

Vero SME Insurance Index COVID-19 Webinar

Part 3
November 2021



vero
Insurance with insight

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Methodology

October 2020

- Online questionnaire
- N=1500 Australian SME business owners or decision makers (with business insurance)
- Direct and Broker buyers defined as last policy purchased
- Fieldwork: 13 - 26 October 2020

October 2021

- Online questionnaire
- N=1500 Australian SME business owners or decision makers (with business insurance)
- Direct and Broker buyers defined as last policy purchased

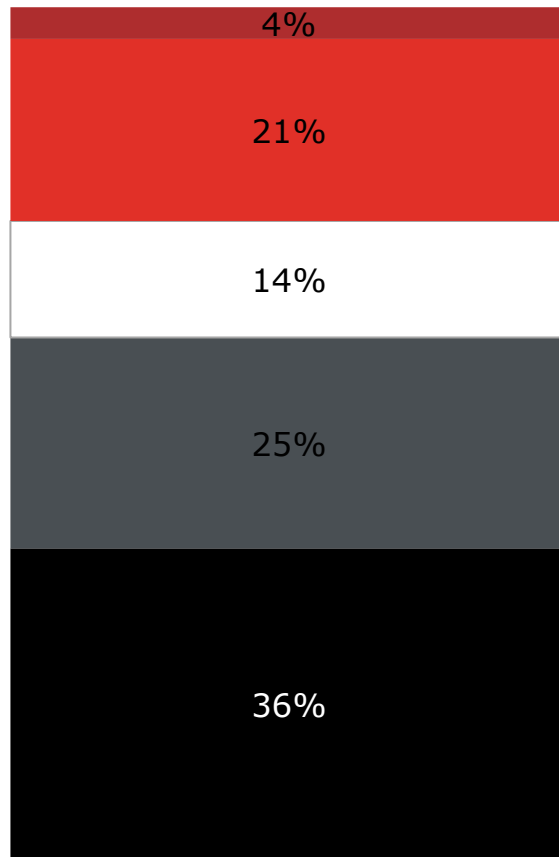
Fieldwork: 28 September – 11 October 2021

Part 1

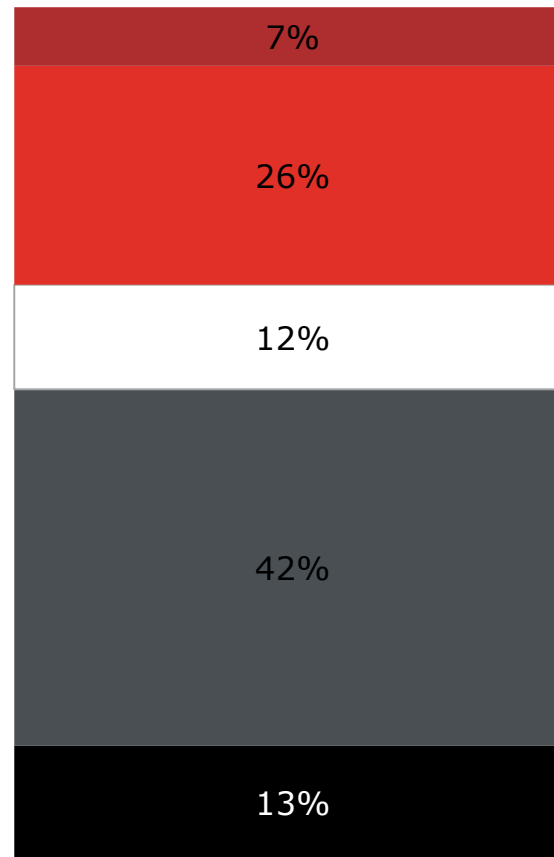
Setting the scene

What has changed since 2020?

COVID's impact on revenue is slightly lower this year, but still substantial



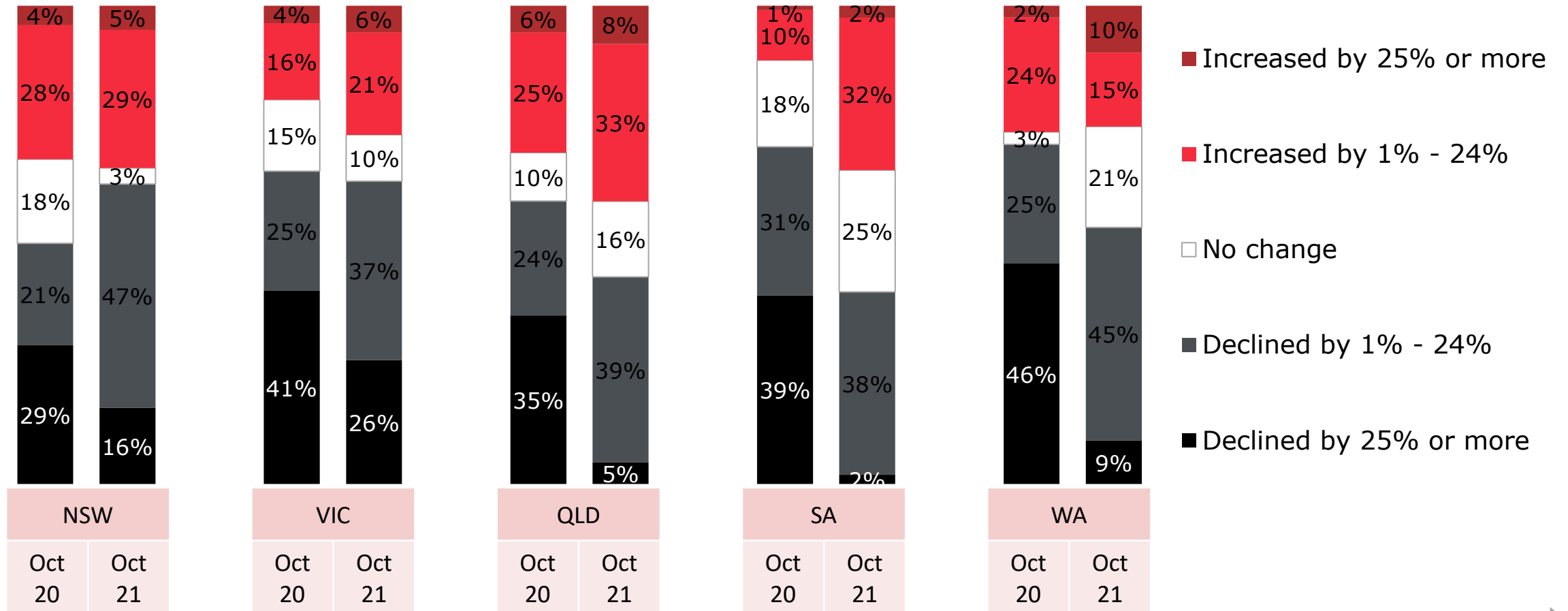
Oct-20



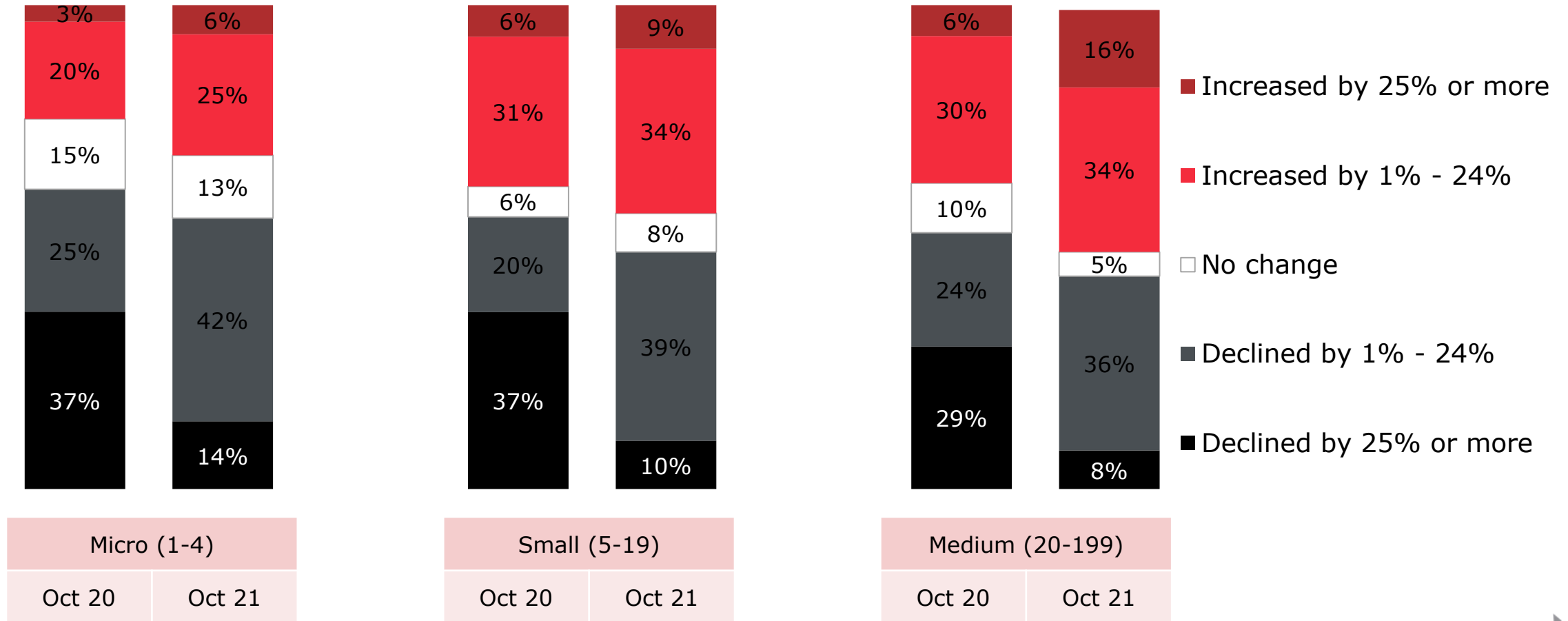
Oct-21

- Increased by 25% or more
- Increased by 1% - 24%
- No change
- Declined by 1% - 24%
- Declined by 25% or more

