2026 SME Insurance Index

Insights Unlocked

Contents

Introduction

In a business environment defined by rapid transformation and emerging risks, the need for resilience and adaptability has never been greater. Australian businesses are navigating a landscape shaped by economic uncertainty, technological innovation, and shifting expectations, each bringing both challenges and opportunities. Their ability to adapt and thrive is central to our nation's prosperity, making it more important than ever to support them in strengthening their resilience for the challenges ahead.

Now in its 15th year, the Vero SME Insurance Index provides insights into how businesses are responding to this evolving landscape. While the Index name reflects its longstanding focus on small and medium enterprises, in recent years our research has expanded to include organisations of all sizes, from micro businesses through to large companies. This broader scope ensures the findings are relevant across the full spectrum of Australian business.

What stands out in this year's findings is a growing recognition of risk management as a strategic priority, alongside persistent gaps in areas such as business continuity planning and a cautious approach to emerging technologies like artificial intelligence. Throughout this report, you will see the crucial role brokers play, not just in securing cover, but in helping businesses make informed decisions and prepare for the future.

As you read this year's report, I urge you to consider the practical steps we can take to turn today's challenges into tomorrow's strengths. By leaning on expert advice and working side by side, we can build more resilient Australian businesses — ready to thrive in a world of constant change.

Anthony Pagano
Head of Distribution

Research Methodology

Understanding statistical significance in the charts

Arrows: Up/down arrows indicate changes large enough to be considered meaningful, rather than normal survey variation (approximately 95% confidence).

Significance tests were conducted at a confidence level of 95%:

▲ Denotes significantly higher than other segments.

▼ Denotes significantly lower than other segments.

Stage One — Quantitative Survey

A nationwide online survey of 1,250 SMEs (Small and Medium-sized Enterprises) (up to 199 employees) and 250 large business (over 200 employees) owners and insurance decision makers was conducted, covering a range of business types and locations. The survey was conducted during September 2025 and the data was weighted by organisational size to current Australian Bureau of Statistics (ABS) data. The survey covered:

- general business sentiment;
- attitudes towards insurance;
- insurance purchase process;
- purchase channel (broker or direct);
- attitudes towards insurance brokers;
- demographics.

Respondents were screened to ensure that they were responsible for making insurance decisions for their businesses. Quotas around state and business size ensured that representative samples were obtained. Some chart totals may not sum to 100% due to rounding and the exclusion of non-substantive responses such as ‘don’t know’.

We have ensured the total results accurately reflect the wider Australian market by applying appropriate weighting. According to ABS data, large businesses represent less than 0.2% of all Australian businesses, and this proportion has been carefully maintained in the results.

Businesses were divided into five groups:

Micro: Businesses which employ 1–4 individuals

Small: Businesses which employ 5–19 individuals

Medium: Businesses which employ 20–199 individuals

Large: Business which employ 200–499 individuals

Very Large: Business which employ 500 or more individuals

Where the data was not insightful, Large and Very Large were combined for simplicity.

Stage Two — In-Depth Qualitative Interviews

A series of interviews was conducted with 10 business insurance decision makers representing a mix of business sizes, types, attitudes to insurance, insurance purchasing channels and demographics. These sessions were held online during December 2025.

* This research was conducted by Fuller.

01

Broker use and satisfaction

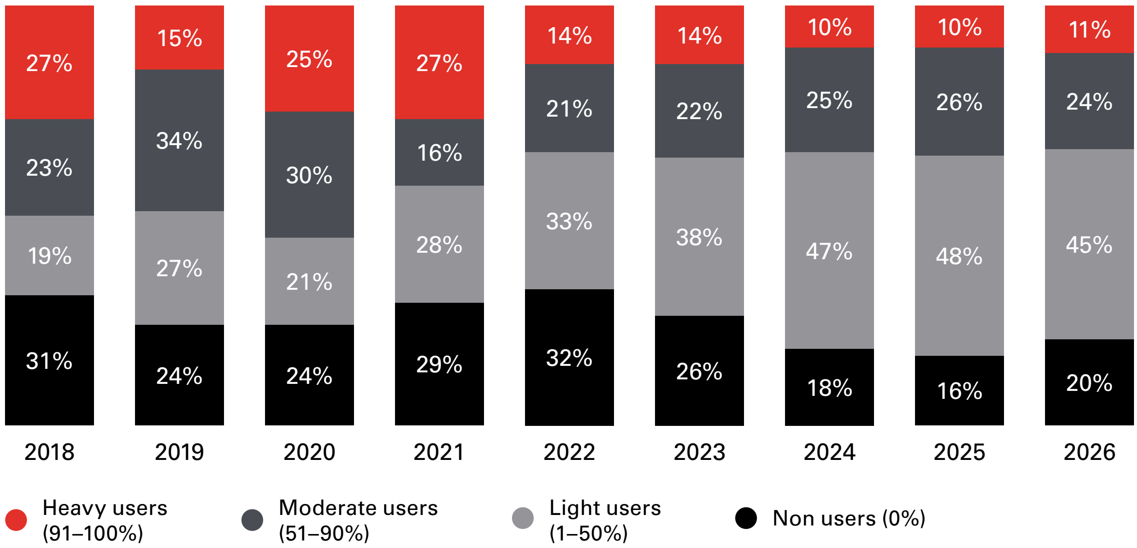
In its 15th year, the Vero SME Index continues to provide a comprehensive view of the evolving landscape for Australian businesses. Each report builds on a foundation of consistent metrics, while also introducing new measures to capture emerging trends. This year's findings highlight not only the stability of broker relationships, but a continued deep reliance and satisfaction among businesses that choose to work with brokers. Insights have shown satisfaction with brokers is stable overall, though there are opportunities to better meet the needs of micro-businesses. This sets the stage for a deeper exploration of how broker engagement shapes business confidence, risk management, and claims experiences.

> **"Using a broker gives me assurance that they have that knowledge. They know their insurance inside and out."**
>
> Medium business, medium broker user

Broker relationships are stable

Broker use remains stable compared to last year. Roughly 1 in 5 businesses do not use a broker, which remains largely consistent with previous years (see Figure 1.1).

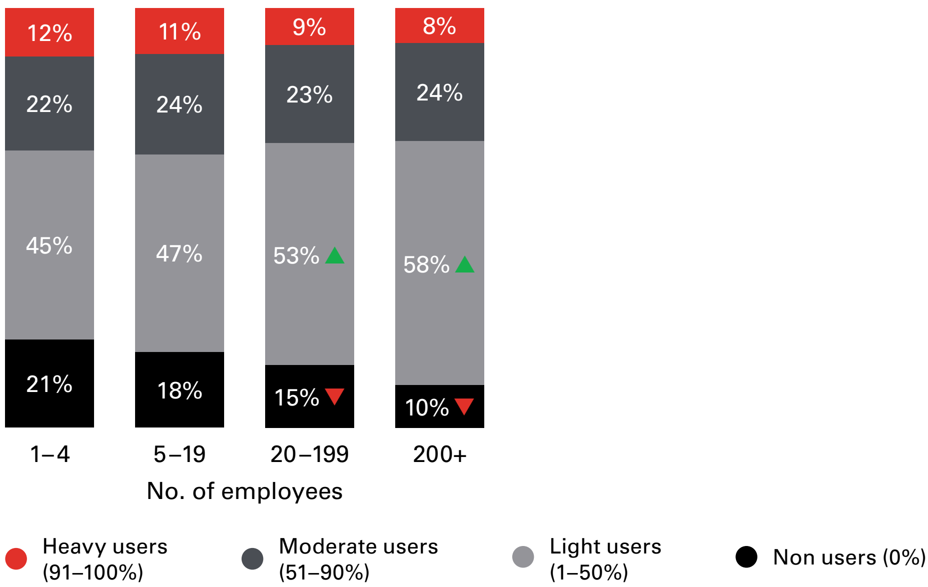
Figure 1.1 Proportion of policies bought through broker



While heavy users remain at historical lows, non-users are at their third lowest level since 2018.

As expected, broker use increases with business size, reaffirming that business scale brings insurance complexity — and with complexity comes the need for specialised expertise such as risk analysis tools and advice on the risks of emerging technologies, as well as more complex policies such as business interruption and cyber insurance. This will be explored in more detail in subsequent chapters.

Figure 1.2 Proportion of policies bought through broker, by business size

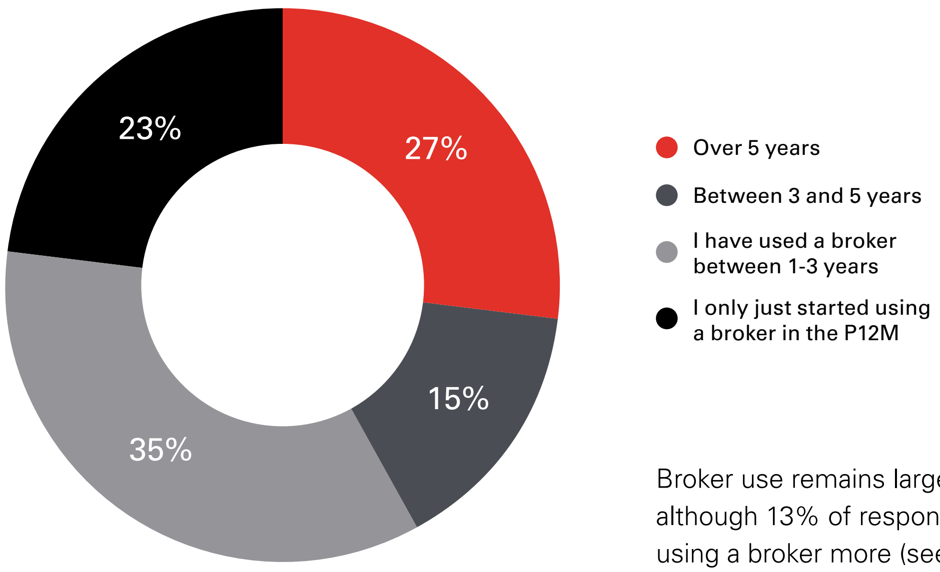


Brokers continue to provide long-standing support by fostering relationships

Of those businesses using a broker, 42% have used the same broker for more than three years, with over one quarter maintaining relationships for five or more years (see Figure 1.3).

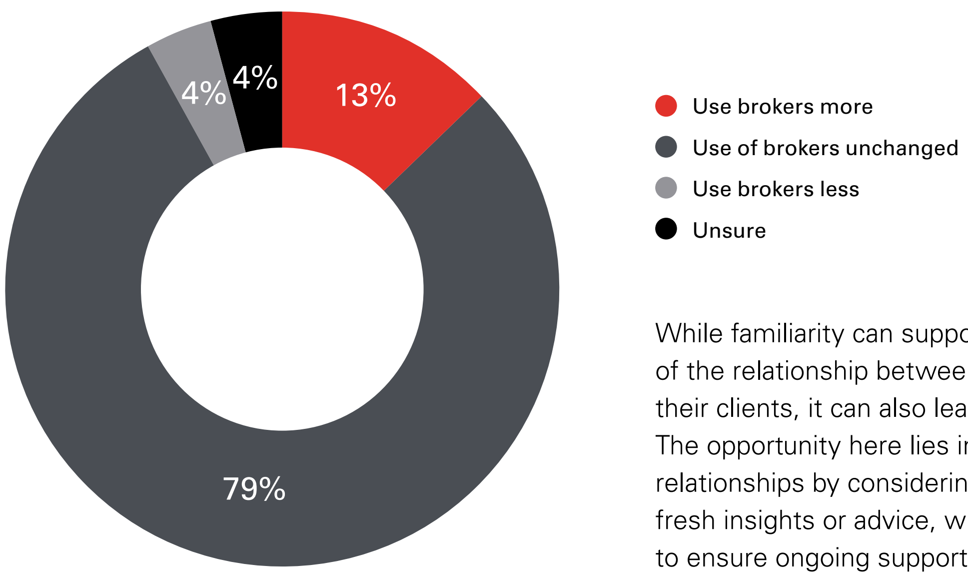
This suggests these relationships reflect ongoing service and customer confidence built on familiarity and trust.

Figure 1.3 Duration of broker relationship



Broker use remains largely consistent, although 13% of respondents report using a broker more (see Figure 1.4).

