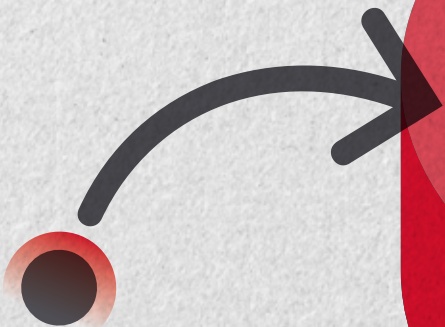
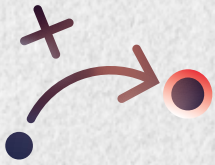


Claims and natural disasters





The importance of brokers in the claims process

Figure 1.1: Satisfaction with claims experience by purchase channel



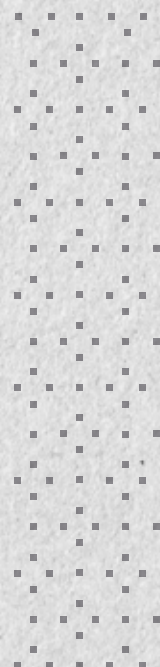
● Broker clients satisfied

● Direct buyers satisfied

In general, SME satisfaction with the claims process has remained stable over the past three years (see Figure 1.1).

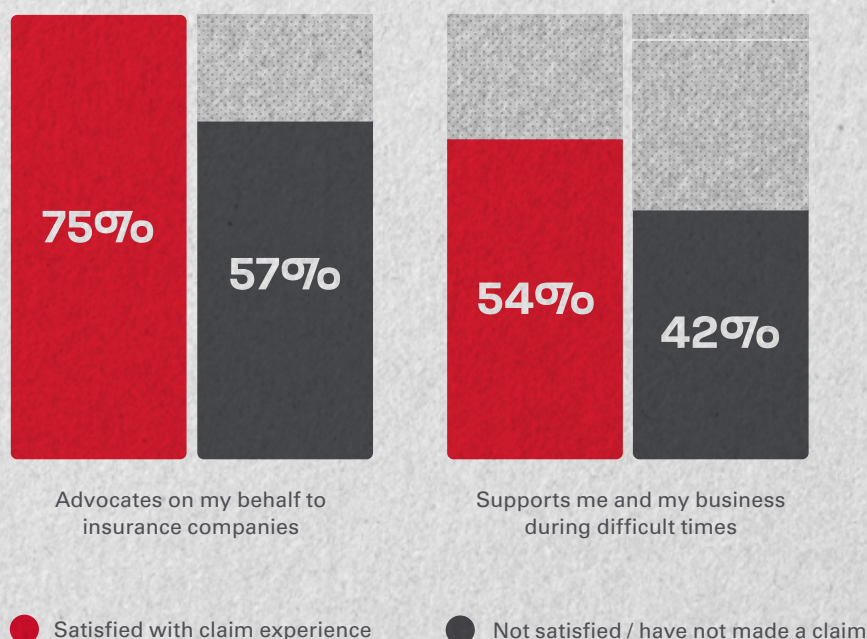
However, broker clients are significantly more satisfied than direct buyers, indicating the increasingly valuable role that brokers play in managing claims for their clients.





A satisfactory claim experience tends to lead to more positive perceptions of brokers overall. Those who have had a good claims experience are far more likely to say that brokers are advocates and support them during difficult times (see Figure 1.2).