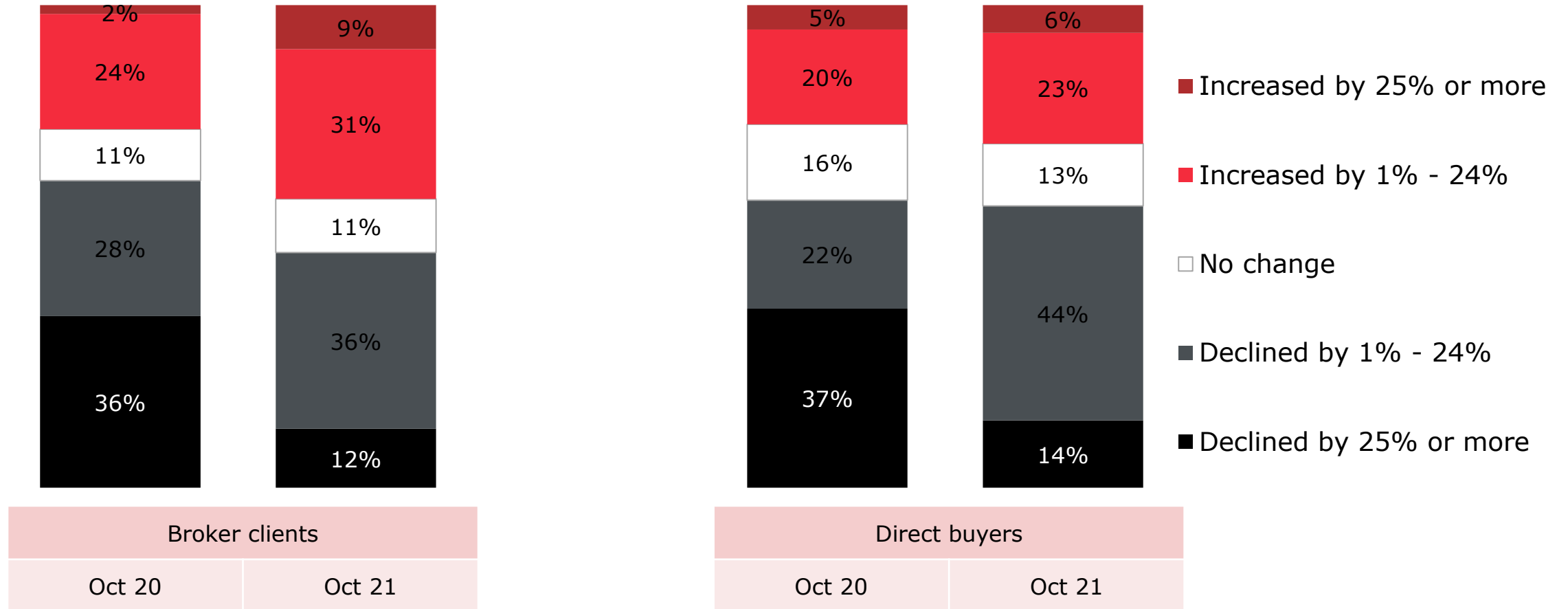
The “lockdown states” of NSW and VIC have been hardest hit



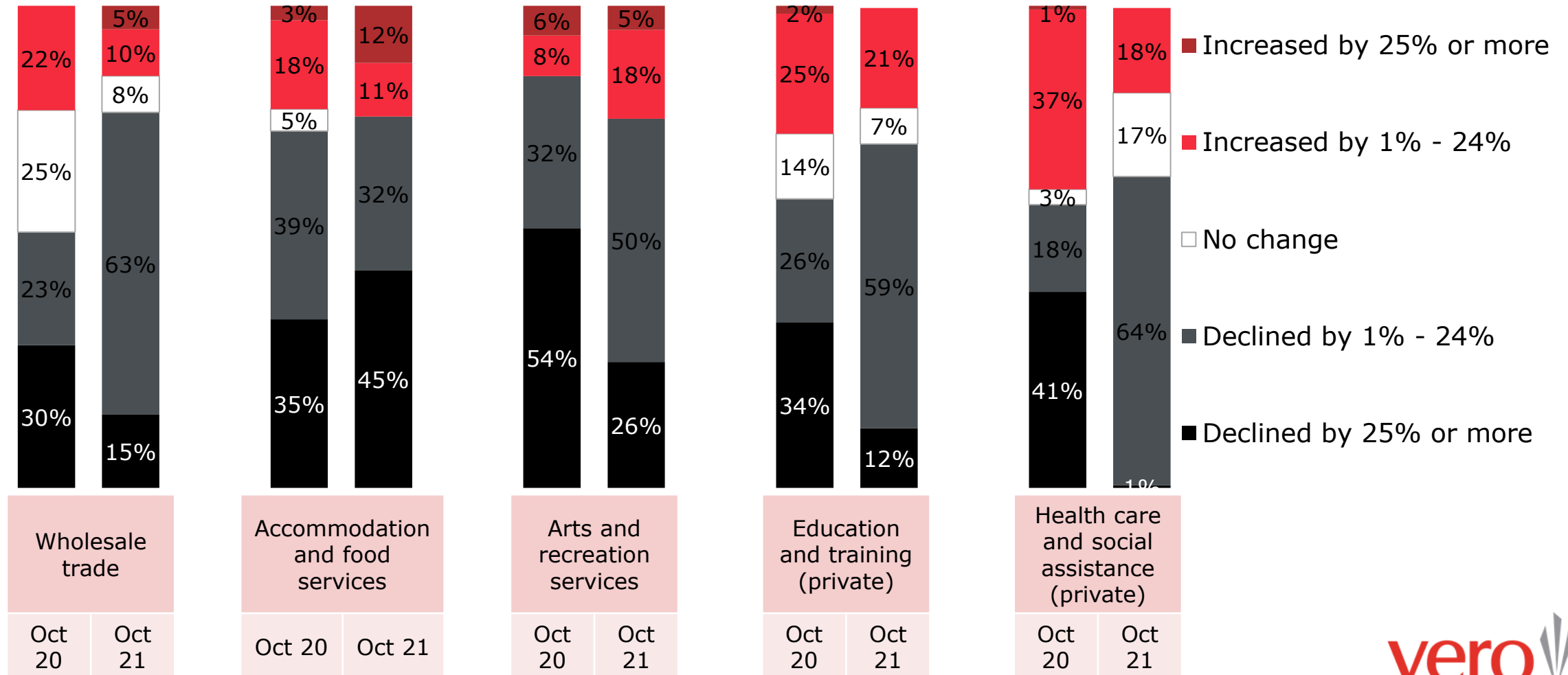
Small and medium businesses are more likely to have increased revenue



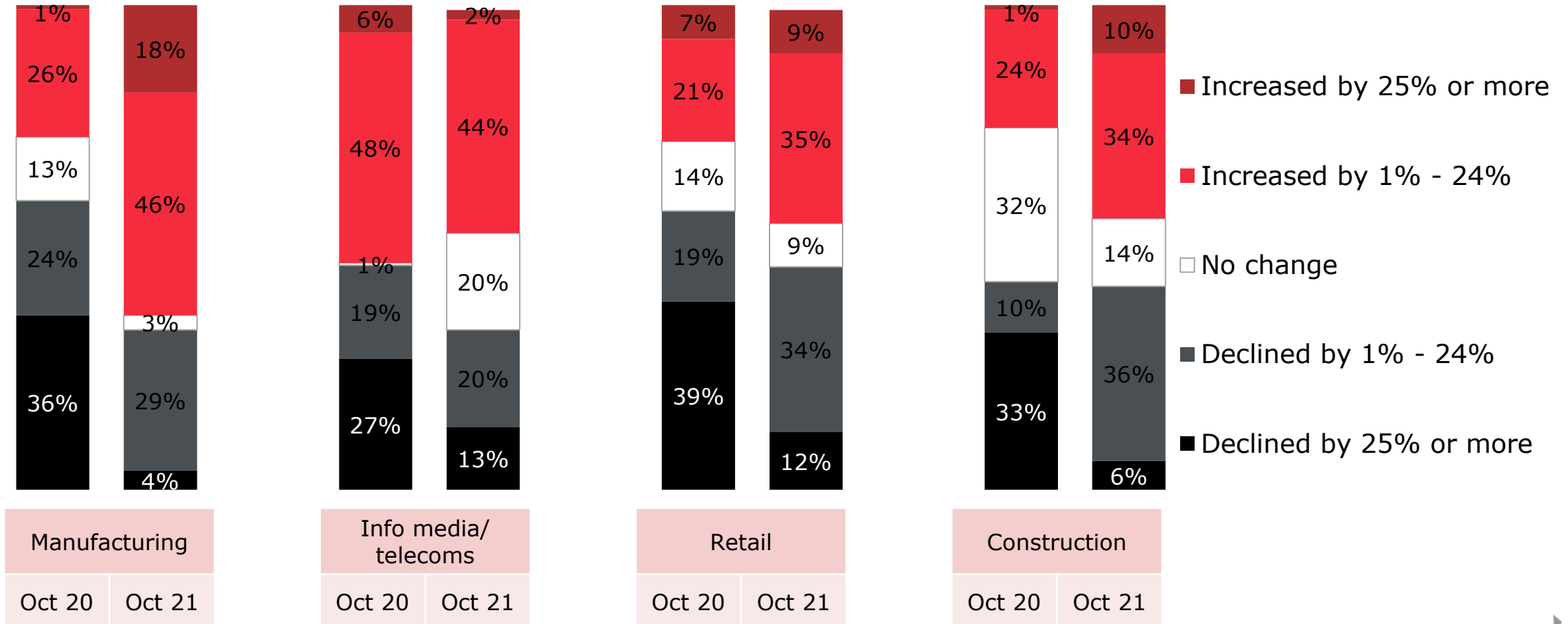
Broker clients are more likely to have increased revenue



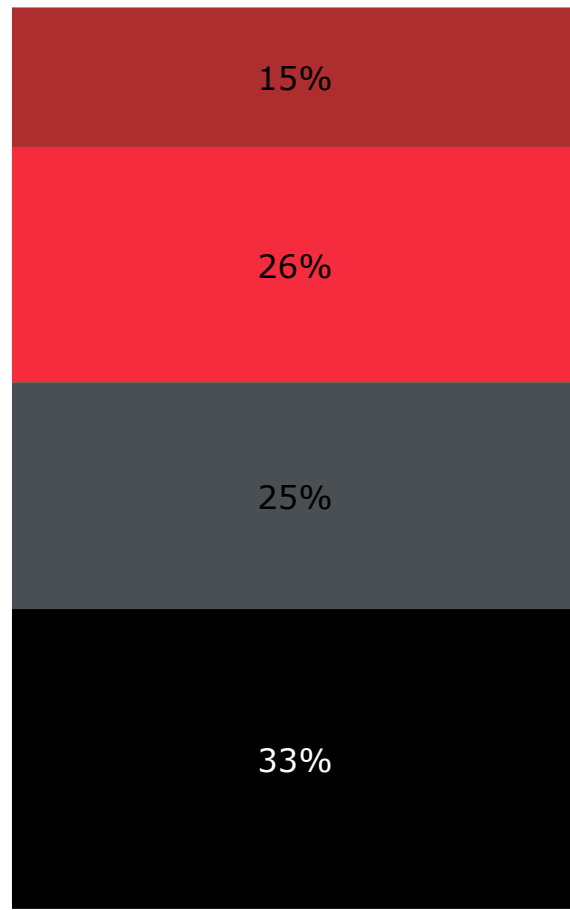
Impact on revenue varies by industry, with several industries hardest hit



