

# Be that broker with insight

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The 2022 SME  
Insurance Index



# Contents

<b>Introduction</b>	3
<b>The Research Methodology</b>	4
<b>Chapter one</b>	
<b>Changes in broker usage and attitudes to direct purchase</b>	5
<b>Chapter two</b>	
<b>How brokers deliver to their clients' needs</b>	16
<b>Chapter three</b>	
<b>A moment of truth: Claims and SME actions</b>	31
<b>Chapter four</b>	
<b>Renewals a key time of opportunity</b>	40

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# Introduction

Over the past year we have experienced a rise in the level of uncertainty in terms of the number of natural disasters as well as learning to live and adapt to the pandemic. In these unprecedented times, the role and need for insurance strengthens. But with any period of great societal change, comes opportunity, for those who are prepared.

Our ability to learn and adapt to new conditions will define our ability to thrive in an uncertain world which means that gaining insights into how things are changing has never been more important. In this context, we are pleased to share the findings of the 11th edition of the Vero SME Insurance Index.

As with previous years we have spoken to over 1,500 SMEs to shine a light on their attitudes, needs and behaviours when it comes to insurance in general and insurance brokers more specifically.

For the first time, as a special feature we have included insights from large businesses (200+ employees) to uncover how this group differ from the SME audience and how brokers can meet the needs of this distinctive audience.

The findings this year confirm the role of brokers is evolving but remains highly relevant through the business lifecycle. We identify some clear directions on how brokers can finetune their offer to stay relevant to today's business.

We hope you find this year's Vero SME Insurance Index informative and useful as you plan for the year ahead.

**Anthony Pagano**

Vero Head of Commercial Intermediaries



# The Research Methodology

**This report is based on research involving over 1,600 business owners and decision makers from around Australia. The research was independently\* conducted in two stages:**

## **Stage One – Quantitative Survey**

A nationwide online survey of 1,500 SME and 100 large business owners and insurance decision makers was conducted, covering a range of business types and locations. The survey was conducted during October 2021 and the data was weighted by state and organisational size to current Australian Bureau of Statistics (ABS) data.

### **The survey covered:**

- general business sentiment;
- attitudes towards insurance;
- insurance purchase process;
- purchase channel (broker or direct);
- attitudes towards insurance brokers;
- demographics.

Respondents were screened to ensure that they were responsible for making insurance decisions for their businesses. Quotas around state and business size ensured that representative samples were obtained. Businesses were divided into four groups, following ABS standards:

**Micro** Businesses which employ 1-4 individuals

**Small** Businesses which employ 5-19 individuals

**Medium** Businesses which employ 20-199 individuals

**Large** Businesses which employ 200 or more individuals

Throughout this report we have included findings from a survey of 100 insurance decision makers in large businesses. The data from this group were kept separately and compared in isolation to SMEs to avoid any inaccuracies when reporting trends and comparing data over time. Whilst this sample size is statistically representative given the small number of large businesses in the Australian market, the margin for error is considerably wider than for our SME sample of 1,500. Therefore, comparisons between the two samples need to be treated with care.

## **Stage Two – In-Depth Qualitative Interviews**

A series of interviews was conducted with 6 SME and 4 Large Business respondents representing a mix of business sizes, types, attitudes to insurance, insurance purchasing channels and demographics. These sessions were held at respondents' workplaces during February 2022.

\*This research was conducted by BrandMatters. See [www.brandmatters.com.au](http://www.brandmatters.com.au).



Chapter one:

# Changes in broker usage and attitudes to direct purchase

# Over the last 11 years of the Vero SME Insurance Index, we have seen substantial change in SMEs' usage of brokers and this year is no different.

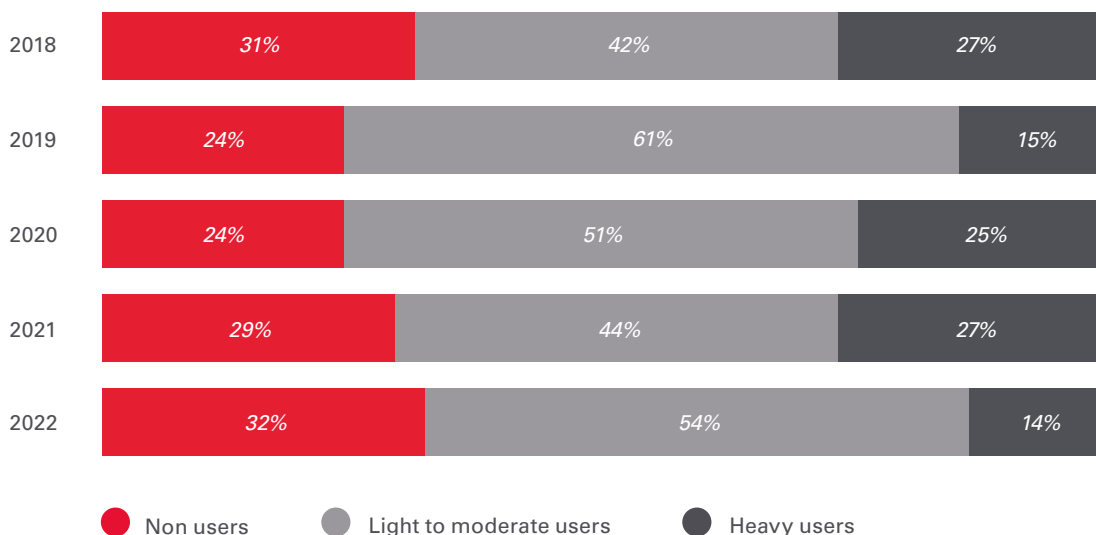
## SMEs increasingly use a mix of channels to buy their insurance

When looking at the percentage of insurance bought through a broker, 14% of SMEs that were surveyed claim they buy almost all of their insurance (90% of policies or more) through a broker, which is a significant drop from 27% last year (see Figure 1.1). There has been a small, though not statistically significant, rise in those who say that they don't use a broker at all, from 29% last year to 32% this year.

The biggest rise, and therefore the biggest reason for the decline in heavy broker usage, is amongst those SMEs who use a mix of channels to buy their insurance. This group has grown from 44% last year to 54% this year, and now represents the majority of SMEs.

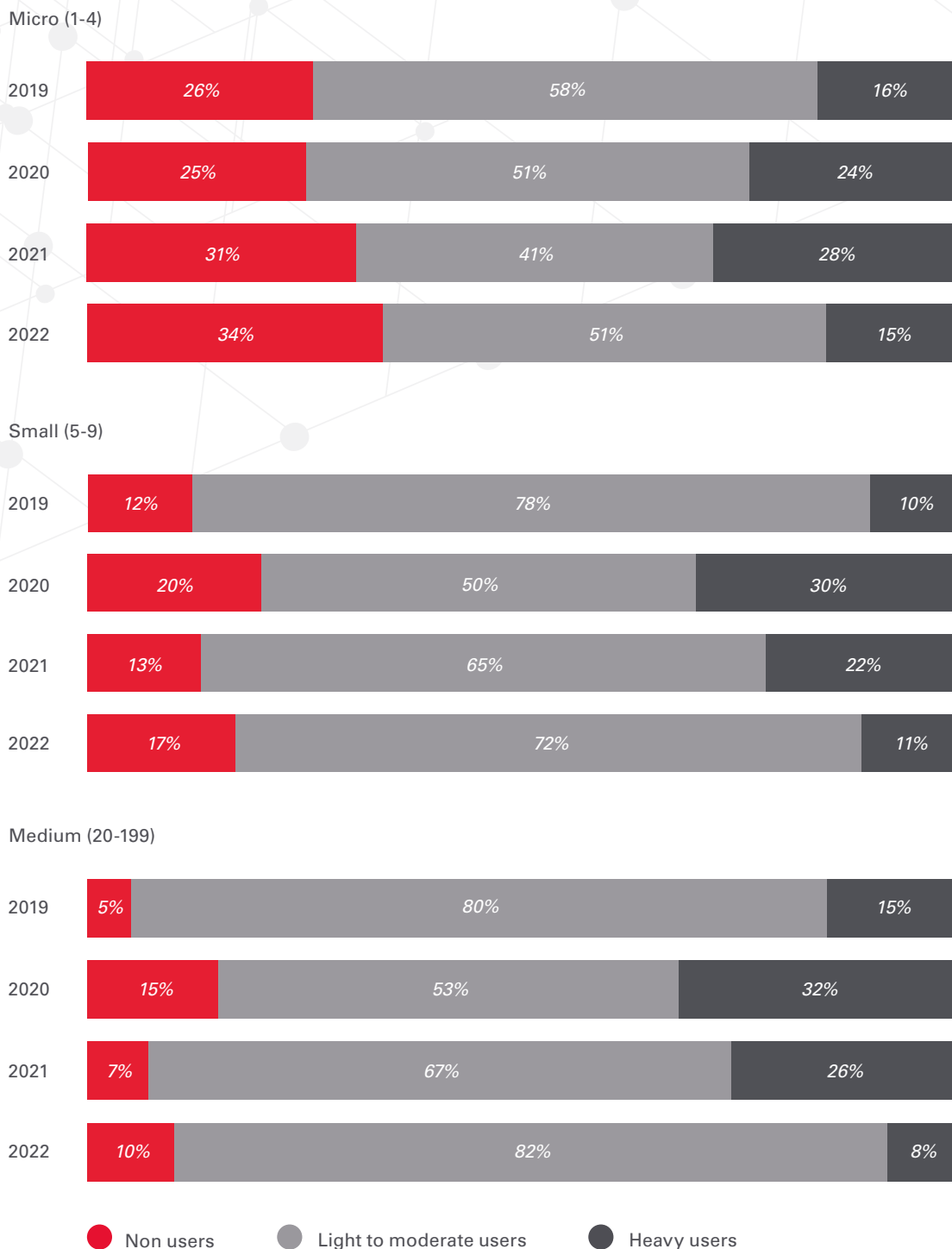
This rise in mixed usage, at the expense of heavy broker usage, suggests SMEs aren't dismissing brokers but instead are diversifying their buying behaviour, buying some policies direct and others through a broker.

**Figure 1.1: % of policies bought through a broker**





**Figure 1.2: % of policies bought through a broker by business size**



This growth in mixed usage can be observed across all types of businesses, but is particularly high amongst small and medium businesses, that is, businesses with at least 5 people working in them.

This year, 72% of small businesses claimed to buy insurance through a mix of channels, up from 65% last year. 82% of medium sized businesses used a mix of channels this year, up from 67% last year (see Figure 1.2).

Mixed purchasing appears to be the norm for these small and medium sized businesses, which raises the question: are brokers comfortable with this mix, and does this decline in brokers' share of overall insurance coverage matter?

## Less complex policies tend to be bought direct

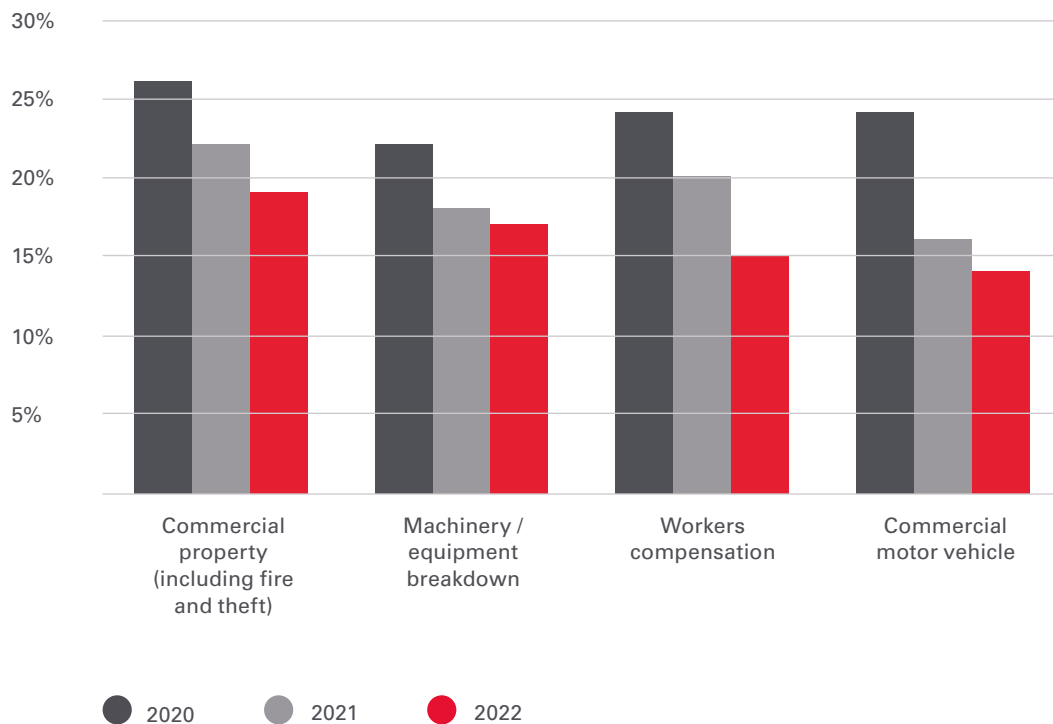
To understand this behaviour, we have examined the types of policies SMEs claim to be purchasing direct and found that a decreasing number of SMEs are purchasing less complex covers through their broker. For example, 24% of SMEs claimed to purchase Workers Compensation cover through their broker in 2020, but this has reduced to 15% in 2022.

Similar trends can be seen in covers such as Commercial Property, Commercial Motor Vehicle and Machinery / Equipment Breakdown (see Figure 1.3). Are these decisions largely driven by SMEs or are brokers focused on existing products under advice and not reactively discussing less complex covers?

Focusing on more complex covers may make good commercial sense for many brokerages, and therefore many brokers may be comfortable with this trend to mixed usage.

However, this needs to be viewed in the context of the broker's holistic relationship with their client and whether it is better for the broker to have an overview of the client's entire risk coverage, not just selected covers. It is important that brokers know all of the covers placed for a business so that they can identify a wider range of risks and thereby demonstrate their expertise.