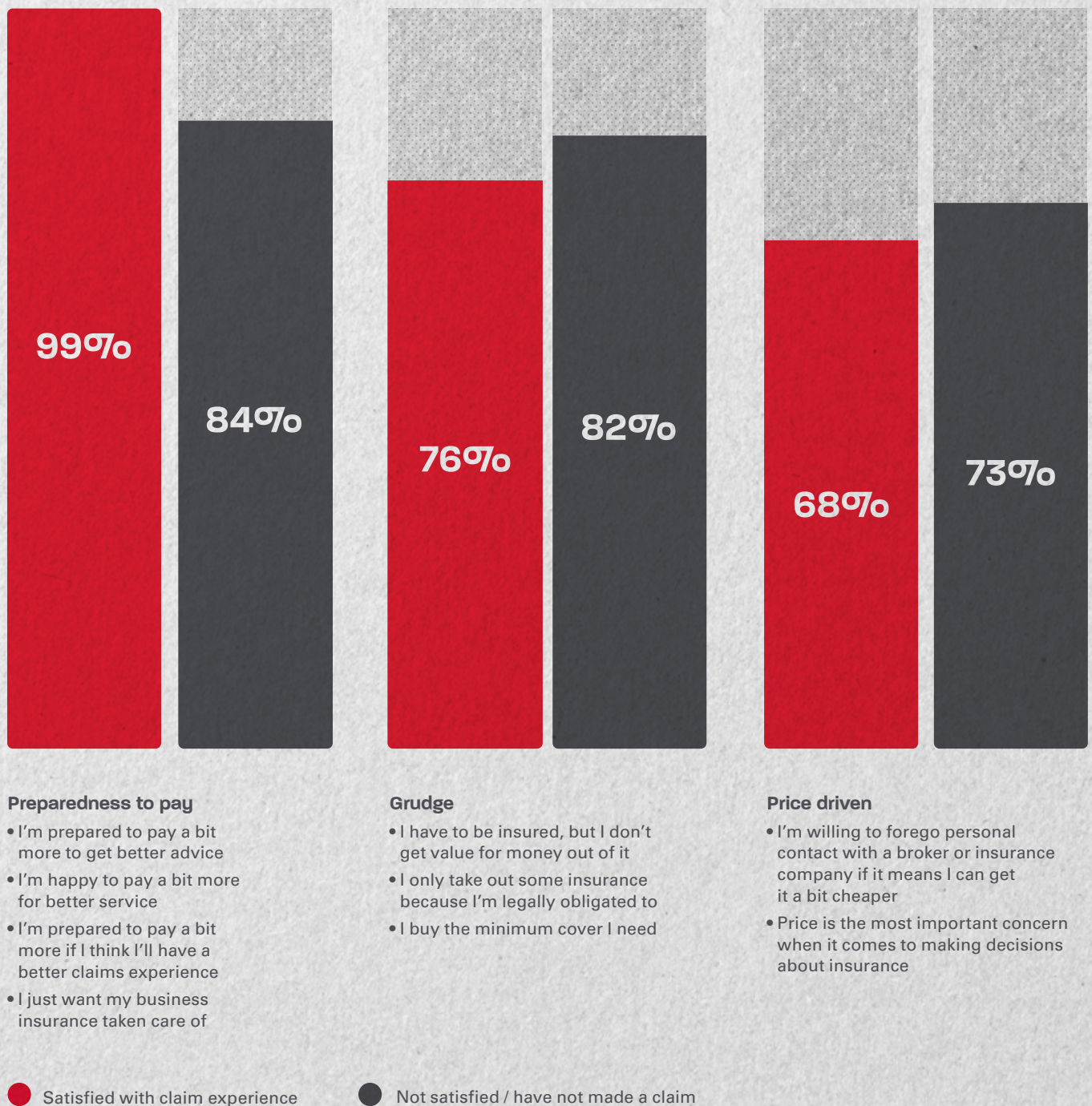
Figure 1.2: Satisfied claim experience and broker tasks (broker clients)





In addition, those who are satisfied with their claims experience tend to be more positive about insurance in general – they are more willing to pay for better advice and service and are less price driven and grudging about insurance (see Figure 1.3).

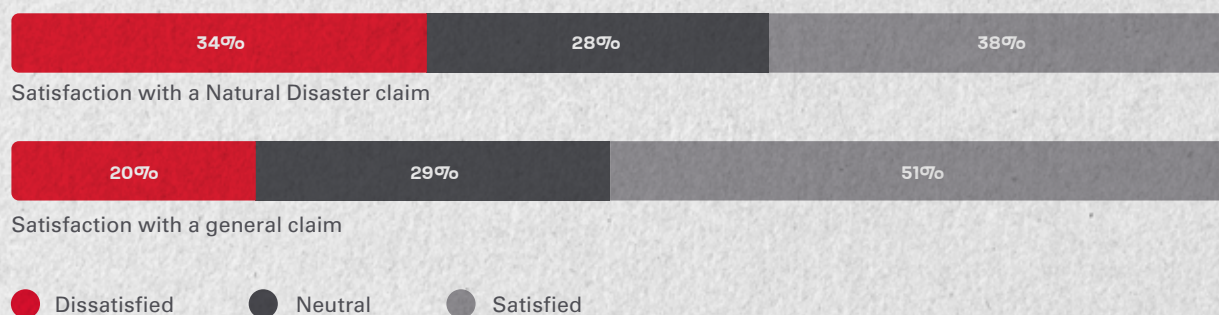
Figure 1.3: Satisfied claim experience and insurance attitudes



Bushfires, floods and storms are becoming an increasingly regular feature of life in Australia. Those in the insurance industry are conscious of the effect these natural disasters can have, but many small businesses may not have a detailed awareness of the critical role that insurance can play in ensuring their resilience to a disaster. This year, the Vero SME Insurance Index included new questions to explore how SMEs feel about natural disasters – what has their experience been, are they concerned, and how confident do they feel about their insurance coverage in the face of these disasters?

