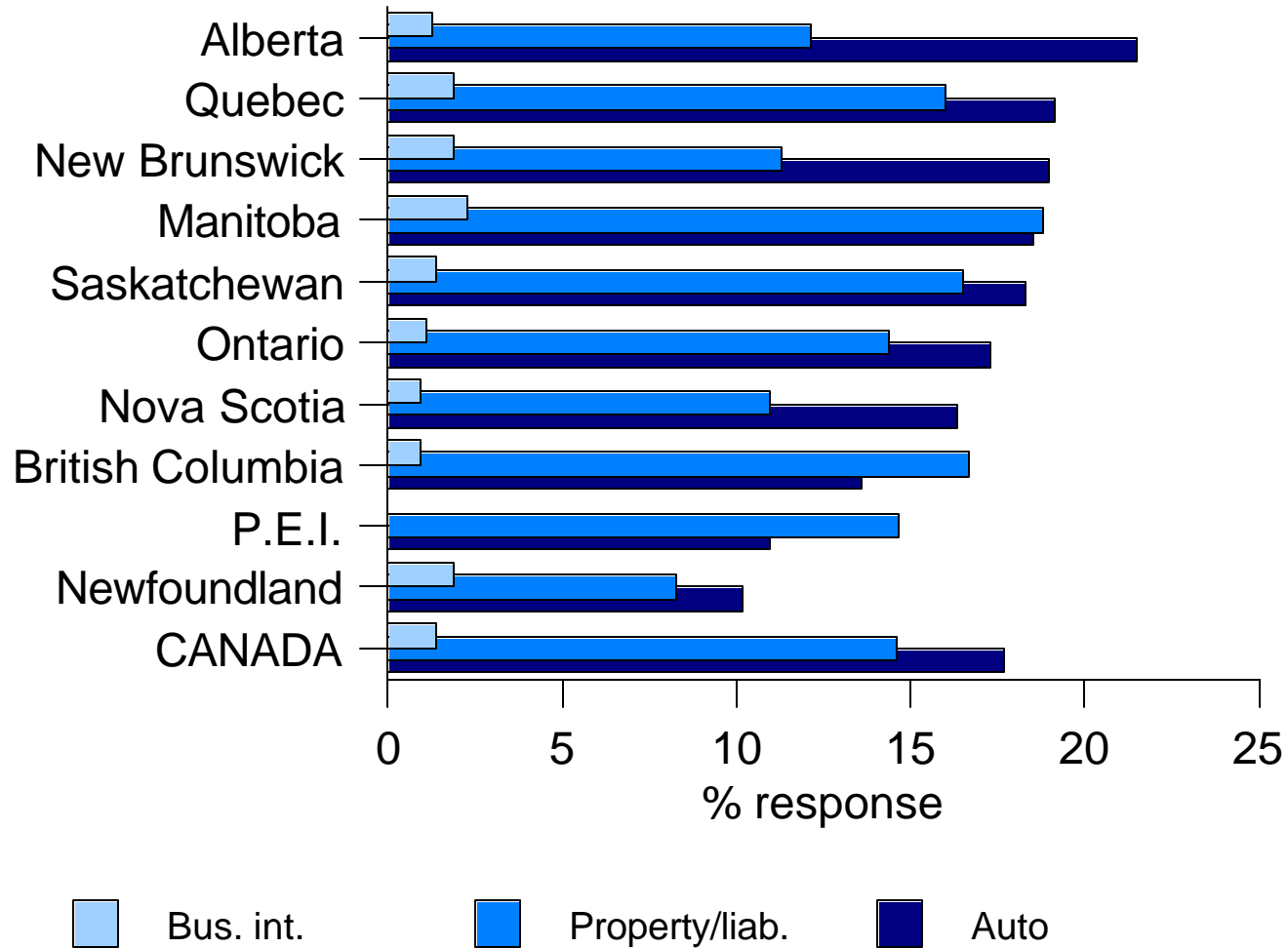
Yes (80%)