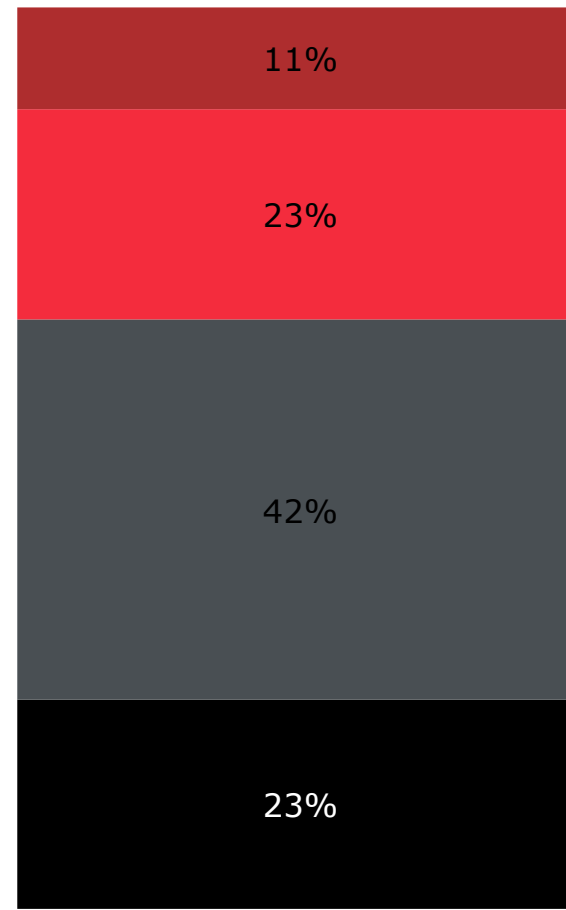
Some industries have seen greater revenue increases



Almost 2 in 3 SMEs' operations and supply lines have been impacted by COVID



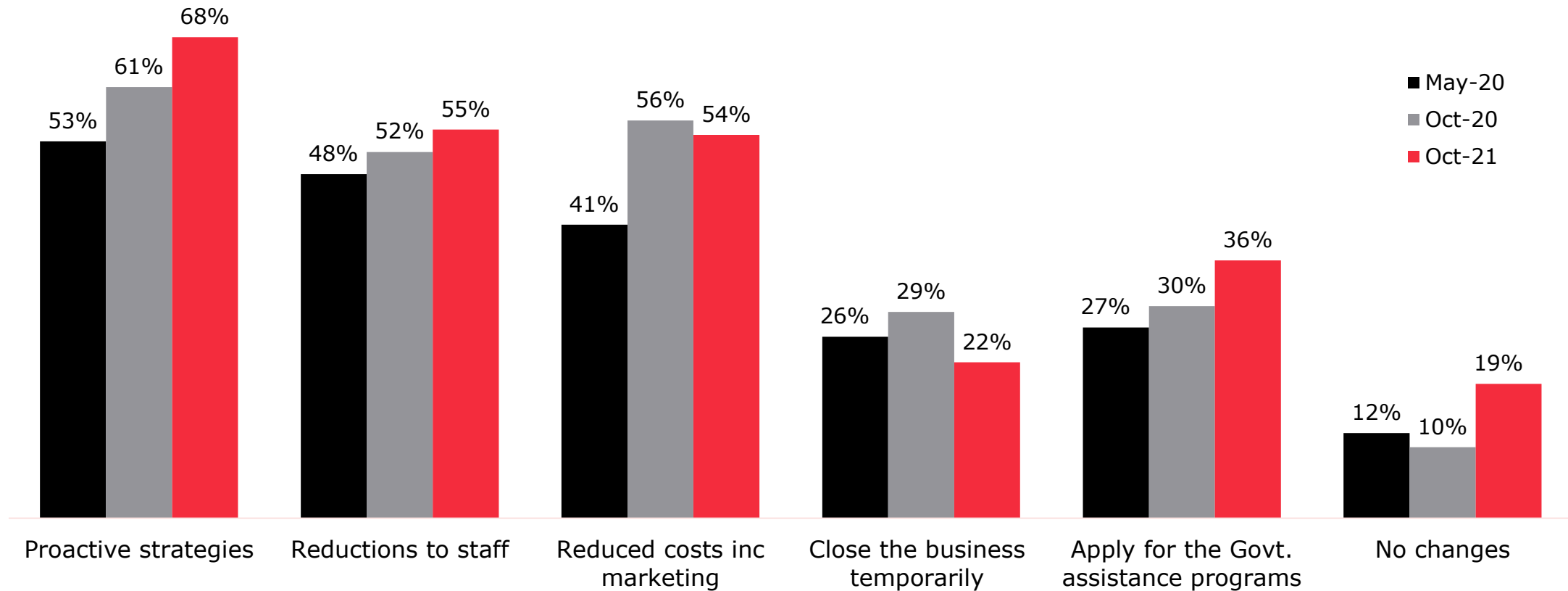
Oct-20



Oct-21

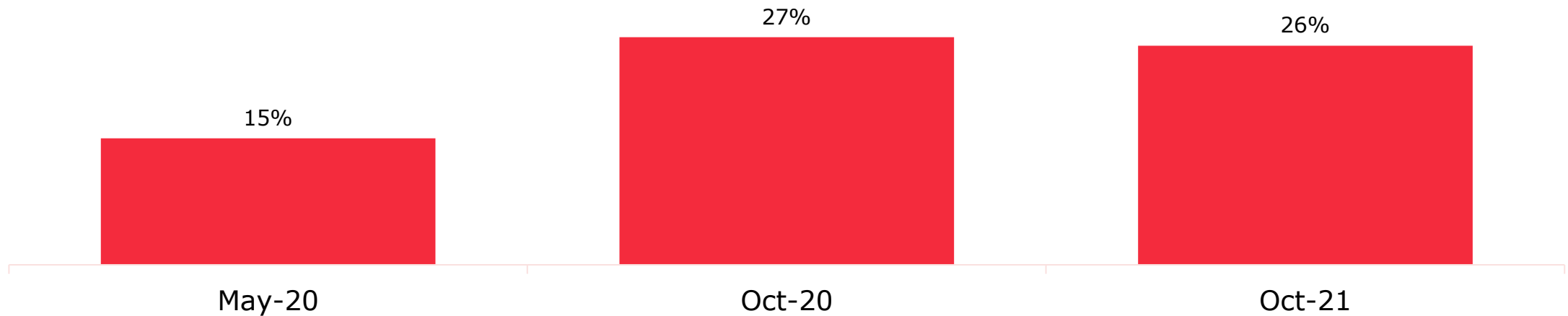
- Not impacted
- Slightly impacted
- Moderately impacted
- Strongly impacted

SMEs have made a broader range of business changes this year



Changes in business operations haven't led to changes in insurance

Yes, I've made changes to my business insurance as a result of COVID-19



COVID has also impacted perceptions of insurance



52% of SMEs agreed that
“Recent events have made me
value my insurance more”

Summary and implications for brokers

The impacts of COVID have been widespread, with the lockdown states and certain industries particularly affected.



Brokers can have better informed conversations through a deeper understanding of both the positive and negative ways in which their clients have been impacted by COVID.

Many SMEs have changed their business due to COVID, but a smaller number have revised their insurance.



Brokers should check whether their clients' insurance reflects changed business operations.

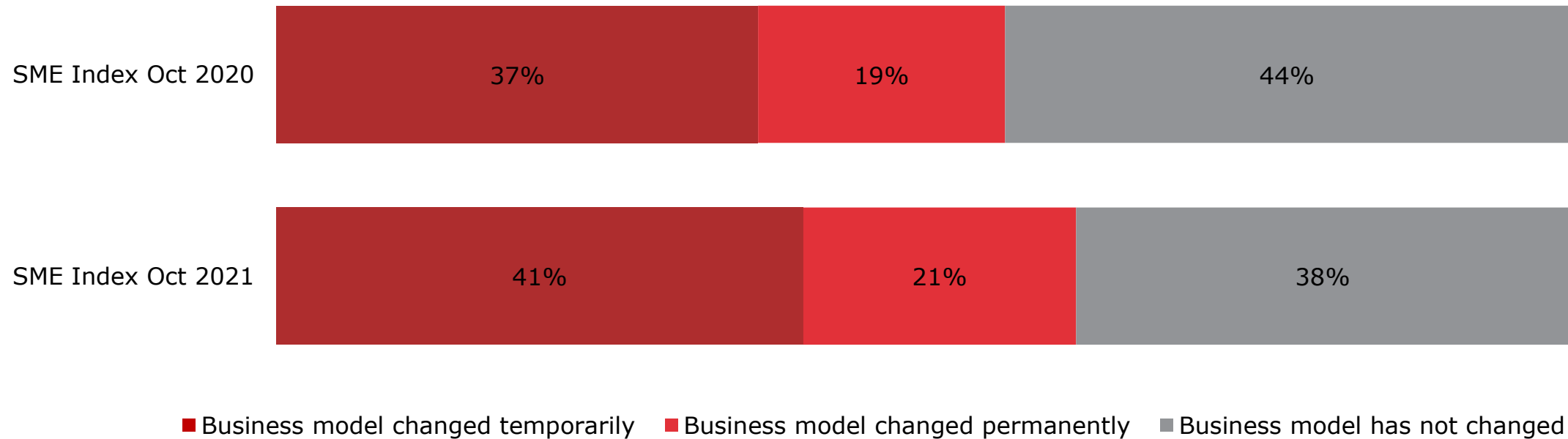
Part 2

How businesses have adapted

Changing business models and insurance

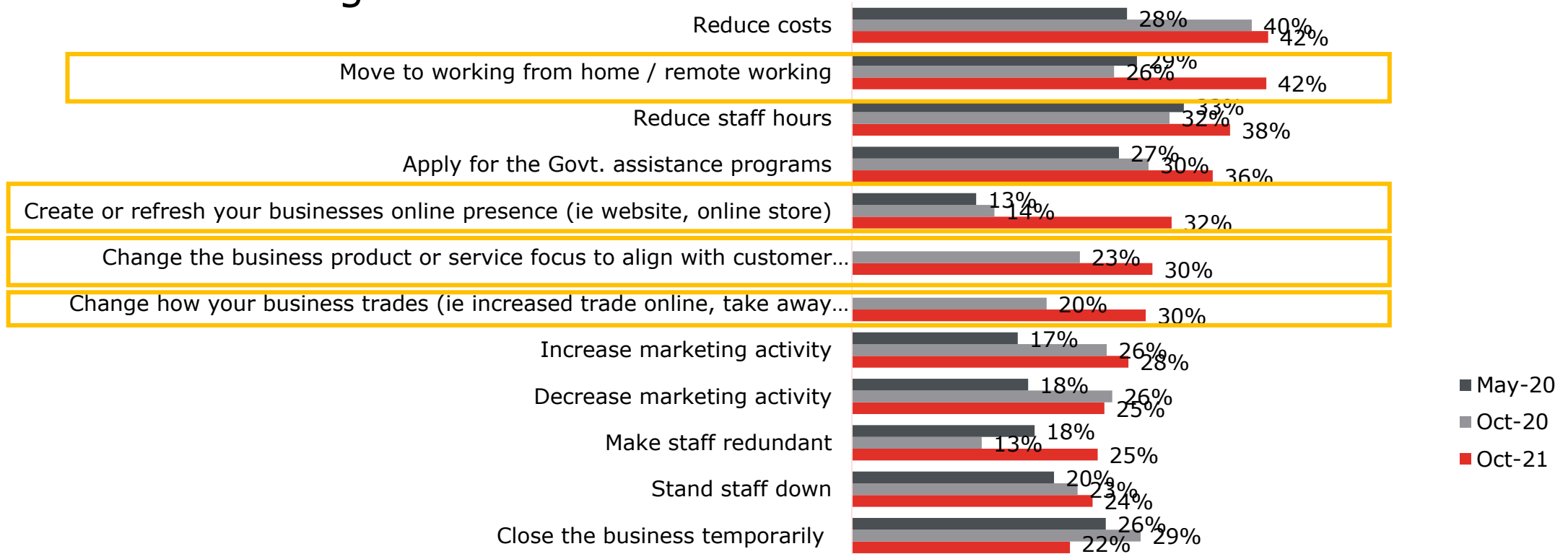
More businesses have made changes, either temporary or permanent since last year