Interestingly, satisfaction levels for natural disaster claims are significantly lower than for general claims, both for broker clients and direct buyers (see Figure 1.4). This research doesn't identify specific reasons for this, but possible explanations could include the emotional impact related to natural disasters, coupled with the high volume of claims during an event which can impact response times.

Figure 1.4: Satisfaction natural disaster claim vs general claim



Considerations for brokers.

1 Consider how you can support your clients through the claims process as this has the potential to cement client relationships and highlight value over price.

2 In particular, consider how you can support your clients with natural disaster claims as these appear to differ from other claims, which will be explored in detail when we look at those who have experienced a natural disaster incident.



That's where the skill of the broker really comes into play.

They know who
to contact, how to
contact them, how
the system works.

Bottle shop owner, Broker Client, 2021



General attitudes towards the risk of natural disasters

The Index has tracked how concerned businesses are about natural disasters since 2016. Despite the high level of bushfires and storms over the last year, the level of concern has remained stable with around one in five saying that natural disasters are a serious concern for their business, significantly lower than other concerns such as the risk of economic downturn (see Figure 1.5). Larger businesses and regional SMEs are more likely to be concerned.

Figure 1.5: Natural disasters as significant business concern

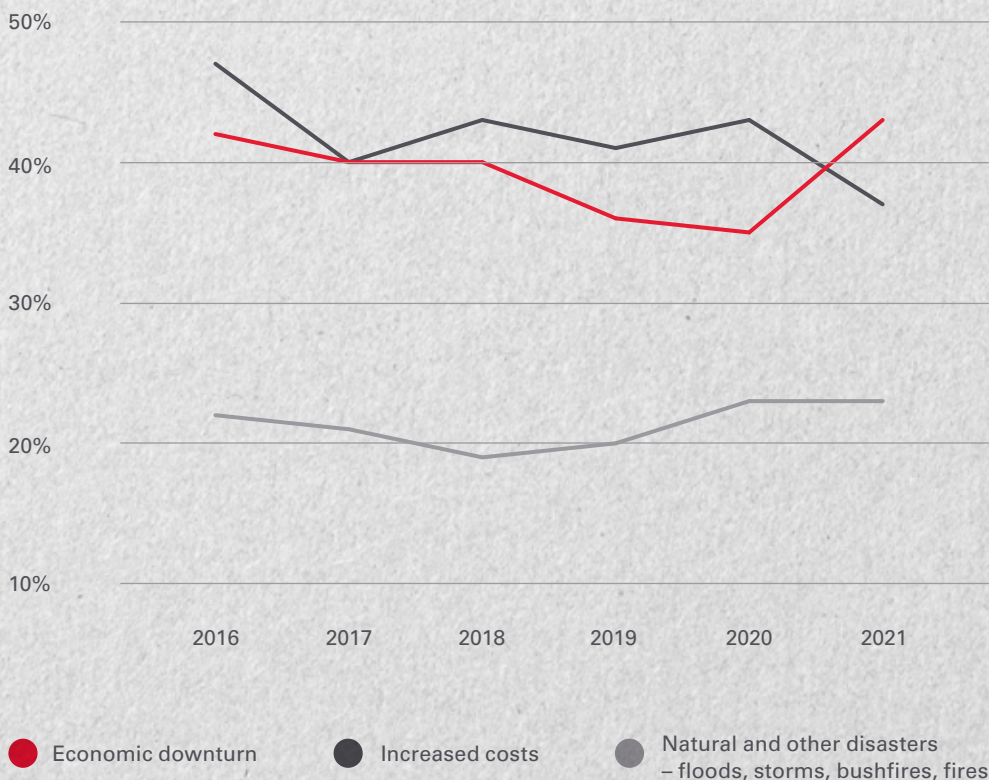


Figure 1.6: Perceived business impact of natural disaster



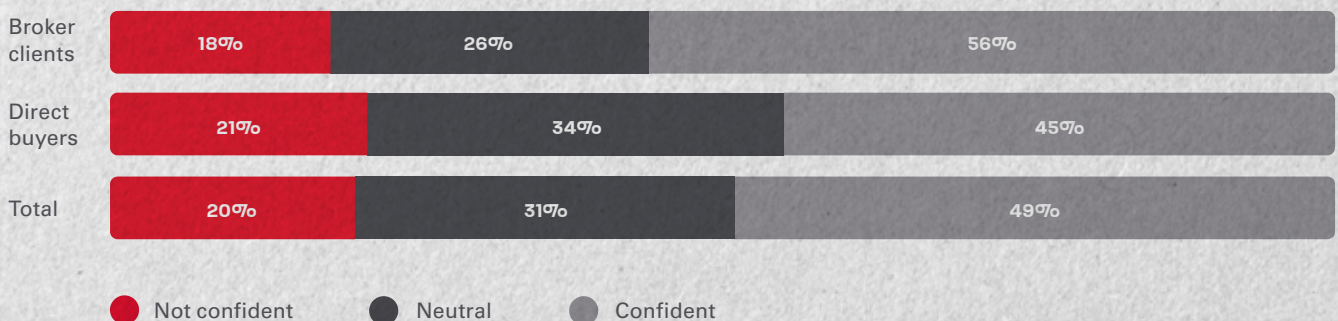
A new question this year asked SMEs how much impact they think natural disasters are likely to have on the future of their business.

The majority of SMEs expect at least a moderate impact, with around a third saying they expect no impact at all. Larger businesses are more likely to expect that their business will be impacted by natural disasters (see Figure 1.6).

Around half of SMEs are confident that their business is covered for natural disasters (see Figure 1.7).

Notably, broker clients are significantly more confident that they are covered compared to direct buyers.