**Figure 1.3: Policies purchased through a broker**



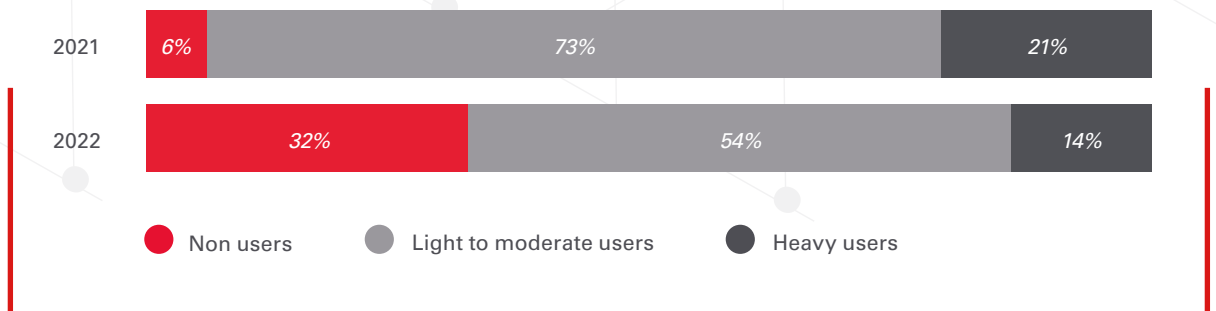




## Focus on large businesses

Compared to their SME counterparts, large businesses are even more likely to use a mix of channels to purchase their insurance. 73% claim to buy between 1% to 90% of their insurance through a broker, compared to 54% of SMEs (see Figure 1.4). Only 6% of these large businesses claim to buy all their insurance direct, while 21% buy all or almost all of their insurance through a broker. It's worth considering if this serves large businesses well given the complexity of their business risk. Large businesses are more likely to benefit from getting complete risk advice from a broker.

Figure 1.4: % of policies bought through a broker by large business



The most common covers for large businesses to buy direct are:



Public liability



Professional indemnity



Commercial motor vehicle



Cyber insurance



Workers compensation



Business interruption

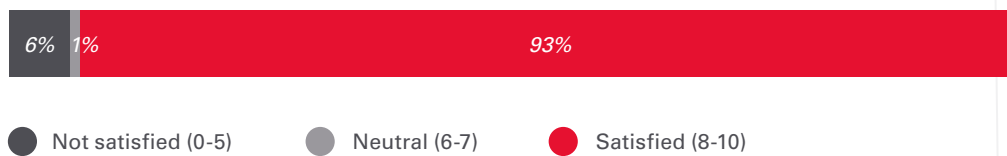
While some of these are relatively standard, a surprising number of large businesses claim to also buy more complex covers such as business interruption and cyber direct. This suggests there is a great opportunity to educate large businesses on the covers or adequacy of products they believe they have in place, given the complicated implications in many of these products.

## Mixed users tend to be highly satisfied with their broker

One clear outtake from this year's findings is that broker performance is not a factor in moving to direct purchase. In fact, 93% of those who have moved direct say that they are highly satisfied with their broker (see Figure 1.5).

This suggests that the increase in mixed usage is not driven by any concern with brokers. Rather, as digital platforms become more widespread, this may reflect increased uptake of online methods to purchase less complex policies.

**Figure 1.5: Broker satisfaction rates amongst those purchasing some policies direct**

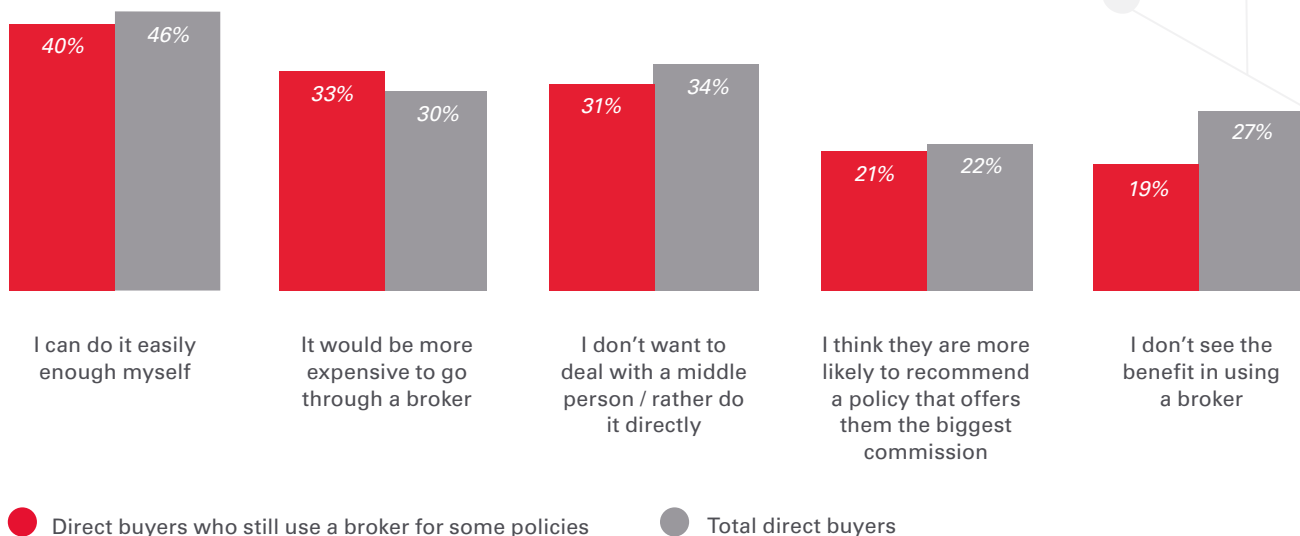


## Ease is the biggest reason for SMEs to buy direct

The biggest reason that direct buyers give for not using a broker is the belief that they can do it easily themselves (see Figure 1.6). For mixed users, being able to do it easily is also the biggest reason to buy some insurance direct, but price is also important with 33% of mixed users saying they don't use a broker because it would be more expensive, compared to 30% of all direct buyers.

Conversations about value, cost-effective insurance and how brokers make the process easier may help convince mixed users to purchase more policies through a broker.

**Figure 1.6: Reasons not to use a broker for their last or most important policy**

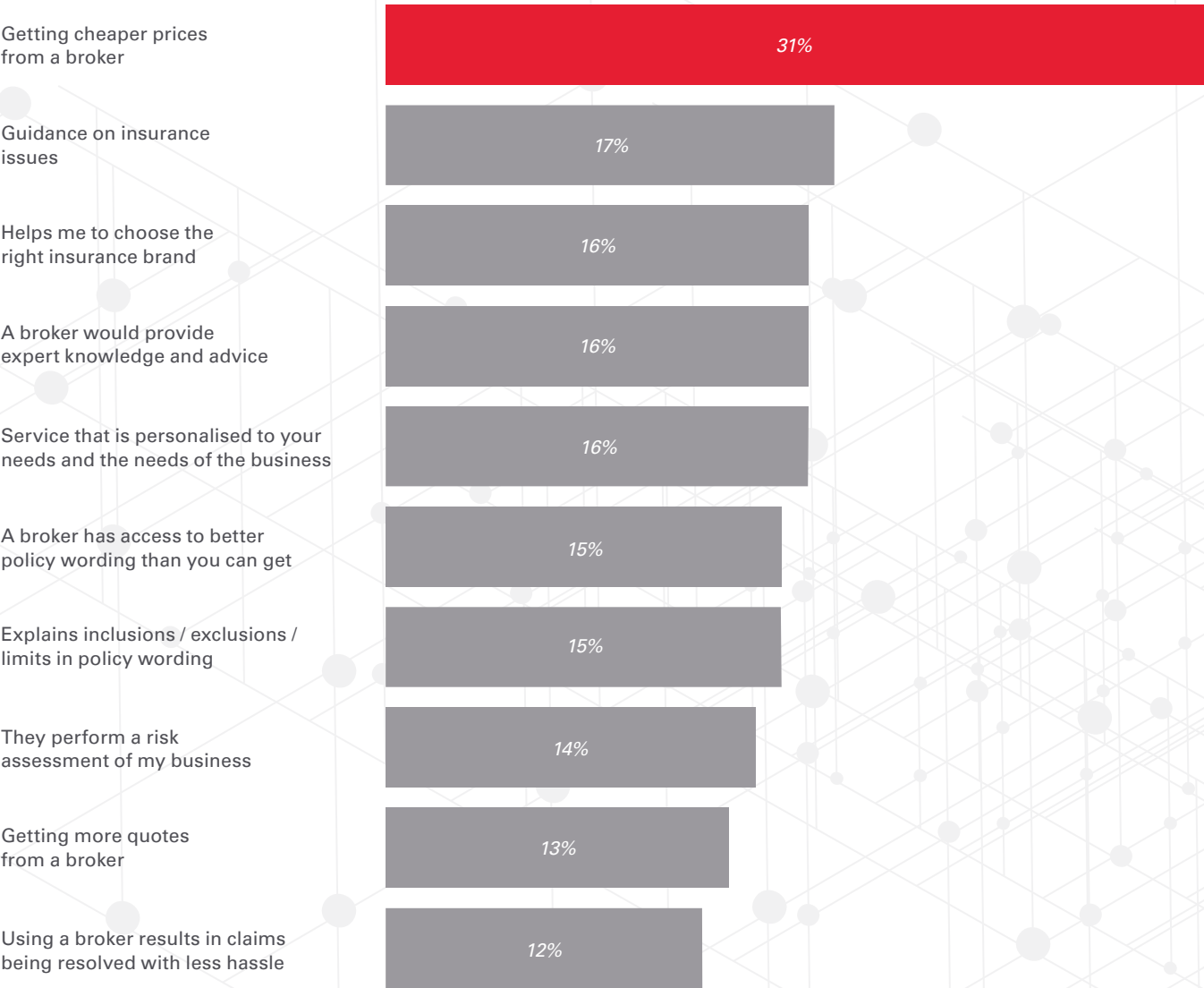


Competitive premiums could encourage direct buyers to consider using a broker

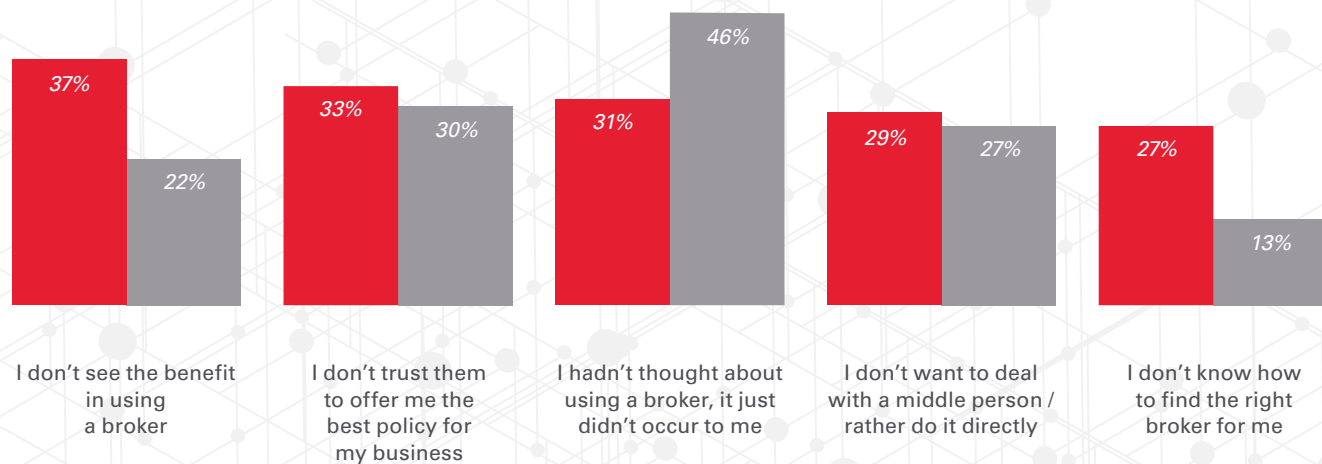
Similarly, price could play a role in enticing direct buyers to switch to buying through a broker. 31% of direct buyers say that the prospect of getting cheaper prices would be a reason to try using a broker, while expert guidance, advice and personalised service could also be persuasive (see Figure 1.7). This reinforces the fact that price is a critical way to get direct buyers to consider purchasing more insurance through a broker.

However, expertise and service are also factors in driving consideration, which means that value and cost-effectiveness could be an even more compelling story for SMEs. Ideally, SMEs need to understand that value is delivered by expert advice and superior customer experience, not just low prices.

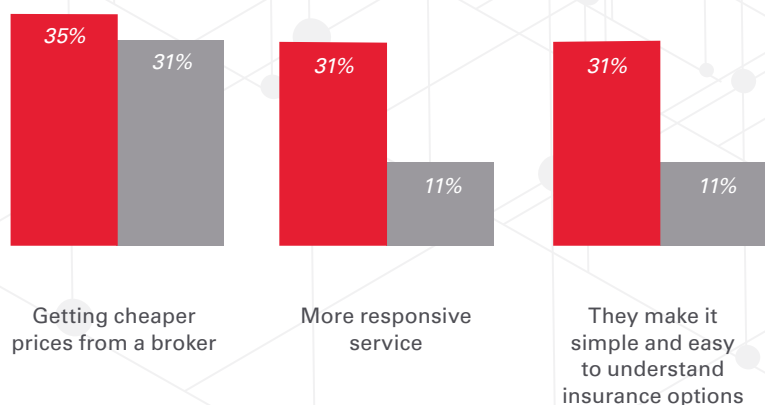
Figure 1.7: Top 10 reasons to try a broker



**Figure 1.8: Reasons not to use a broker by large business**



**Figure 1.9: Top 3 reasons to consider using a broker by large business**



● Large (200+ employees)    ● SME (1-199 employees)







## Focus on large businesses

Why do so many large businesses choose not to buy all of their insurance through a broker? Compared to SMEs, large businesses are even more likely to say the price is an issue: 37% say they don't use a broker because they think they will recommend policies with higher commissions, compared to only 22% of SMEs, and 33% say it would be more expensive to go through a broker, compared to 30% of SMEs (see Figure 1.8).

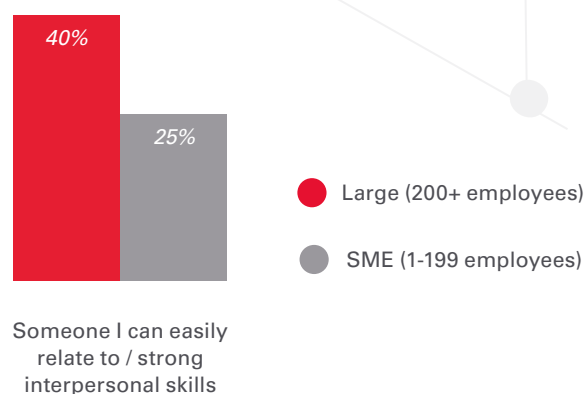
Ease is less of a reason for large businesses to say they don't use a broker, with only 31% saying it would be easier to do it themselves, compared to 46% of SMEs. Trust, however, is a factor for large businesses, with a surprising 27% saying that they don't trust brokers to offer them the best policy for their business, compared to 13% of SMEs. Large businesses may consider resources within their business focusing on risk management, self-insurance, deductible options as a reason to self-serve.

To persuade large businesses to purchase more of their insurance through a broker, brokers need to build trust and demonstrate the value they deliver to their clients and consider making price a stronger focus of conversations.

When thinking about what would make them consider using a broker, large businesses are more likely to talk about responsive service and brokers who can make insurance simpler and easier to understand, as well as better prices (see Figure 1.9).