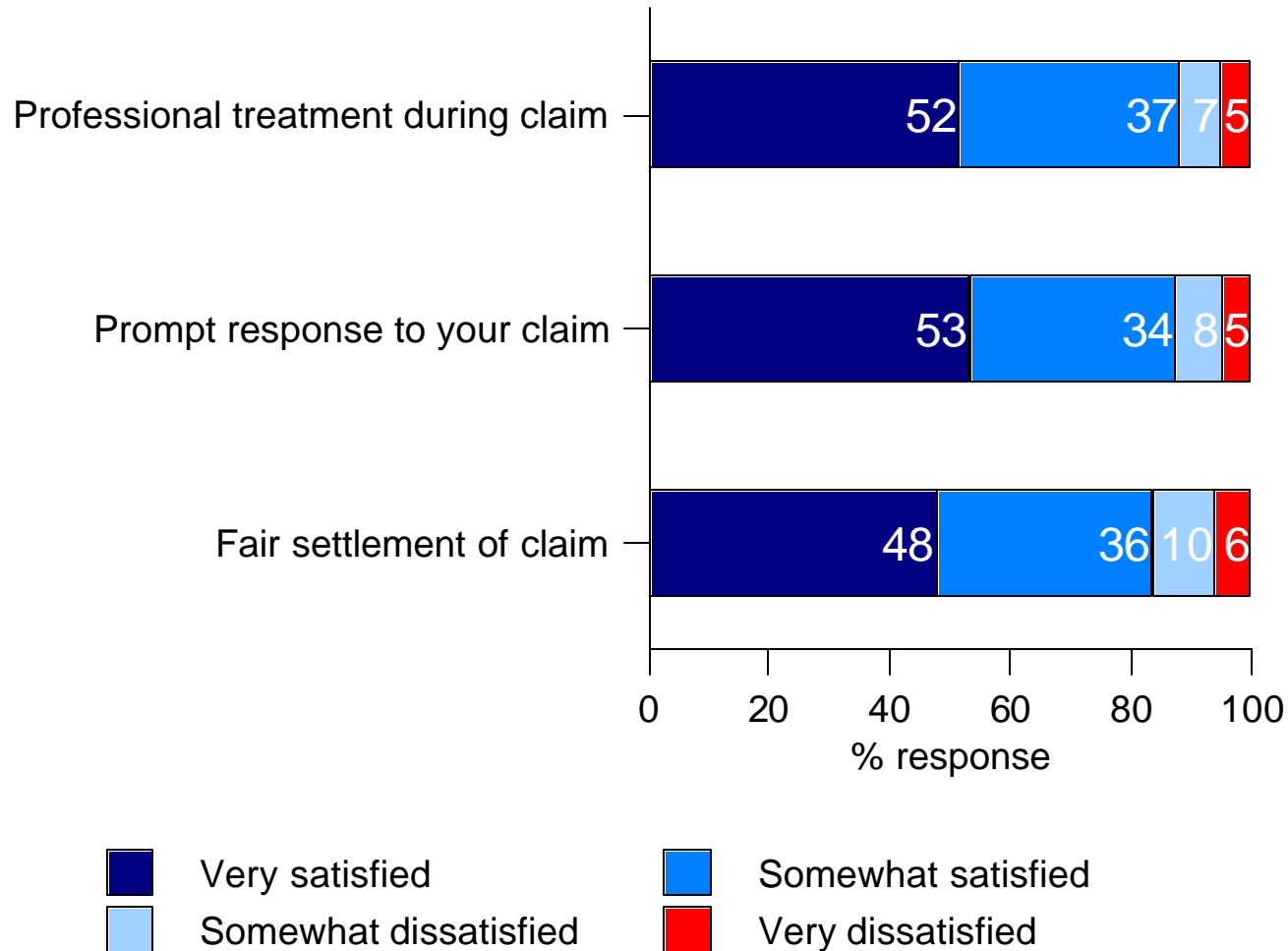
Majority of SMEs had no insurance claims in past year