Figure 1.7: Confidence with natural disaster coverage



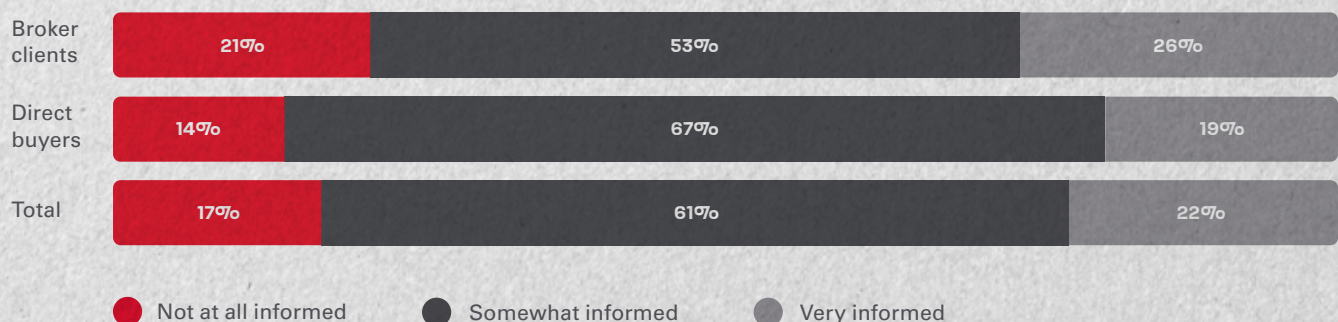


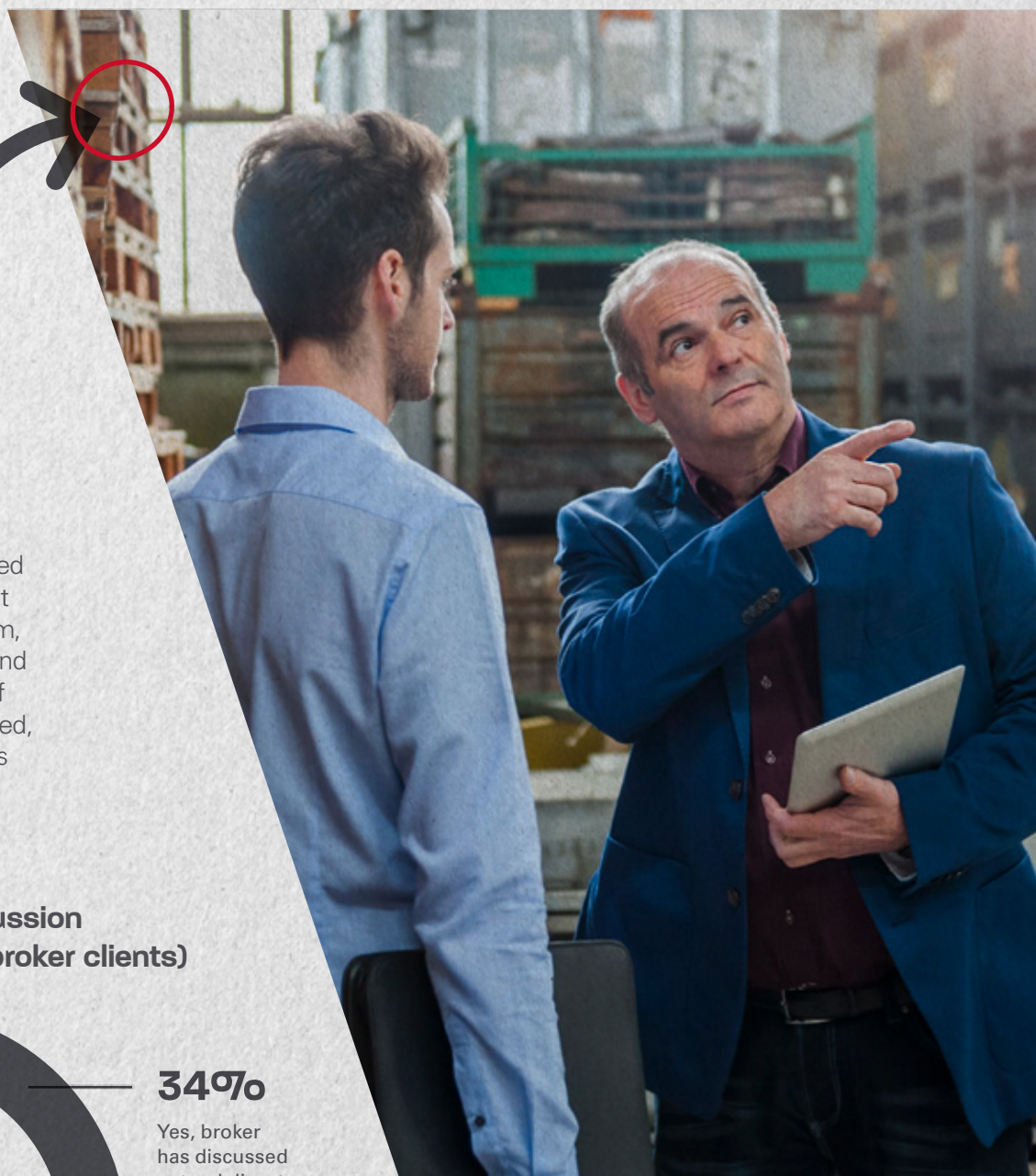
Similarly, a quarter of all SMEs feel informed about the impact that a natural disaster could have on their business, with broker clients better informed than direct buyers (see Figure 1.8).

Both findings illustrate the role that brokers can play in helping SMEs to be knowledgeable on their insurance coverage.

However, it is worth noting that around **one in five** broker clients do not feel