Business model changes

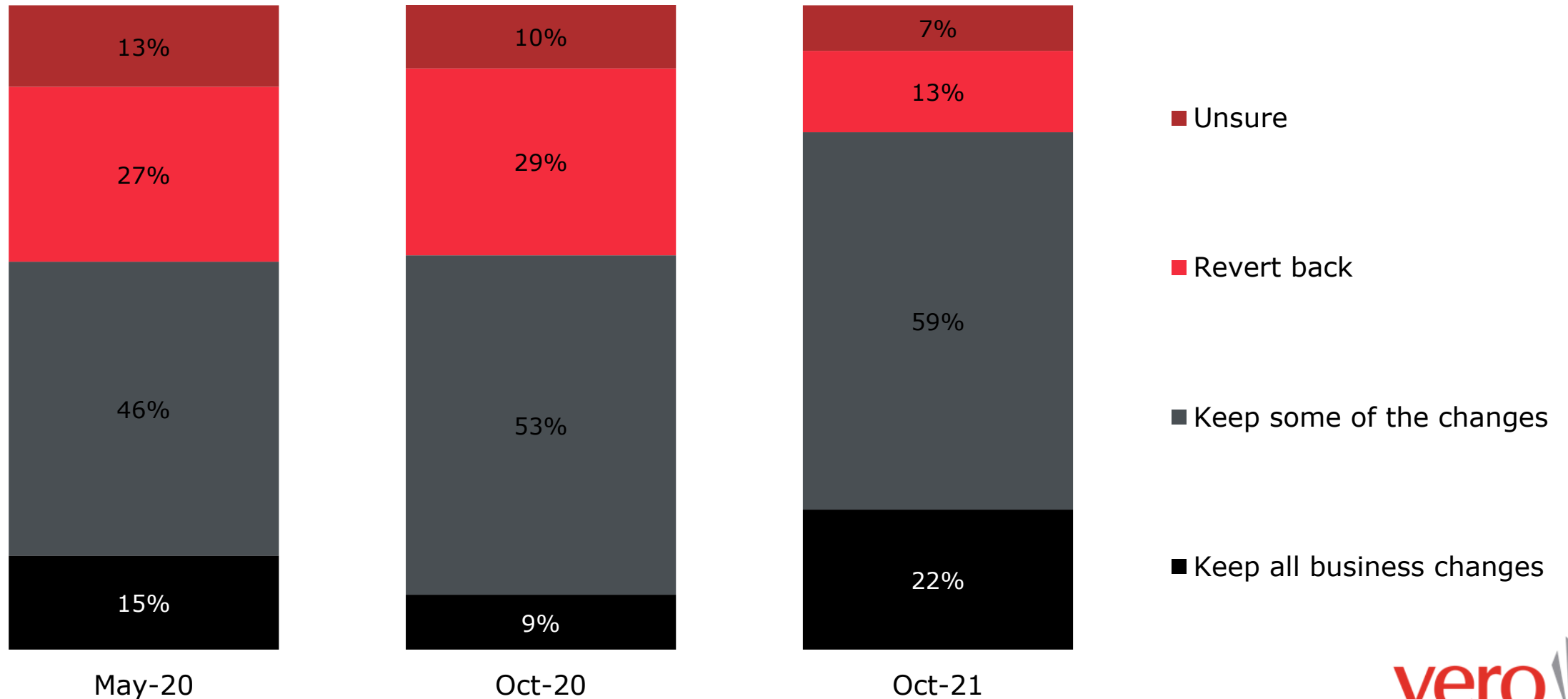


Cost reductions have increased less this year, with a greater shift in ways of working

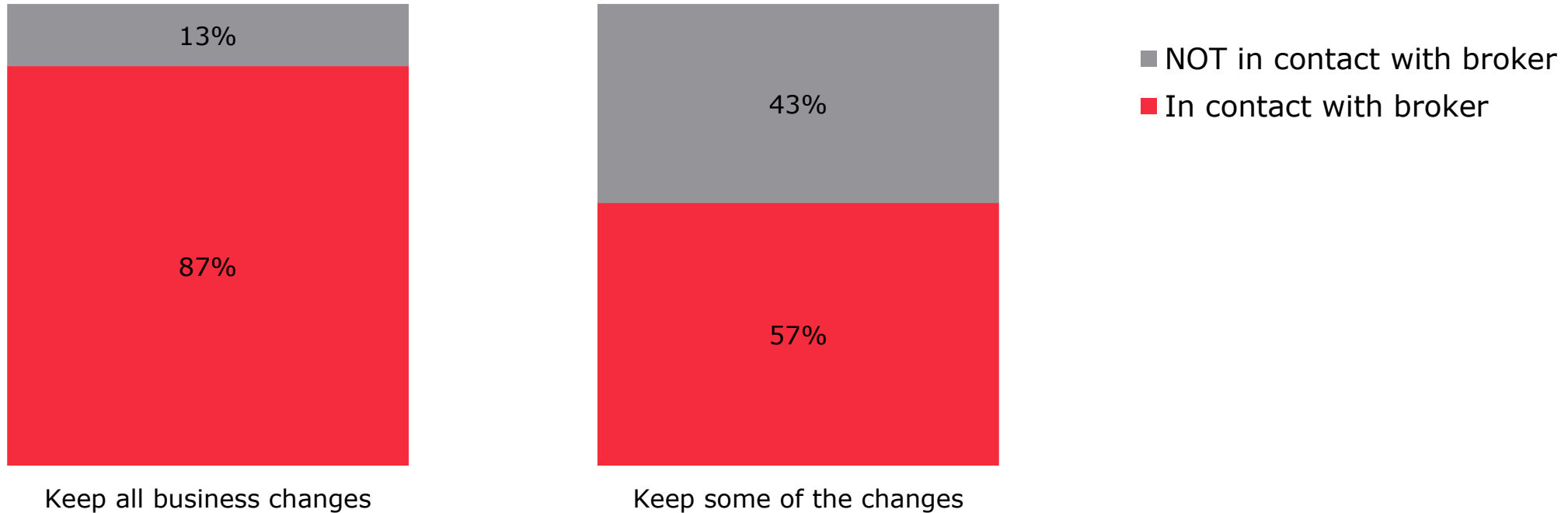
Business changes made



Business changes are increasingly permanent



Many, but not all, SMEs who have made business changes have spoken to their broker

