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Vero research reveals cutting insurance 'last resort' for SMEs

New research by insurer Vero reveals 85 per cent of Australian Small Medium Enterprises (SMEs) have made no changes to their business insurance, despite two thirds experiencing a decline in revenue due to COVID-19.

Vero surveyed 500 SMEs during the COVID-19 pandemic to understand the sudden impact of the virus on their business, insurance purchasing behaviour, and perceptions of brokers and the insurance industry.

Only two per cent of those surveyed had cancelled all their insurance, while three per cent admitted to removing elements of their policy, and four per cent reduced their sum insured or turnover on insurance.

Andrew Mair, Vero's Executive General Manager said the research showed most SMEs are avoiding the dangerous decision to go without their business insurance.

"SMEs are turning to their brokers for advice on how to adapt their business and ensure their insurance suits the changing circumstances, rather than risking it and going without cover," Mr Mair said.

Almost half (42 per cent) of SMEs had been in contact with their broker, with this figure rising to three quarters (70 per cent) for businesses who had suffered a decline in revenue.

The conversations between brokers and clients were helpful for the majority (71 per cent) of SMEs, with those proactively contacted directly by their broker reporting higher satisfaction (84 per cent) compared to those who approached their broker themselves (58 per cent).

"Businesses are looking for their broker to proactively help in this uncertain market - they want to know more about government assistance, their obligations as an employer, employee well-being, and how they can adapt their business."

Insurance aside, the majority (88 per cent) of SMEs have made other changes to their business as a result of the pandemic.

The most common business changes included reducing staff hours (33 per cent), implementing remote working for their workforce (29 per cent), or reducing costs (28 per cent).

"Most SMEs that have made changes plan to keep at least some of them after restrictions lift, which means they won't "snap back" to how they previously operated."

Broker clients predict the impacts of COVID-19 will last up to one year, slightly longer than the average SME who expects to experience pressures for approximately six months.

"Staying in regular contact with clients will help brokers understand the immediate and long-term changes occurring to their client's businesses, the impact on their insurance program, and any updates required on their risk and exposure factors," Mr Mair said.

Media release



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