Relationships are critical for large businesses, with 40% saying that when looking for a broker they would prefer someone to whom they can relate (see Figure 1.10).

**Figure 1.10: Top characteristic looked for in a broker by large business**



# What does this mean for brokers?

## Insight

An increasing number of SMEs are buying their insurance through a mix of channels, meaning that brokers do not always see the full extent of their clients' insurance cover.

## Actions

- Brokers need to consider the implications of only selling complex covers rather than providing SMEs' complete insurance needs; whilst this may be more efficient, it means that brokers do not have a holistic view of clients' business and risk.
- It is important brokers have knowledge of all covers placed to identify inherent risks and demonstrate the expertise and value that brokers deliver.

## Insight

Many SMEs are choosing to buy simpler covers, like workers' compensation, direct noting in some states this may be regulated by managed funds or local authorities. However, the risk advice, insight and services a broker may offer in this class of business would certainly add considerable value when an SME reviews their entire insurance needs.

## Actions

- Ensure mixed users understand the complexity of insurance and the importance of broker expertise. This will help reduce the risk of SMEs buying more of their insurance direct.
- While many direct buyers would be tempted to use a broker if they could get cheaper prices, brokers have an opportunity to demonstrate value by highlighting both price advantages, through providing a range of quotes, and the expertise and service brokers provide.



“

I think if one broker was across all the detail of our business insurance covers, they would make better decisions about what we need or what we don't need.

Large business, mixed usage

”



Chapter two:  
**How brokers  
deliver to  
their clients'  
needs**



# At its heart, insurance broking is a relationship business and brokers are in a strong position to build deep relationships that add value to their clients' business.

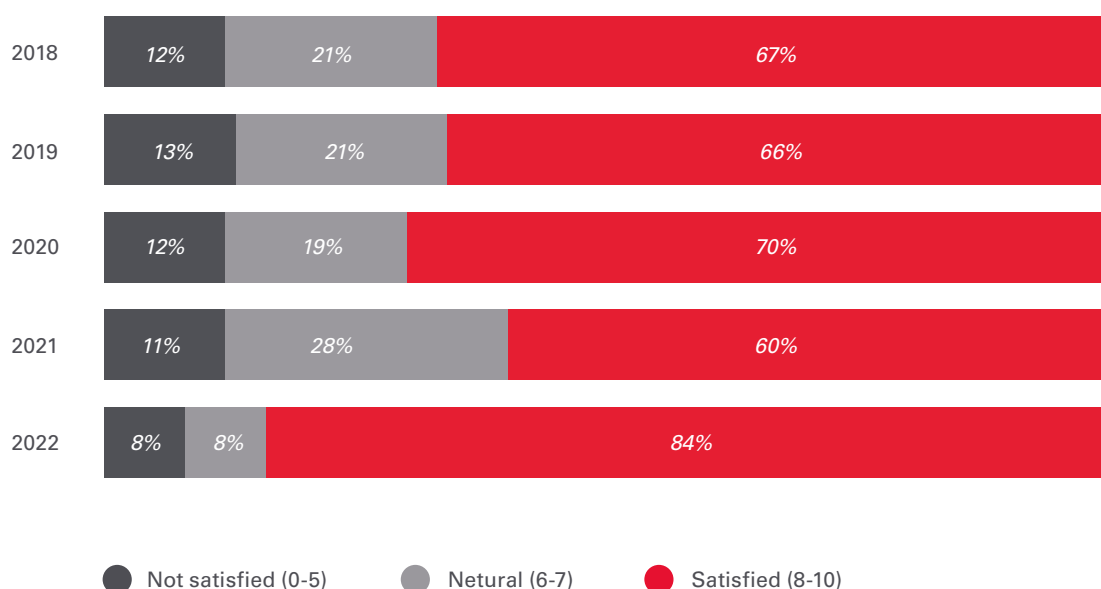
Understanding what SMEs need from their broker relationships enables brokers to deliver service that drives value and satisfaction. In this chapter we will explore the broker services and features that matter most to SMEs.

## Broker clients are increasingly, highly satisfied with their broker

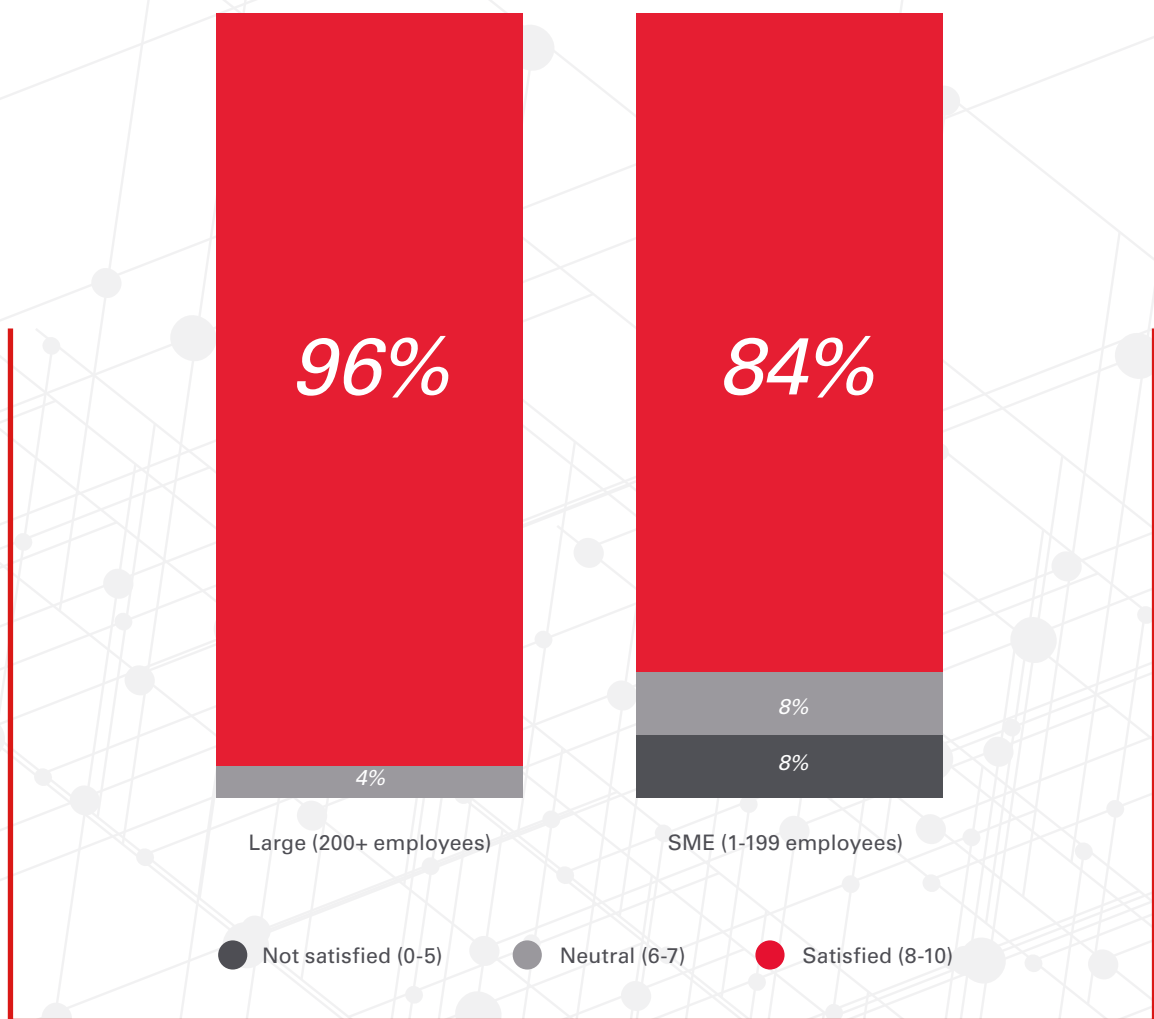
Every year, the Vero SME Insurance Index asks broker clients how satisfied they are with their broker. This year broker satisfaction is significantly higher, with 84% scoring their broker 8 or more out of 10, compared to 60% last year (see Figure 2.1). This is an unusually large increase and could reflect the unique global circumstances we have experienced in the last year.

Customer satisfaction has increased in a wide range of industries this year, meaning this is a broader trend. However, this also suggests that many brokers are doing an excellent job looking after their clients during challenging times.

**Figure 2.1: Broker satisfaction**



**Figure 2.2: Broker satisfaction by large business**



## Focus on large businesses

Large businesses are even more satisfied with their brokers than SMEs, with a near universal 96% of large businesses rating their broker at least 8 out of 10 (see Figure 2.2). We explore whether this reflects higher service levels that brokers are able to deliver to large businesses.

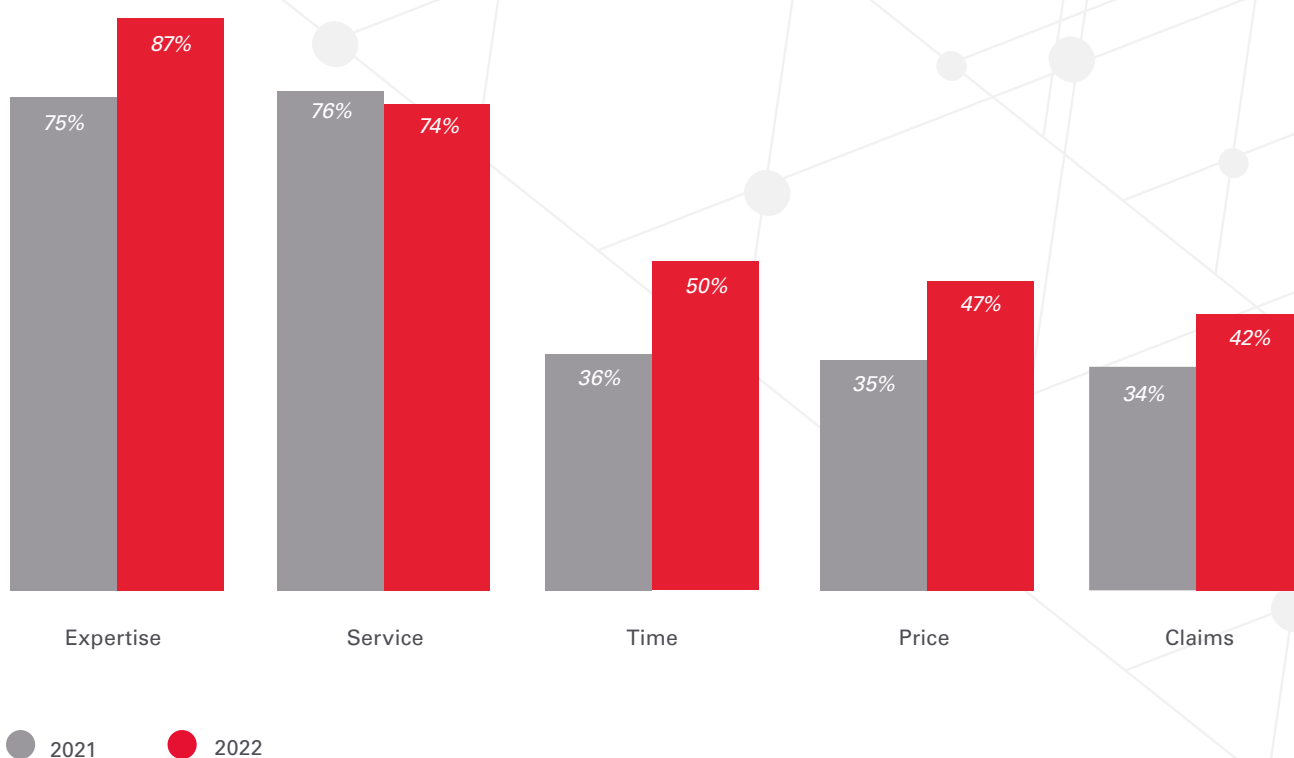
Despite these high levels of satisfaction, a surprisingly high 39% of large businesses say that they haven't been in touch with their broker in the last year, compared to only 28% of SMEs. This may indicate a lost opportunity for some brokers to build stronger relationships with their large clients.

## Expertise is a significant reason for SMEs to work with a broker

Turning to the reasons that SMEs give for working with their brokers, expertise appears to be increasingly valued. This year 87% of broker clients cite expertise as a reason to work with their broker, up from 75% in 2021 (see Figure 2.3).

The importance of time saving, price and claims have also increased over the last year, while service remains important to 74% of SMEs, unchanged since last year. Expertise and service are key to the broker value proposition and brokers need to demonstrate both to attract and retain clients.

Figure 2.3: Reasons to work with current broker





“

I think our brokers add a lot of value to our business. We treat them like consultants and business partners, as opposed to just a broker that gets you an insurance policy and gives you an invoice for their fee.

Large business, heavy broker users

”





## Focus on large businesses

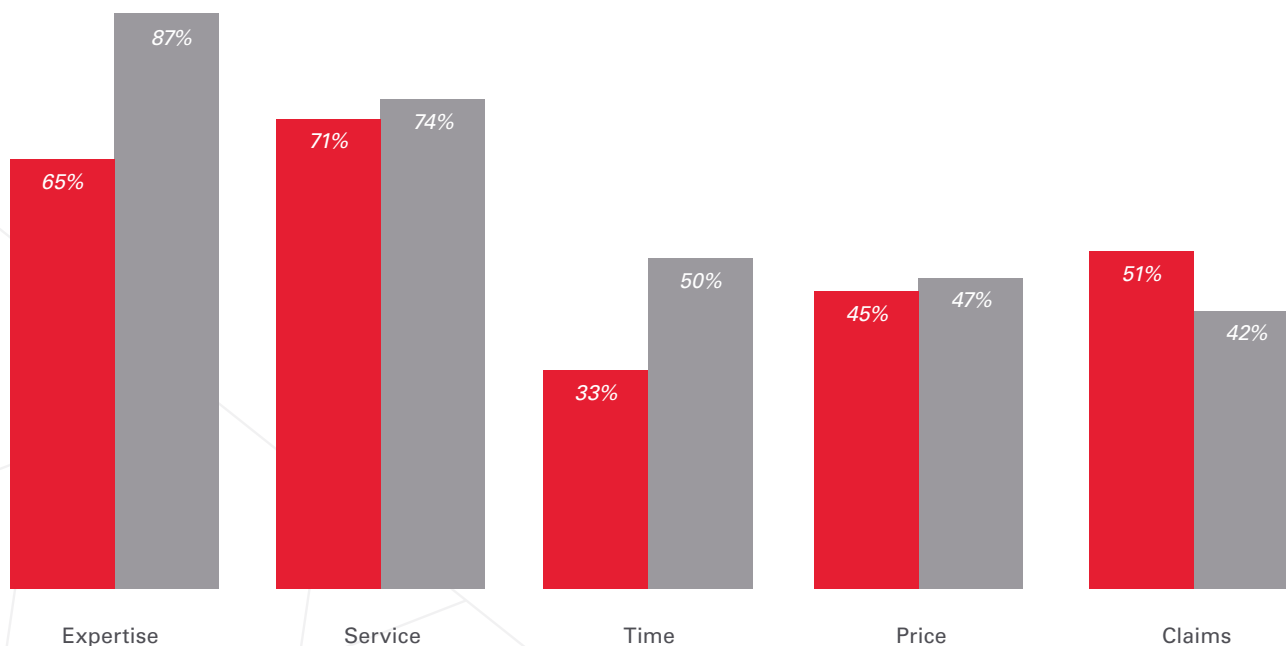
Expertise appears to be less important to large businesses, with only 65% saying this is a reason to work with a broker, compared to 87% of SMEs (see Figure 2.4). Claims are cited as a reason for 51% of large businesses, compared to 42% of SMEs, and this will be explored in more detail in the next chapter.