informed, which suggests not all brokers discuss natural disasters with their clients.

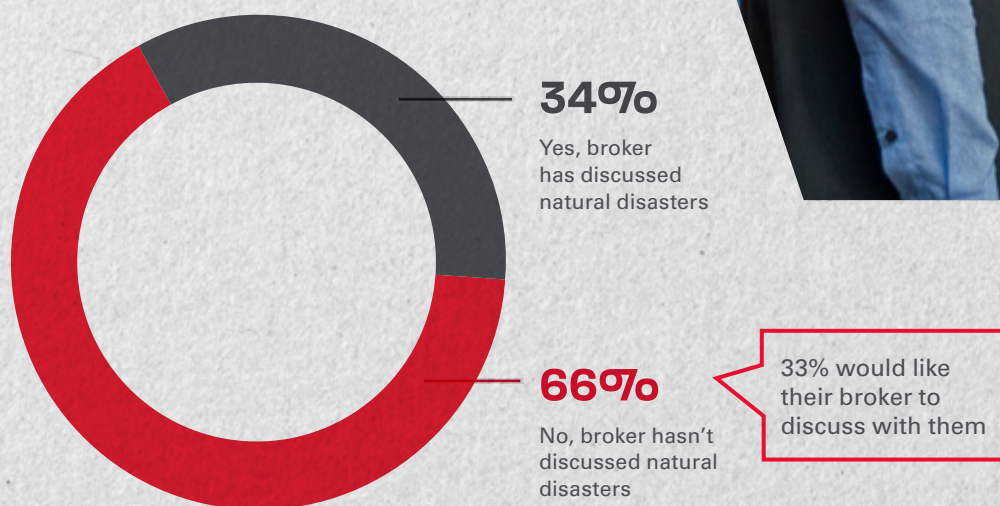
Figure 1.8: Feeling informed on natural disaster coverage



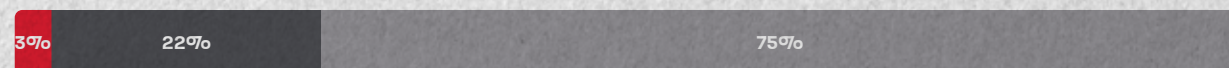


A third of broker clients say that their broker has discussed the risks and potential impact of natural disasters with them, of which a large majority found these discussions helpful. Of those who have not conversed, many would like their brokers to discuss natural disasters with them (see Figure 1.9).