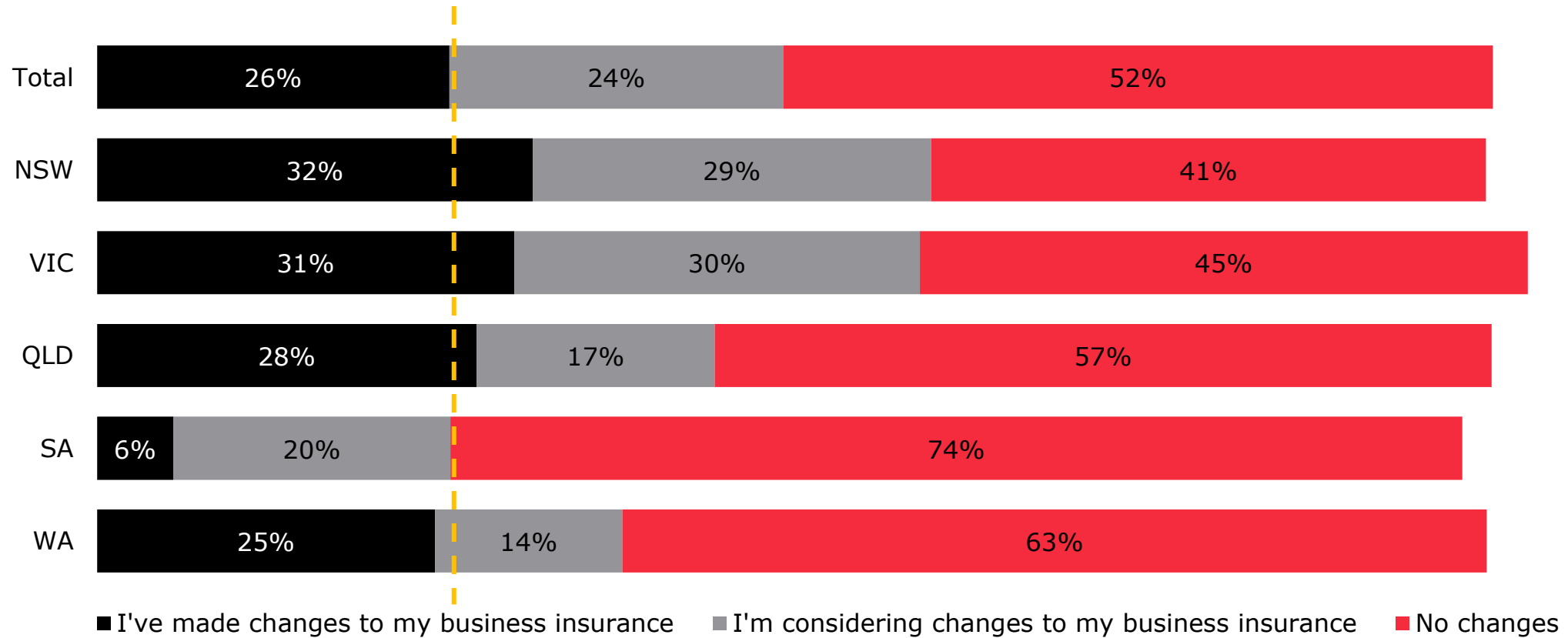


Around half of SMEs have changed or are considering changing their insurance

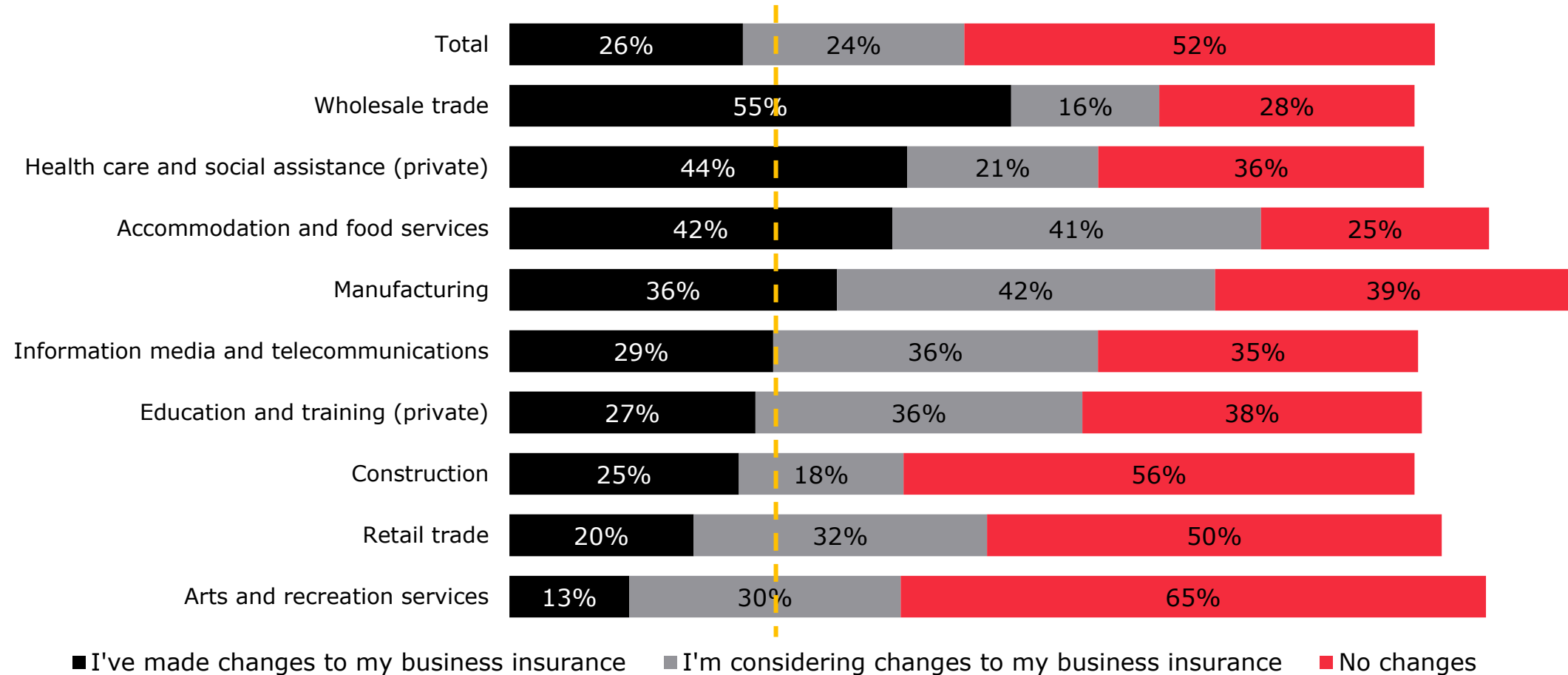


- I've made changes to my business insurance
- I'm considering changes to my business insurance
- No changes

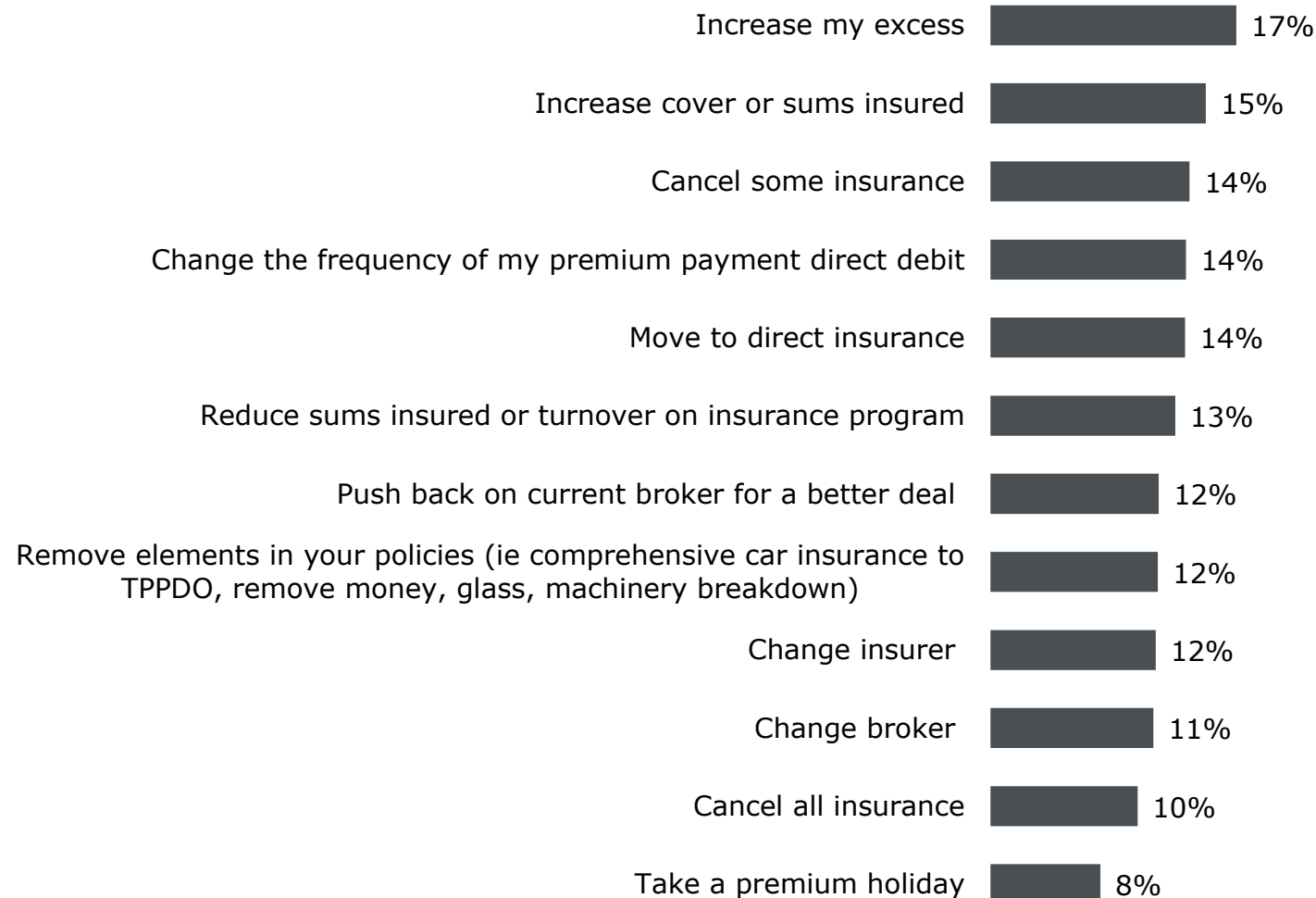
Insurance changes are most common in the lockdown states



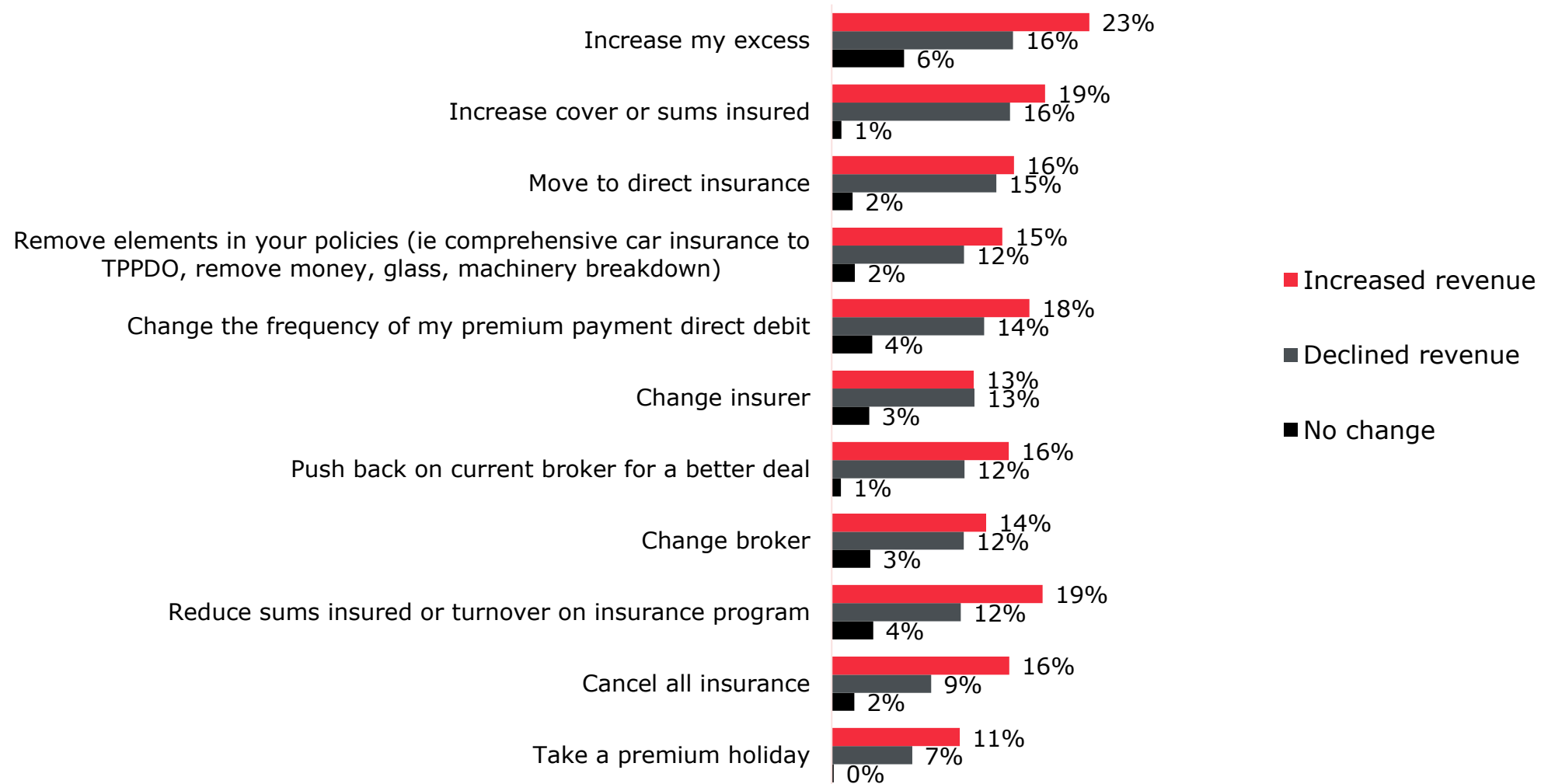
Insurance changes are widespread across industries