Figure 1.4 Change in broker usage in the past two years



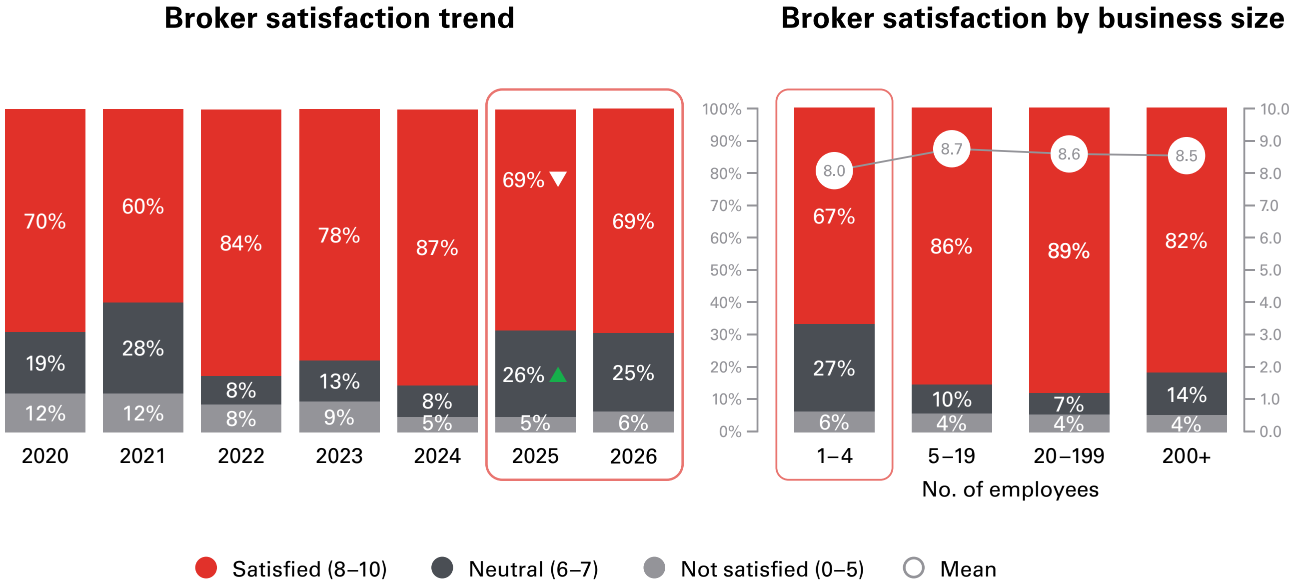
While familiarity can support the longevity of the relationship between brokers and their clients, it can also lead to complacency. The opportunity here lies in deepening relationships by considering ways to provide fresh insights or advice, with regular reviews to ensure ongoing support.

Satisfaction with brokers remains stable, though still weaker among micro-businesses

Broker satisfaction levels have stabilised this year at 69%, in line with last year's result. While this indicates a period of stability, it highlights a drop from the record high of 87% recorded in 2024. The current satisfaction rate sits well below the previous peak, suggesting that while contentment with brokers remains relatively consistent, it has not recovered to the exceptional levels seen in 2024.

It's worth noting that satisfaction is strongest among large businesses, whereas micro-businesses continue to report lower levels of satisfaction (see Figure 1.5).

Figure 1.5 Change in broker usage



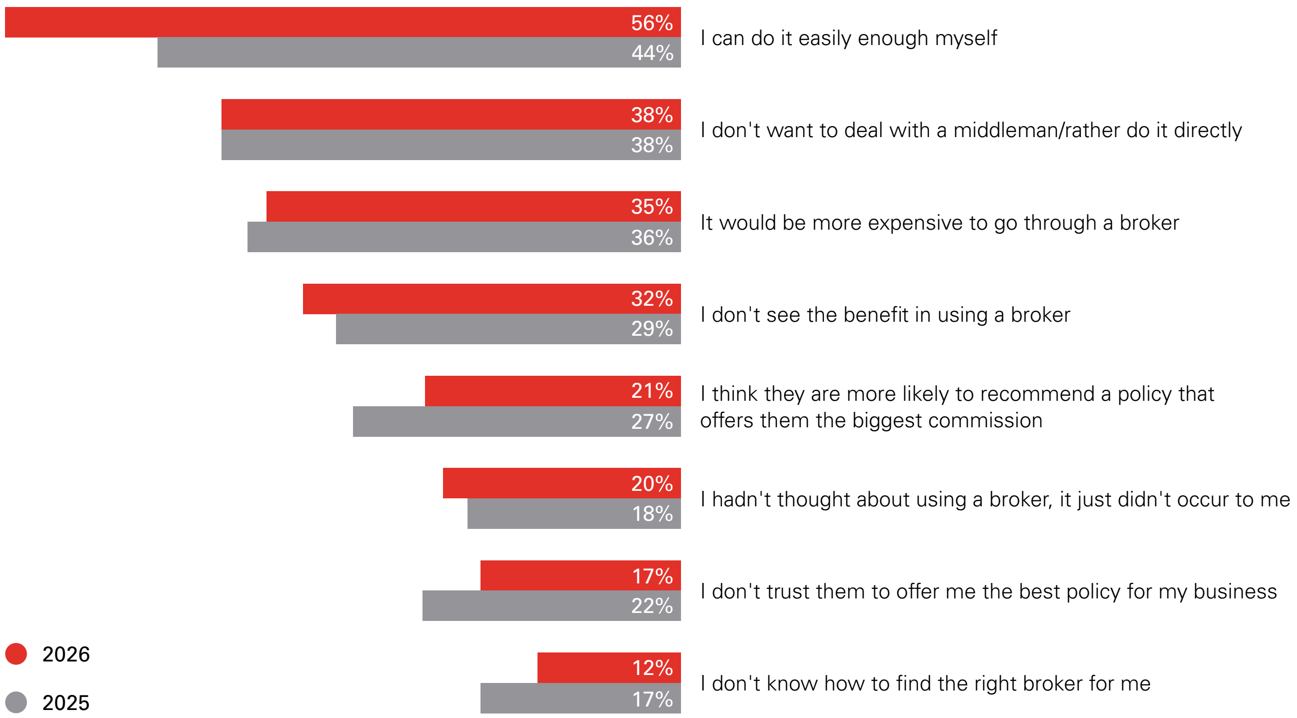
Many SMEs may not be experiencing the full benefit of broker risk advice, and claims service, potentially due to limited engagement or a lack of awareness about the broader value brokers can deliver beyond insurance placement. This underlines the need for brokers to consider how they can tailor their offerings to better suit the requirements of micro-businesses.

It also highlights the importance of effectively communicating and demonstrating the advantages of risk advice and risk mitigation, to ensure SMEs understand and realise the full value of this service offering.

Self-management driven by confidence and transactional mindset

Shifting the focus to those who don't currently use brokers, we find the main barriers are confidence, and a desire to avoid dealing with a third party (see Figure 1.6).

Figure 1.6 Reasons for not working with a broker



Self-management is generally not a result of a lack of trust in brokers, but rather stems from a perception that business insurance is a simple, transactional process making broker involvement seem unnecessary. This suggests that some businesses are not able to identify, or at least, understand the broader value brokers bring beyond the purely functional purchase of insurance. Many may not realise the benefits of comprehensive risk advice, claims support, and tailored cover that brokers can deliver.

It is noteworthy that a third of respondents believe that using a broker is more expensive. This highlights an opportunity for brokers to clarify the importance of appropriate levels of cover, and to articulate the true value of broker services, beyond cost.

What does this mean for brokers?

Insight Action

Insight:	Action:
Only a small minority have increased or reduced their broker usage, indicating a stable sector.	This stability presents an opportunity for brokers to deepen existing relationships rather than focusing solely on acquisition.
For some micro-businesses, digital self-service reflects convenience rather than disengagement.	Brokers might focus on hybrid models, combining digital ease with expert reassurance to engage with these smaller businesses.
SMEs who don't choose to use a broker feel confident to manage the functional aspects of insurance themselves.	Brokers can talk to the value they deliver beyond the basic transactions a SME could self-service i.e. expertise, accuracy of cover, claims support, and risk management.

02

A two-speed economy

Australian businesses continue to face significant challenges. Nearly half of businesses surveyed this year (47%) report a decline in revenue over the past 12 months, underscoring the challenging conditions many currently face.

This trend is particularly pronounced among smaller businesses, which form the backbone of the Australian economy.

As a result, we are seeing the emergence of a two-speed economy. A substantial proportion of smaller SMEs remain in survival mode, grappling with rising costs and limited resources; while larger businesses are reporting more stability and taking a proactive approach to risk management.

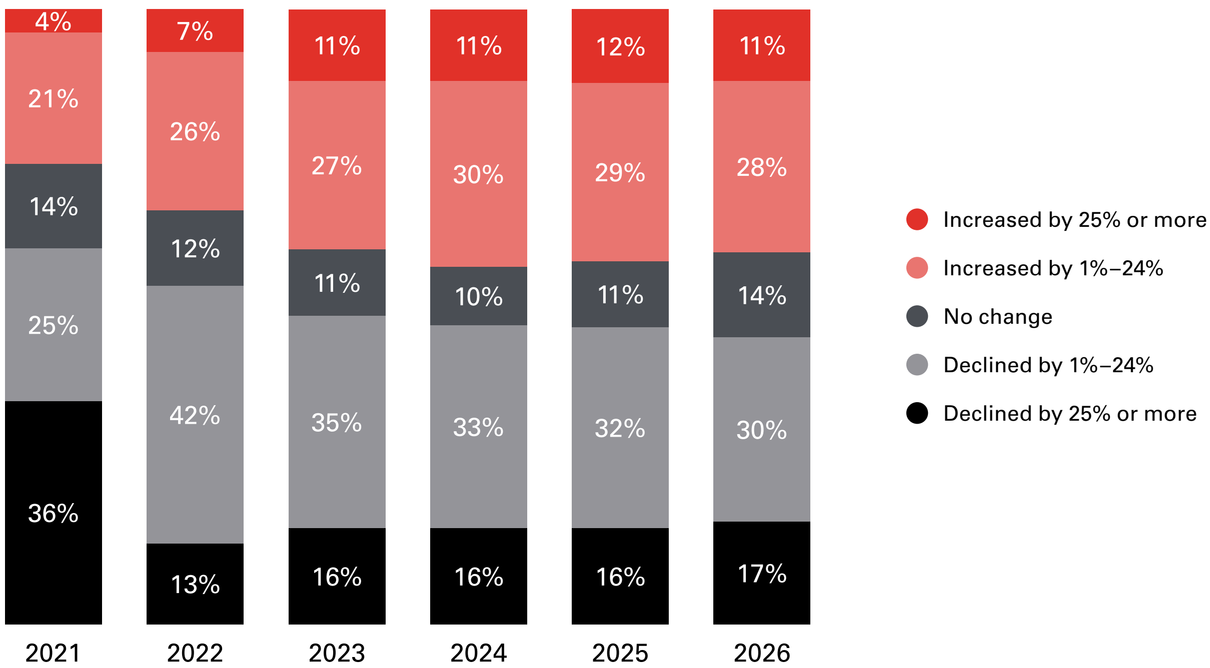
▼ **47%**

of businesses' report a decline in revenue over the past 12 months

Business turnover recovery remains uneven as many experience declines

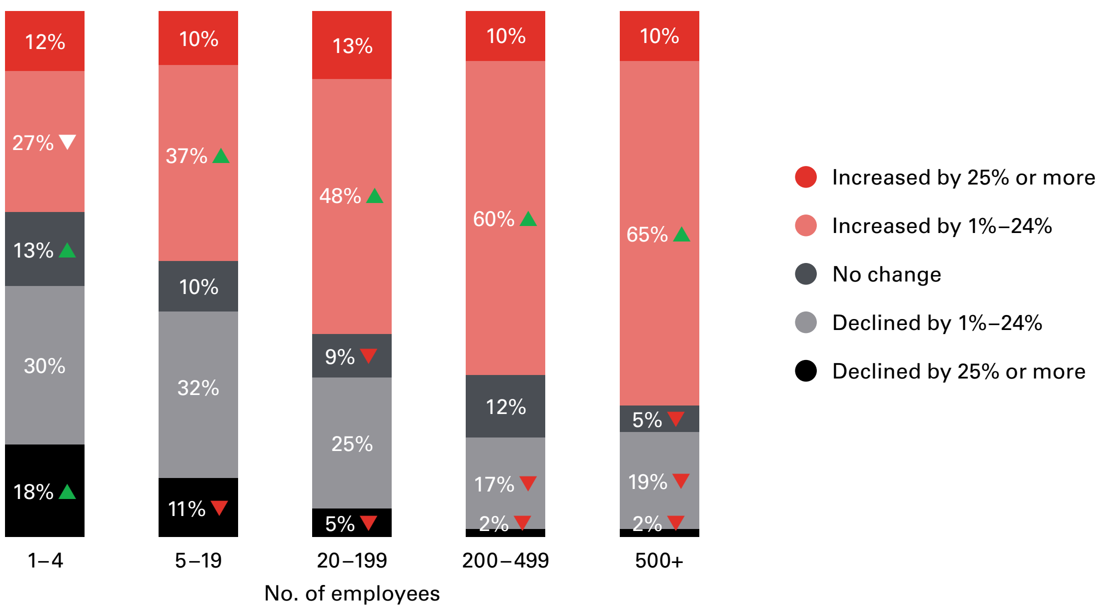
While 39% of businesses saw an increase in their revenue since last year, another 47% saw a decline (see Figure 2.1). Despite this revenue dichotomy, the picture is considerably better than in 2021 (during the COVID pandemic).

Figure 2.1 Change in annual business turnover



A higher proportion of larger businesses show increased revenues, while micro and small businesses remain under the greatest pressure, highlighting the uneven nature of recovery (see Figure 2.2).

Figure 2.2 Change in annual turnover by business size



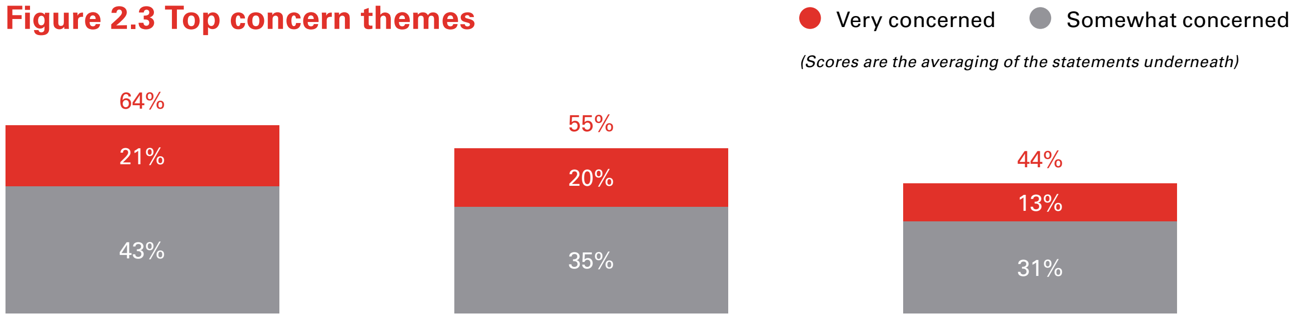
This dual economy, with one group rebuilding and another facing difficulties, likely shapes how decision-makers think about insurance. The first group may seek to protect its recent gains, while the second group may avoid any non-essential cover.

