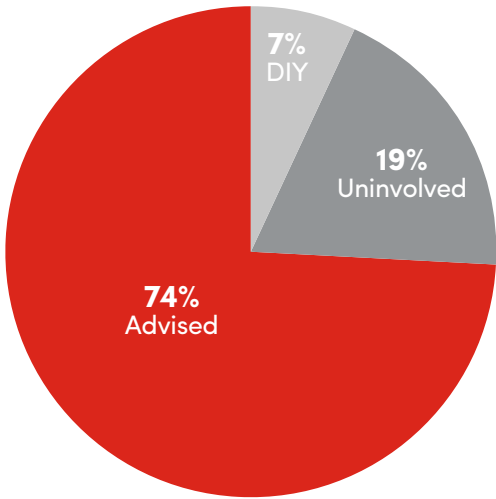


Vero SME Insurance Index 2022: Opportunities at renewal



Most SMEs benefit from broker expertise at renewal but others still need help

Reviewing cover at policy renewal time is an important part of the insurance cycle. It ensures appropriate cover is held, which is vital in these changing times. This year we asked broker SMEs about their most recent renewal experience. 74% benefitted from their brokers expertise, but 26% either renewed with no broker assistance or made changes themselves.



SMEs who receive advice at renewal are more satisfied

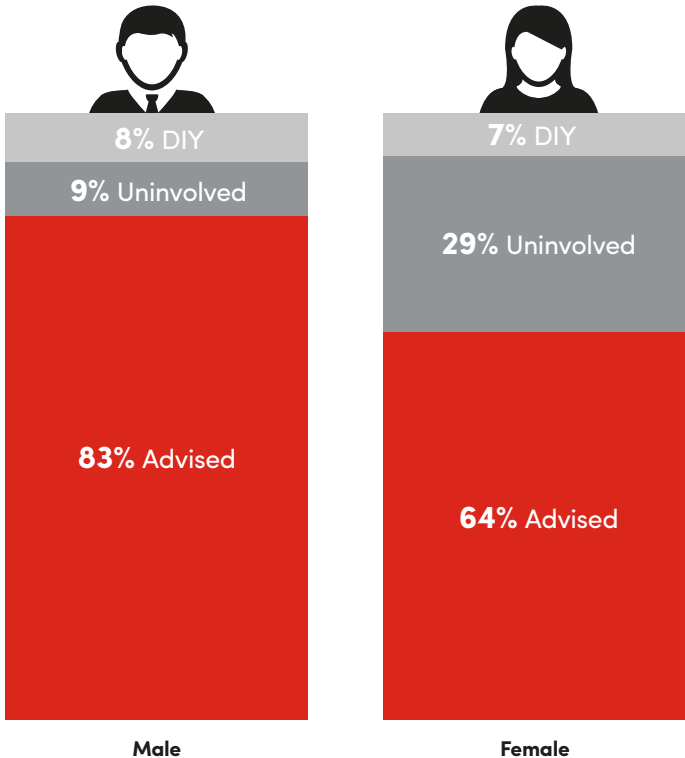
Advice at renewal time is important not only for clients, but also for brokers, as those broker SMEs who were provided advice show they are significantly more satisfied at 82% than those who didn't at only 13% and 5%.

Satisfied broker SMEs' experience last renewal



Renewal advice levels vary by gender

Female SMEs are more likely to let their insurance renew without seeking the expertise of their broker than males – 29% vs 9%.



Key:

- **DIY:** I made changes based on my own research and analysis of needs, without consultation with my broker.
- **Uninvolved:** I renewed my existing policies as is, without review or amends from my broker.
- **Advised:** My broker and I reviewed my business needs and renewed or adjusted my policies accordingly, or made no changes / my broker recommended changes to my policies proactively / I didn't see the renewal document I just paid my broker what they advised.



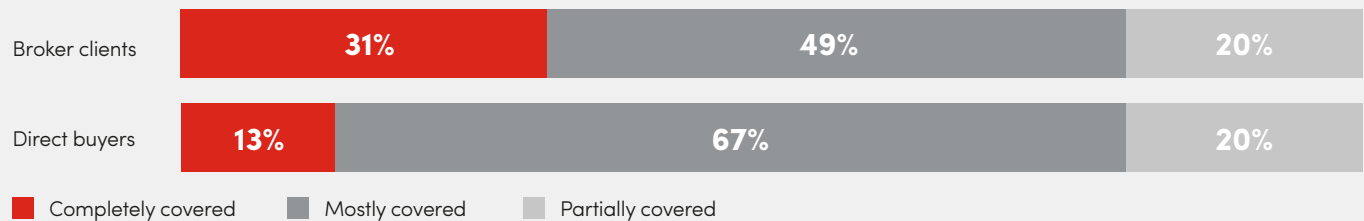
With 1 in 4 broker SMEs not benefitting from the expertise of their broker at renewal, it's a timely reminder to get in touch with clients that you may not have heard from in a little while to ensure they have the appropriate cover for their business.

Shining a light on risk

Broker SMEs more confident about coverage levels

Broker SMEs are more confident in their perceived level of cover with 31% saying that they are completely covered when they think about their insurable business risks, compared to only 13% of direct buyers. This suggests that broker usage tends to lead to better coverage and greater peace of mind for clients.

Perceptions of coverage levels by purchase channel

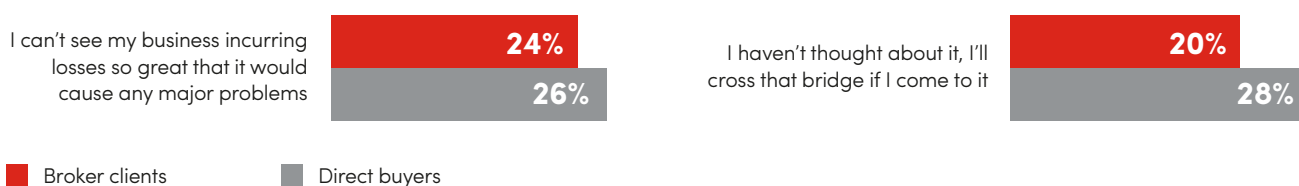


But... over 2 in 3 broker SMEs haven't fully covered their risks

69% of broker SMEs believe their insurable business risks aren't fully covered and direct buyers are in a worse position at 87%. This signals a huge opportunity for brokers to provide education to all SMEs through targeted communications on the risk of self-insurance.

SMEs are accepting risk through self-insurance

While it's concerning that there are such high percentages of SMEs not having complete risk coverage, it's equally concerning to see that the reasons for taking on-board self-insurance include minimising the possibility of loss and general complacency.



Large numbers of SMEs appear to be taking on a level of self-insurance by not insuring all of their business risks. While there may be many factors that affect these decisions, such as having the capital to cover losses, brokers are in an excellent position to educate clients about risks that they may not think about, and perhaps share stories and case studies of what can go wrong to minimize the numbers of SMEs who aren't fully thinking through the risk of self-insurance.

Visit vero.co.nz/sme-index to access the full report for more insights.



Disclaimer: The information displayed is based on commissioned research involving 638 owners and decision makers from around New Zealand. The research was conducted during December 2021. Vero Insurance NZ Ltd (Vero) has prepared this material for general information purposes only and it should not be used as the basis for decisions in relation to the acquisition or disposal of insurance products. Vero and its related companies do not assume or accept any liability whatsoever arising out of or relating to the information.