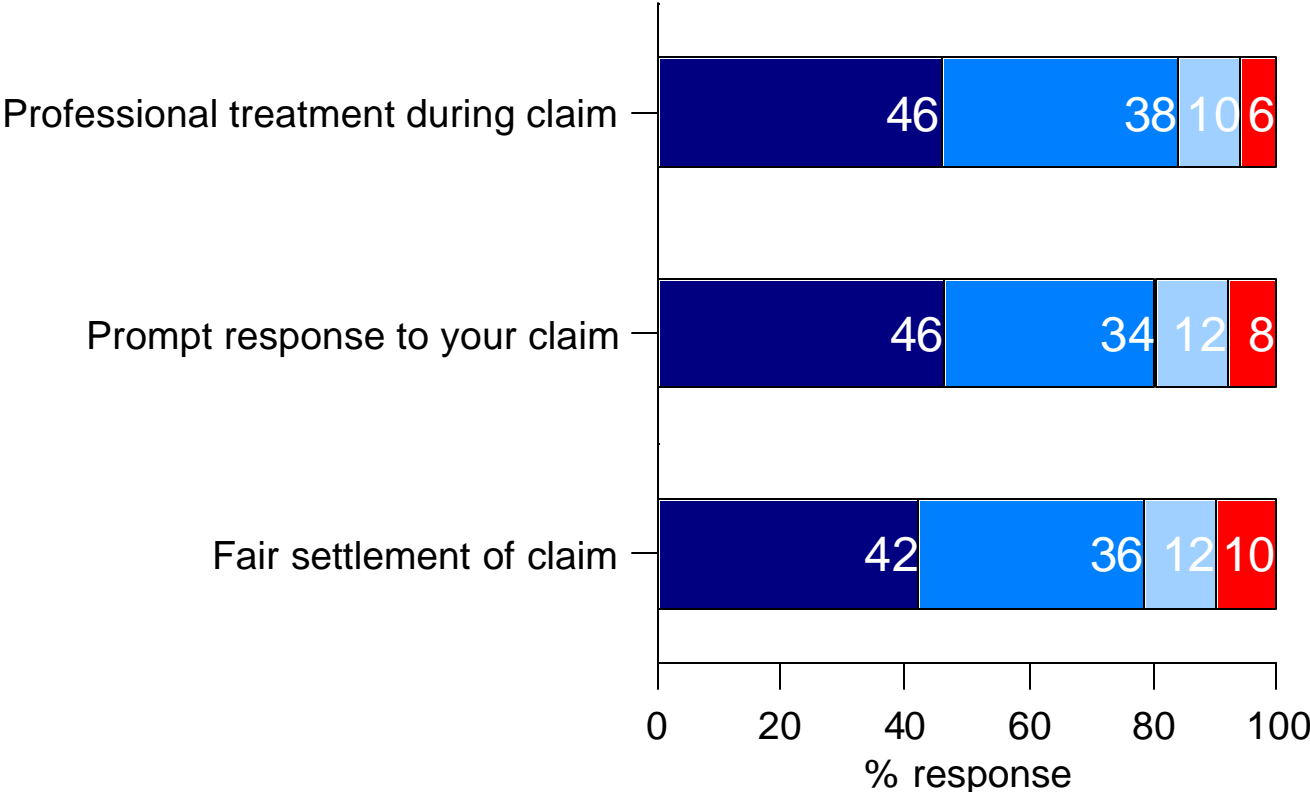
Most claims tend to be auto



Satisfaction with Insurance Co. Auto Insurance Claim

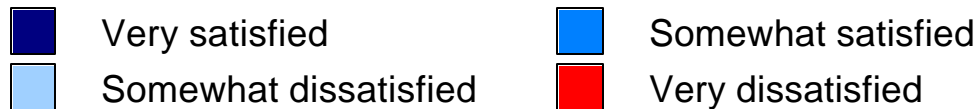
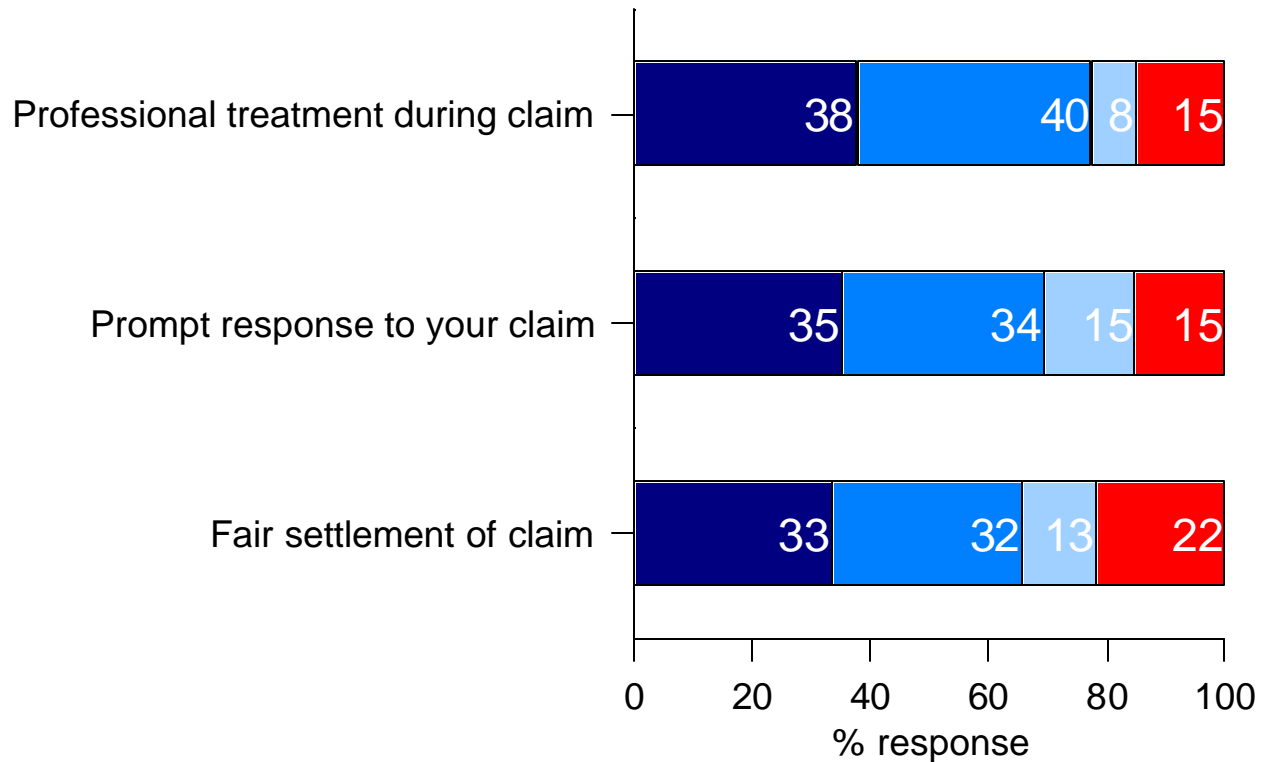