Expertise is made up of a number of elements, including advice, knowledge and access to specialist covers. Large businesses appear to be particularly interested in specialist covers rather than advice. 24% of large businesses say they use a broker because a particular cover is only available through their broker, compared to 18% of SMEs (see Figure 2.5). In contrast SMEs appear to value advice more highly, with 47% saying that their broker provides expert knowledge and advice, compared to only 22% of large businesses.

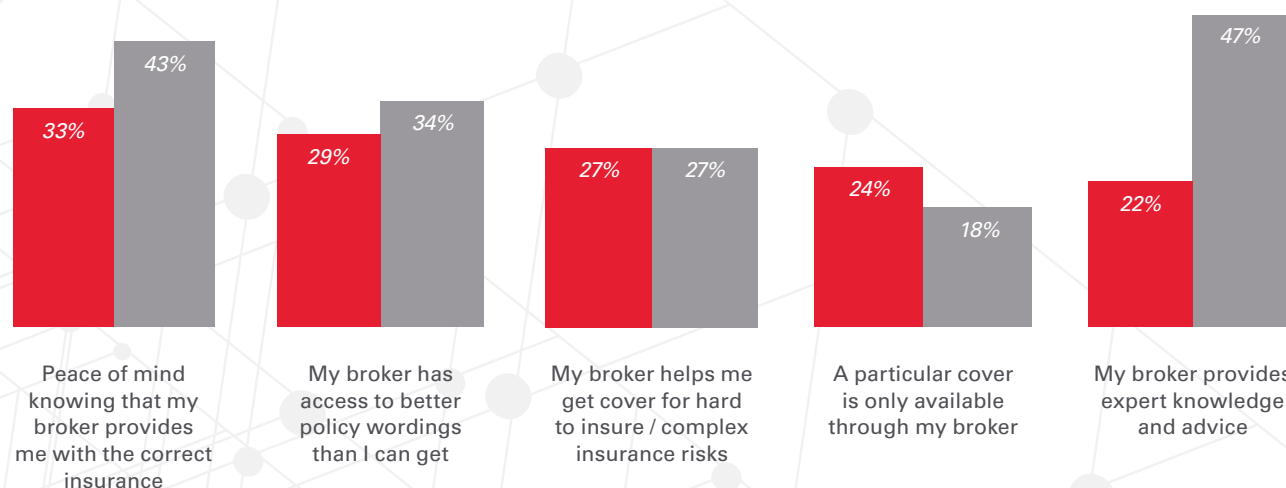
Additionally, this data may indicate the potential belief that a large businesses in-house risk management services will adequately protect their operations, suggests that there may be a need to educate large businesses about the benefits of utilising the expertise of their broker and enabling the broker to play a broader risk advice role.

Claims, on the other hand, are more widely cited as a reason for large businesses to work with a broker. 37% say that working with a broker means that claims are resolved with less hassle and 29% say that claims are resolved faster with a broker (see Figure 2.6). This is a clear reason to focus on effective claims experiences and to communicate the role that brokers can play when talking with prospective clients.

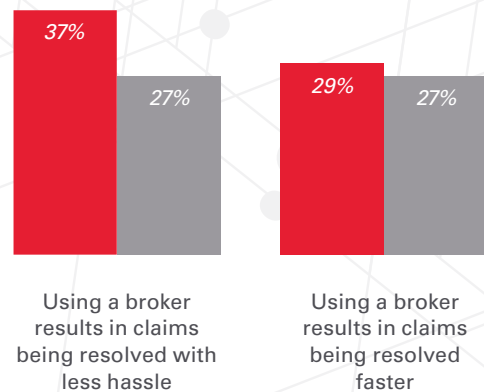
**Figure 2.4: Reasons to work with current broker by large business**



**Figure 2.5: Reasons to work with current broker – expertise factors by large business**

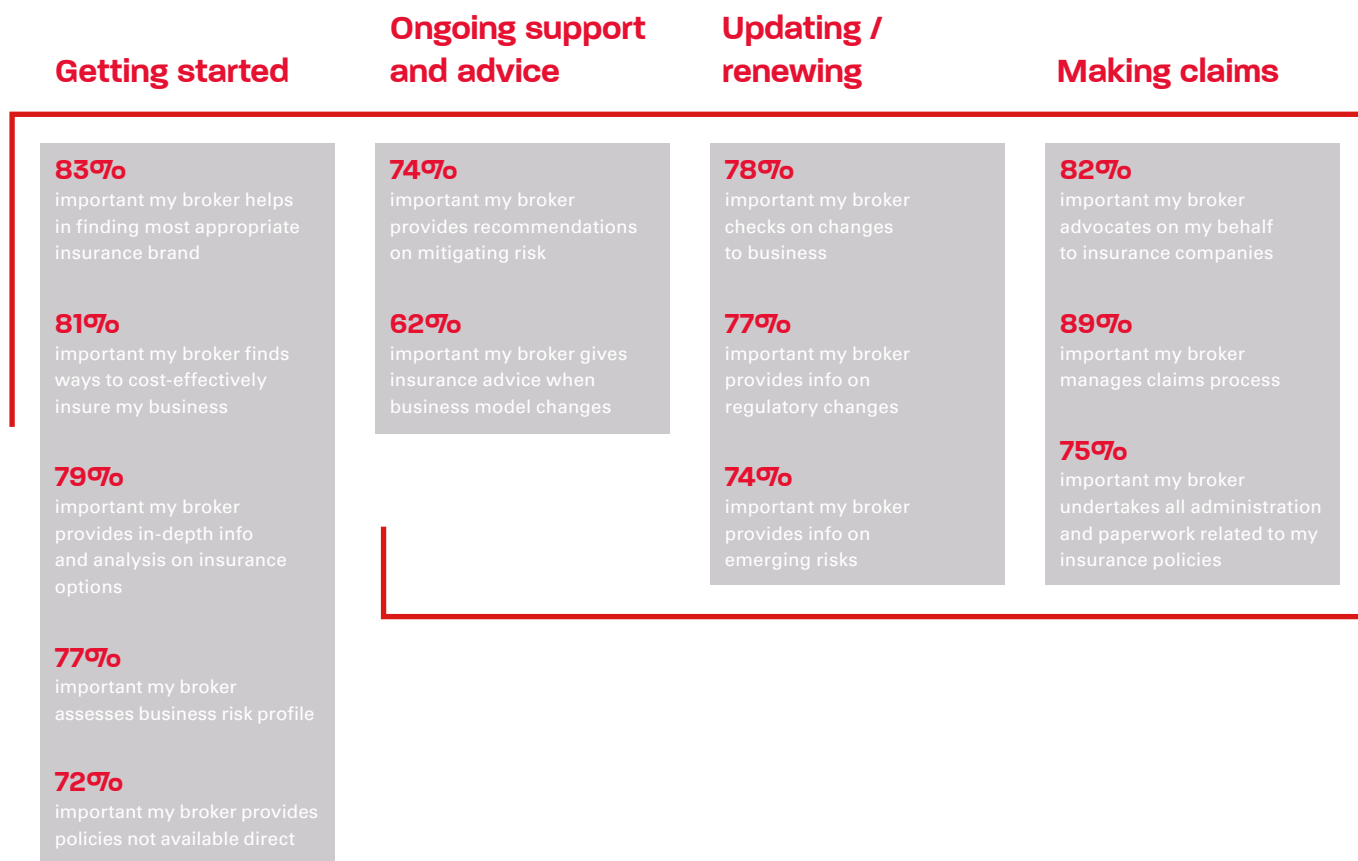


**Figure 2.6: Reasons to work with current broker – claim factors by large business**

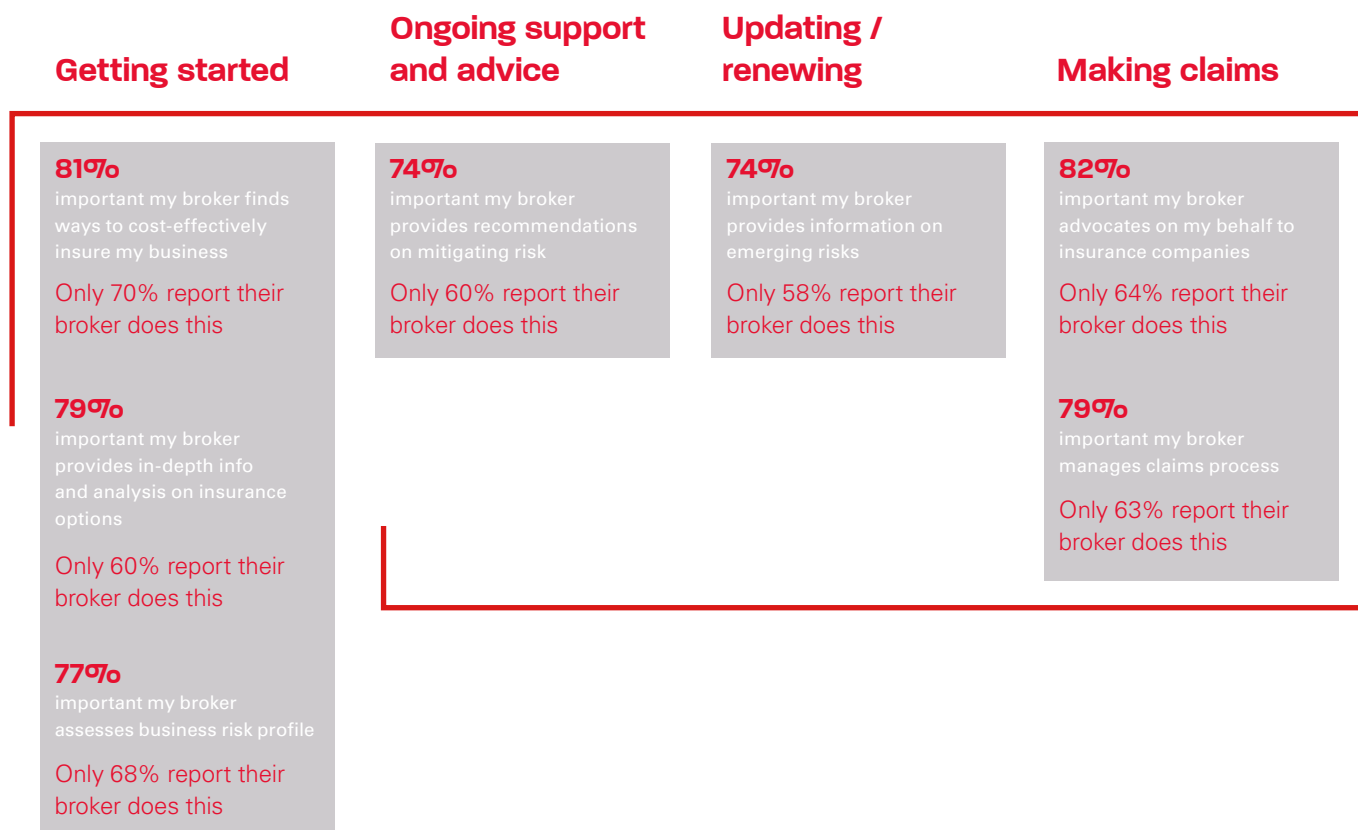


● Large (200+ employees) ● SME (1-199 employees)

**Figure 2.7: The importance of broker tasks along the client insurance lifecycle**



**Figure 2.8: Gaps on delivery along the client insurance lifecycle**



## Brokers provide important services throughout the insurance lifecycle

Brokers provide services for their clients that are important throughout the insurance lifecycle. When looking at the tasks that SMEs consider important for brokers to do on their behalf, the data shows that valued tasks occur at all stages, from initial insurance recommendations to ongoing support, renewals, and claims (see Figure 2.7). This confirms SMEs value the role of brokers throughout the insurance lifecycle, not just at set up and claims, and that brokers have an ongoing role to play.

There are some key service gaps across the lifecycle of the client relationship, where we see fewer brokers deliver valued services beyond the initial insurance recommendation.

For example, in the initial set-up phase, 81% of SMEs say that it is important that their broker finds ways to cost-effectively insure their business but only 70% say that their broker does this (see Figure 2.8).

Many SMEs value ongoing tasks such as providing recommendations on mitigating risks or information on emerging risks, but a considerably lower proportion of brokers do this for their clients.

The more brokers can deliver on these tasks through the different stages of the client relationship, the more SMEs will be likely to value their ongoing experience with their broker.







## Service means different things to different SMEs

Service means different things to different SMEs. To understand this in more detail, this year we asked SMEs to describe what good broker service looks like in their own words. When these results are analysed, we see a diverse range of service interpretations from price through to experience and understanding (see Figure 2.9).

Good service is primarily about recognising the different needs and preferences of individual clients. Therefore, keeping in regular contact, asking for feedback and observing client behaviour can help brokers understand what individual clients want and deliver the right service for each SME.

Differences in service expectations emerge when we compare broker clients and direct buyers.