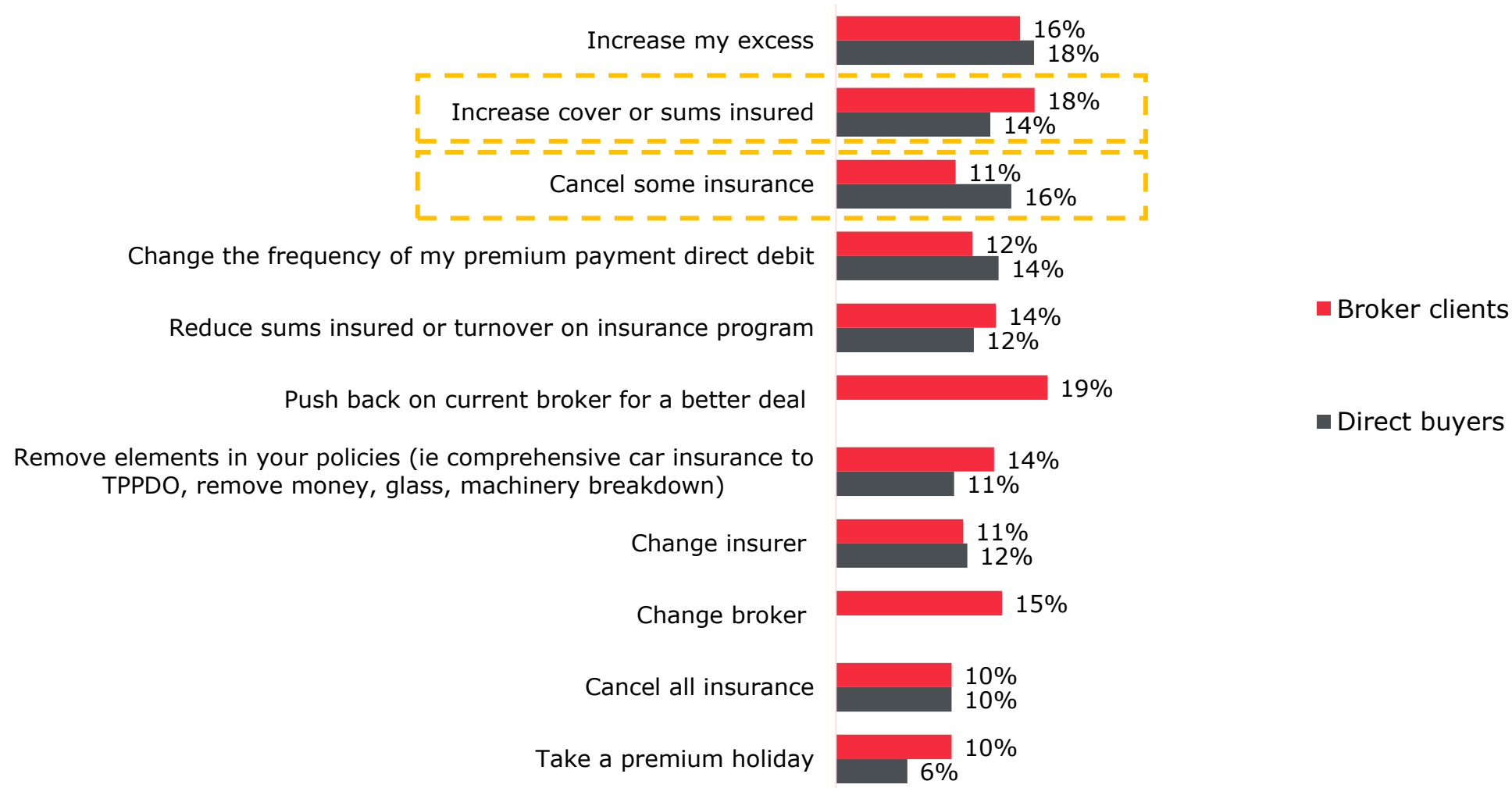
SMEs have made a range of changes to their insurance, both negative and positive



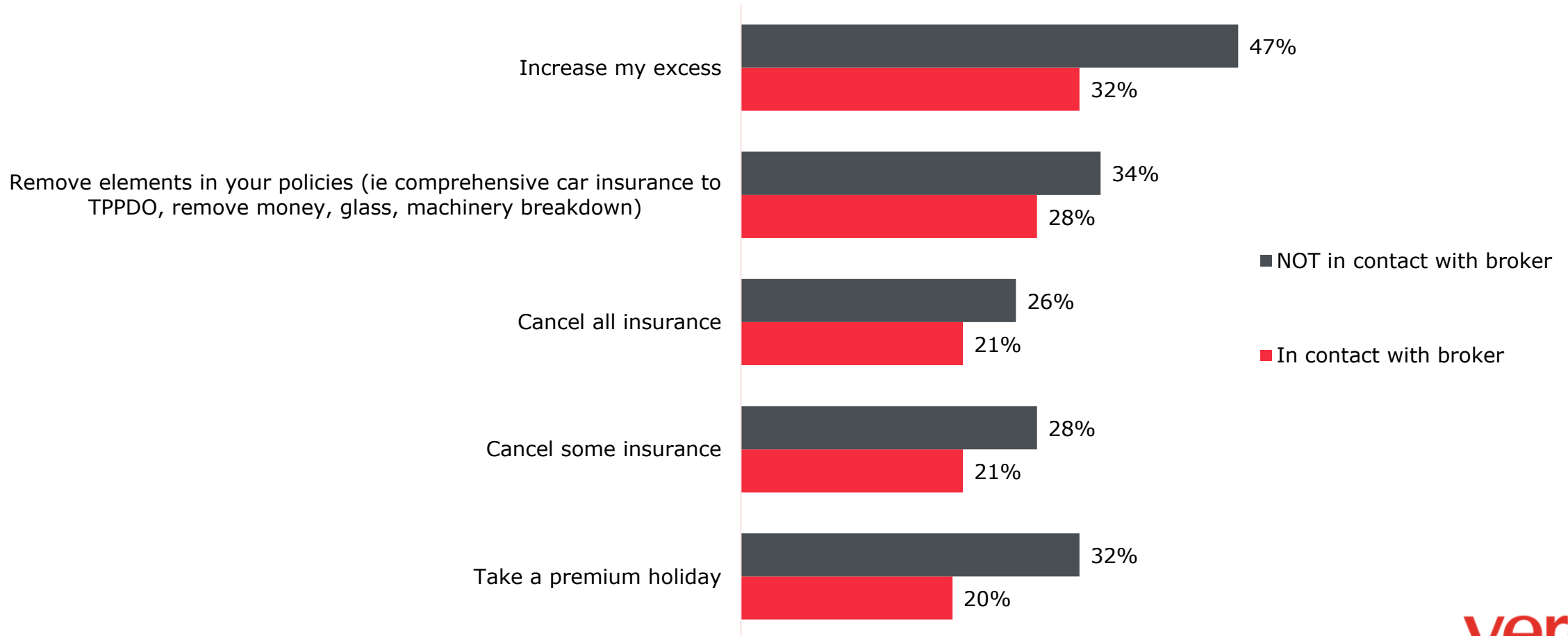
Revenue changes lead to more insurance changes



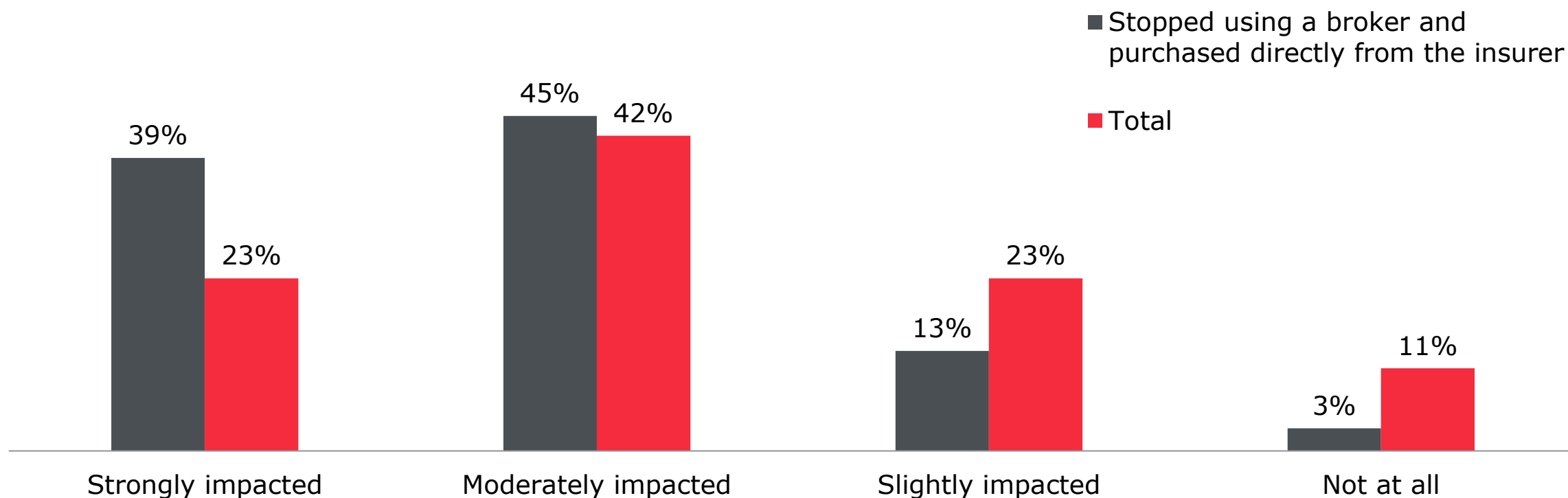
Broker clients are more likely to have tweaked or increased their insurance



Broker conversations impact the changes that SMEs make



SMEs who have been more strongly impacted by COVID are more likely to have moved direct



Summary and implications for brokers

Many SMEs have made changes to their insurance, even those whose revenues are growing.



Brokers need to have conversations with all clients, not just those who are struggling, to ensure any insurance changes are appropriate.

Broker clients, especially those in regular contact with their broker, are less likely to make negative insurance changes.



Brokers can help SMEs tweak or adjust insurance in the most appropriate ways.