Satisfaction with Insurance Co. Property/Liability Claim

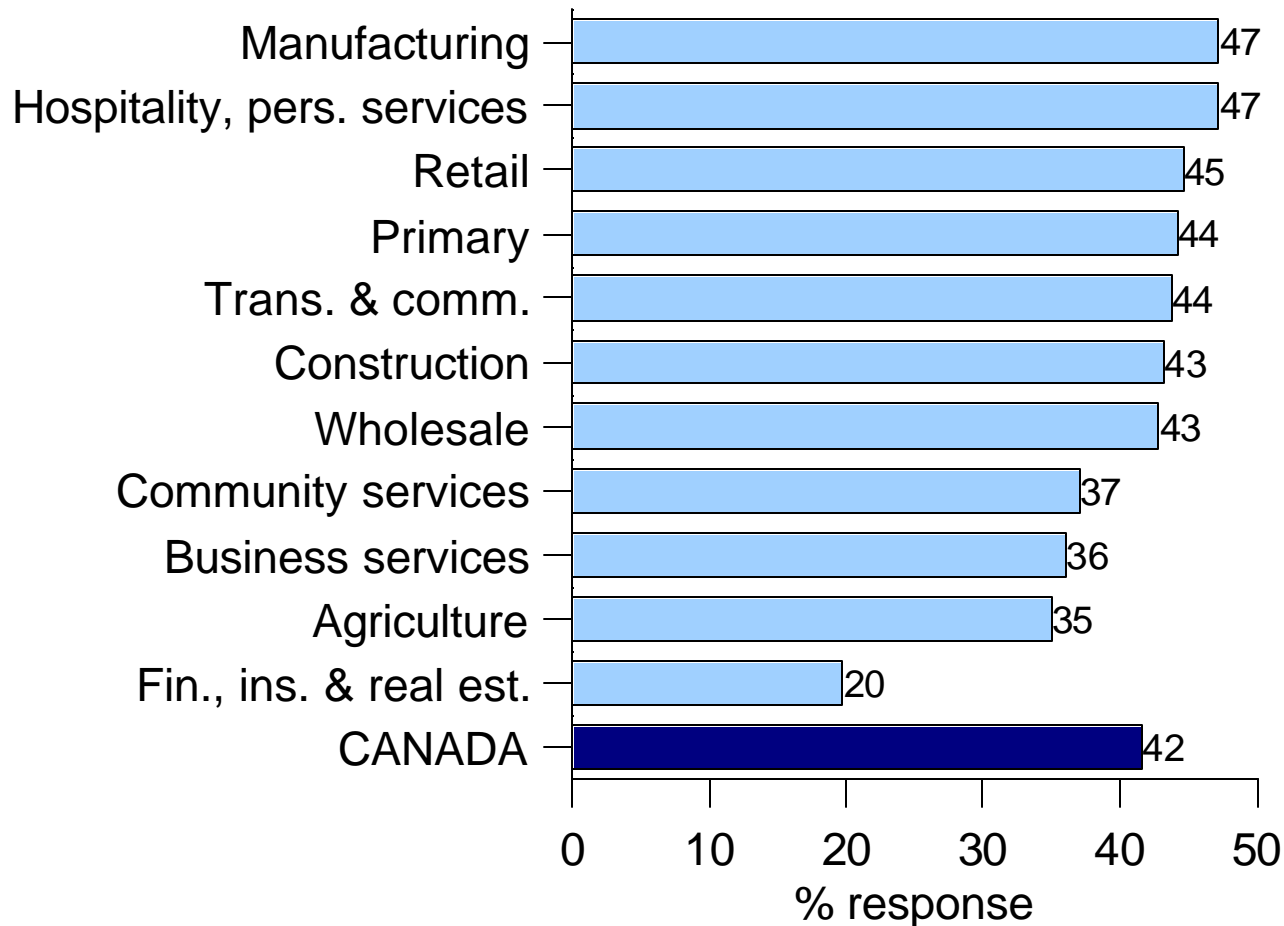


- Very satisfied
- Somewhat satisfied