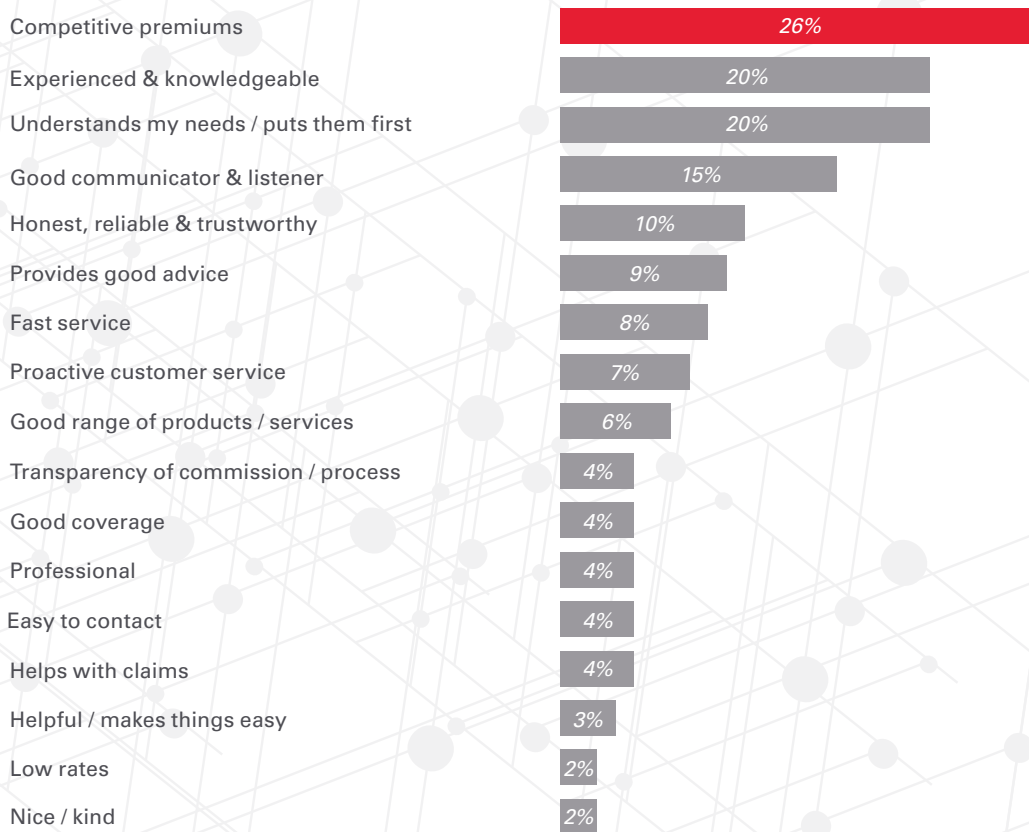
30% of direct buyers say that good service comes through competitive premiums, compared to only 17% of broker clients (see Figure 2.10).

Meanwhile 23% of broker clients say that service comes from experience and knowledge, compared to 18% of direct buyers.

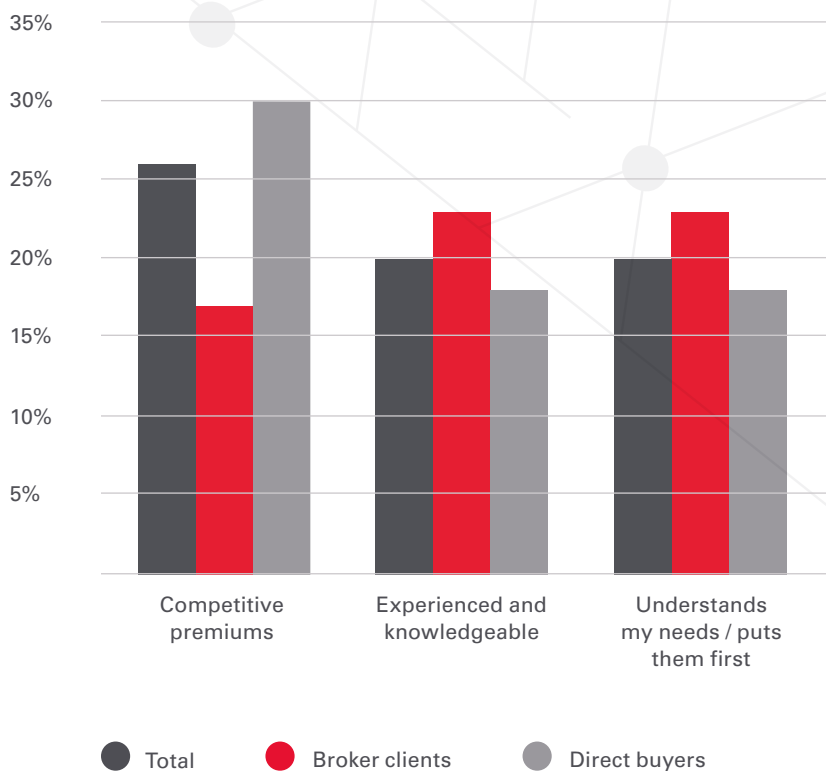
Similarly, 23% of broker clients say that service is about understanding their needs, compared to only 18% of direct buyers.

Price may be a good initial conversation point to attract current direct buyers, but demonstrating understanding and expertise is important to build relationships with longer-terms clients.

**Figure 2.9: Elements of good broker service**



**Figure 2.10: Elements of good broker service by purchase channel**



## Business growth is a common reason to start using a broker

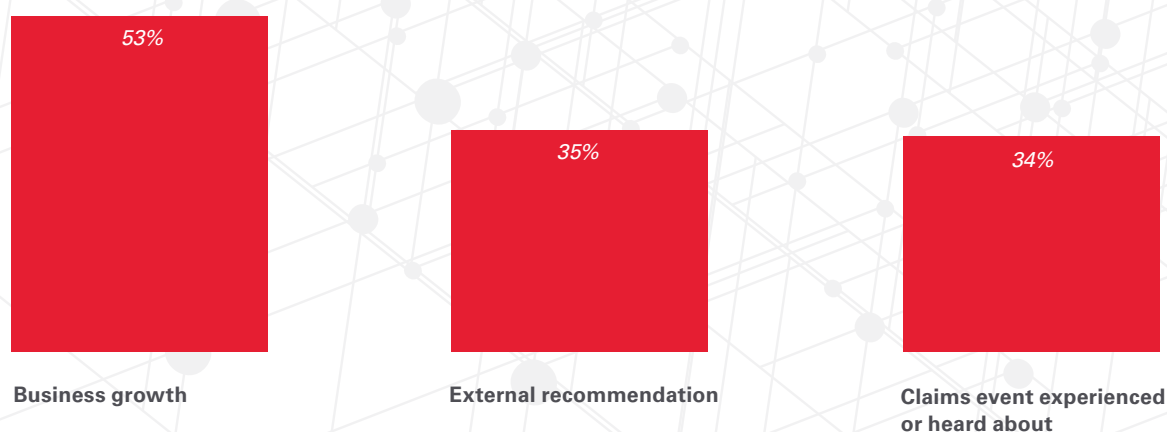
To further explore the initial step in the insurance lifecycle, this year we asked broker clients what prompted them to start using a broker. There are many reasons to start using a broker, but the most common is business growth, with 53% saying that business growth or increasingly complex needs were the reason they started working with a broker (see Figure 2.11).

External recommendations, for example from business partners or other financial professionals such as accountants, was a factor for 35% and hearing about a claims event influenced 34% to start using a broker.

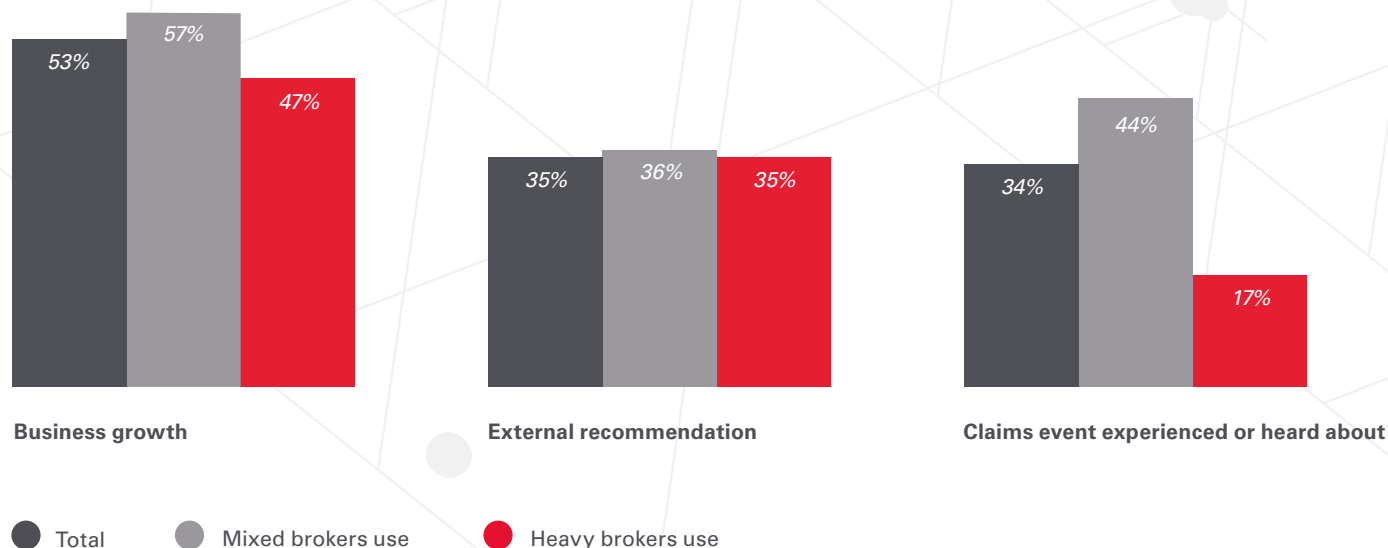
Reasons to start using a broker vary depending on the level of broker usage. 44% of mixed broker users say that they started using a broker following experiencing or hearing about a claims event, compared to only 17% of heavy broker users (see Figure 2.12).

Claims are a significant insurance moment of truth that can prompt SMEs to consider using a broker, even for those who don't experience the claim themselves but hear about the experiences of others. We will explore this in more detail in the next chapter.

**Figure 2.11: Prompts to start using a broker**



**Figure 2.12: Prompts to start using a broker by usage levels**





## What good service means to SMEs

"My broker proactively contacts me to discuss insurance and emerging issues like COVID and I feel like they are almost part of the team. They genuinely have my businesses' best interest at heart."

"Personal contact, knowing the business well, recommending what I need and why. Informing me of any gaps where my business isn't covered."

"Proactively reassesses my insurance needs in line with any changes that may occur."

"Someone who looks out for the best available offers."

"The broker should advise as to all aspects of your insurance, and personalise the cover for your specific business. They should also handle all claims on your behalf, knowing that they act on your behalf and not the insurer."

"Shop around for the best price from a reputable company that had a record of paying promptly."

"They offer good value for money, they offer insurance cover at a reasonable cost and at no large markups."

"Extensive knowledge and being able to explain it to me and how to it pertains my business."

"A good broker is like your family and a good friend that can discuss openly and transparently between both parties and build trust."

"Constant check-ins to make sure things are going ok and there are no circumstance changes which may affect things moving forward."



# What does this mean for brokers?

## Insight

Expertise is the biggest reason to work with a broker, but there is a gap between what SME clients say is important and what their broker reportedly delivers.

## Actions

- Regular client communication ensures they are aware of the added value services brokers deliver, for example expert analysis and advice, specialist covers and support in difficult times.

## Insight

Business growth and increased business complexity are the biggest reasons for SMEs to start using a broker.

## Actions

- Consider marketing and sales development activities that target growing businesses.
- Build relationships and referral partnerships with local business advisors such as accountants to encourage them to refer their fast-growing clients.
- Start-up SME's are looking for support from other like minded SMEs, such as their broker. For example, the ways in which your business manages ongoing SME issues such as staff acquisition and retention.

## Insight

Service means different things to different people.

## Actions

- Brokers can improve service delivery by understanding what their clients are looking for, asking for feedback and clarifying client expectations.
- Be brave and ask your client if you are meeting their needs, and if there is anything more you can do, to bridge any gaps.

## Insight

Large businesses are more likely to say that they haven't been in touch with their broker.

## Actions

- This is an opportunity for brokers to build closer relationships and stay in more regular contact with large businesses.
- Large doesn't always mean industry best practice. Sometimes they don't realise a solution already exists for a problem they are trying to solve. A brokers proactive interaction may be an opportune moment to demonstrate value and relevance given the complexities and dynamic changes that occur in large businesses.



“

Good service is a broker that knows me personally as well as my business. I want them to show that they actually are invested in my business, and they understand whether we need something or we don't need something, and then go away and proactively look for solutions for me.

Small business, mixed usage

”



Chapter three:  
**A moment  
of truth:  
Claims and  
SME actions**



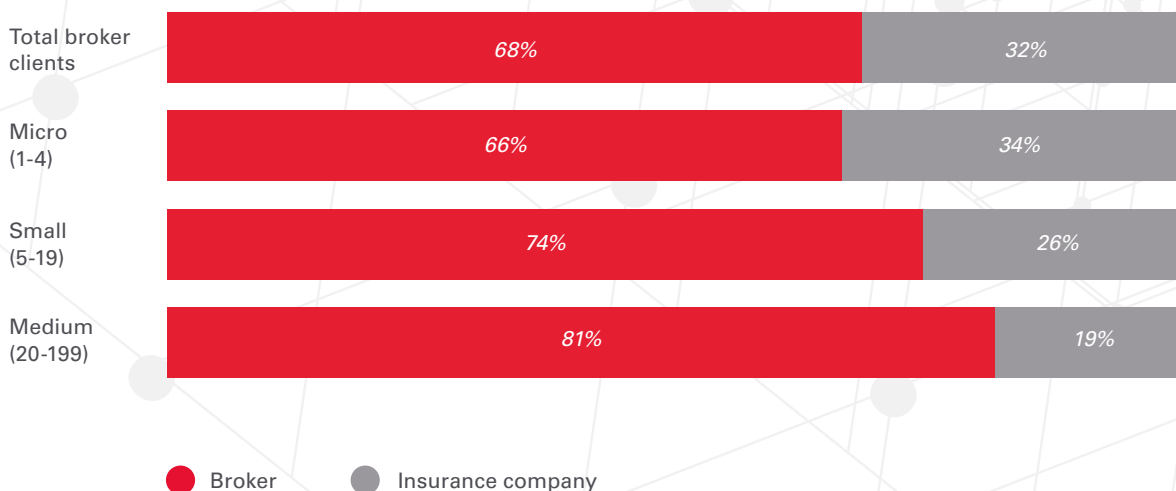
# Claims are the ultimate moment of truth and are an opportunity for brokers to show their value to clients.

## SMEs prefer to work with a broker when they have a claim

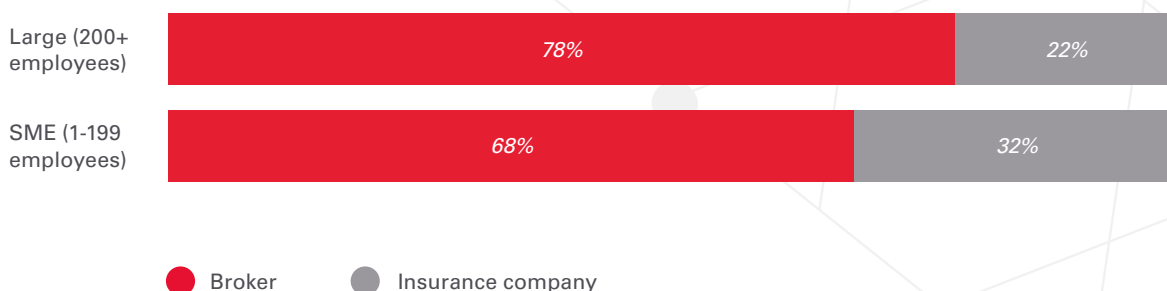
This year for the first time we asked broker clients their preferred channel for making a claim. A clear majority prefer to work with a broker, and this increases even further with business size. 68% of all broker clients say they would prefer to contact their broker when they make a claim, which rises to 74% for small businesses and 81% of medium businesses (see Figure 3.1).

