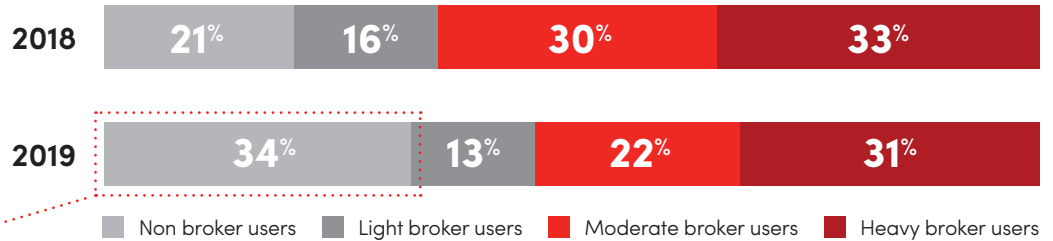


The changing landscape of insurance in New Zealand



Insurance purchasing behaviours are shifting

An increasing number of SMEs are choosing to buy at least some of their cover direct, rather than through traditional broker channels.



At the same time, there has been a significant increase in those claiming to have not used a broker at all.



SMEs are changing the way in which they buy insurance, as direct purchase becomes more common.

SMEs are increasingly confident with complex insurance tasks

Comfort in insurance tasks	% who find it easy
Administration tasks for insurance	77%
Evaluating insurance needs	68%
Managing claims	58%
Sourcing the right insurance	56%
Policy wording	39%



Almost 70% of SMEs claim to find evaluating the insurance needs of their business easy.



There appears to be a degree of complacency about the complexities of insurance and the risk of under-insurance.



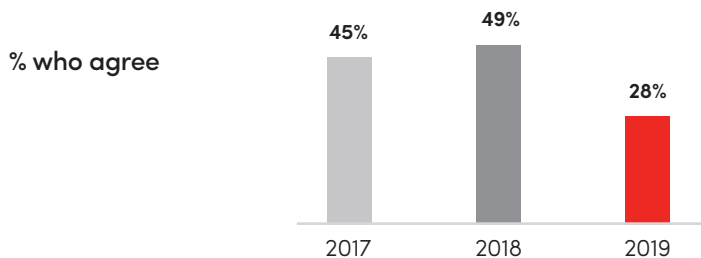
Whilst SMEs have outstanding skills in their chosen areas, do they have the specific experience and knowledge to be making complex decisions about their insurance?

Are SMEs recognising the full service and expertise of brokers?

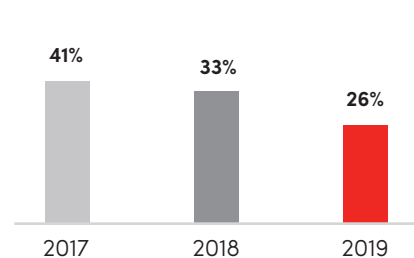
Reasons to use a broker



My broker provides expert knowledge and advice



My broker provides great service



Once core elements of the broker value proposition, SMEs are not recognising the expertise or service brokers can bring to their insurance needs.

Important tasks for brokers to perform

In a changing market, SMEs are increasingly not recognising the expertise brokers can offer their business.

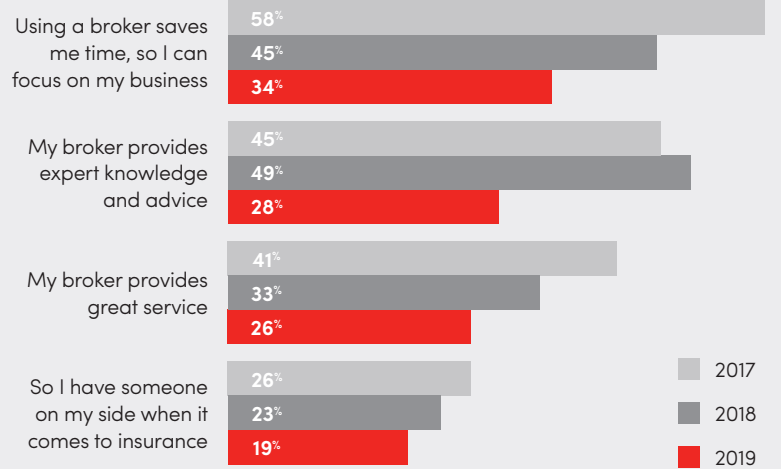
Expertise has always been one of the main reasons for SMEs to use a broker and it is a core element of the broker value proposition. But this year the data shows a marked drop in the number of SMEs who say that they use a broker because of their expert knowledge and advice, down from 49% last year to only 28% this year.

In addition to this, the data shows a decline in the number of SMEs choosing to use a broker because of the service they provide. There has been a decline in those saying that their broker provides great service, falling gradually from 41% in 2017 to 26% in 2019. Also, significantly less SMEs think that using a broker saves them time, dropping to 34% this year from a high of 58% in 2017.

The benefits of using a broker aren't top of mind for some SMEs.