- Somewhat dissatisfied
- Very dissatisfied

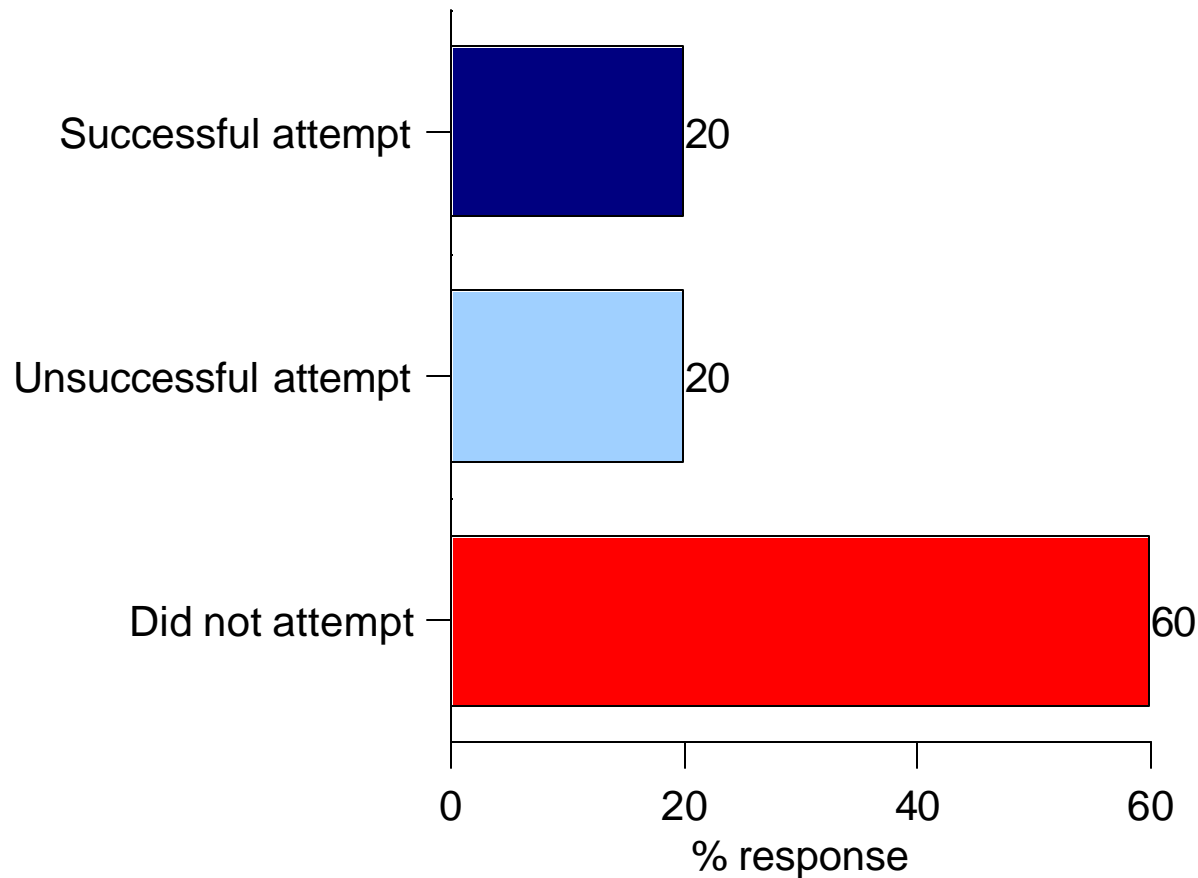
Satisfaction with Insurance Co. Business Interruption Claim