This finding reinforces the fact that easing the claims process for clients is an important benefit that brokers deliver.

**Figure 3.1: Broker clients preferred claim channel by business size**



**Figure 3.2: Broker clients preferred claim channel by large business**







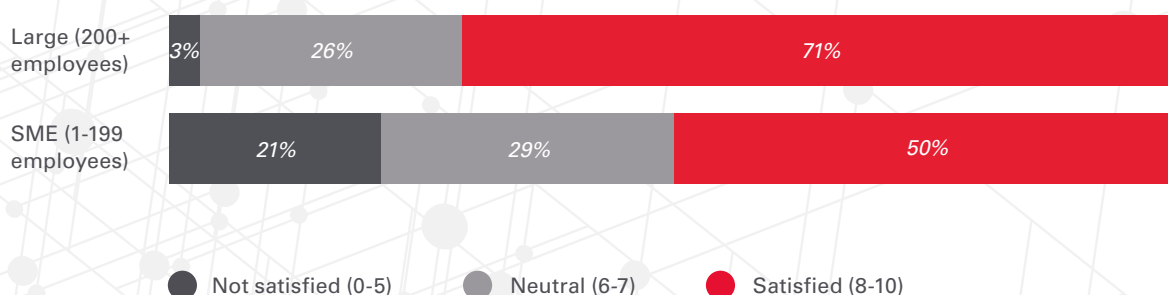
## Focus on large businesses

Large businesses rely even more heavily on their broker during claims, with 78% wanting to deal with their broker compared to 68% of SMEs (see Figure 3.2).

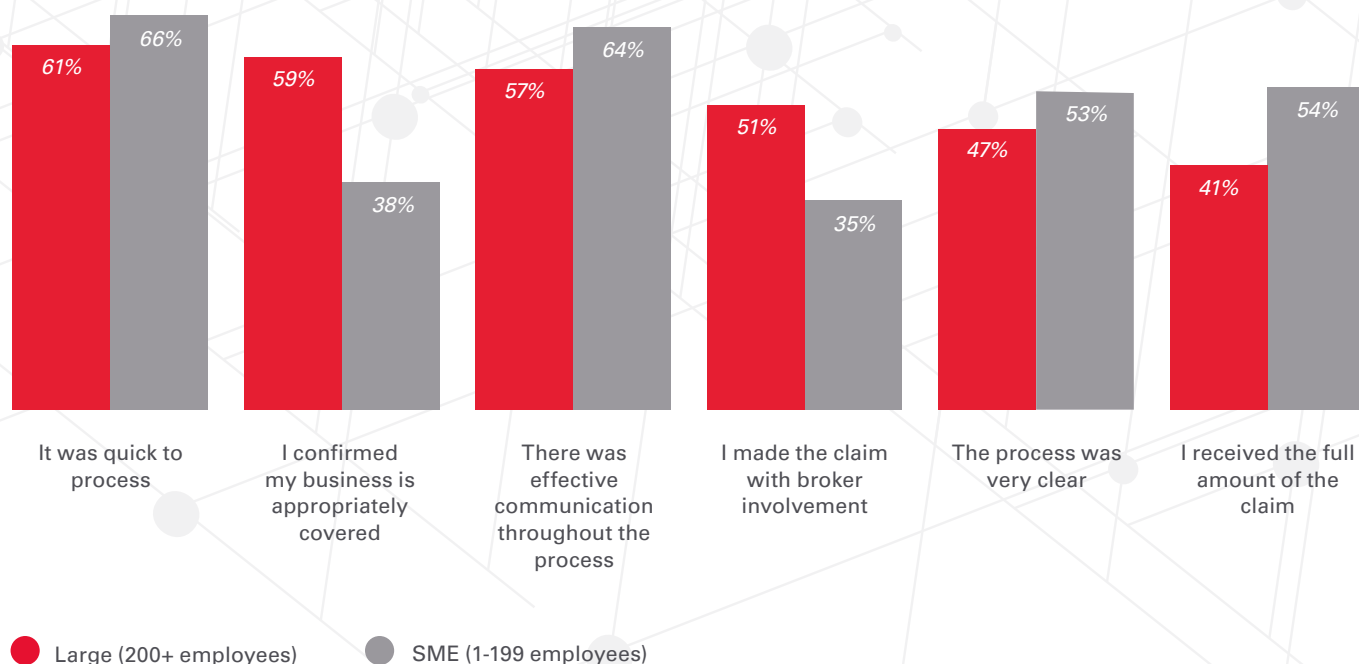
This puts a heightened level of expectation on brokers during claims, and the data suggests that brokers are delivering well on these expectations, with 71% of large businesses who have made a claim saying they are satisfied with the claims process, compared to 50% of SMEs (see Figure 3.3).

Large businesses give brokers credit for the success of their claim, with 51% saying that the involvement of their broker is the reason they are satisfied with their claim (see Figure 3.4).

**Figure 3.3: Claims satisfaction by large business**



**Figure 3.4: Reasons satisfied with claims by large business**

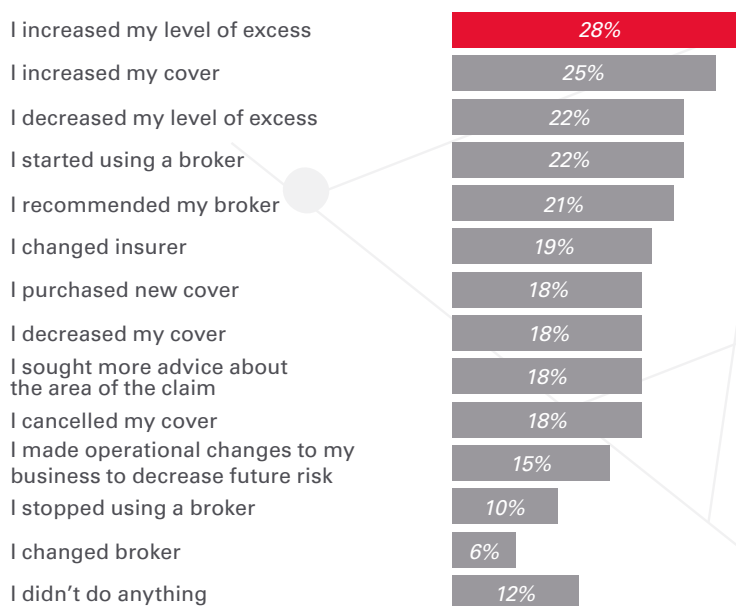


## Claims are a reason for most SMEs to make changes to their insurance

Given the importance of claims to overall perceptions of insurance, this year we asked SMEs if they made any changes to their insurance as a result of making a claim. The findings support the idea of claims being an influential moment of truth, with only 12% saying that they didn't make any changes following their claim (see Figure 3.5). Most claimants made a range of changes including adjusting their excess or cover and the way they purchase their insurance.

To understand how brokers can leverage changes made after a claim we have explored three areas in more detail: recommending their broker to someone else, starting using a broker, or stopping using a broker / changing their broker.

**Figure 3.5: Changes made after insurance claim**



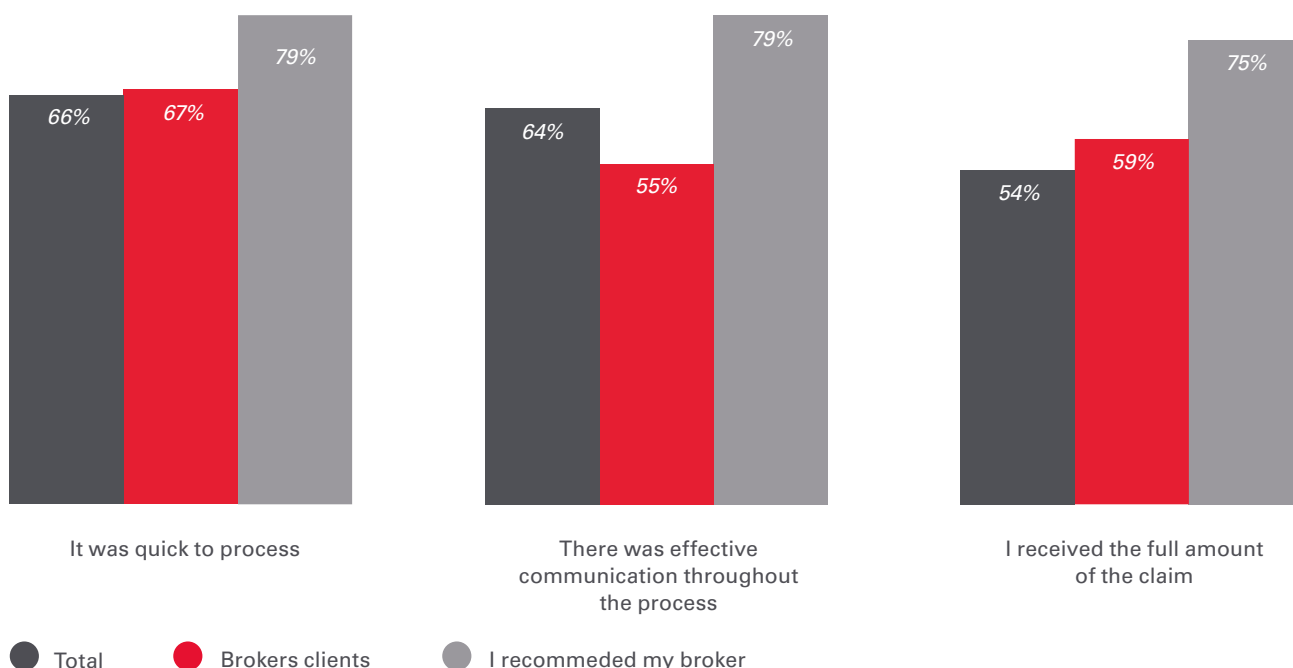
## 21% recommended their broker because of a claims experience

Word of mouth is highly influential to SMEs looking for a broker, and therefore brokerages can benefit significantly when a satisfied client recommends their broker to a friend or peer.

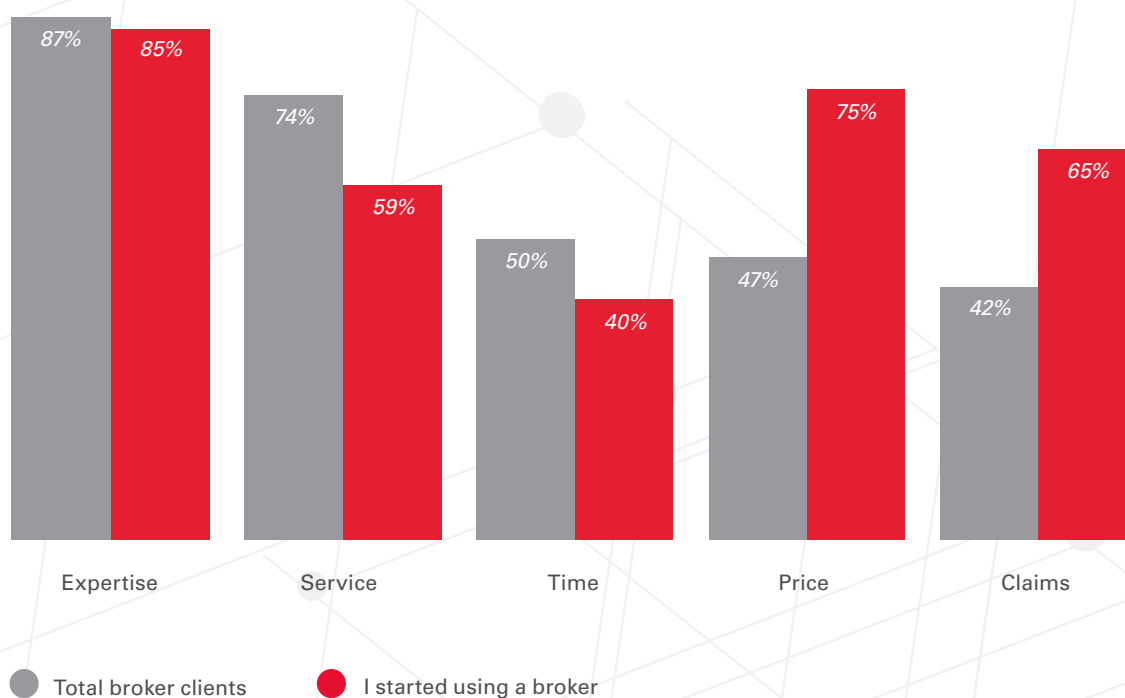
So, what can we learn from the SMEs who recommended their broker after a claim? Those who recommended their broker after a claim were satisfied with a variety of aspects of their claim.

In particular, 79% said their claim was quick (compared to 66% of the total), 79% valued effective communication during the process (compared to 64% of the total) and 75% received the full amount of their claim (compared to 54% of the total) (See Figure 3.6). Of these, brokers have the most ability to influence communications, and the more brokers can communicate with clients during a claim, the more likely they are to recommend the broker to others.

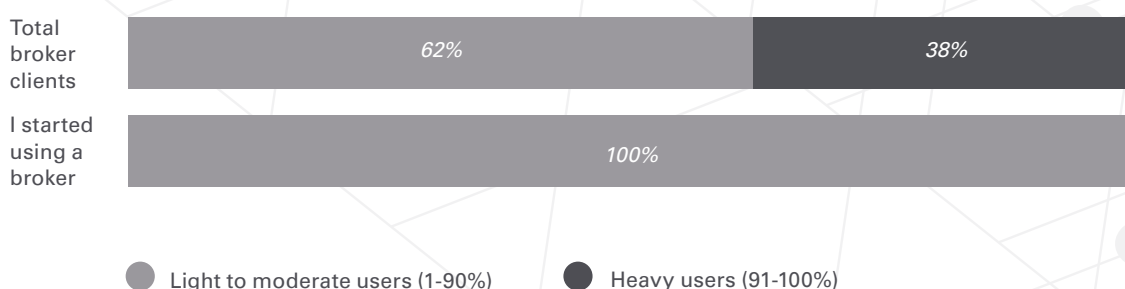
**Figure 3.6: Reasons satisfied with claim**



**Figure 3.7: Reasons to work with current broker**



**Figure 3.8: % of policies bought through broker**



### 22% started using a broker because of a claims experience

Over 1 in 5 broker clients say that they started using a broker due to a claims experience. These clients are far more likely to say that claims are a key broker benefit, with 65% citing this as a reason to use a broker compared to 42% of all broker clients (see Figure 3.7).

This could well be because they have first-hand experience of making a claim without the benefit of a broker and therefore understand how valuable the involvement of the broker can be. Interestingly, price is another valued benefit for this group, suggesting that overall value is important and that brokers need to communicate an overall value equation rather than focusing solely on service.