While day-to-day financial pressures dominate, human and reputational risks are rising fast.

Although increasing costs and an economic downturn rank the highest among Australian businesses at 83% and 70% respectively, the spectrum of concerns is broad, with health and safety, mental health, staff retention and reputation following closely (see Figure 2.3).

There are 22 risk measures tracked, which have been grouped into three themes for ease of understanding.

Figure 2.3 Top concern themes



Financial & Operational Pressures

- 83% Increasing costs
- 70% Economic downturn
- 66% Potential changes to company tax rates/business tax policy
- 64% Managing cashflow
- 62% Increased competitive activity
- 61% Health & safety risks
- 60% Regulatory or legislative change
- 60% Changing consumer preferences/pressure to innovate
- 57% Disruption to supply chain
- 50% Challenges increasing productivity or operational efficiency

Human & Reputational Risks

- 61% Health & safety risks (included again here for thematic relevance)
- 57% Mental health of myself/employees
- 54% Adverse publicity or reputational damage
- 48% Difficulty attracting and retaining good staff

External & Emerging Risks

- 54% Impact of technology (automation, AI)
- 49% Climate change/extreme weather
- 45% Carbon reduction or sustainability requirements (ESG etc.)
- 45% Natural and other disasters (floods, fires, etc.)
- 42% Terrorism (excl. cyber)
- 40% Global geopolitical disturbances
- 39% Remote working/staff engagement
- 34% Changes to international trade agreements or tariffs

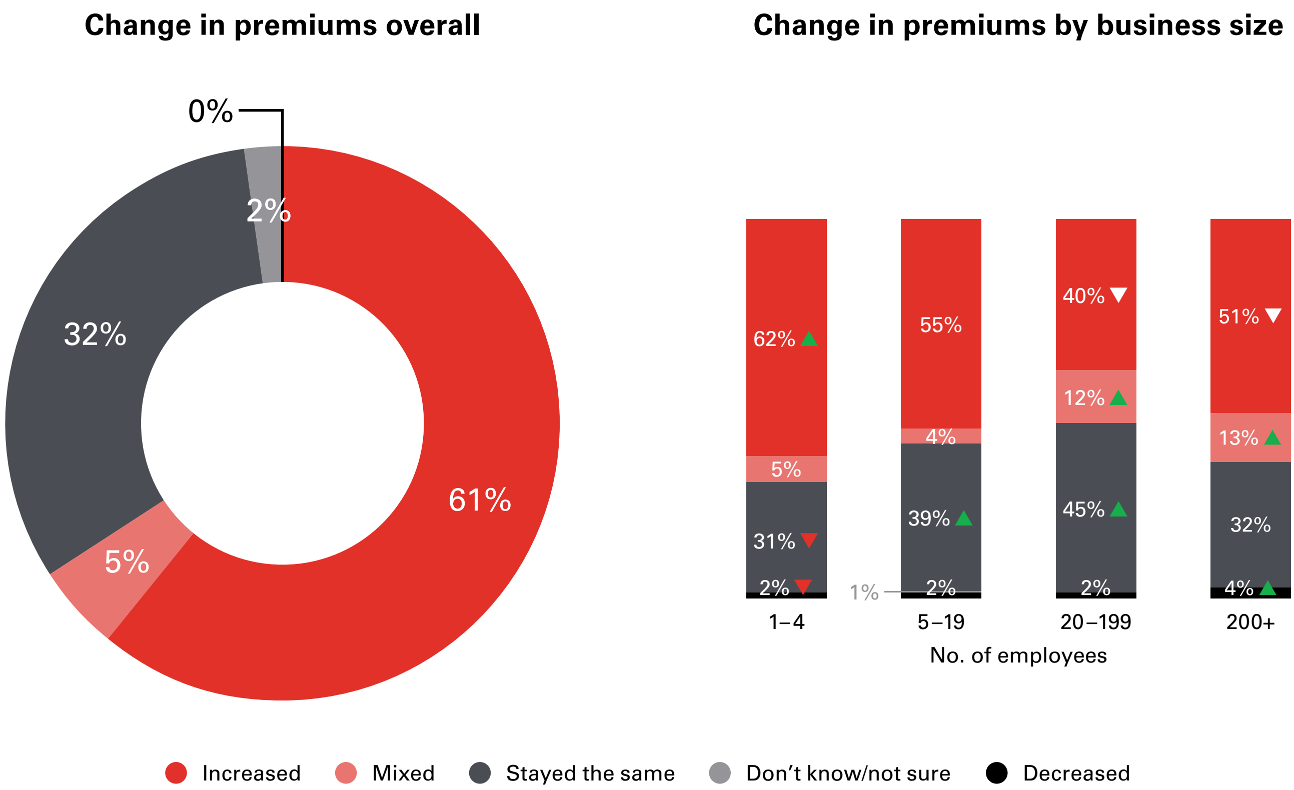
Figure 2.3 reveals that most businesses (64%) share the main concern of Financial & Operational Pressures, while over half (55%) are concerned with Human & Reputational Risks, and External & Emerging Risks is the third most-cited concern (44%).

This suggests that the concept of business risk is broader than the balance sheet — it's about people, perceptions, technology, environmental change, and more. For brokers looking to diversify their offering, there is an opportunity to connect business protection with culture, wellbeing, and future-proofing.

Insurance premiums show a mixed trend, with smaller businesses experiencing increases

While a small minority of larger businesses have experienced some price decreases, 6 in 10 smaller businesses report increases — an unwelcome additional cost for those struggling with revenue declines (see Figure 2.4). Larger businesses, while not immune, have more levers at hand, like proactively managing their risk exposure.

Figure 2.4 Change in premiums past 12 months



Different coping strategies emerge across business size when premiums increased

When faced with premium increases, the smaller businesses are more passive, with nearly half (47%) of those with 1–4 employees citing they did nothing in particular (see Figure 2.5). In comparison, larger organisations (with 200+ employees) more actively adjust prices for customers to cover higher costs.

Figure 2.5 Actions taken in response to increasing premiums

Total	Action	No. of employees 1–4	5–19	20–199	200+
45%	Did nothing in particular	47% ▲	34% ▼	13% ▼	13% ▼
32%	Absorbed the increase, reducing profit margins	31%	37%	42% ▲	36%
14%	Reduced spending elsewhere in the business	14%	12%	28% ▲	24% ▲
14%	Increased prices to customers to cover higher costs	12% ▼	26% ▲	23% ▲	32% ▲
13%	Cut back on investment in risk reduction measures	13%	12%	13%	20%
11%	Avoided increasing sums insured	12%	6%	12%	16%
9%	Reduced drawings/pay for myself as the business owner	9%	4%	9%	13%
8%	Reduced overall insurance coverage (i.e. sums insured)	7% ▼	19% ▲	13%	18% ▲
8%	Did not renew one or more policies	8%	5%	6%	7%
8%	Delayed or cancelled business expansion plans	7%	11%	10%	20% ▲
7%	Shifted some covers direct	7% ▲	0%	18% ▲	18% ▲
5%	Drew down cash reserves/impacted cashflow	4% ▼	14% ▲	17% ▲	13% ▲
1%	Increased investment in risk reduction measures	0% ▼	5% ▲	17% ▲	21% ▲

Among medium-sized businesses (20–199 employees), absorbing the cost and reducing profit margins is common (42%), although they are also likely to reduce spending elsewhere in the business (28%) or increase prices to customers (23%).

Larger businesses with more than 200 employees are more proactive, with 32% passing costs on to customers. Other cost-cutting measures include reducing spending elsewhere in the business (24%). Growth sacrifices are evident: some businesses delay expansion (up to 20% in large businesses) or reduce owner drawings.

Focusing specifically on the impact of premium increases on insurance behaviours, we see some reducing investment on risk management measures (13%), avoiding increasing the sums insured (11%), reducing overall insurance coverage (8%), not renewing one or more policies (8%), and shifting some covers direct (7%). Micro-businesses are far less likely to reduce their overall insurance coverage (only 7%), with small and large businesses far more likely to do so.

It is notable that larger businesses are more inclined to enhance their investment in risk mitigation measures. This trend may be associated with changes in insured amounts or the cancellation of policies.

When premiums fall, SMEs act decisively

Few businesses benefited from reduced premiums, but those that do often invest the savings to bolster their resilience. Only 6% remain inactive — quite the opposite of those experiencing rising premiums (see Figure 2.6).

This indicates that premium reductions typically prompt strategic business decisions, such as expanding operations, lowering prices, or acquiring additional insurance cover.

Figure 2.6 Actions taken in response to decreasing premiums

For some, reinvestment reflects genuine risk maturity — for example, using savings to strengthen business resilience, upgrading equipment, cyber security or staff training as well as increasing sums insured to ensure cover is keeping up with costs.

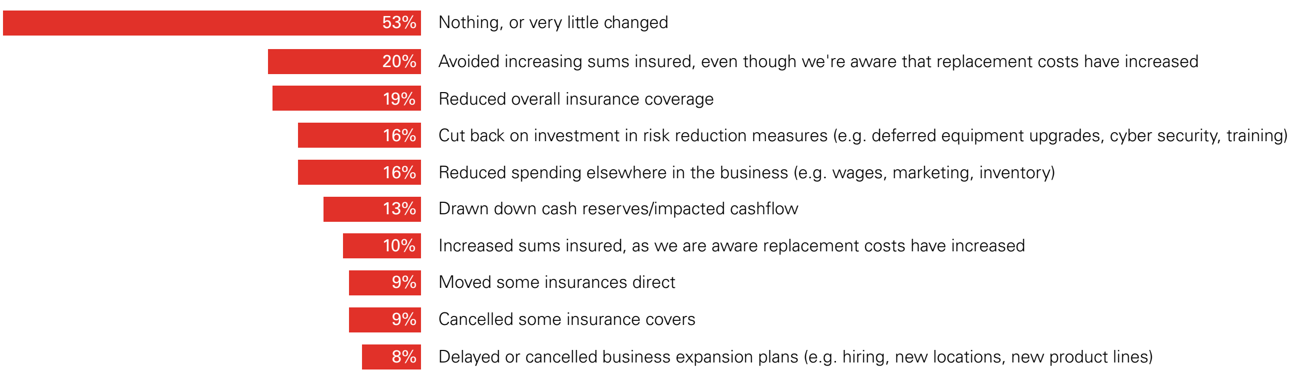
Larger businesses may be choosing to reallocate earmarked funds within their budget, ensuring resources are put to use elsewhere, rather than left unspent and unutilised.

These moments of premium relief provide businesses with an opportunity to review their cover and ensure it continues to meet their needs. Brokers can support clients to consider how any savings might strengthen their overall protection.

Stable premiums can lead businesses to overlook the gradual reduction in their coverage

Most businesses remain passive in the face of flat premiums. Over half change nothing or very little (see Figure 2.7), while about 1 in 5 avoid increasing the sums insured, even though replacement costs have risen.

Figure 2.7 Actions taken in response to flat premiums



Flat premiums may be welcome; however, they can make it easy to mask growing exposure. This presents the broker with a good opportunity to re-engage — validating sums insured and reminding clients why not taking action could be risky.

What does this mean for brokers?

Insight Action

Insight:	Action:
Many smaller SMEs are in survival mode and trying to reduce expenses.	Brokers have an opportunity to provide practical risk guidance and help smaller clients understand the value of insurance cover, whilst supporting businesses to manage risks during challenging times.
Some larger businesses are benefiting from some much-needed stability and can start to invest in improvements to their resilience.	Brokers can assist by helping businesses assess and prioritise emerging risks relevant to their operations. For example, employees' physical and mental health in offices and remote workspaces.
Recent premium movements give brokers a timely reminder to re-engage clients, review sums insured and coverage levels against current replacement costs and business needs, and reinforce the value of ongoing risk management to optimise cover and contain future premiums.	Brokers can proactively review clients' policies and risk management practices to ensure cover remains adequate and cost-efficient, reinforcing the importance of keeping insurance up to date in a changing market.

03

Claims: The defining moment of truth

Claims represent a defining moment in demonstrating the value of insurance. Yet, many businesses have not yet experienced the claims process. This chapter examines how broker involvement significantly enhances claims satisfaction, guiding businesses through complex procedures. Explore the findings to understand the factors that shape claims experiences and the pivotal role brokers play in turning challenging situations into opportunities for strengthened client relationships.

Around

1 in 5

businesses made a claim in the last 5 years

Not every business will experience a claim

The majority of respondents had not made a claim in the past 5 years (see Figure 3.1), meaning that very few have experienced the moment of truth that comes with needing to utilise insurance.

As a result, for most, insurance remains hypothetical — with the value feeling abstract from a lack of experience.

For those who had made a claim, looking deeper at the types of claims, we see a broad range — with commercial and corporate property first on the list (see Figure 3.2).

