

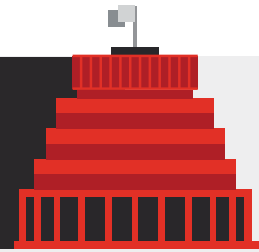
# Vero Market Landscape Overview

MAY 2024



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## Legislation/Government



### Government and political update

The Government has published an [Action Plan](#) outlining its key deliverables through to June 2024 with a focus on the cost of living, law and order, and public service delivery. Further plans will be published each quarter to communicate the Government's policy priorities. In addition to the Action Plan, Prime Minister Christopher Luxon has established nine [Government Targets](#) which responsible agencies will be required to report on regularly.

Suncorp has continued to meet with key Ministers, including the Minister for Commerce and Consumer Affairs and the Minister for Climate Change, and has contributed to recent consultations advocating for increased consideration of natural hazard risk during infrastructure and development planning and consenting.

### Regulatory Natural Hazards Insurance and FENZ Levy GO-LIVE



As advised earlier this year the [Natural Hazards Insurance Act 2023 \(NHI Act\)](#) will come into force on 1 July 2024, replacing the [Earthquake Commission Act 1993 \(EQC Act\)](#).

The Earthquake Commission (EQC) will be renamed to Natural Hazards Commission Toka Tū Ake (NHC). Also taking effect at the same time will be an increase to the Fire and Emergency Levy (FENZ Levy).

This means:

- The NHI Act applies to claims made on or after 1 July 2024, meaning customers may have policy wordings and other documents which refer to 'EQC' or 'the EQC Act' until their next renewal (on or after 1 July 2024).
- All policies that renew on or after 1 July 2024 will have the new FENZ Levy applied.
- You will start seeing these changes on the expiry reports six weeks prior.
- It's important that Vero collects the correct FENZ Levy from customers so it can be paid to FENZ.



### Suraiya Phillimore-Smith

CHIEF CUSTOMER OFFICER

In March 2024, we were fortunate enough to appoint Suraiya Phillimore-Smith as Chief Customer Officer here at Vero. Recently we took the opportunity to gather her thoughts on how she's found the experience of moving to not only a new company, but also a new industry.

"I really enjoy changing industry having done this several times across telecommunications, technology, and banking. You can take forward what you have learnt from your previous industries and apply it. Your skills are transferrable, and the customer focus is the same. The best and most challenging aspect is adapting to business culture and understanding how the culture works in the new environment."



"With customer obsession at the heart of everything we do, I want to help drive customer value experiences, for our intermediaries, and for the business."

## Customers Experiencing Vulnerability



### Vero Support Customers Experiencing Vulnerability



After the 2023 weather events of the Auckland floods and Cyclone Gabrielle, New Zealanders were reminded of the importance of having a general insurance policy in place for when an unexpected event occurs, but it is becoming more difficult for some customers to afford cover.

**The 2023 weather events came at a time when inflation was already high, and some customer's personal resources may be challenged. We know from our own research over 90% of New Zealanders have reduced spending in some way in the last 12 months.\***

Reinsurers are also looking at the regularity and intensity of global weather events, and specifically at New Zealand's risk. Reinsurers are deciding they see uncertainty here which they are pricing for, meaning that for local insurers to remain sustainable, part of this increase may be passed onto customers.

**Vero has a range of current-to-medium term approaches of supporting affordability. Longer-term solutions include new product development, working with the Government, policy makers, regulators and the like to mitigate risk and ensure insurance remains affordable.**

Longer-term solutions include working with the Government, policy makers, regulators and the like to mitigate risk and continuing to focus on insurance affordability.



**To bring our support to life we'd like to share with you a recent example of the benefits of financial hardship support for one Vero customer, Claire\*\***

In 2024, Claire had recently lost her job, which meant losing around 60% of the joint income with her partner. On top of losing her job, she was eight months pregnant and unfortunately was no longer eligible for maternity leave. This all happened at the same time as their mortgage interest rate went up from 2% to almost 6%, putting them into a position of significant financial hardship and stress. With three children, their fourth on the way, and facing a renewal increase, their broker advocated for them and asked for financial assistance on their behalf. They were extremely grateful to be provided with a three-month premium waiver to support them during this time.

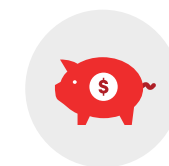
\*Conducted by Camorra for Vero between 17 April 2023 – 5 May 2023.

\*\* Alternate name used to protect the customers identity.



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## Early Warning System

Heading into the swing of Autumn and Winter seasons means preparing for all kinds of weather. The good news is Vero offers our broker's clients a fast, simple way to stay up to date with extreme weather alerts, while reducing risk at the same time. Vero's Early Warning System provides proactive notifications based on location or area preference based on post code, working with data that is issued by MetService, which is FREE for clients and brokers alike.



[Terms and Conditions](#) apply.

To sign up, [click here](#).



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## Sustainable Pricing Strategy

We've been working closely with a range of organisations to better understand the increasing impact of a changing climate on our homes and communities.



As technology advances, we have more accurate information available to us about which properties have a greater risk of flooding. We're using information from a range of data sources and modelling to ensure a fair approach for customers, based on the likelihood of their property experiencing flooding.

For many customers, this may not result in any changes to their policy. However, for customers whose properties have been identified as having a higher risk of flooding, we'll price and underwrite their home and contents policies accordingly.

This means that customers in the highest risk categories may pay a higher premium for their cover, both at new business and at renewal, and an additional excess for flooding claims could be applied in some cases.

Many factors are considered when determining insurance premiums, including factors that are individual to the item being insured, such as the size or location of a property and associated natural hazards withing that location, flood risk, inflation, levies and taxes and reinsurance costs.

Please ask customers to check their policy wording for details of cover. The provision of cover is subject to the underwriting criteria that apply at the time the policy is purchased or at renewal.

If an existing customer sells their property that we have identified as high-risk, we cannot guarantee that we will offer cover or similar terms to the new owner. The new policy will be treated as new business.



## Insurance Industry Insights



As New Zealand's Insurance Industry evolves with increasing economic and environmental pressures, we need to adapt and respond to the long-term needs of our customers. With this in mind we've been busy with two streams of exploration.

Firstly, we've commissioned independent research on the Insurance industry, with this survey building upon prior findings and including topical concerns around affordability, availability, reinsurance, and the increasing importance of advocacy on key insurance issues.

Research has now been completed from Consumer/Business perspectives with the Broker/Adviser component currently underway – the aim being to align all perspectives to provide a truly holistic view of the industry.

At the same time, we've been conducting exploratory co-design workshops with some of our broker partners to develop product opportunities that could assist in keeping insurance sustainably affordable and available for our customers.

Both these initiatives will help us understand your needs and work with you to help inform future industry success – so watch this space for upcoming high-level insights.



Spirit to Cure  
Curing cancer. Changing lives.

SUNCORP



## 2024 Spirit to Cure dates secured

We've secured our dates for this year's Spirit to Cure events with our Christchurch | Ōtautahi team kicking the first event off on 18 October 2024, followed by Wellington | Te Whanganui a Tara on 1 November 2024 (at a new venue, Zealandia Wildlife Sanctuary | Zealandia Te Māra a Tāne) and Auckland | Tāmaki Makaurau on 22 November 2024.

This could be the ideal event to stay motivated and moving during these cooler months ahead, so keep an eye out for sponsor opportunities and to sign up.