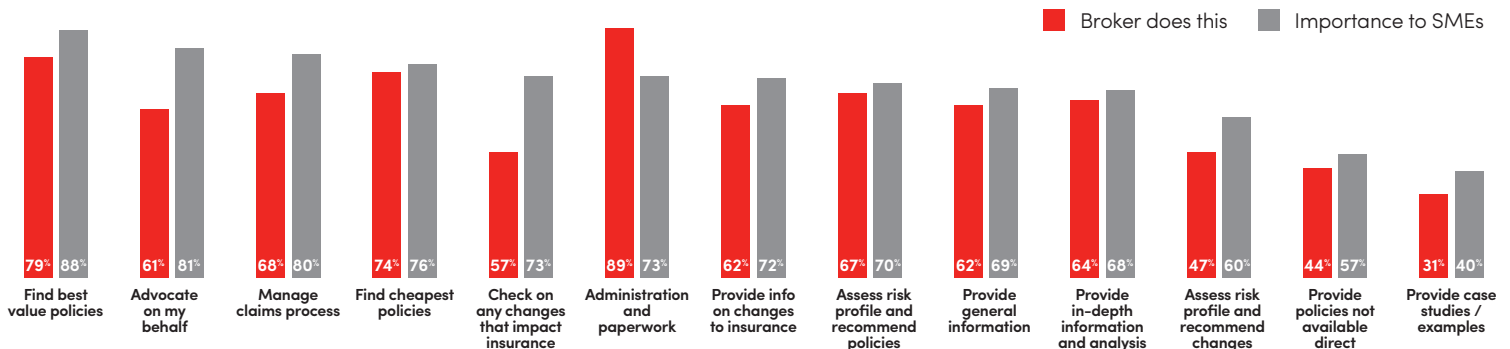
For those buying their insurance direct, lack of knowledge is a major driver. More are saying they don't use a broker because they don't see the benefit (from 17% in 2017 to 29% in 2019) or hadn't even thought about it (from 14% in 2017 to 27% in 2019).

Reasons for using a broker

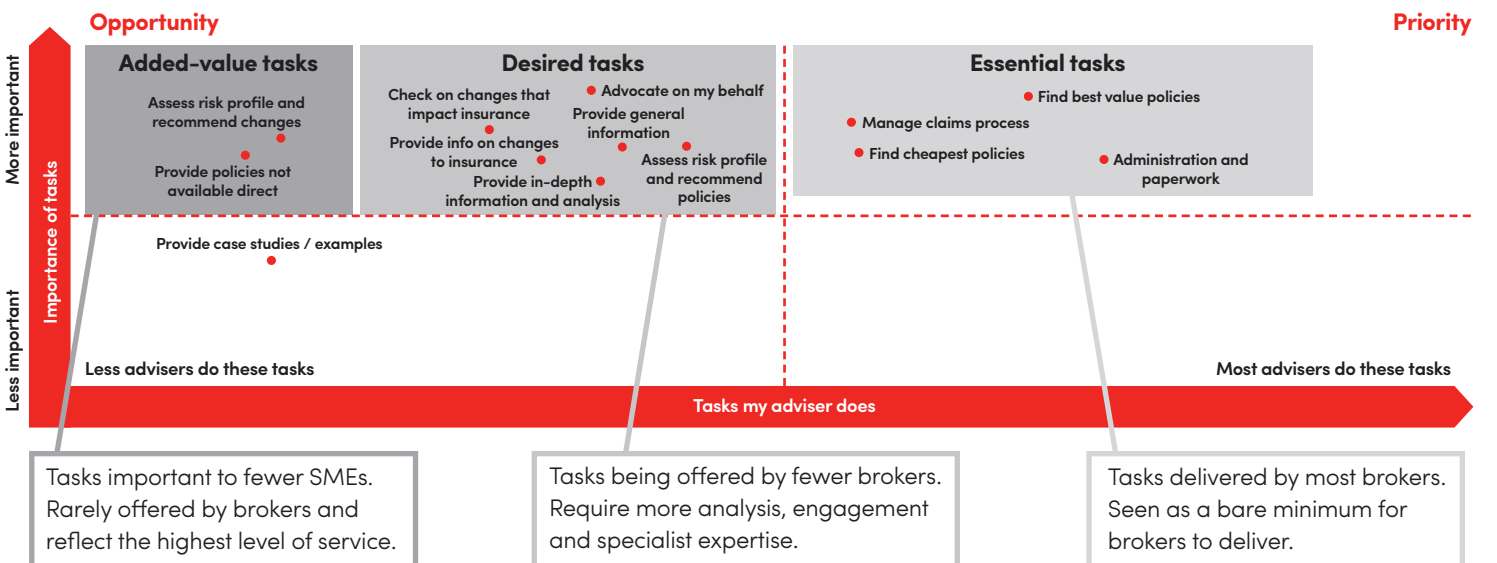


There is a difference between the tasks that SME's describe as being valuable for the broker to complete, and the tasks they report that the broker completes on their behalf.

Tasks that brokers deliver



By mapping these tasks on a grid, we have identified three main groups of tasks:



Tasks important to fewer SMEs. Rarely offered by brokers and reflect the highest level of service.

Tasks being offered by fewer brokers. Require more analysis, engagement and specialist expertise.

Tasks delivered by most brokers. Seen as a bare minimum for brokers to deliver.

Performing added value and desired tasks would mean SMEs get the most out of their experience with brokers.