Figure 3.1 Claims history past 5 years

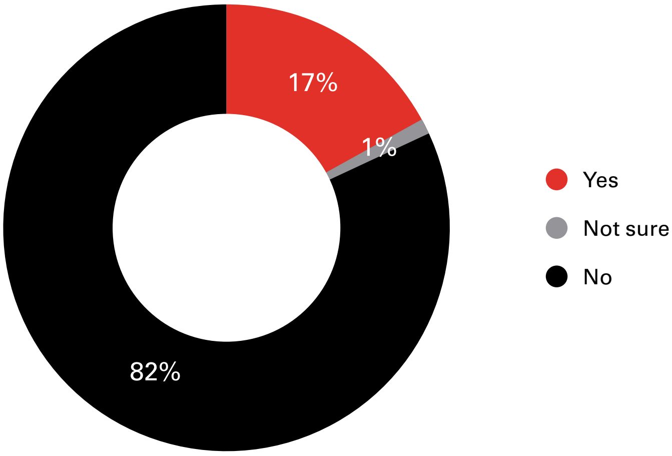
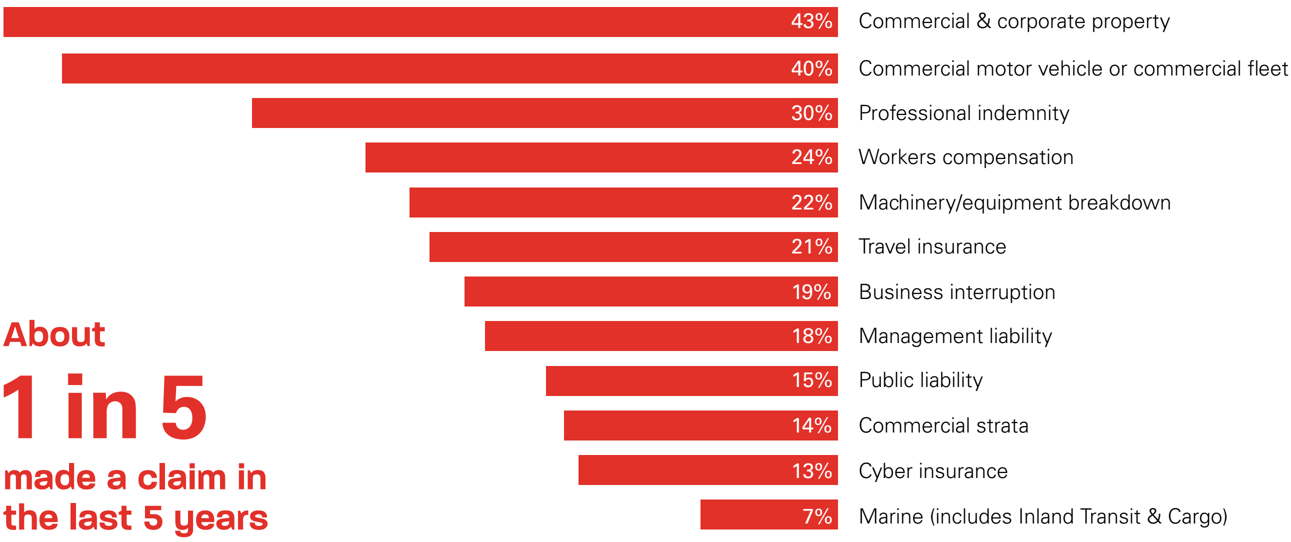


Figure 3.2 Types of claims made in last 5 years



About

1 in 5

made a claim in the last 5 years

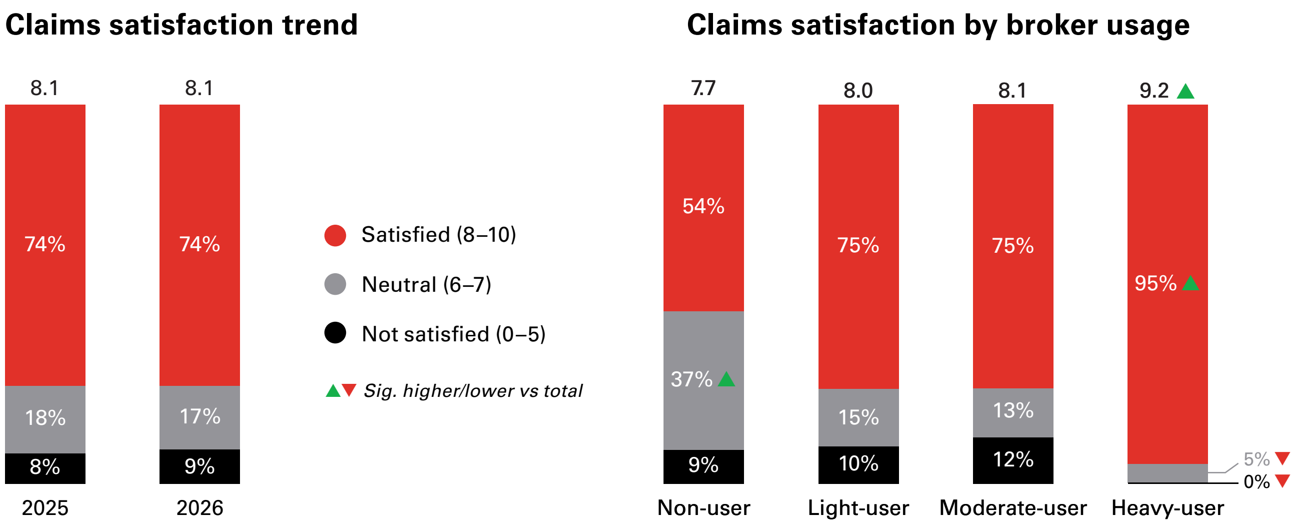
Claims for commercial motor vehicles and fleets rise with business size, from 37% of micro-businesses to 50% of mid-size businesses — clearly reflecting larger asset bases and fleet exposure. Professional indemnity claims are consistent across business sizes although slightly higher for smaller and mid-size professional-service businesses. Claims for public liability and workers compensation rise sharply among large businesses (38%), highlighting scale and employee risk factors.

Claims satisfaction is higher among broker users, reinforcing the value of guided support

While overall satisfaction with the claims process is consistent since last year, the highest levels of satisfaction are linked to strong broker engagement.

Non-users of brokers are far less likely to be satisfied (only 54%) with their claims process, whereas heavy users of brokers are overwhelmingly likely to be satisfied (95%). This reinforces the statement that brokers deliver value in the moment of truth.

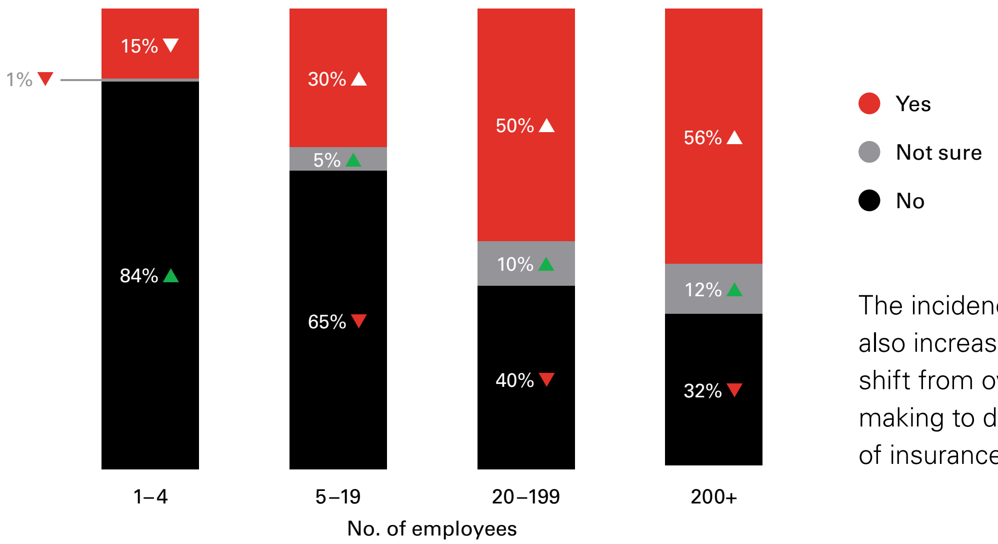
Figure 3.3 Satisfaction levels year on year and by broker use



As businesses grow, insurance becomes a lived reality

Business size is a key determinant of whether a claim is made: 50% of medium-size businesses make a claim, compared to just 15% of micro-businesses (see Figure 3.4).

Figure 3.4 Claims by business size



The incidence of those unsure also increases with size, indicating a shift from owner-managed decision-making to delegated administration of insurance and claims processes.

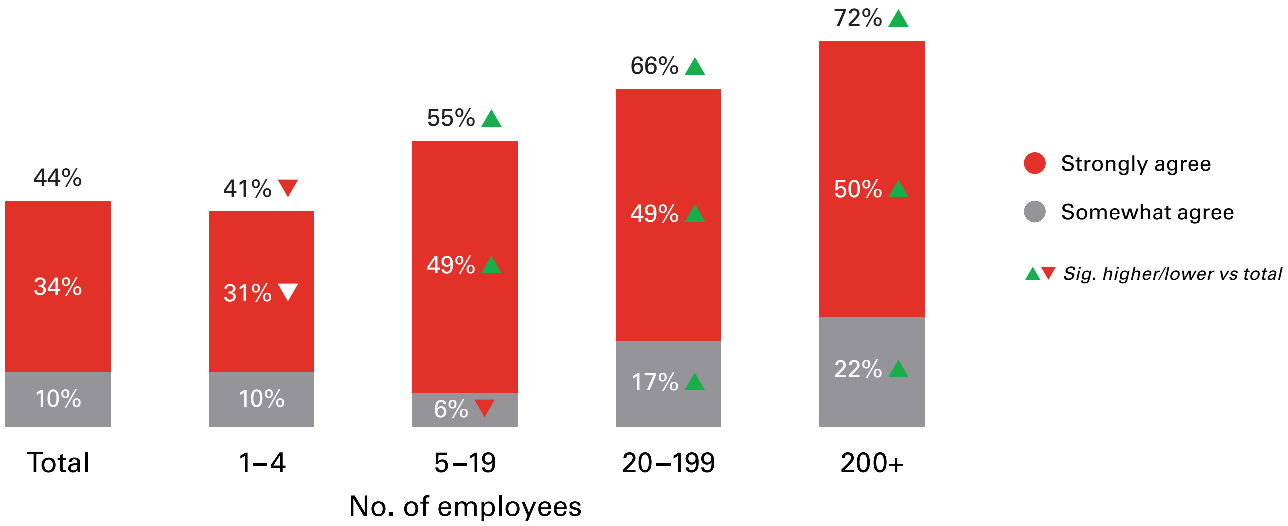
Willingness to invest in a better claims experience increases with business size

Nearly half of all businesses, 44%, report they would be willing to invest in a better claims experience. This demonstrates that the perceptible true value of insurance is often realized through the quality of its claims service. Some businesses place greater value on claims support and may prioritise service quality in their insurance decisions.

Willingness to invest in a better claims experience grows with business size, rising from 41% among micro-businesses to 72% for large businesses (see Figure 3.5).

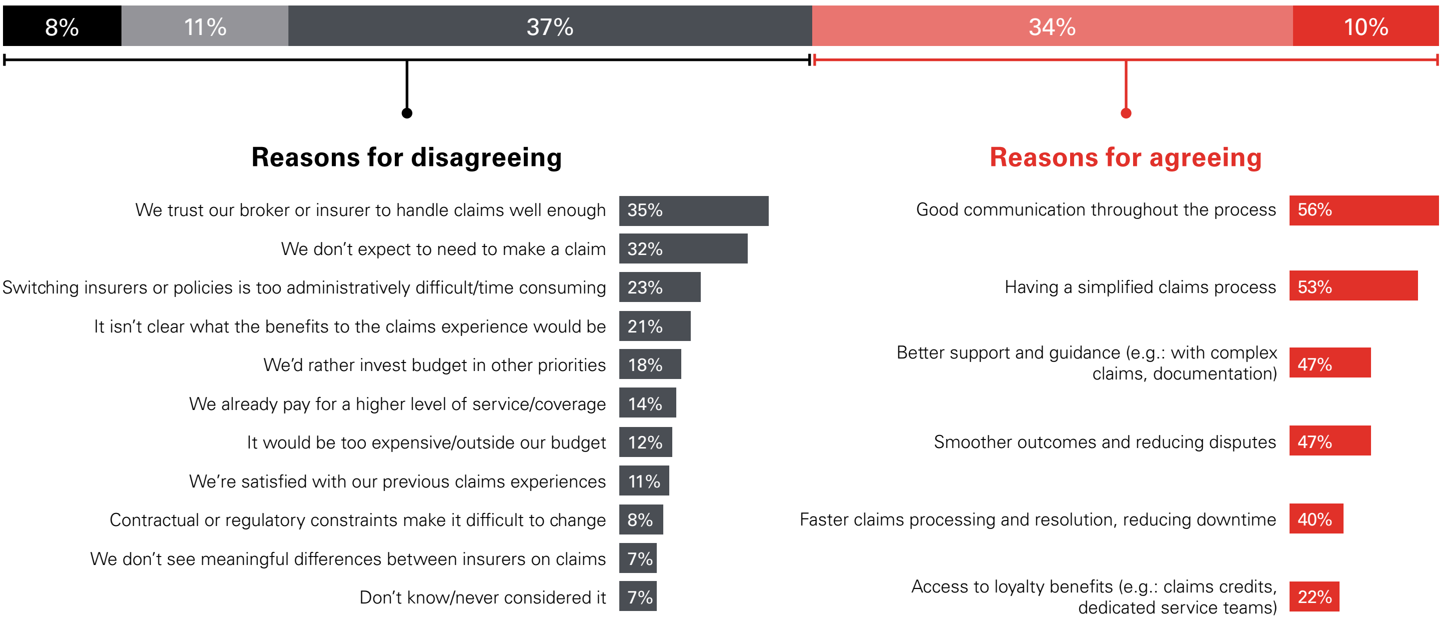
Businesses that agree with the statement cite strong communication throughout the process and having a simplified claims process as reasons for agreeing (see Figure 3.5).