Figure 1.9: Broker discussion on natural disasters (broker clients)

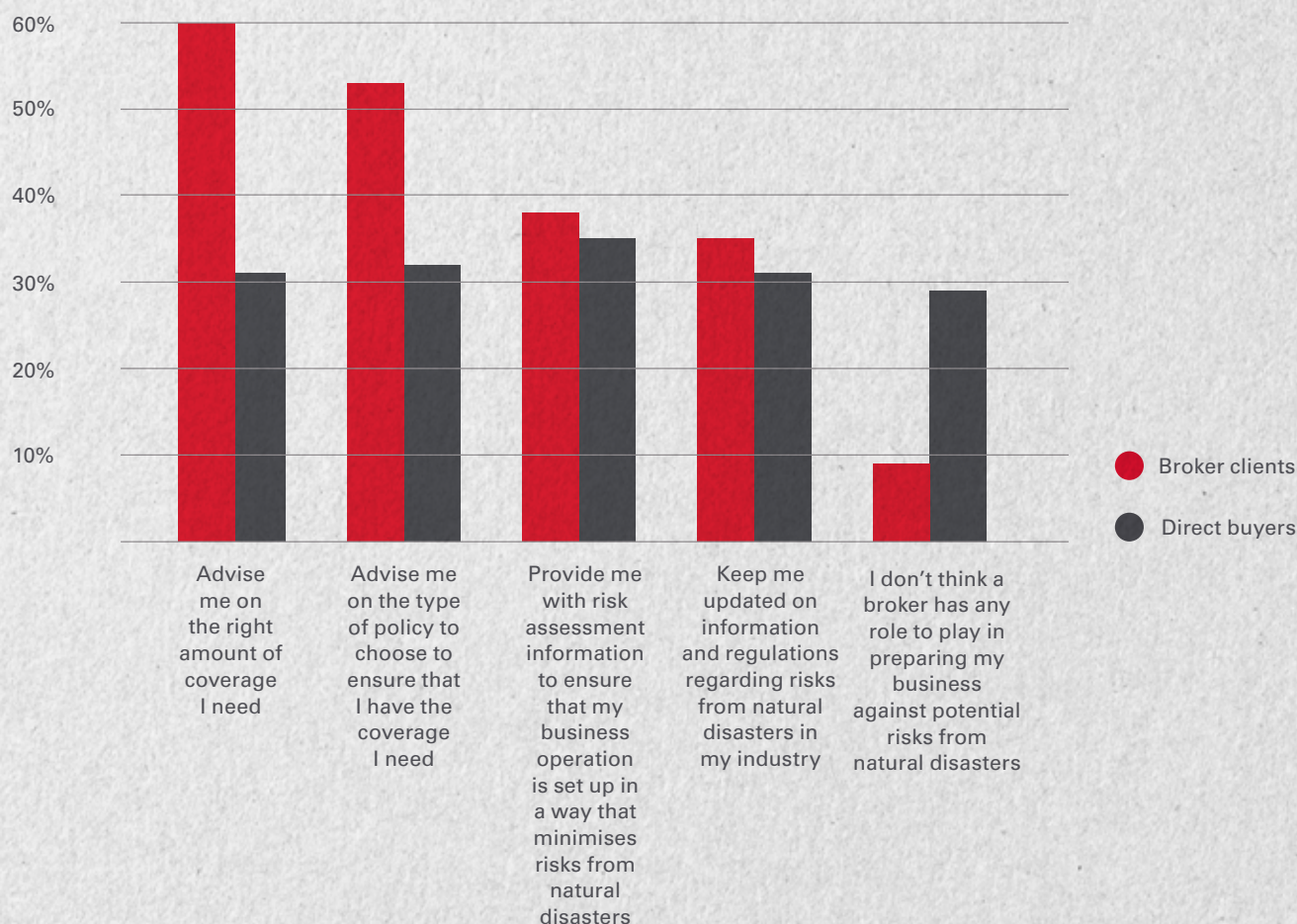


Helpfulness ratings



● Not very helpful (1-2) ● Neutral (3) ● Very helpful (4-5)

Figure 1.10: Perceived role of broker for natural disaster preparedness



Most broker clients believe that brokers have a role to play in helping them to prepare for natural disasters. This could include advising them on the right amounts and types of covers, as well as providing risk assessments and keeping them updated (see Figure 1.10).

Even those without a broker can see the value of a broker in preparing for natural disasters, with only a third of direct buyers saying that they do not believe that brokers have any role to play.

Considerations for brokers.

