

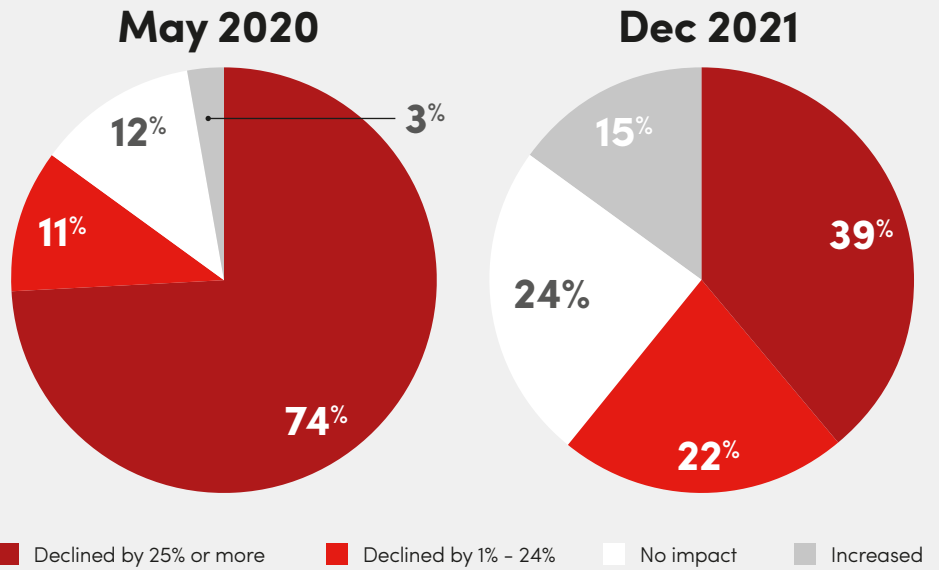
Vero SME Insurance Index: Key Covid-19 Insights 2022



In this special edition of Vero's SME Insurance Index, we look at how the Covid-19 pandemic has continued to affect New Zealand SMEs, what assistance they require, and where brokers can offer their expertise.

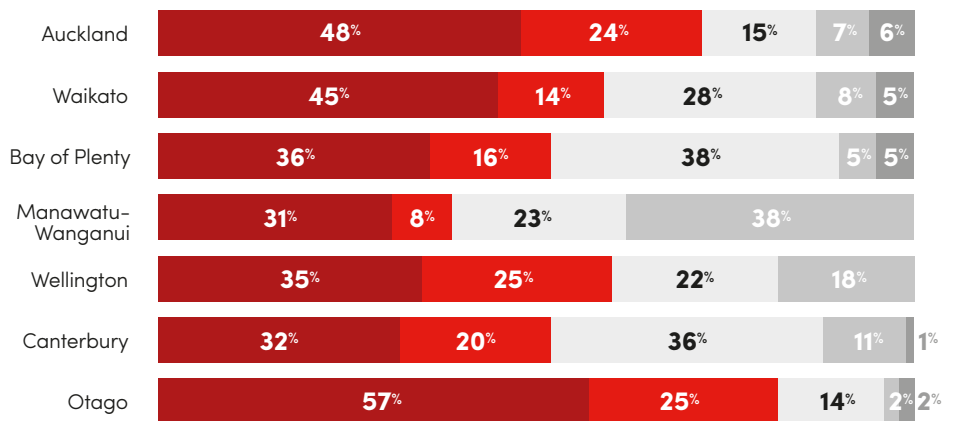
SME revenue impacts have changed over the pandemic.

SME revenue changes over the last 12 months are different to those reported a few months into the pandemic in 2020. Many are still suffering declines, but some SMEs report not being affected or even having increases in revenue.