Figure 3.5 Willingness to invest in a better claims experience, by business size



> **Our business needs to keep churning over, so we need to have that safety net in a good insurance company.**
>
> Large business, heavy broker user

Figure 3.6 Reasons to agree or disagree with statement "I'm prepared to pay a bit more if I think I'll have a better claims experience"



For those who disagreed with this statement, the reasons centred around two key beliefs. Firstly, that a high-quality claims process should be expected as part of their insurance without additional cost. Secondly, that the likelihood of needing to lodge a claim was low, diminishing the perceived value of paying extra for enhanced claims support.

Smaller businesses tend to prioritise affordability, in part because they are less likely to make a claim and may perceive limited value in investing in claims expertise. As businesses grow in complexity, however, the importance of high-quality service and confidence in the claims process increases accordingly.

In the Spotlight

Running a business that relies on specialist vehicles means that if one goes down, it can impact the entire operation. That was the case for Jacoby, who co-owns a WA-based business with a fleet of heavily modified vehicles.

Functioning as mobile workshops, Jacoby's specialist vehicles are central to the efficient operation of the business. So, when one of her utes was involved in a low-speed rollover on-site, and taken out of action, it created immediate operational pressure.

After an initial delay in accessing the ute for a claim assessment — due to a site shutdown — the vehicle was finally transported to Perth, where it was declared a write-off.

Finding the claims process unfamiliar and feeling out of her depth, Jacoby reached out to her broker for support.

Jacoby's broker handled the claim end-to-end on Jacoby's behalf, liaising with the insurer and ultimately securing a payout to account for the significant cost of vehicle modifications and operational downtime. Jacoby said. "Having someone who is experienced and professional in the industry is so valuable."

Jacoby's experience reinforces the value of having a broker who can assist and advocate for their business during a critical claims event. Effectively communicating the value of this to your clients can reinforce the benefits of working with a broker.

This narrative reflects insights from an interview with insurance decision makers conducted in December 2025, as part of the qualitative interviews for the Vero SME Insurance Index Report 2026. The views expressed are those of the interview participant and the participant is not necessarily a Vero customer.

What does this mean for brokers?

Insight Action

Insight:	Action:
Businesses who use brokers place strong value on guided claims support and may prioritise service quality in their insurance decisions if it means they are more likely to have a simplified claims experience, reducing downtime.	When advising on insurance options, brokers should recognise the service differences available and should tailor their recommendations to meet these expectations.
Broker involvement is strongly linked to higher claims satisfaction, with clients benefiting from expert guidance during critical moments.	Brokers should continue to proactively set expectations and provide visible support throughout the claims process to further strengthen client trust and loyalty.
Larger businesses are more inclined to value a risk-partnership dynamic with their broker and a good claims experience.	Brokers can emphasise the value they add during the claims process, rather than trying to compete on price.

04

Appetite for risk management

This chapter explores the gradual shift towards a mature risk management mindset of Australian businesses. We see that more businesses are proactively managing their risks, and brokers can play an instrumental role, but a different approach is required depending on the size of the business.

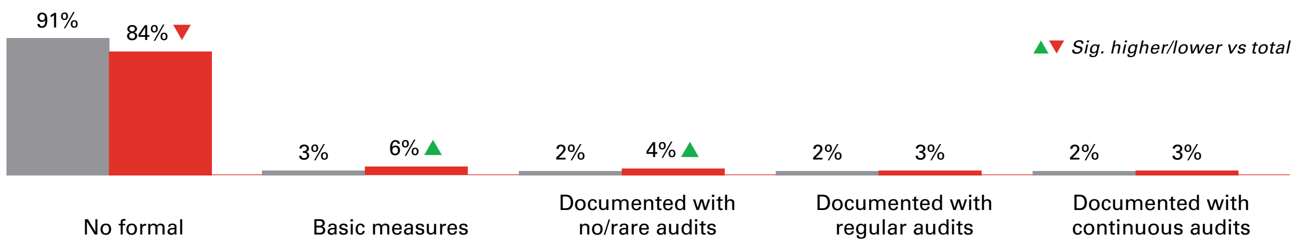
Australian businesses are showing signs of progress in risk management, but maturity remains uneven. Larger businesses lead the way, with documentation and audits far more common for medium-sized businesses, while micro and small businesses often lack time and structure.

> **If a broker is going to give me information on risk management, the biggest thing is they understand the industry we're in.**
>
> Medium business, medium broker user

There are signs of progress as more businesses take first steps in risk management

Respondents were asked to place themselves on a scale of 1–5 with regard to statements about their attitude to risk management. The results are plotted along a risk management scale from "Ad hoc" to "Optimised", as shown in Figure 4.1 below.

Figure 4.1 Approach to risk management



"Adhoc"	"Developing"	"Proactive"	"Sophisticated"	"Optimised"
We are aware of risks but do not have a formal risk management process.	We provide basic risk management training and have implemented some measures to reduce risks.	We have a documented risk management strategy, but we never or rarely audit controls.	We have a documented risk management strategy, and we regularly (e.g.; once a year audit controls).	We have a documented risk management strategy, and we continuously audit controls.

While 8 in 10 businesses have never conducted a formal risk analysis, we've seen a 7% reduction in those at the 'Ad hoc' end of the scale, signalling a slow shift from awareness to action in how they manage risk, though most remain at the basic end of the maturity scale.

Large businesses dominate the mature end of the scale, having a fully documented and regularly audited risk framework.

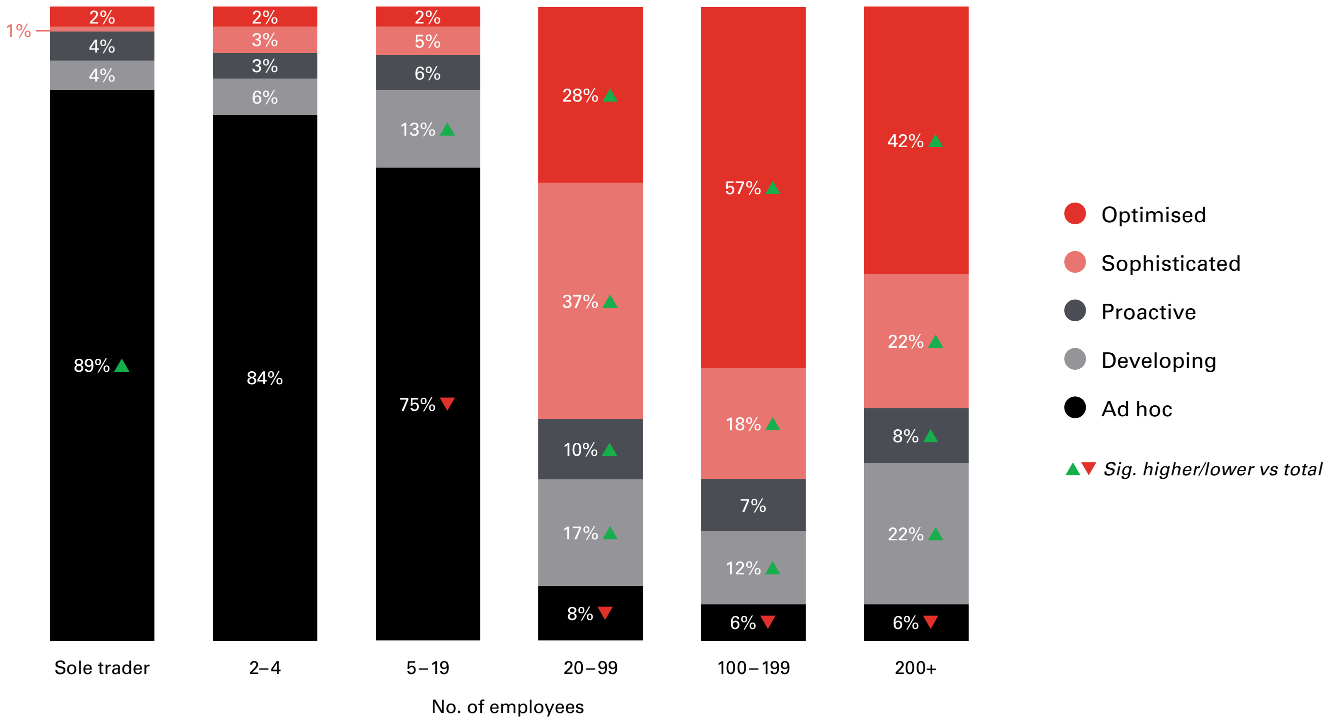
Risk maturity increases with business size

Maturity regarding risk management increases with business size, and becomes noticeable from medium-sized businesses with twenty or more employees.

Once past the micro and small businesses, above the 20-employee mark, documentation and regular audits become far more common (see Figure 4.2). For the biggest businesses, risk management is embedded—part of governance and continuous improvement. Smaller businesses, on the other hand, are often aware of their risks but lack time, structure, or guidance to formally manage them.

Further analysis reveals nuances by industry, with trade, construction, and industrial businesses rating as most mature (16% 'Sophisticated' or 'Optimised'). On the other end of the maturity spectrum is retail trade (80% 'Ad hoc') and agricultural & agricultural services (85% 'Ad hoc').

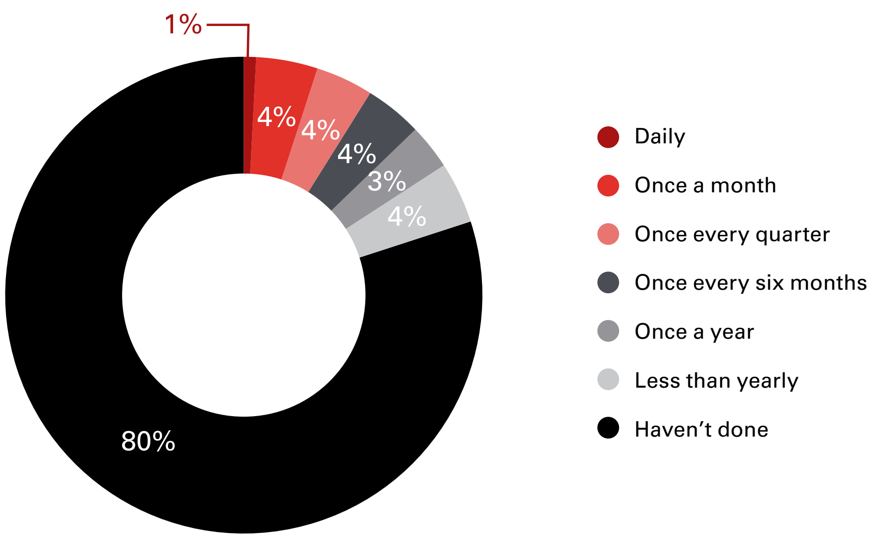
Figure 4.2 Risk management maturity by business size



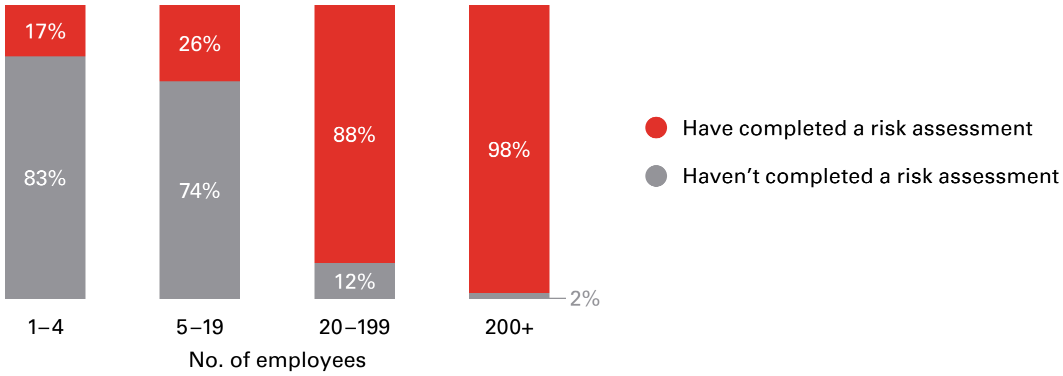
Once businesses start doing risk analyses, their habits align, the challenge is getting started

8 in 10 businesses have never done a risk analysis (see Figure 4.3). The remainder perform risk analyses at a wide range of frequencies. Completion of a risk analysis increases with business size, although this can also be influenced by sector. For example, small restaurants are likely to have conducted daily risk analyses for food safety reasons.