All of those who started using a broker after a claims experience are mixed users: that is, they buy some of their insurance direct and some through a broker. This compares to the general broker client population which comprises 38% heavy users (who buy at least 91% of their total insurance through a broker) (see Figure 3.8).

These SMEs may be “dipping their toes” into broker usage to test the benefits, which suggests an opportunity for brokers to demonstrate their expertise across the entire insurance experience to win more of these clients' insurance.

## 16% either stopped using a broker or changed brokers because of a claims experience

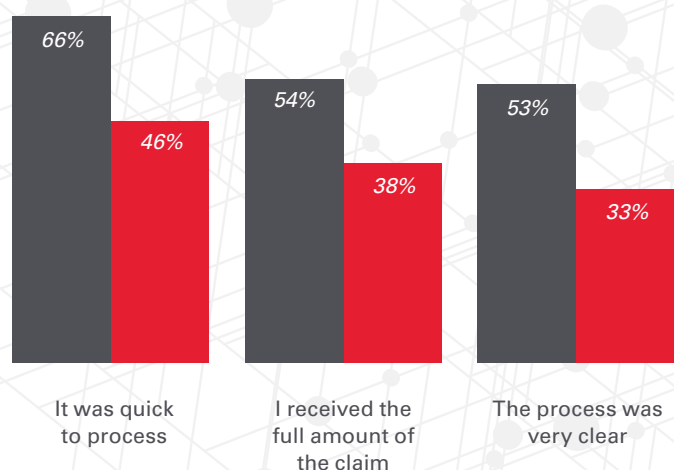
While most SMEs have a positive claims experience with their broker, a small number decide to leave their broker following a claim. What can we learn from these negative experiences?

Those who stopped using a broker after a claim cite fewer reasons for feeling satisfied with their claim. In particular, only 46% say their claim was quick, compared to 66% of the total. Only 38% received the full amount of the claim, and a third say that the process was clear (see Figure 3.9). Providing clients with clarity during claims may help to ensure that they do not leave for another broker or to direct purchase.

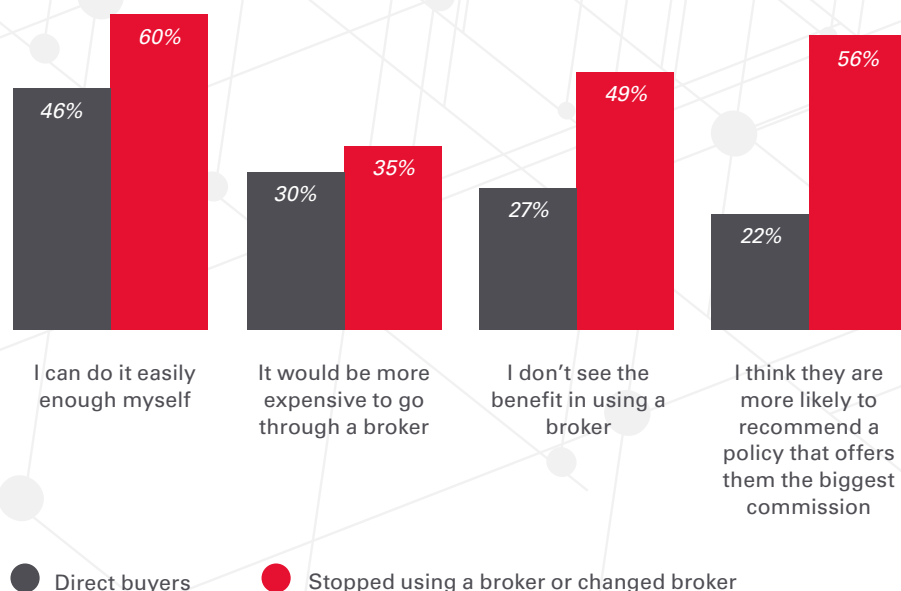
Unsurprisingly, leaving a broker is associated with lower levels of understanding of the value that a broker delivers to their client. 49% of those who left their broker after a claim say that they don't see the benefit in using a broker, compared to 27% of direct buyers.

These SMEs tend to be more cynical about brokers, with 56% saying that brokers are more likely to recommend policies based on commissions, compared to 22% of direct buyers (see Figure 3.10). Providing clear communications and excellent support during claims can help SMEs understand the full benefits of using a broker and therefore motivate them to stay with their broker after a claim.

**Figure 3.9: Reasons satisfied with claim**



**Figure 3.10: Reasons not to use a broker**



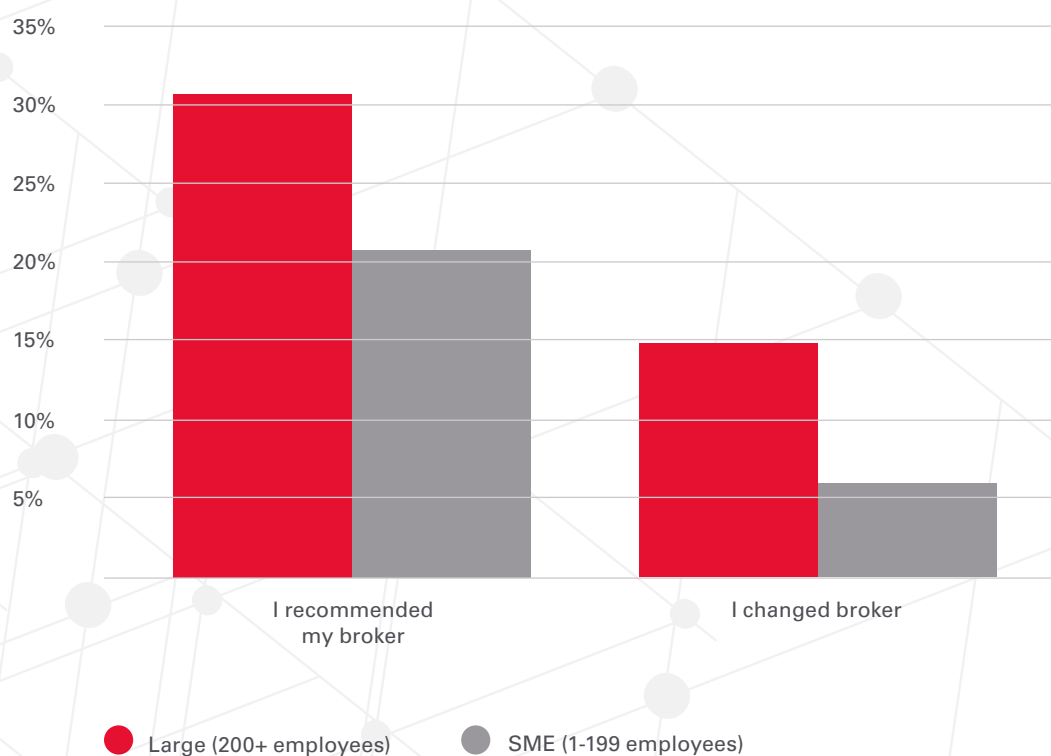


## Focus on large businesses

Large businesses are even more likely to act after a claim. 31% recommended their broker after a claim, compared to 21% of SMEs, (see Figure 3.11) which means that brokers should consider asking clients for testimonials or referrals after a successful claim.

However, 14% said that they changed their broker after a claims experience, compared to only 6% of SMEs, which may suggest that they have higher expectations during claims. Brokers need to carefully manage the claims process to ensure that their clients' needs are met, and the relationship remains sound.

**Figure 3.11: Changes made after insurance claim by large business**







“

If I made a claim,  
I'd want it to be as  
easy and seamless  
as possible. I have  
this catch phrase of  
don't give me another  
job. I already have a  
job. Don't give me  
another job!

Small business,  
heavy broker user

”

# What does this mean for brokers?

## Insight

Many SMEs recommend their brokers to others after a positive claims experience.

## Actions

- To encourage this, brokers can ask clients to provide testimonials or to recommend them to others after a claim.

## Insight

SMEs are also likely to recommend their broker to others if the process is clear and fast.

## Actions

- It's key to communicate clearly and regularly to clients during claims and make the process as easy as possible to ensure a positive claims experience they'll want to recommend.
- Remember the overwhelming majority of SMEs do not experience a claims loss on a regular basis. This may result in confusion or uncertainty, when the time comes to submit a new claim. Brokers are best placed to ease these concerns given their experience, expertise and confidence in handling claims on a regular basis.

## Insight

Going through a claim can make many direct buyers think about starting to use a broker.

## Actions

- Brokers can attract new clients by developing a relevant strategy that leverages the reason the SME is approaching the broker. Whether they are mixed users, direct users, or recently experienced a claim, this is an opportunity to build trust through communication.





Chapter four:  
**Renewals a  
key time of  
opportunity**

# While claims are an infrequent experience for most SMEs, renewals are an annual event that provide an important opportunity for businesses to review and reflect on their business risks and insurance needs.

But a surprising proportion of SMEs miss the chance to be actively involved with their broker during the renewal process.

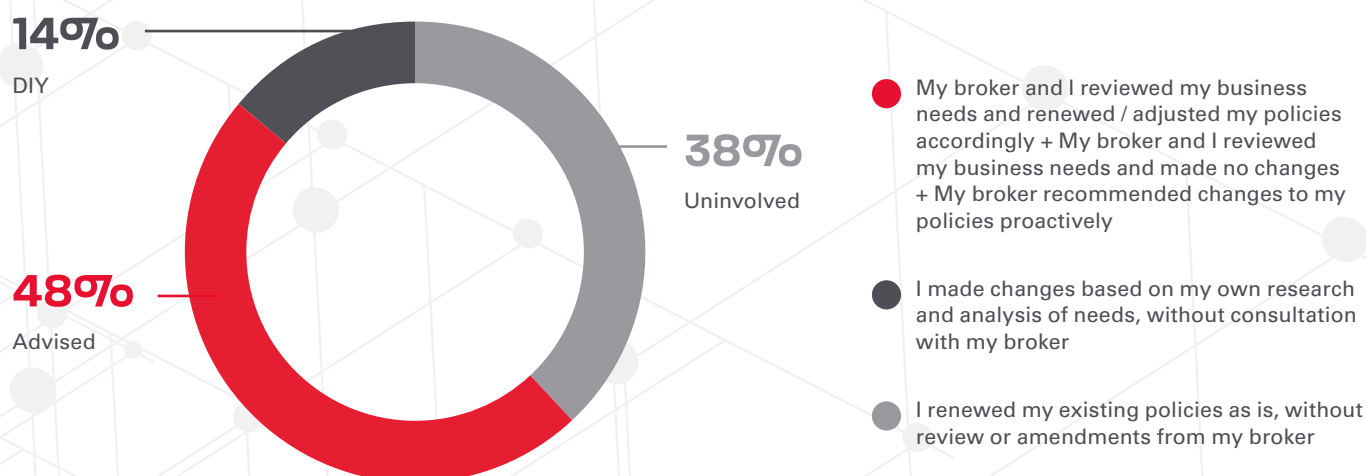
## Over half of SMEs renew their insurance without expert advice

Continually reviewing and updating insurance is critically important for businesses to ensure that they are appropriately covered, particularly as their businesses evolve and market conditions change, and therefore we wanted to understand the process that SMEs go through to review their insurance. So, this year, for the first time, we asked broker clients about their most recent renewal experience.

The data shows that just under half of all broker clients conducted their last renewal process with advice from the broker. Specifically, 48% said that their broker reviewed their insurance and either recommended changes or decided to keep the insurance unchanged (see Figure 4.1). A further 14% did their own review, without consulting their broker and 38% simply renewed their insurance as is, with no review or advice.

This suggests that there is a substantial proportion of SME broker clients who have renewed their insurance without the benefit of expert analysis and advice. As many businesses have made changes in the last two years due to COVID, there may be a significant number of SMEs whose brokers haven't taken advantage of the annual renewal process to ensure that their client's insurance reflects the business needs.

**Figure 4.1: Broker client experience last business insurance renewal**

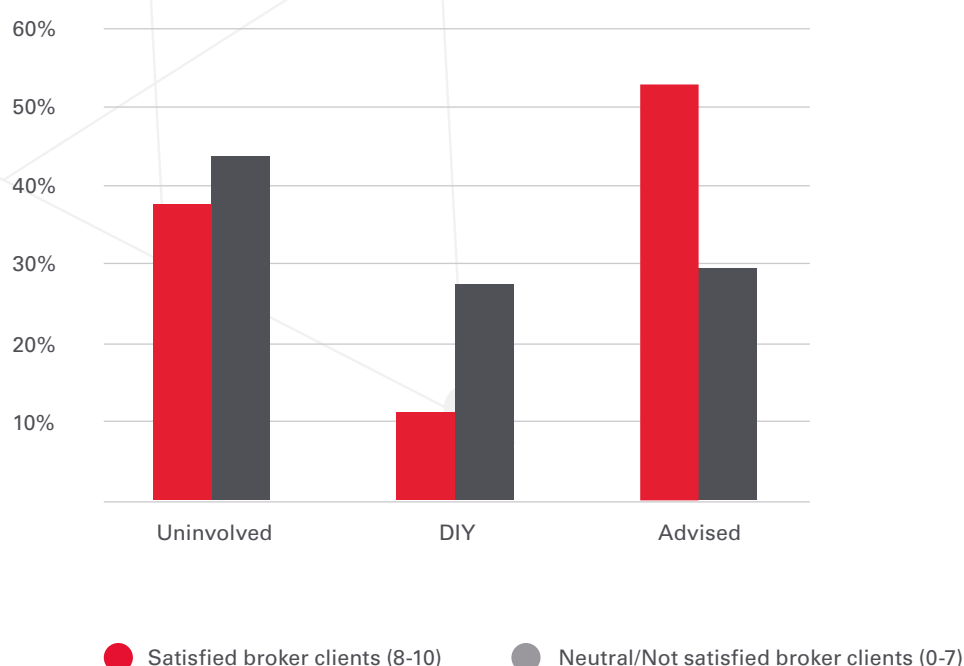


### Clients who receive advice at renewal time are more satisfied with their broker

Advice at renewal time is important not only for clients, but also for brokers; as those broker clients who were provided advice on renewal show they are significantly more satisfied than those who didn't receive advice (see Figure 4.2).

Outside of claims, renewals are another key opportunity for brokers to demonstrate their value to clients.

**Figure 4.2: Broker client experience last business insurance renewal by satisfaction**





## Younger SMEs and medium businesses are less likely to receive advice at renewal time

Renewal without advice is more common amongst two key groups - younger SMEs and medium businesses. Only 39% of SMEs under 50 years of age renewed their insurance with advice from a broker, while 21% reviewed their insurance on their own (see Figure 4.3). Brokers may need to consider how to engage younger clients at renewal time to ensure they understand the potential implications and the benefits of regular insurance advice. This is particularly important given the high levels of change many businesses have undergone during the last two years due to the COVID pandemic.