Part 3

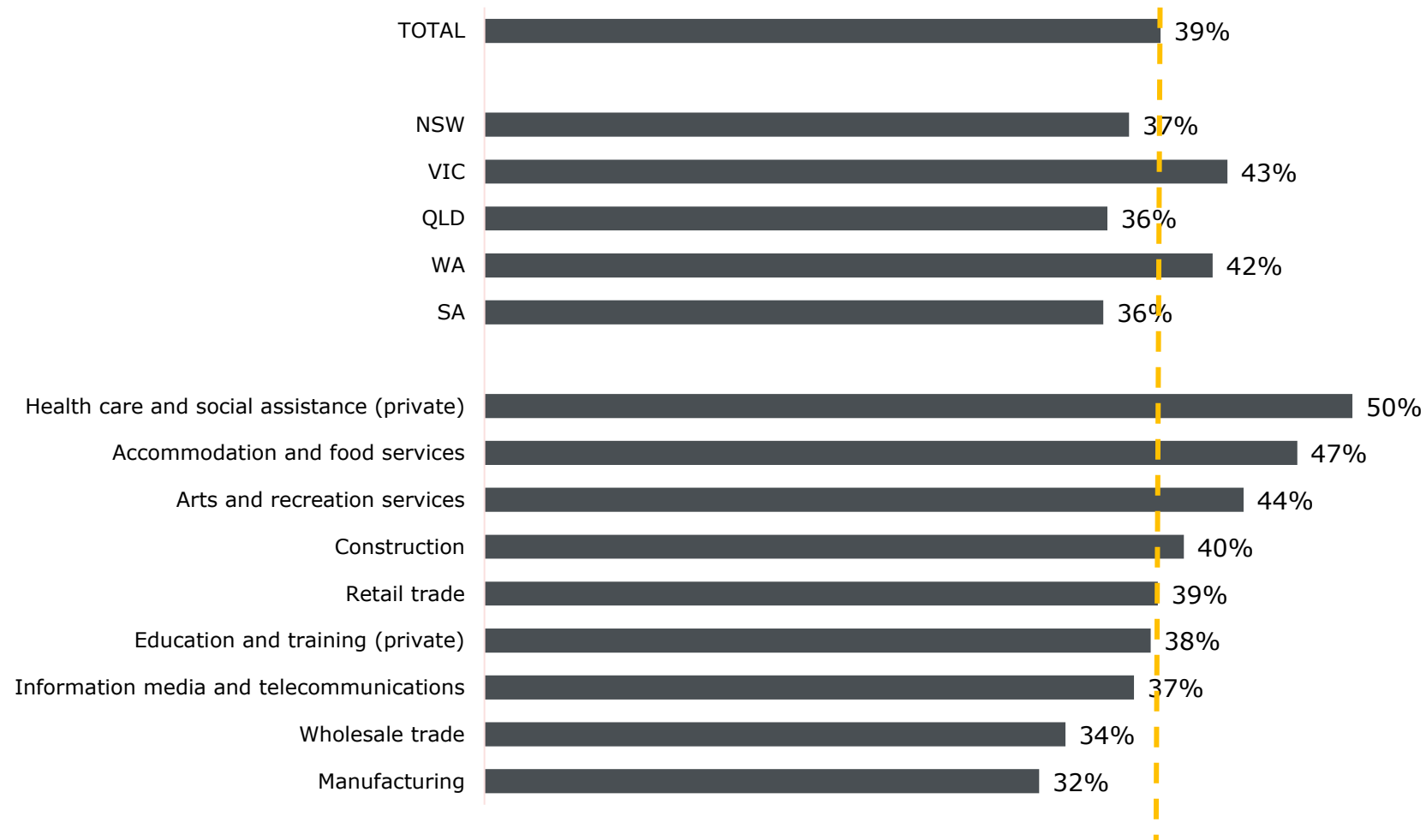
Looking forward

Business mindsets and future changes

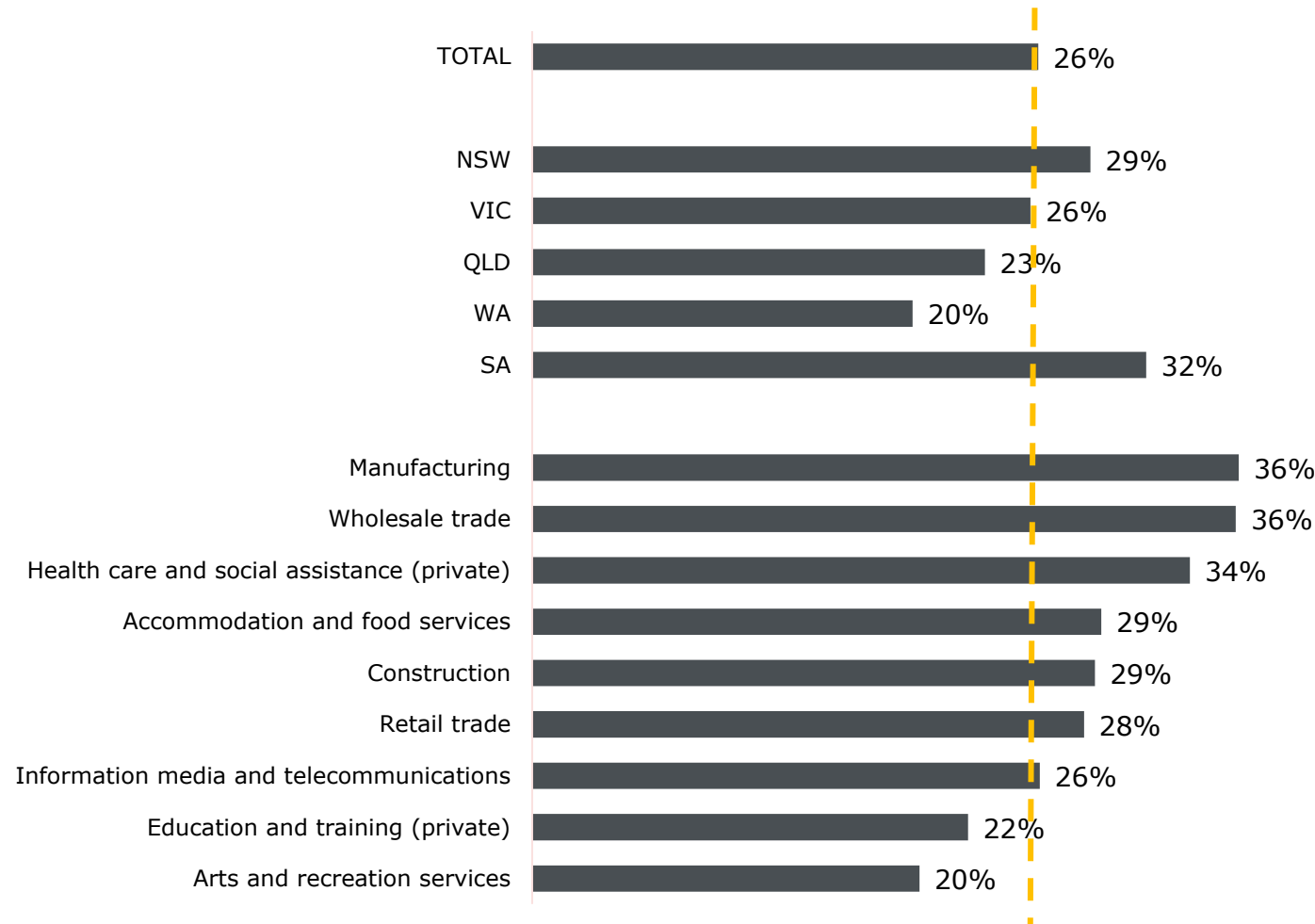
COVID related concerns dominate SME worries, including mental health impacts



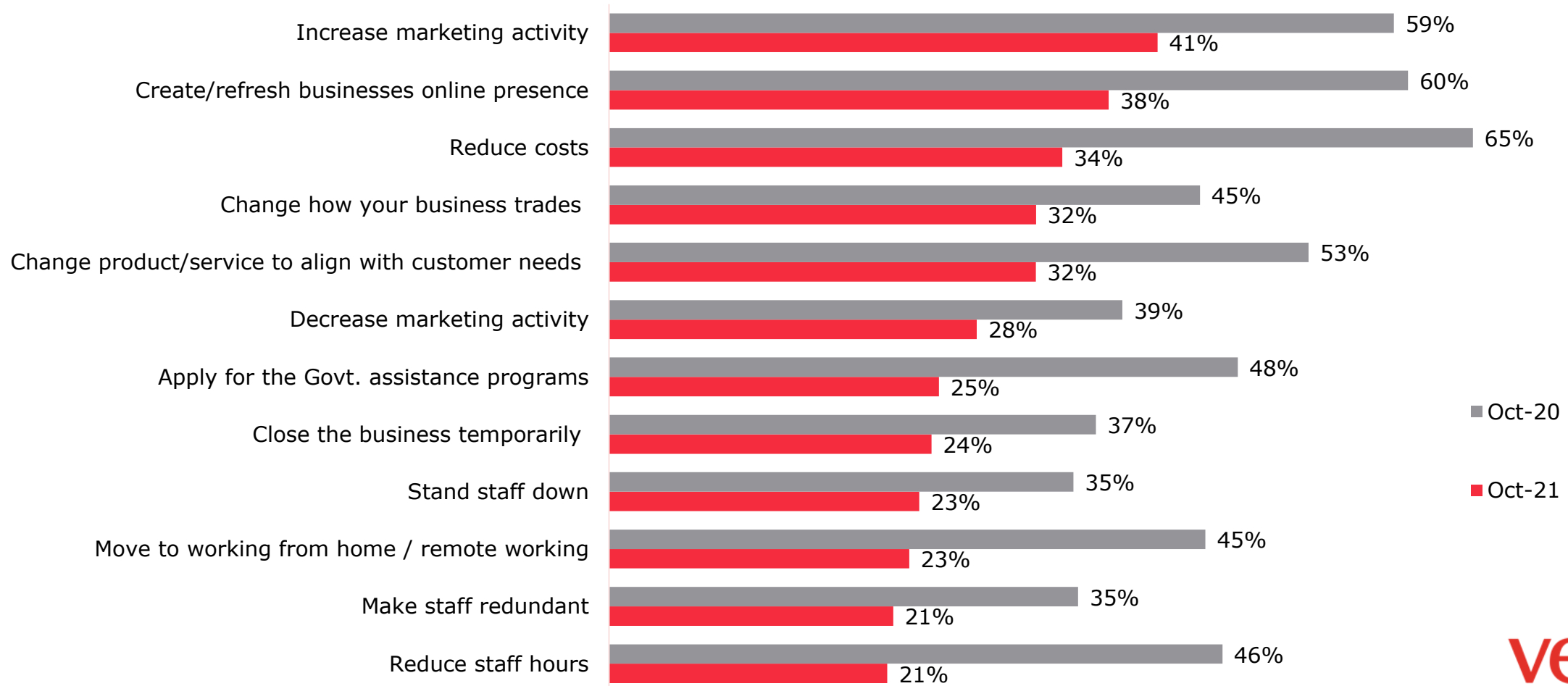
Concern about the long-term impact of COVID is highest in VIC, WA and hard hit industries