Figure 4.3 Frequency of risk analysis overall and by business size

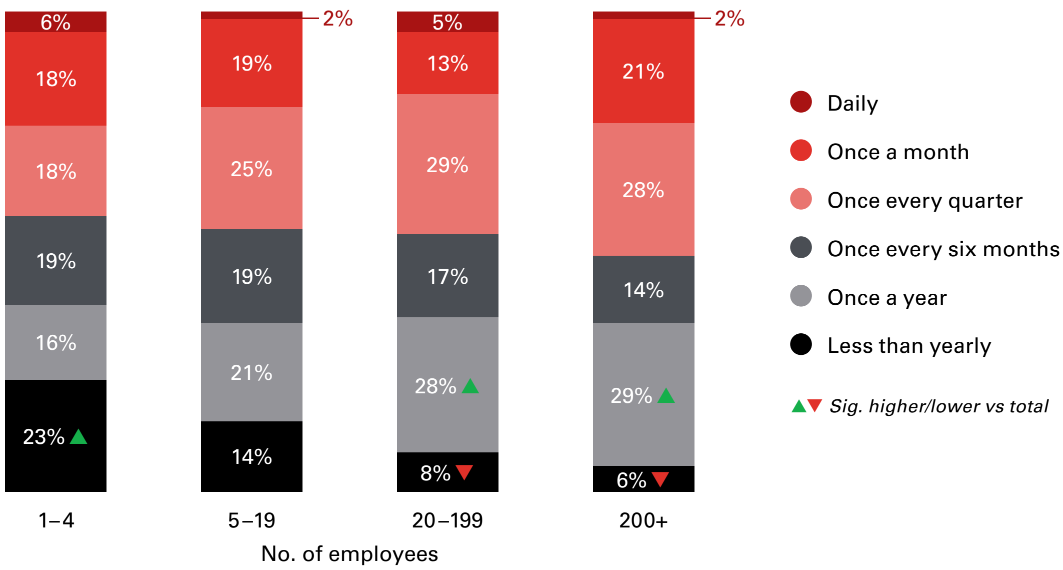


Business size: Correlates with whether a risk assessment happens (but this can also vary by sector)



Once businesses conduct risk analyses, the frequency with which they do so is broadly similar across business sizes (see Figure 4.4). Most review annually or half-annually, with a few every quarter.

Figure 4.4 Frequency of completing risk analysis overall and by business size



A substantial portion of businesses perform daily risk analyses, which is likely to be related to them operating in high-risk environments, such as food handling, construction, or mining. This data suggests the existence of a 'threshold effect': the challenge isn't discipline, it's more about initiation. Brokers might provide that trigger, providing templates, checklists or quick audits that lower the barrier to entry.

SMEs see risk management as a shield, not yet as a strategic lever

Most businesses cite continuity, compliance, and reduced penalties as their reasons for risk management — all defensive in nature (see the red bars in Figure 4.5 below). Far fewer businesses recognise its role for the strategic benefits of resilience, planning, competitive advantage, and stakeholder management (see the black bars in Figure 4.5).

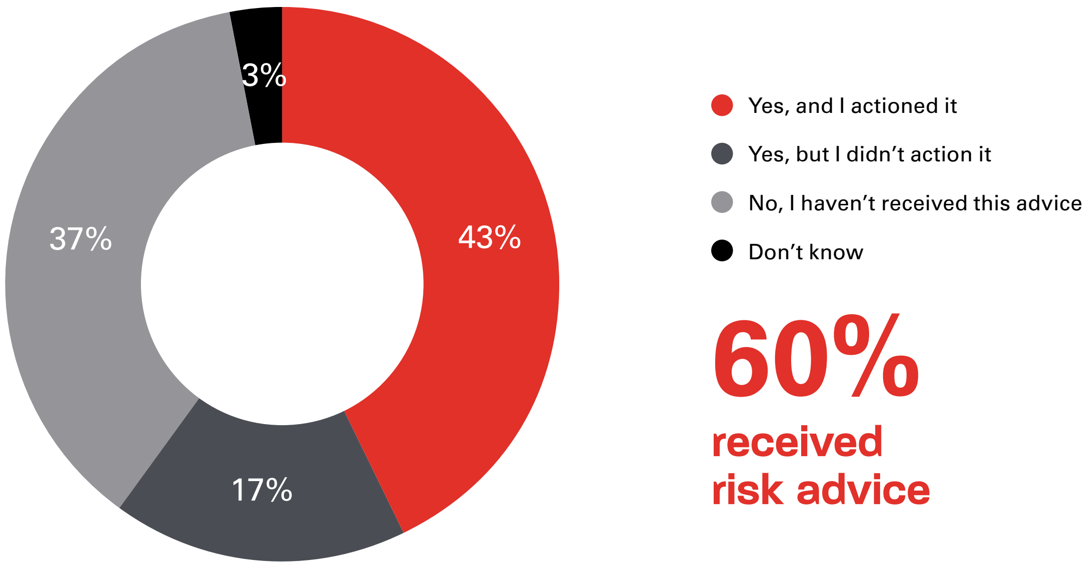
Figure 4.5 Benefits associated with having a risk management process

This suggests that risk management is predominantly viewed as a means of mitigating negative outcomes, rather than as a catalyst for enhanced business performance. Brokers can assist in reframing risk management as an opportunity to invest in a business's resilience, transforming it from an obligation into a source of competitive advantage.

Most businesses take action on the risk advice received from brokers

Of the 60% of businesses that have received risk advice from their broker, two thirds acted on it, demonstrating strong trust in brokers and the tangible impact of expert guidance.

Figure 4.6 Received advice on risk from a broker

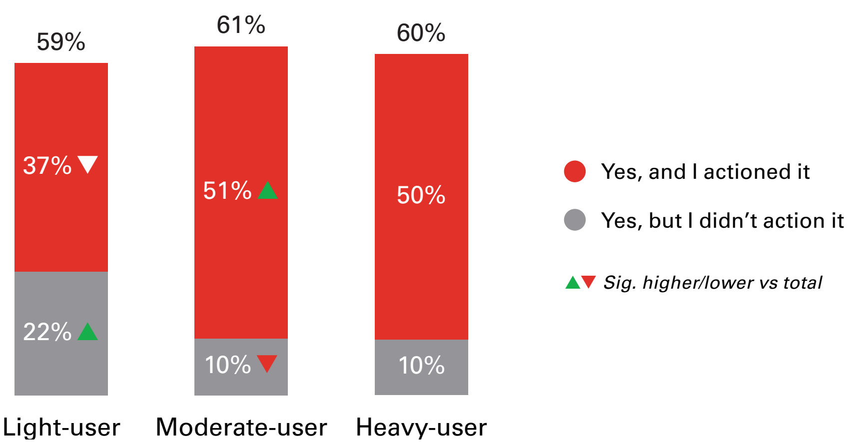


There is still an opportunity for greater reach with over a third of businesses not yet having received risk advice from a broker.

Among businesses that received risk advice, there is a clear correlation between the strength of the broker relationship and the likelihood of acting on that advice (see Figure 4.7).

Light users of brokers often require additional support to translate recommendations into action. Brokers can address this by ensuring their advice is tailored, practical, and easy to implement, and by proactively following up to check whether the advice has been implemented or to support the process.

Figure 4.7 Received advice on risk from a broker, by broker usage



Advice turns to action when it feels strategic and trustworthy

Businesses act on advice when it aligns with strategy, feels practical, and comes from trusted expertise. The primary triggers for actioning risk advice are resilience and strategic fit, not compliance. However, trust in a broker's expertise and judgement are key drivers. Brokers might consider how to convey their expertise and judgement to win that trust, by framing advice around resilience, strategy and feasibility, rather than about compliance or cost.

Figure 4.8 Reasons for actioning advice

In the Spotlight

Naji runs a small, family-owned carpentry and joinery business operating from a warehouse that stores significant volumes of timber and materials.

Like many construction businesses, having the right insurance for stock stored on the premises is a key priority. However, when it came to her broker's advice to add flood damage cover to her insurance plan, Naji wasn't convinced.

While she was covered for fire events, she didn't believe water damage would be an issue. However, after some discussion, Naji took her broker's advice and added the additional cover to protect against potential flood risk.

That advice proved critical when a severe storm hit , flooding the warehouse and damaging thousands of dollars' worth of timber and materials.

Fortunately, because Naji had the correct cover in place, she was able to successfully claim the entitlements under the policy, her broker arranging the settlement in just over two weeks. "Had my broker not suggested that cover, we would have lost thousands. There's no doubt about it," Naji said.

Naji's experience shows the value brokers can add in foreseeing risks and utilising their shared experiences from loss events to help customers understand the value of additional cover and other forms of risk mitigation.

This narrative reflects insights from an interview with insurance decision makers conducted in December 2025, as part of the qualitative interviews for the Vero SME Insurance Index Report 2026. The views expressed are those of the interview participant and the participant is not necessarily a Vero customer.

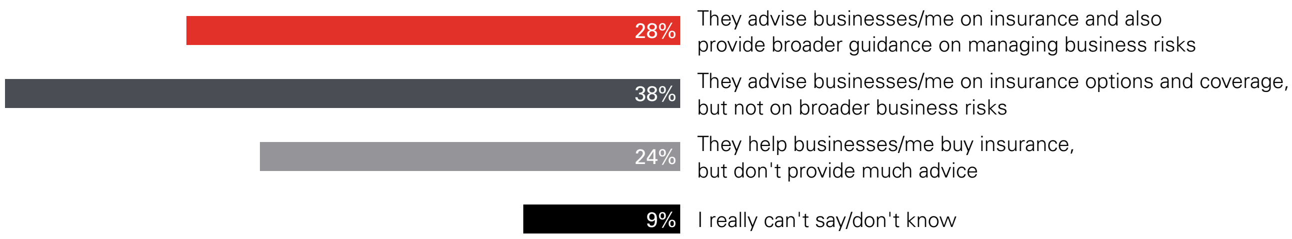
From policy facilitators to full risk partners

The more the business uses a broker, the more likely they are to view them as full risk partners. This is apparent with 54% of heavy broker users perceiving their broker provides advice and risk guidance, in comparison to 28% of light broker users (see Figure 4.9).

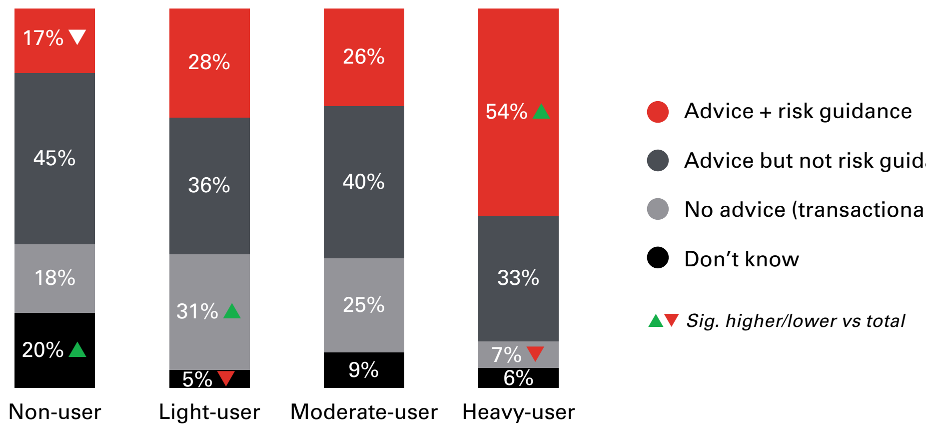
There appears to be a ladder of value perception: from transactional to advice to partnership. Moving clients up that ladder takes proactive education and consistent follow-through. Risk guidance is the hallmark of strong relationships.

Figure 4.9 View of broker role regarding advice and risk guidance

View of insurance broker role



View of insurance broker by business size



What does this mean for brokers?

Insight Action

Insight:	Action:
There is already evidence of a movement towards more mature risk management among businesses, indicating a desire to proactively reduce risk.	Brokers can continue to provide guidance as strategic risk advisors by highlighting the benefits of risk management and facilitating its adoption.
While larger businesses are more likely to have risk management processes in place, small and medium size businesses lag behind.	Brokers can help drive consideration and adoption of practical risk management processes through a program tailored to small businesses.
Heavier broker users are more likely to perceive their broker as a strategic risk partner.	Providing clear and practical risk advice can help light and moderate broker users feel more supported, while building their confidence in the strategic guidance brokers can offer.

05

The business continuity blind spot

Despite the essential function of Business Continuity Plans (BCPs), many organisations perceive them as having limited relevance. As a result, numerous businesses lack a BCP altogether, and even fewer have tested their plans. This chapter examines why so many businesses remain unprepared, explores the real barriers to proactive planning, and highlights how brokers can help shift mindsets from reactive to resilient. Discover how simple steps and the right support can transform continuity planning from an afterthought into a strategic advantage.

> **“We do not have a BCP plan in place, probably something we should actually think about and put in place.”**

Medium business, medium broker user

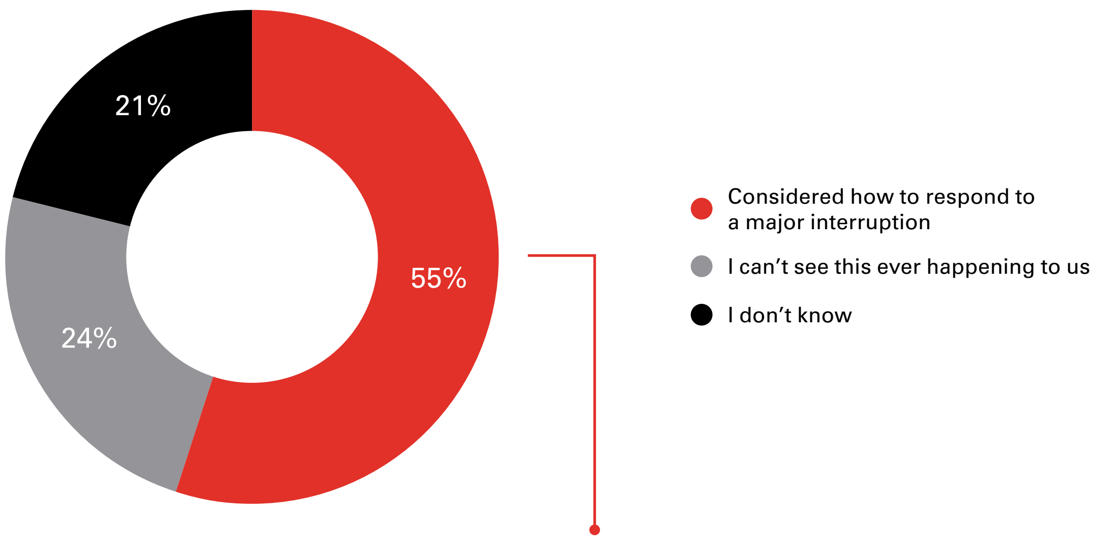
Nearly half of all businesses are unprepared for a major disruption

Of the 55% of businesses that have considered how to respond to a major interruption in operations, many have a range of contingencies in mind, most often in the form of temporary workforce measures or drawing on cash reserves (see Figure 5.1).