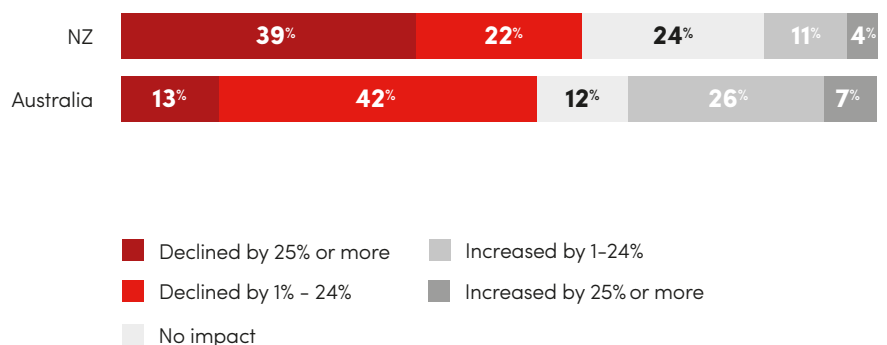
Where has the impact been felt most?

Businesses in Auckland, Waikato and Otago have been hit the hardest over the last 12 months.



Out of interest...

When we compare NZ and Australia, NZ SMEs experienced a higher decline in revenue in the 25% or more category. This is despite Australia having higher case numbers and somewhat lengthier lockdowns.



Small businesses, and big challenges

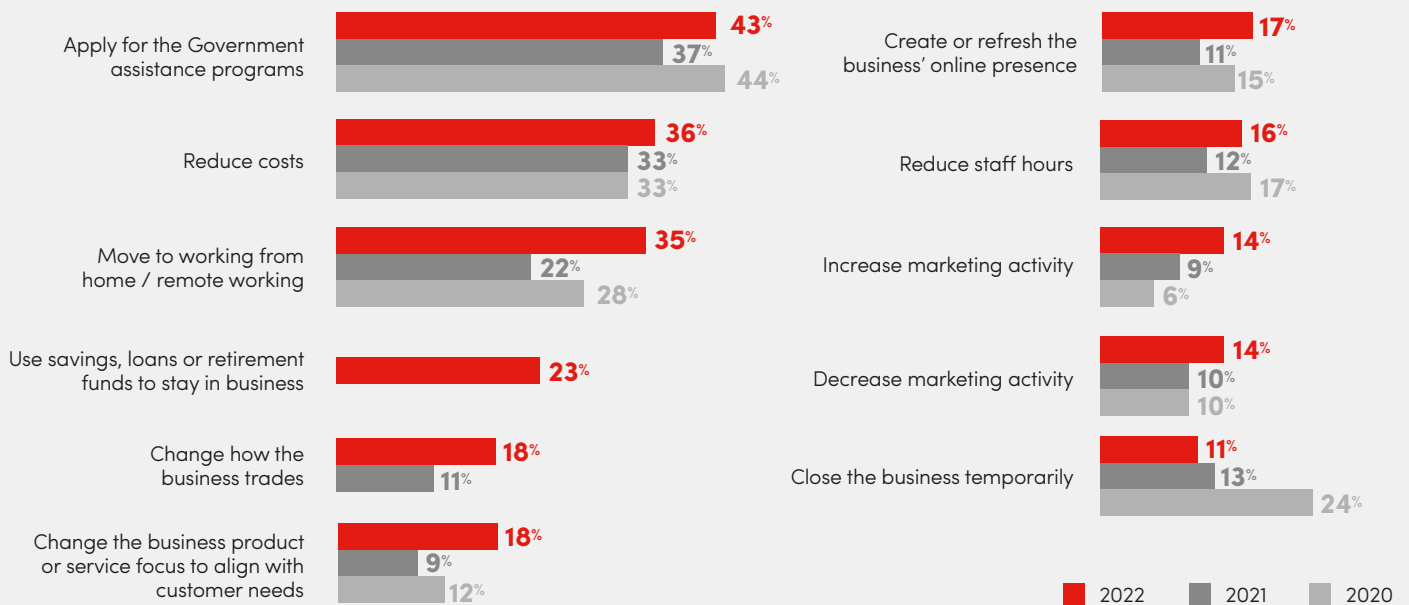
What are SMEs concerned about?