- 1 While natural disasters are not the top-ranking concern for SMEs, they are relevant to many, particularly larger and regional businesses, however a significant number don't feel confident or informed on this topic. This suggests that there is a need to help businesses better understand their natural disaster risks and cover.
- 2 Brokers have a clear role to play in helping SMEs feel informed about natural disaster risk, and conversations about these risks are appreciated and desired for many. Brokers need to ensure that they discuss natural disaster risks and help SMEs understand the role of their insurance coverage.
- 3 Many direct buyers see a role for brokers in natural disaster preparation, meaning that brokers could explain how they can help in providing natural disaster insurance coverage as a way of attracting new clients.

SMEs impacted by natural disasters

Almost one in five SMEs claim to have been impacted by a natural disaster in the last three years, with over half of these having been affected by bushfires (see Figure 1.11).

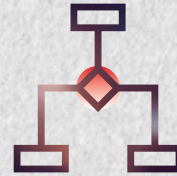
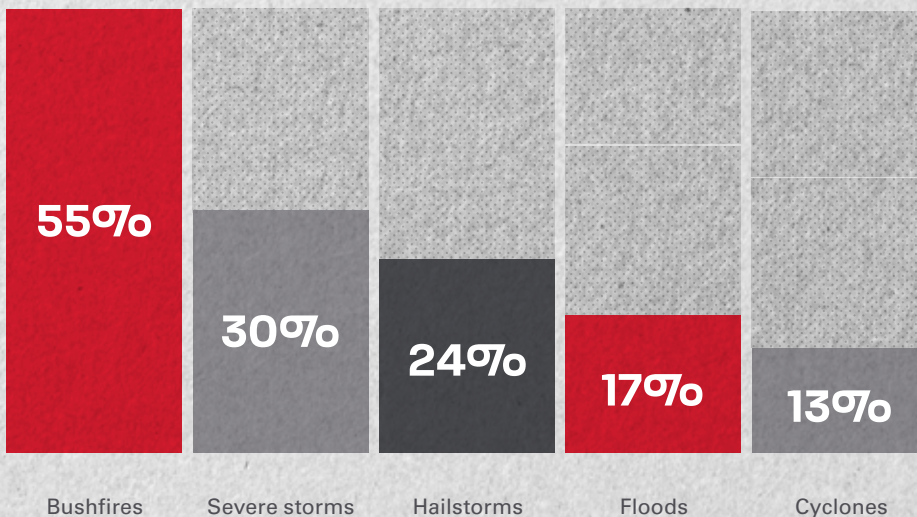
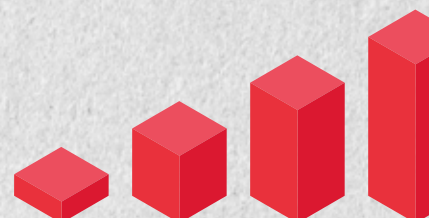


Figure 1.11: SMEs impacted by natural disasters in the past 3 years



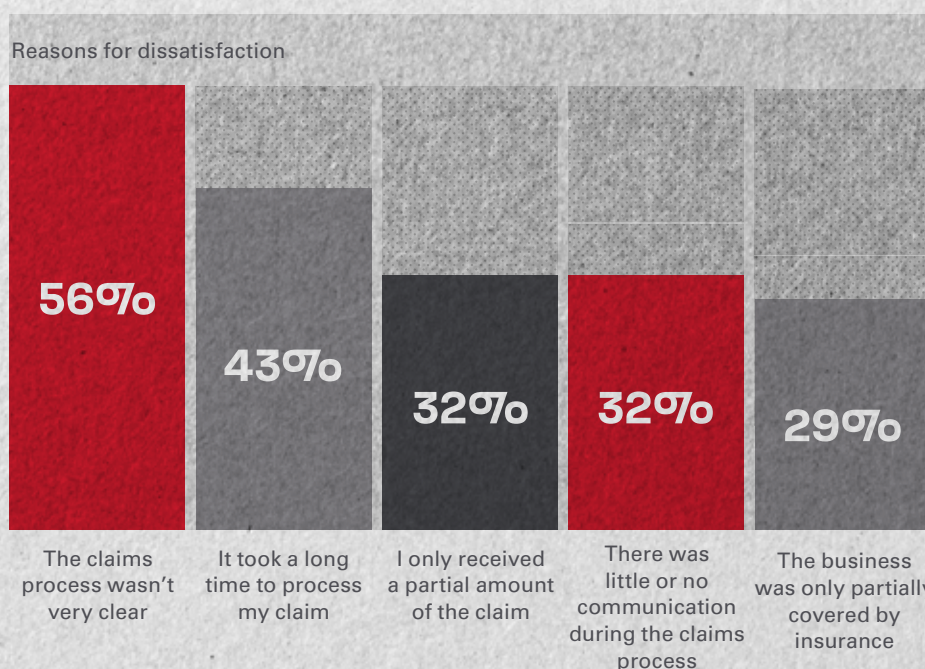
Natural disasters





A relatively large group (34%) of those impacted were dissatisfied with their natural disaster insurance experience. The main reasons for this dissatisfaction included lack of clarity and the length of the process (see Figure 1.12)