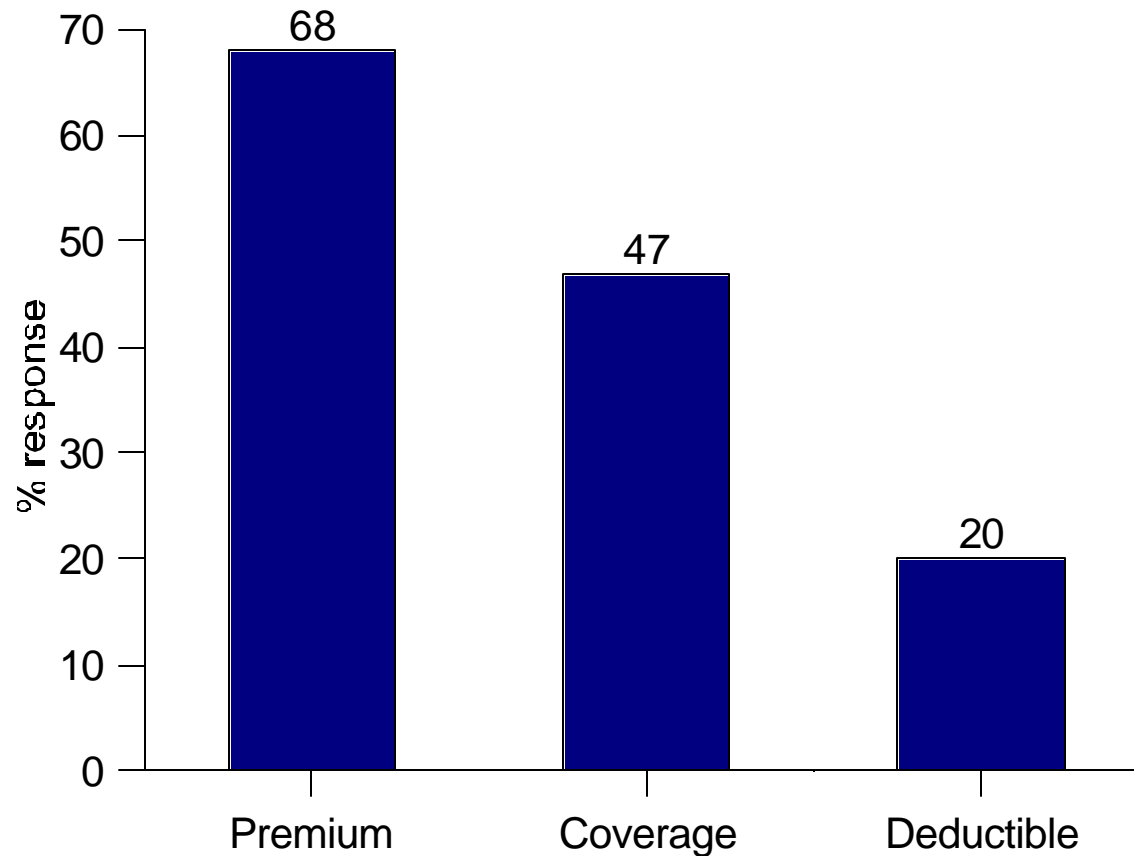
Less than half of business owners shop around when buying insurance



Not all business owners attempt to negotiate better policy terms...



... lower premiums are the most likely outcome of a successful negotiation



Overall findings

- ◆ High cost/lack of suitable plans are concerns
- ◆ Broker use is widespread/strong loyalty and satisfaction levels...but what does the future hold?
- ◆ Premium increases: better communications, justification, impact on the SME economy
- ◆ Claims satisfaction generally favourable, but room for improvement
- ◆ Need for business owners to shop around, attempt to negotiate better terms