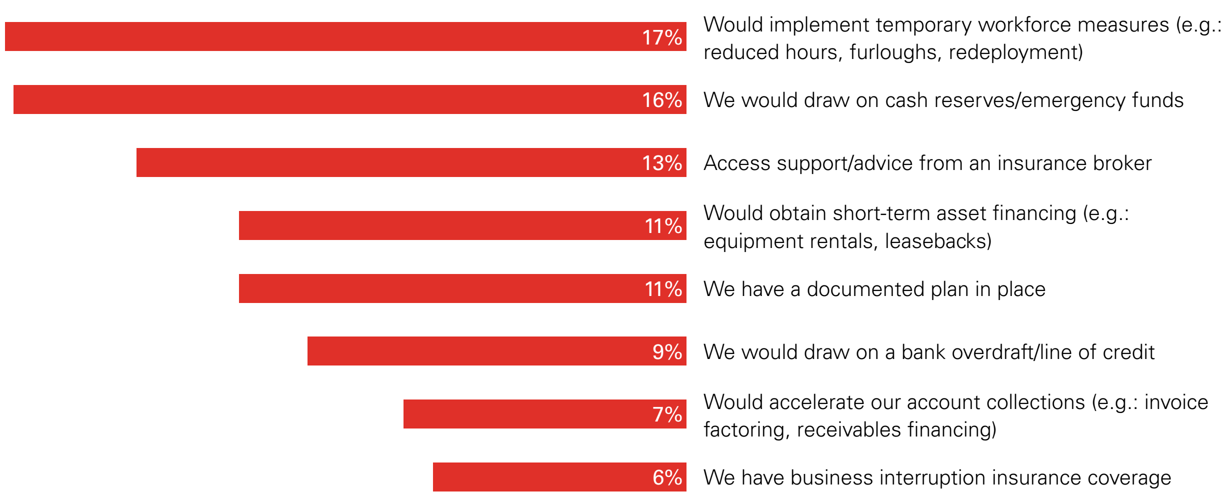
These include reactive measures: drawing cash, reducing work hours, and looking for support from a broker. Few have documented plans or business interruption cover in place (11%).

Brokers can view this as an opportunity to move the conversation from passive awareness to preparedness. The goal is to shift attitudes from seeing continuity planning as an unnecessary precaution to an investment in the business.

Figure 5.1 How businesses would manage a significant disruption to normal trading



Actions taken among those taking action (multiple response)



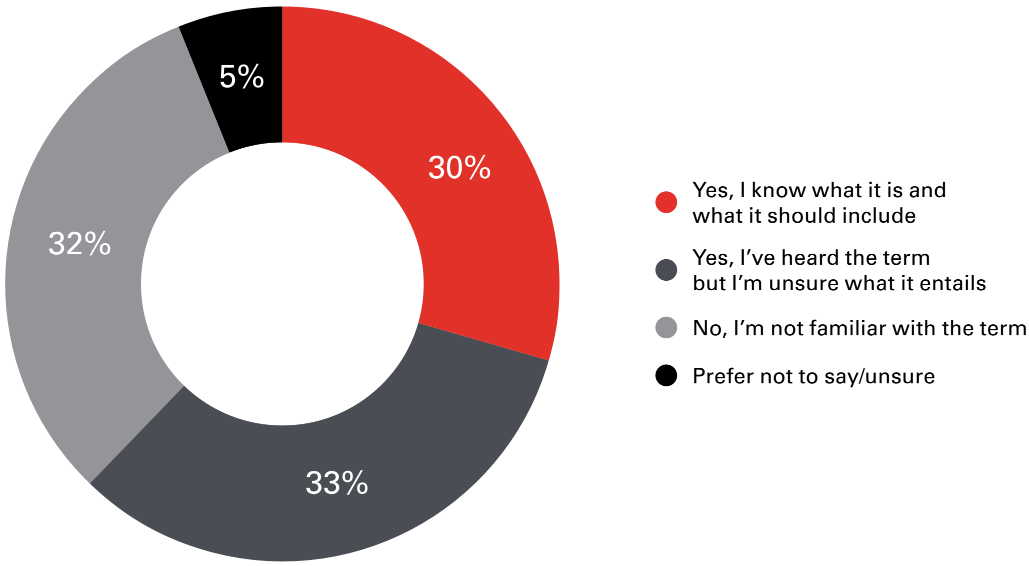
A majority do not know what a BCP entails

We provided respondents with a definition of a BCP and asked them if they had previously encountered the term. While two thirds were familiar with the term, only a third could define what it involves. Another third had not encountered the term before (see Figure 5.2).

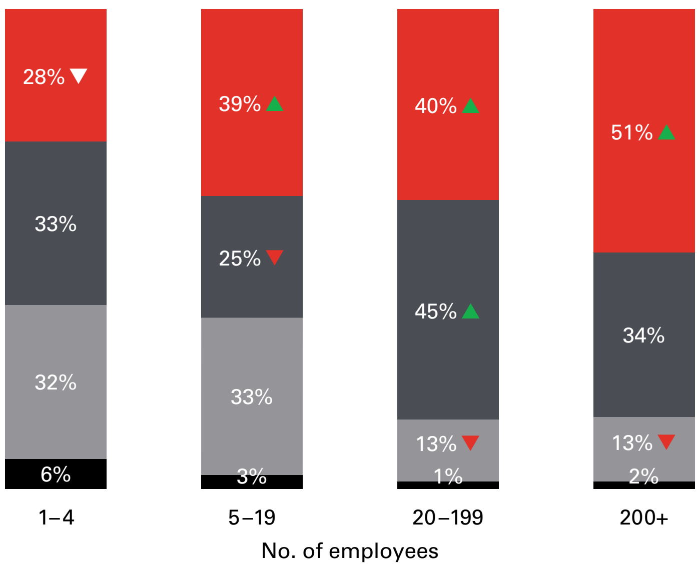
Awareness grows stronger with business size. Micro and small businesses cannot be expected to plan without awareness or understanding of a BCP.

Figure 5.2 Familiarity with the term 'Business Continuity Planning'

Familiarity with BCP concept overall



Familiarity with BCP concept by business size



▲▼ *Sig. higher/lower vs total*

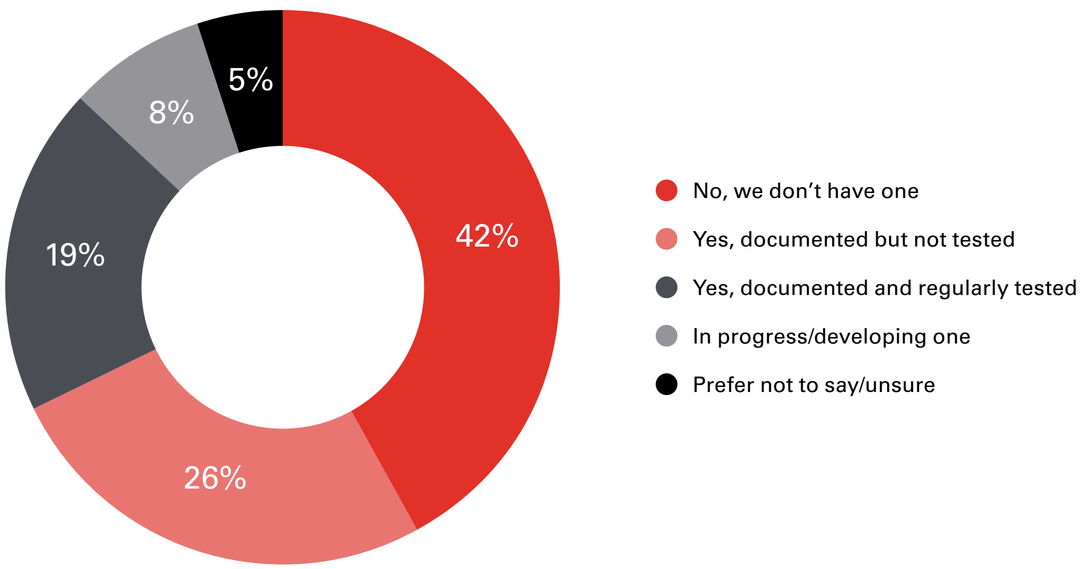
Few businesses test their BCPs to ensure effectiveness

Despite two thirds of businesses being familiar with the term 'BCP', just 45% of businesses have a plan for how to keep trading in the event of a disruption (see Figure 5.3) and the majority of those have not tested it. Again, we see how large businesses lead in their preparation while small businesses lag.

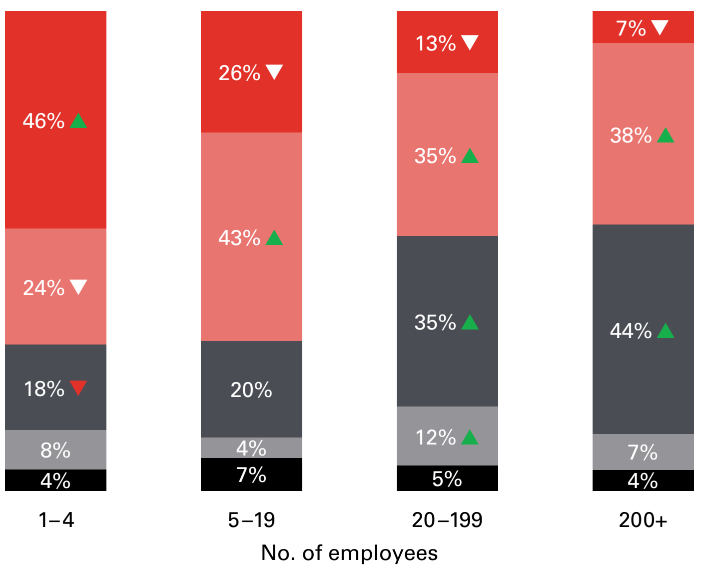
Brokers might help clients move along the continuum from not having a BCP, to documentation and then regular testing to help uncover any gaps.

Figure 5.3 Status of a BCP

Overall use of BCP in business



Use of BCP by business size



▲▼ *Sig. higher/lower vs total*

The barrier to BCP isn't cost — it is perceived irrelevance or lack of time

Two-thirds say it simply isn't a priority or that they are too small to need one (see black bars in Figure 5.4 below). Half admit they lack the knowledge or resources to create it (see red bars in Figure 5.4 below.) Few mention expense, implying this is a mindset rather than a financial hurdle.

Figure 5.4 Barriers to having a BCP

External triggers and practical support are key motivators to develop a BCP

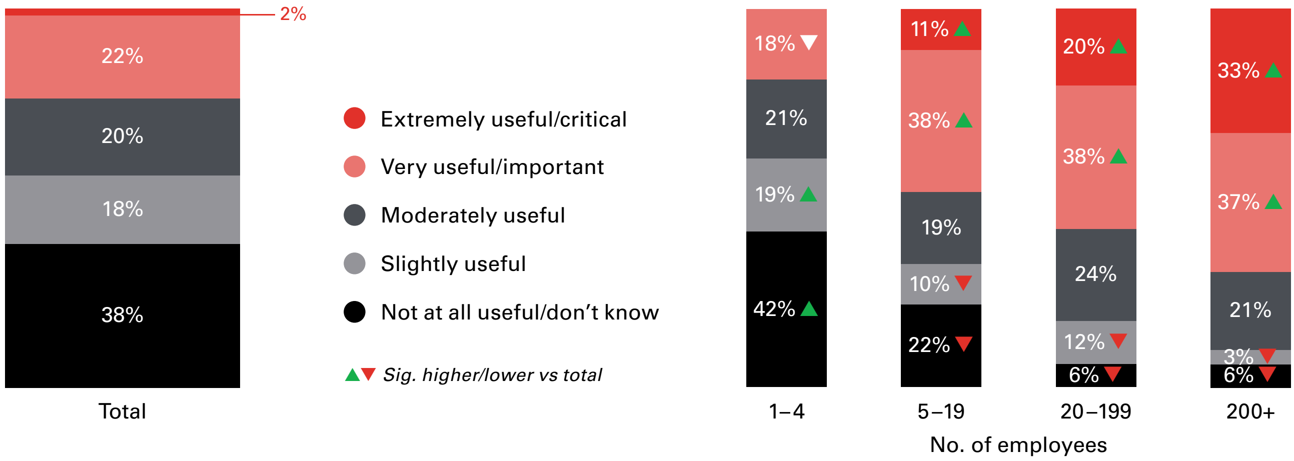
While there is a broad range of motivators to develop a BCP, external triggers, such as contractual requirements and recommendations from insurance brokers, are what dominate (see Figure 5.5). Practical support such as training, templates and certification programs also boost adoption. The pattern is clear: businesses are more likely to take action when nudged, guided, or rewarded.