Figure 1.12: Satisfaction with natural disaster incident





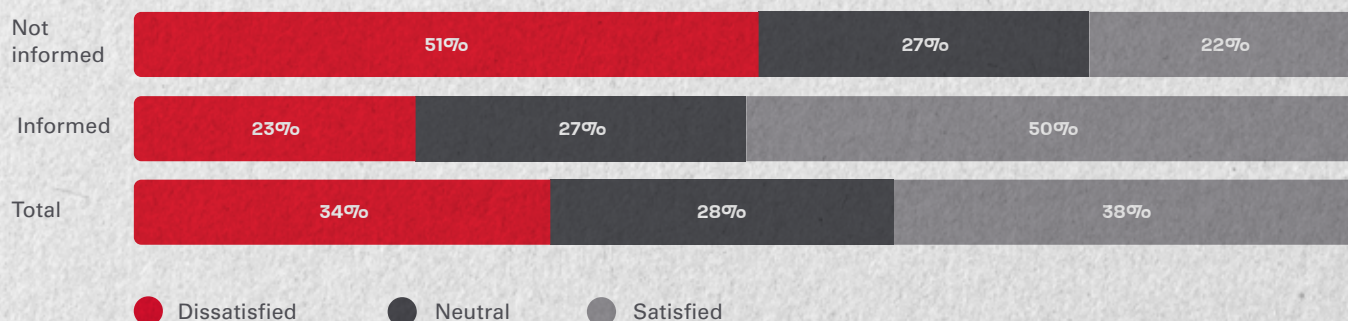
Most SMEs felt well informed about their natural disaster risks prior to their experience, with broker clients being significantly more likely to feel informed than direct buyers (see Figure 1.13).

The more informed a SME felt about natural disasters before the incident, the more satisfied they felt with their claims experience (see Figure 1.14).

Figure 1.13: Feeling informed on natural disaster coverage prior to incident



Figure 1.14: Satisfaction by how informed SME felt prior to incident



Considerations for brokers.

1

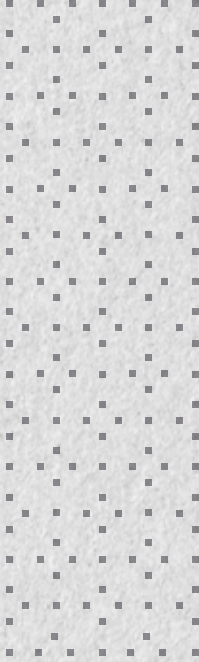
Brokers can help reduce the high levels of dissatisfaction with natural disaster claims by helping SMEs understand the process and managing their expectations, as well as keeping them well-informed before an event occurs.

A woman with curly hair, wearing a dark blazer, stands with her arms crossed, looking out a window. The background is a bright, slightly blurred view of the outdoors.

Having a broker in your corner during a claim process

makes the entire experience so much easier. I wouldn't want to do it without them.

Real estate agent, broker client, 2021



For information about media enquiries, please contact:

Kate Sinclair

Communications & Media Manager
Corporate Affairs

Mobile: +61 448 488 281

Email: kate.sinclair@suncorp.com.au

Level 29, 266 George Street, Brisbane QLD 4000



vero.com.au

Disclaimer:

AAI Limited ABN 48 005 297 807 trading as Vero Insurance (Vero) has prepared this Vero SME Insurance Index Report (Report) for general information purposes only. Vero and its related bodies corporate do not assume or accept any liability whatsoever (including liability for special, indirect, consequential or incidental damages, or damages for loss of profits, revenue or loss of use) arising out of or relating to this Report or the information it contains. Vero and its related bodies corporate do not invite reliance upon or accept responsibility for the information it provides on or through this Report. Vero and its related bodies corporate do not give any guarantees, undertakings or warranties concerning the accuracy, reliability, completeness or currency of the information provided. This Report is not a recommendation or statement of opinion about whether a reader should acquire insurance from Vero (or its related bodies corporate) or services from any insurance intermediary or otherwise alter their business arrangements. This Report is based on commissioned research by Vero and should not be used as the basis for any decision in relation to the acquisition or disposal of insurance products or the use of broker services. Readers should confirm information and interpretation of information by seeking independent advice.