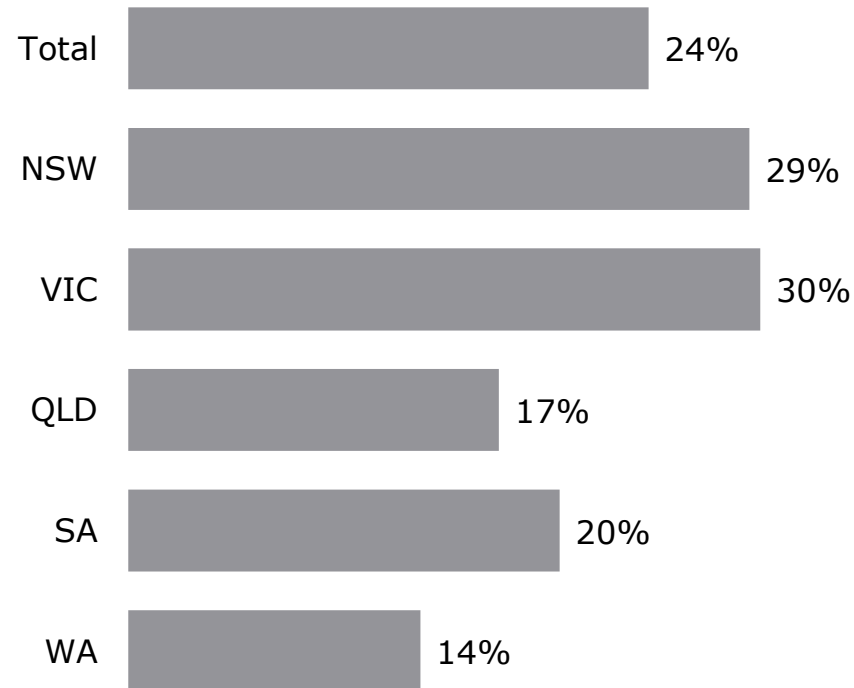
Concern about mental health is highest in NSW, SA and a range of industries



Many SMEs are considering further business changes, but less than last year

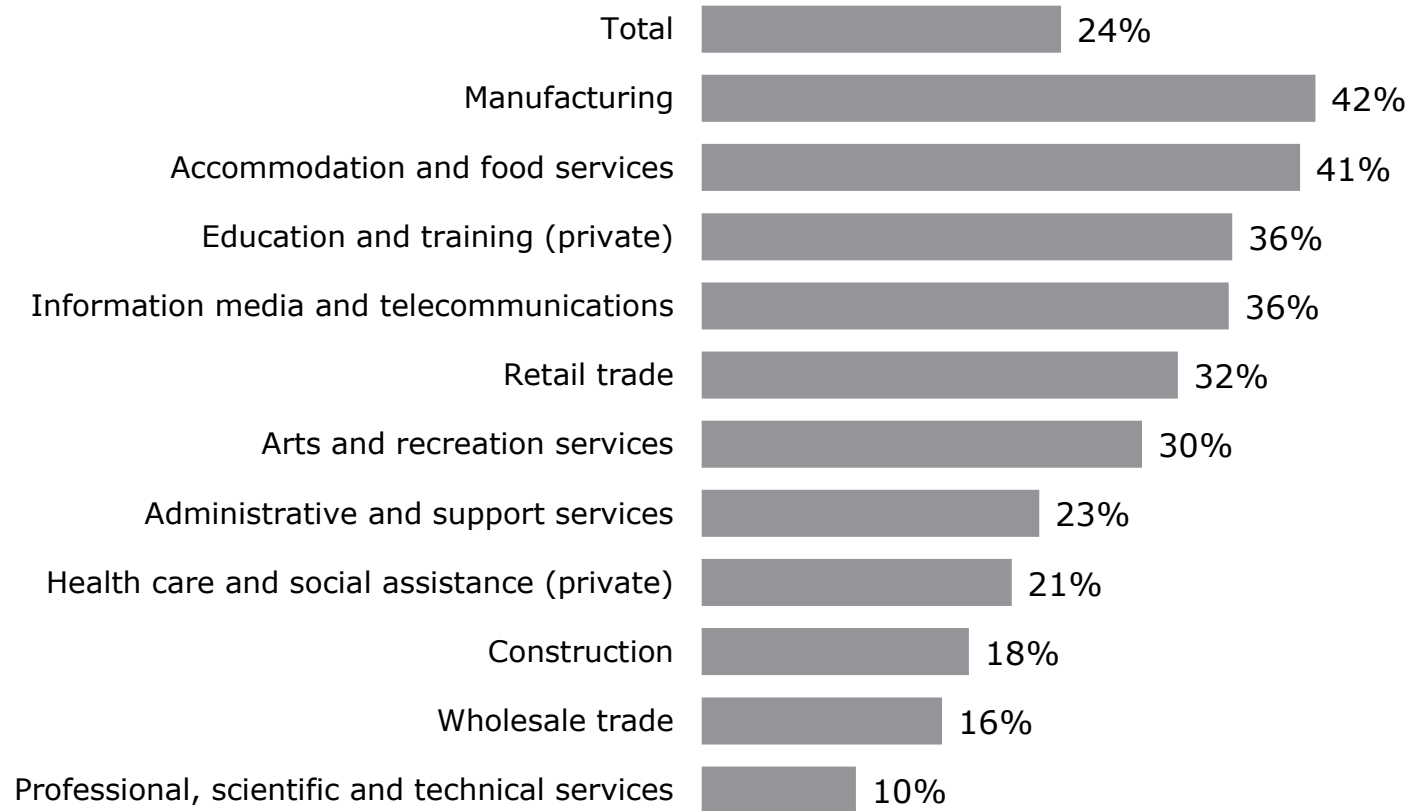


The lockdown states are more likely to be considering changes to their insurance



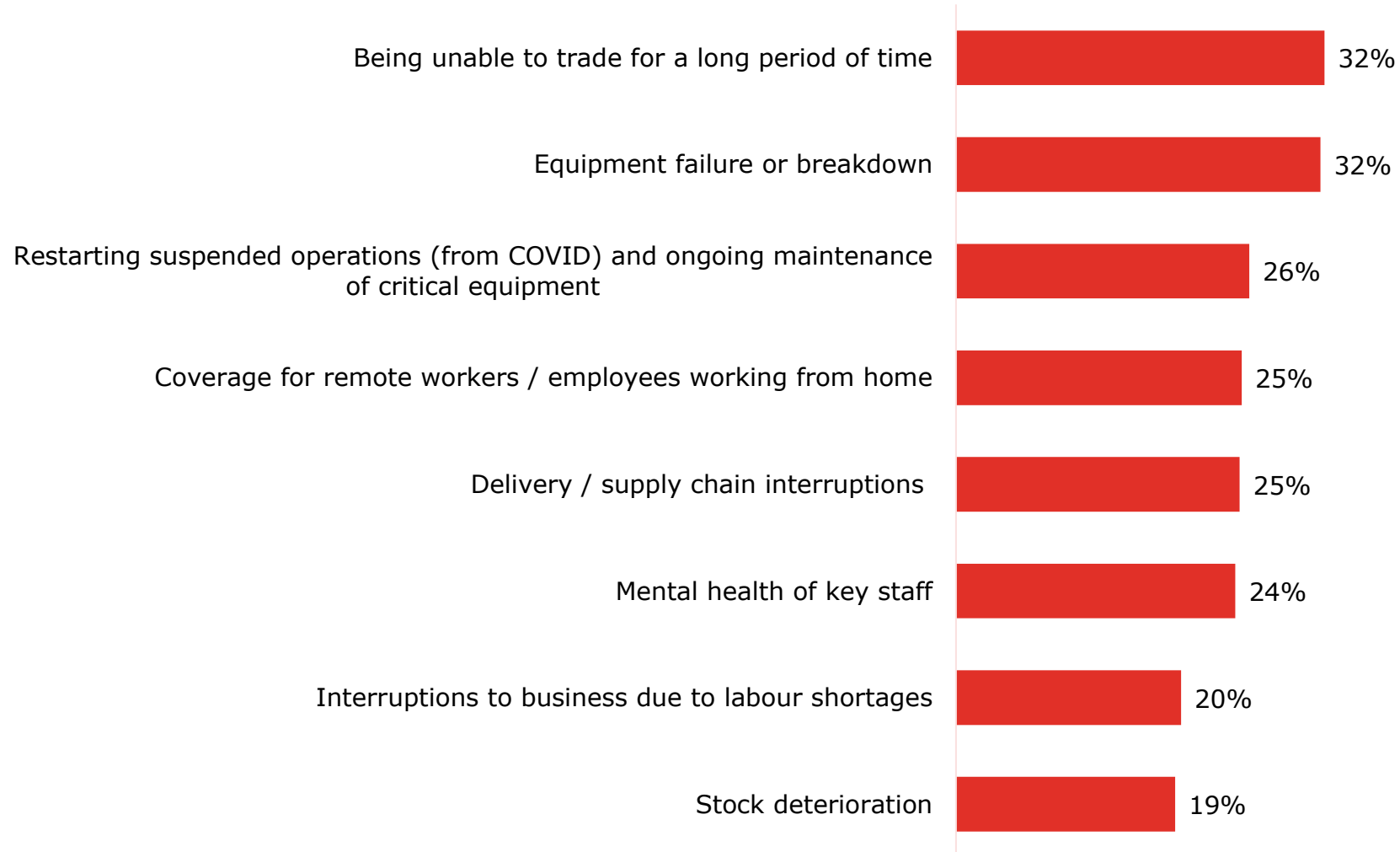
■ I'm considering changes to my business insurance

Manufacturing and hospitality businesses are more likely to be considering changes to insurance



■ I'm considering changes to my business insurance

Many SMEs place importance on relevant insurance covers



Summary and implications for brokers

COVID dominates the things that SMEs worry about, with many concerned about COVID's long term impact on the economy.



SMEs are nervous, even those who haven't been badly impacted, and brokers can play a role in reassuring and supporting clients in uncertain times.

Changes continue to be considered, and SMEs are interested in insurance that can help with a range of issues.




Brokers can support SME clients by helping them understand the insurance ramifications of issues such as restarting operations and remote working.


There is also an opportunity for brokers to play a risk management role by providing advice on COVID safe practices as well as proactive mental health and wellbeing strategies, and information on legislative requirements.

One of the resources brokers can access to help SME clients adapt to COVID

Safeworkaustralia.gov.au includes not only COVID advice, but also guidance on mental health and wellbeing and WFH.

See Australia.gov.au for Australian Government COVID-19 advice

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Q&A



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