

Media release

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Vero and charity Good Shepherd NZ to trial affordable insurance product

A new car insurance product being trialled by charitable organisation Good Shepherd NZ and insurance company Vero aims to improve financial security for Kiwis who may be excluded from the car insurance market.

People accessing a Good Shepherd NZ Good Loan to finance a car will now have the opportunity to purchase Vero's Drive Car Insurance, a low-cost, comprehensive car insurance product.

Good Shepherd NZ works with people on limited incomes, and Chief Executive Fleur Howard says they were concerned about how many of their clients were borrowing money to buy cars but weren't insuring them.

"A car accident can be a double blow for our clients. Not only do they not have the money to repair or replace the car, but their ability to get to work is affected because they often work irregular hours outside of accessible public transport schedules."

She says that insurance can be an important element of financial resilience, but for those who can't afford to pay the premiums or excesses the financial fallout can be enormous.

"Imagine having to continue making repayments on a vehicle you can't afford to repair or that has been stolen, when you have no way to get to work?"

"One person we spoke to when researching this product was left with a \$50,000 repair bill for the other vehicle involved in an accident - more than she earned in a year," she says.

"The opportunity to provide more people with an affordable insurance option and prevent these situations from happening, learning as we go, is really exciting for us - its great progress towards helping people manage a significant financial risk."

Vero undertook in-depth research to understand why some of Good Shepherd NZ's clients did not take out car insurance. CEO Jimmy Higgins says cost was only part of the reason people opted to go without insurance.

"Our research showed that people's values and background informed their view of risk, and many of the Good Shepherd NZ clients we spoke to felt that protecting a material possession like a car was less important than taking care of their family and community.

"But for some families a car is more than a possession, it's a connection – to work, family, wellbeing, church, community. Our challenge is to find ways to ensure that those differences are not a barrier to New Zealanders accessing the help and support we are here to offer them if something goes wrong."

Drive Car Insurance was carefully designed to meet the needs identified by the research.

Premiums will be fixed at just \$8 per week and customers won't pay any excess on their first claim, to ensure that customers can have a conversation about excesses before one needs to be paid. The policies will allow for any driver as long as they are complying with their licence conditions and will have some more relaxed application criteria than standard policies.

Higgins says Drive Car Insurance fits with Vero’s financial inclusion action plan and its vision to build futures and protect what matters for New Zealanders.

“Our vision means providing products and services that match how different people view value and accessibility.”

Drive Car Insurance will be trialled for an initial 12-month period, which Higgins says will help ensure it provides genuine value to policyholders.

Both Higgins and Howard said they hope the findings from the research that went into developing Drive Car Insurance would also yield broader insights on how easier access to appropriate and affordable insurance might help New Zealanders develop greater financial resilience.

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About Vero

Vero is a leading intermediated and specialist insurer. Our purpose is building futures and protecting what matters, and we strive to make insurance more useful and more relevant, to help New Zealanders feel more confident.

Vero distributes products through brokers and advisers, as well as through partnerships with some of New Zealand’s leading financial institutions and retailers.

Vero aims to be a responsible financial service provider that puts customers at the heart of everything we do and helps them make good choices.

We strive to support New Zealanders experiencing vulnerability by providing accessible insurance solutions while continuously developing products and services that foster financial inclusion.

About Good Shepherd NZ

Good Shepherd NZ is a charitable organisation that supports better futures for people experiencing disadvantage, particularly women and girls. Good Shepherd NZ works in the areas of economic participation and wellbeing, resilience and social inclusion.

Good Shepherd NZ partners with BNZ to provide Good Loans – no and low interest loans for New Zealanders on limited incomes – with support from the Ministry of Social Development. During this pilot, people accessing a Good Loan to purchase a car will have the opportunity to purchase Drive insurance.

www.goodloans.org.nz

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