SMEs are most concerned about the long-term impact that Covid will have on the economy as well as an economic downturn.



What changes have been made during the pandemic?

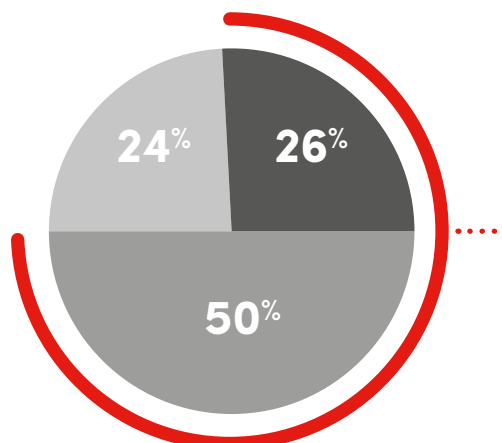
SMEs have needed to make some drastic changes to stay in operation, with subsidies, reducing costs and changing the way of working being 'Top 3' each year of our survey. This year we asked SMEs how they were keeping their business in operation, and not surprisingly 23% have had to use their own funds or get loans to keep afloat.



How permanent are these changes?

This year 26% of SMEs say they will keep all changes, 50% at least some of these changes, with 24% reverting back to 'normal' as soon as possible.

- Revert back to usual business operations as soon as possible
- Keep some of the changes
- Keep all business changes

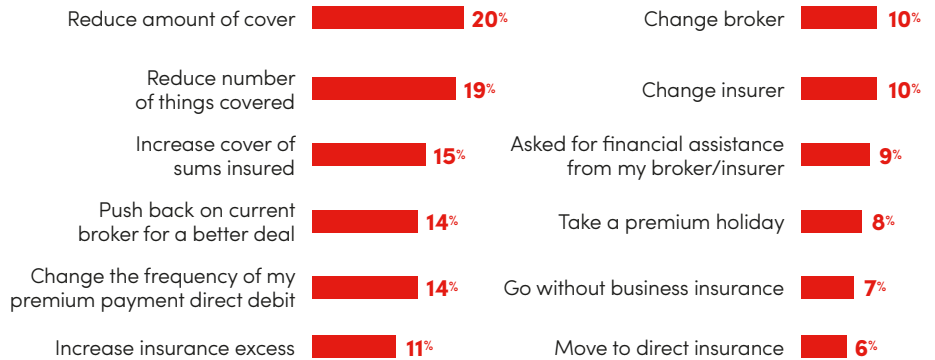


While these changes were needed to keep businesses running, the question is whether they were made in conjunction with changes to insurance policies. Brokers could take this opportunity to check in with SMEs to see if changes made to business operations are permanent and thus correctly reflected in their cover.

If SMEs have changed their business, has their insurance changed too?

What have they changed?

While it's promising to see **15%** of SMEs have increased their cover, it's concerning to see **20%** have decreased their cover and **19%** have reduced the number of things covered. The changes might be a true reflection of the 'new normal' business operation, but that may not be the case for all, so how many are now underinsured?



What are broker SME clients doing?

Despite high levels of business changes, this isn't reflected in broker advice or updated insurance.

79% of broker SME clients have made changes to their business as a result of Covid.



23% have discussed the impact of Covid on their business with their broker.



10% of broker SME clients have made changes to their insurance as a result of Covid.



Communication is key.

We can see that the pandemic has caused SMEs to make changes to both their business and insurance, but surprisingly **77%** of broker SME clients haven't talked to their broker about the impact Covid has had on their business.



Most broker SME clients are missing out on the expertise and guidance of their broker at this important time. This is another opportunity for brokers to strengthen their relationship with SMEs by getting in touch to see how each clients' business has been impacted, and then providing the best advice to suit their business needs.