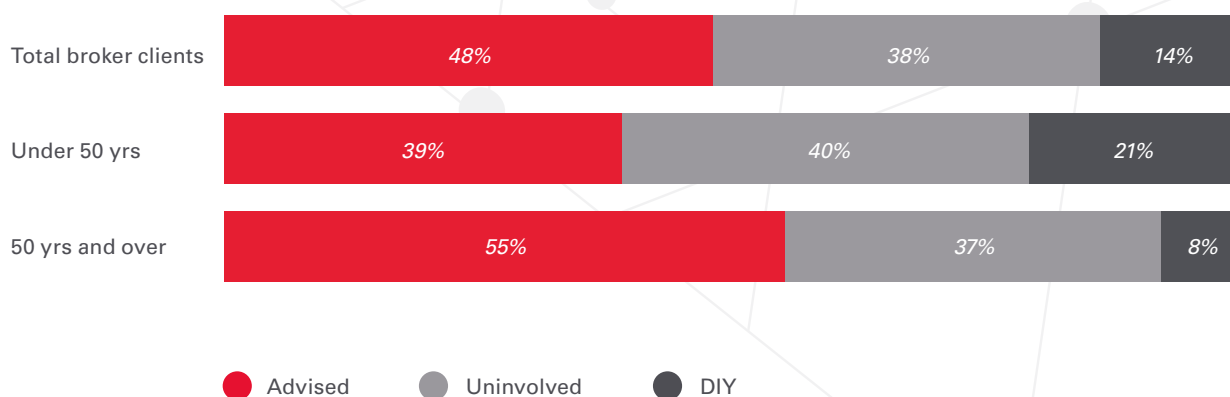
Surprisingly, only 43% of medium sized broker clients consulted their broker during renewals, compared to 48% of all businesses (see Figure 4.4). Medium businesses are also more likely to have reviewed their own insurance and are just as likely as smaller businesses to have renewed their insurance as is.

Interestingly, medium businesses who are heavy brokers users, rather than mixed users, rely more on advice from their broker. Heavy broker users represent 34% of medium businesses that renewed with advice, compared to only 6% of medium businesses who renewed their insurance as is and 7% of medium businesses who reviewed their own insurance (see Figure 4.5).

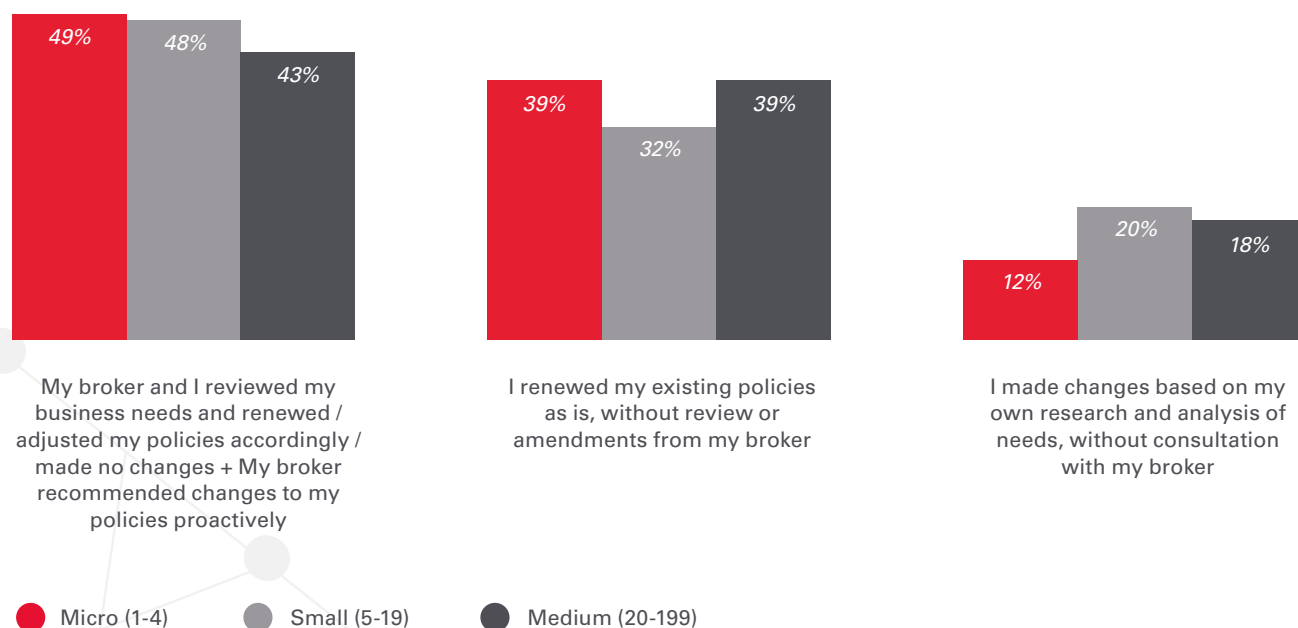
This suggests that for medium businesses, there is value in holistic relationships where brokers have a view of all a client's insurance requirements and therefore can make more broader recommendations at renewal time.

Otherwise, these businesses may assume that they don't need the expertise of a broker and feel confident enough to make decisions about their insurance without advice.

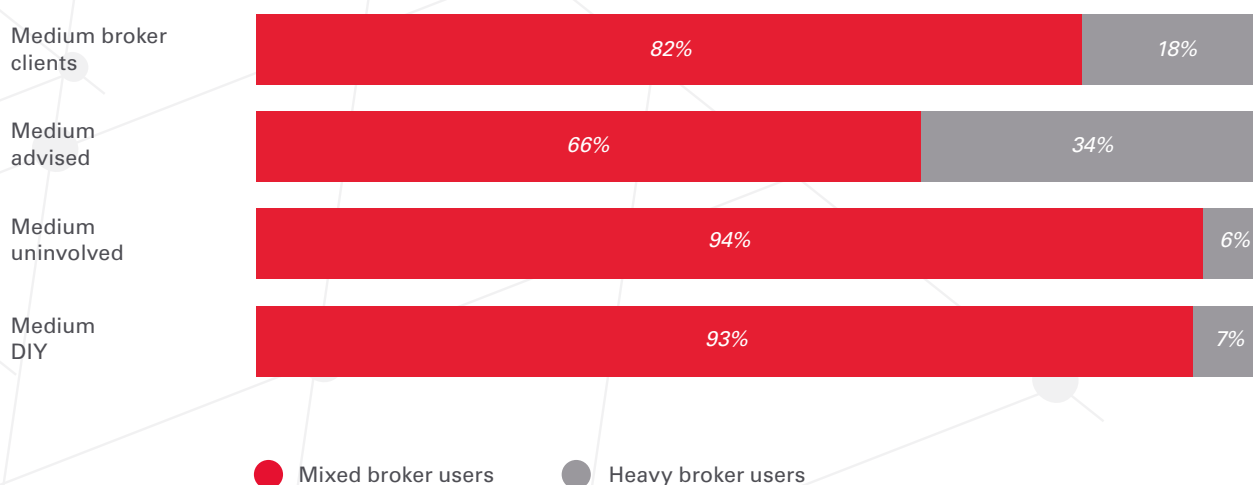
**Figure 4.3: Broker client experience last business insurance renewal by age of business owner / decision maker**



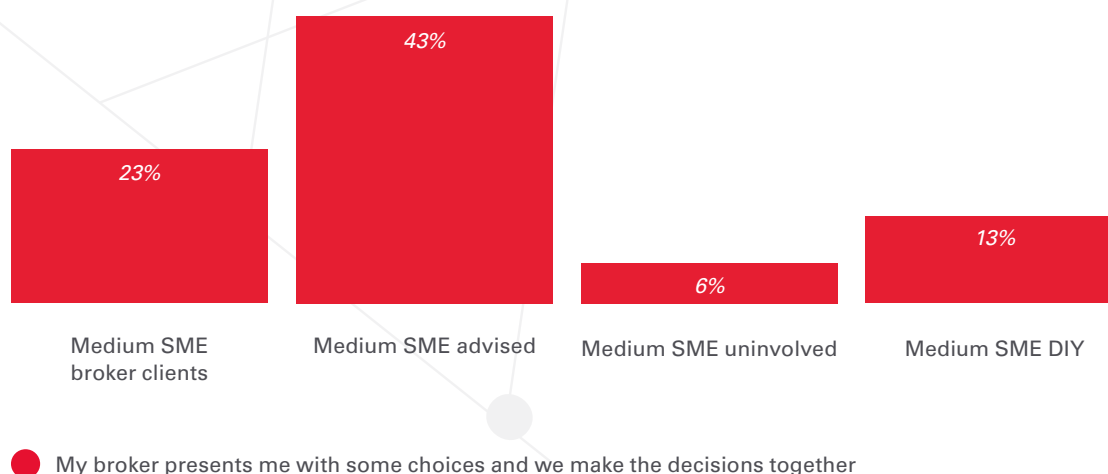
**Figure 4.4: Broker client experience last business insurance renewal by business size**



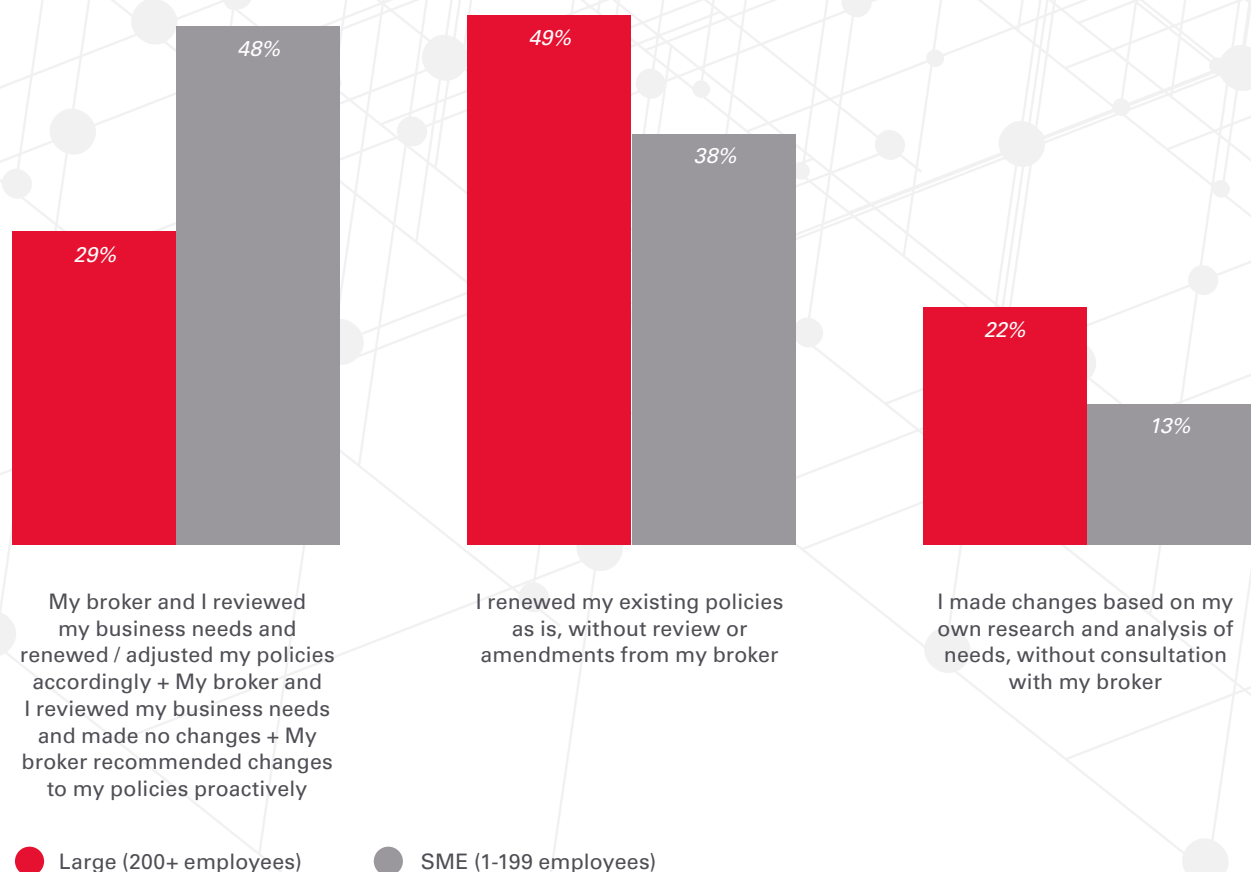
**Figure 4.5: Broker client experience last business insurance renewal by usage levels**



**Figure 4.6: Broker client experience last business insurance renewal by collaborative**



**Figure 4.7: Broker client experience last business insurance renewal by large business**



## Focus on large businesses

Despite the complexity of their businesses, large businesses are even less likely to have reviewed their insurance at their last renewal. Only 29% of large businesses claimed to have consulted with their broker, while 22% made their own changes and 49% said that they simply renewed their insurance as is, without any review (see Figure 4.7).

This low level of review at renewal time is surprising and concerning given the higher levels of risk that large businesses face and suggests that brokers may need to prompt large businesses to take the opportunity to review their insurance needs each year. One factor to bear in mind is that businesses answer this survey based on their own perceptions of what happened, which may or may not reflect reality. This means that some businesses may have been advised but didn't realise or remember the broker involvement, suggesting that there is an opportunity for brokers to more clearly communicate the process so that businesses understand the benefits of the advice they are receiving.

Furthermore, there may be multiple insurance decision makers and influencers' throughout the renewal process so it may serve to remind your client if additional stakeholders require consultation or input into any renewal decision.

# What does this mean for brokers?

## **Insight**

Over half of broker clients last renewed their insurance without the benefit of expert advice.

## **Actions**

- Check on business changes, undertake risk assessments and proactively recommend improvements at renewal time to demonstrate expertise and broker value.

## **Insight**

Medium sized businesses, younger SMEs and those who buy some of their insurance direct are even more likely not to get advice from their broker when they renew their insurance.

## **Actions**

- Contacting these clients at renewal time ensures they gain the benefit of an expert review and advice, allowing them to better understand the value of holistic relationships with their broker.

## **Insight**

Large businesses are even more likely not to have been advised by their broker at renewal time.

## **Action**

- Reaching out to large business clients at renewal time provides brokers the opportunity to increase involvement and build trust by engaging with the appropriate stakeholders that may impact business risks and decisions.





“

The broker is really important from a renewal perspective, because that to me is an opportunity for them to provide further information and update in terms of what they're seeing with their other customers in our industry, giving us recommendations and advice.

Medium business, heavy broker usage

”

# Bonus Chapter

## Attitudes to risk and under-insurance

This Bonus Chapter will be released via email and LinkedIn. If you'd like to receive these updates, please contact your Vero representative or follow **Vero on LinkedIn**.

Scan the QR code to learn more about the Vero SME Insurance Index



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