Figure 5.5 Motivations for developing a BCP

Perceived usefulness rises sharply with business size and testing frequency

Whilst the majority of large businesses view BCPs as useful, smaller businesses show lower levels of perceived usefulness (see Figure 5.6). Some deeper analysis reveals the value of a BCP increases with the rate of testing in comparison to those who don't, demonstrating that real experience drives confidence.

Figure 5.6 Perceived usefulness of a BCP in total, and by business size



In the Spotlight

Running multiple small businesses while growing rapidly isn't just complex — it significantly increases operational risk, particularly when continuity planning hasn't kept pace with change. Andrew runs three distinct business lines under one entity — commercial cleaning, management consulting and interior design — and is transitioning from a sole trader structure to a Pty Ltd company. While necessary, this shift has heightened his exposure to compliance, governance and operational disruption risk.

Despite operating in Far North Queensland, where cyclones, flooding and power outages are common, Andrew relies mostly on experience and simple, logical back-up plans rather than a formal BCP. During COVID, he created a simple green-amber-red traffic light system to guide staff through risk scenarios. He kept it straightforward so it was easy to use, highlighting that effective BCPs must be practical and tailored to the organisation's size and operational complexity.

Andrew recognises the value of a formal BCP but, like many SME owners, lacks the time and resources to develop one himself. As his business risk profile has evolved, he is seeking broader, forward-looking advice from his broker — guidance that reflects where his business is today, not where it was when his policies were first placed.

He is looking for a broker who listens and provides tailored guidance "rather than one size fits all" — someone who understands his unique mix of risks and can help translate insurance coverage into practical resilience.

Andrew's experience highlights the important role brokers can play in strengthening business continuity. It demonstrates the opportunity for brokers to help SMEs anticipate evolving risks, formalise continuity plans and build confidence in their ability to withstand and recover from disruption.

This narrative reflects insights from an interview with insurance decision makers conducted in December 2025, as part of the qualitative interviews for the Vero SME Insurance Index Report 2026. The views expressed are those of the interview participant and the participant is not necessarily a Vero customer.

What does this mean for brokers?

Insight Action

Insight:	Action:
Many businesses are unprepared for a business interruption, especially among smaller businesses.	This is an opportunity for brokers to develop simple, actionable BCPs geared for small businesses, using plain language and bite-sized steps.
The main barriers to having a BCP are perceptions of irrelevance and lack of time, rather than cost.	Brokers might reframe BCPs as an essential risk prevention tool that is relevant for businesses of all sizes, rather than an administrative exercise.
Those businesses which regularly test their BCP are more likely to value its importance.	Brokers might facilitate regular strategy reviews that include BCP testing, helping businesses quickly recommence operations and appreciate the value of their continuity plans.

06

AI: The next frontier

Artificial intelligence is reshaping the business landscape, but its journey is only just beginning. While many businesses are curious about AI's possibilities, uncertainty and trust remain central themes. This chapter explores how comfort with AI varies depending on the task, the importance of human judgement, and the evolving role of brokers in guiding clients through this technological shift. This chapter uncovers how the balance between innovation and reassurance is shaping the future of insurance.

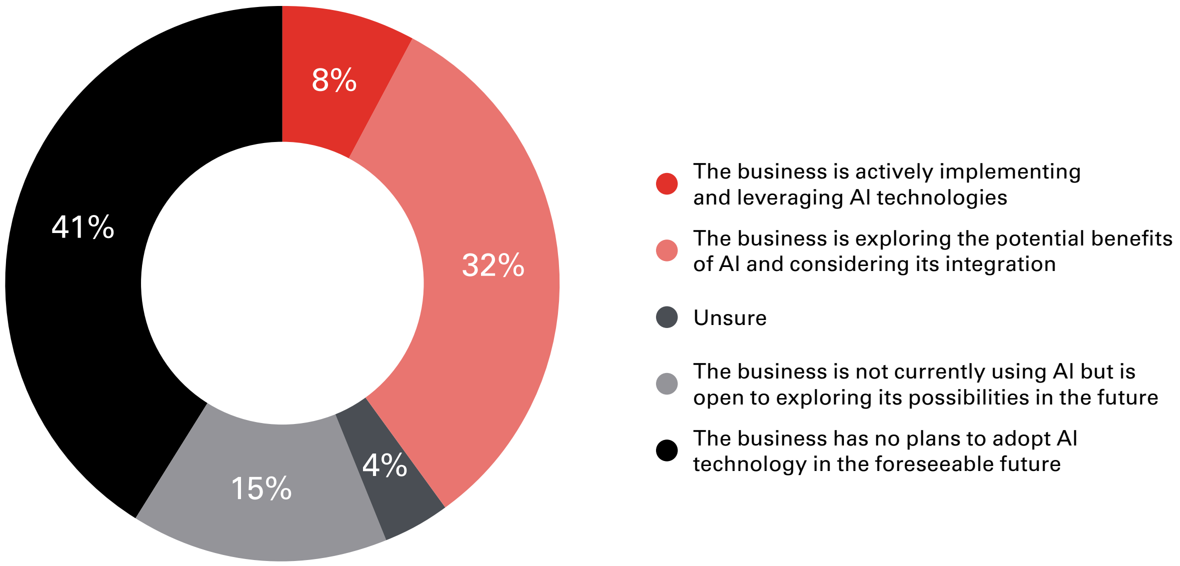
> **"I would be somewhat comfortable with a broker or insurance company using AI. It could be quite useful to expedite onboarding and claims."**
>
> Medium business, medium broker user

AI adoption remains limited—most businesses are in the exploratory stage

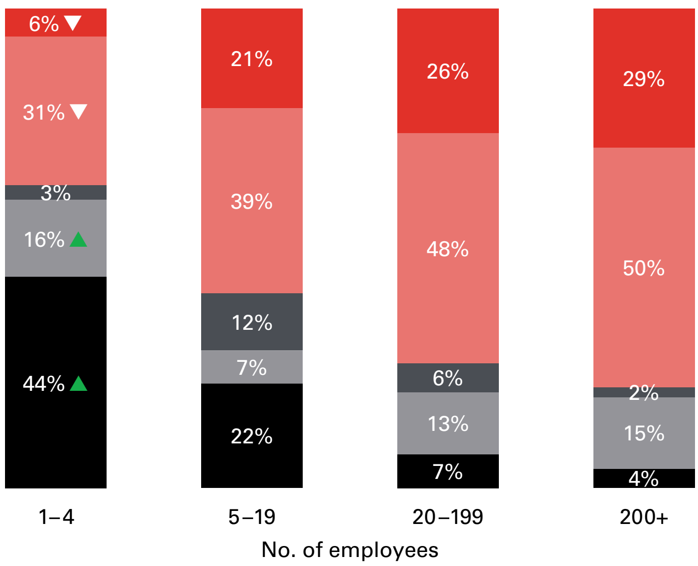
While around a third of businesses are exploring the benefits of AI and considering its integration, only 8% are actively implementing AI technologies (see Figure 6.1). 4 in 10 businesses do not have plans to adopt AI soon, with smaller businesses the least likely to adopt AI.

Figure 6.1 Use of AI

Use of AI overall



Use of AI by business size



AI implementation brings efficiencies, but also carries inherent risks. Brokers can assist large businesses in managing that risk, and can also support the third of businesses that are still exploring AI's potential to safely transition to implementation from a risk perspective.

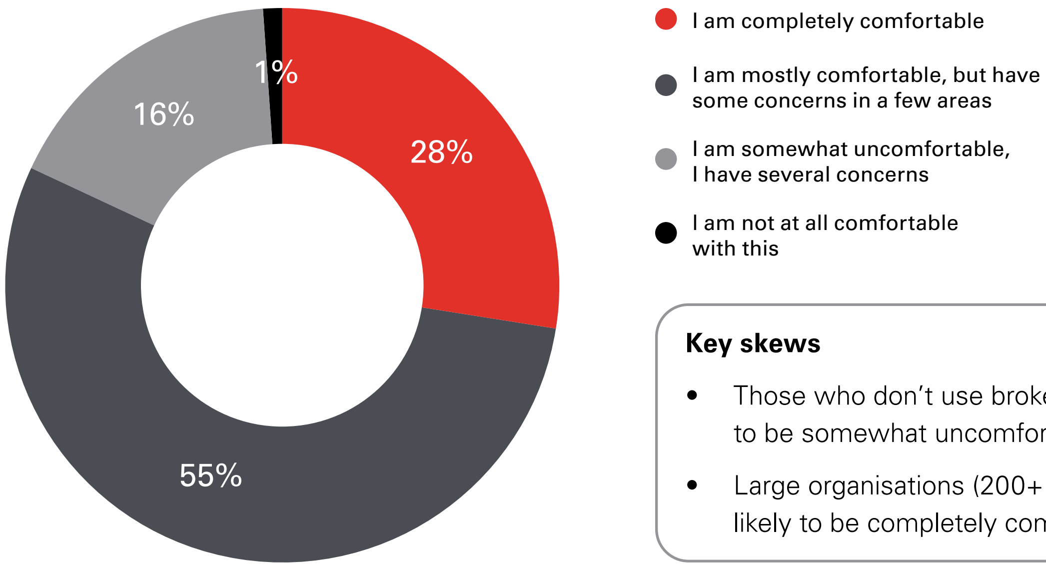
▲▼ *Sig. higher/lower vs total*

Most businesses accept the use of AI by insurers, but trust gaps exist

Roughly three-quarters are comfortable with insurers using AI (see Figure 6.2). Smaller businesses are more wary, while broker non-users report much lower levels of trust. The larger the business, the more comfortable they are with AI as they are more likely to have implemented AI technologies themselves. This suggests that direct experience with AI tends to increase acceptance and trust.

Over half of businesses still have some concerns with the use of AI by insurers and brokers, suggesting the need for transparency in its ethical usage.

Figure 6.2 Comfort with broker/insurer using AI



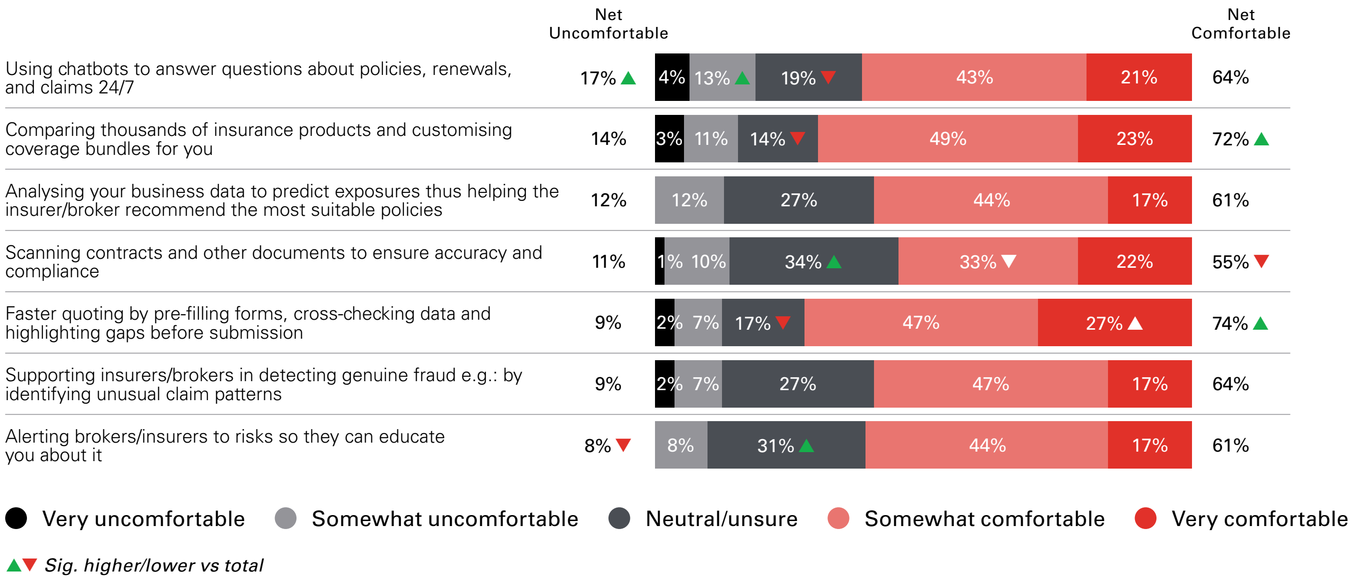
Key skews

- Those who don't use brokers are far more likely to be somewhat uncomfortable (28% ▲)
- Large organisations (200+ employees) are more likely to be completely comfortable (37% ▲)

Businesses trust AI for administrative tasks, not for judgement calls

Comfort with AI varies depending on the task (see Figure 6.3). Businesses are most at ease with AI handling administrative functions such as pre-filling quotes, product comparisons, and fraud protection. In contrast, there is much less comfort with AI being used for tasks like answering queries about policies, renewals, claims, or making decisions. This indicates that businesses trust insurers and brokers to use AI to enhance the efficiency of workflows and processes, but not to replace personal relationships. Maintaining this balance helps preserve confidence in both the technology and the broker (see Figure 6.3).

Figure 6.3 Comfort with AI involvement in insurance tasks



Broker non-users remain sceptical about AI's involvement in certain insurance admin tasks	NET "Comfortable" Broker non-users	Broker users
Using chatbots to answer questions about policies, renewals, and claims 24/7	20% ▼	53% ▲
Supporting insurers/brokers in detecting genuine fraud e.g.: by identifying unusual claim patterns	35% ▼	61% ▲

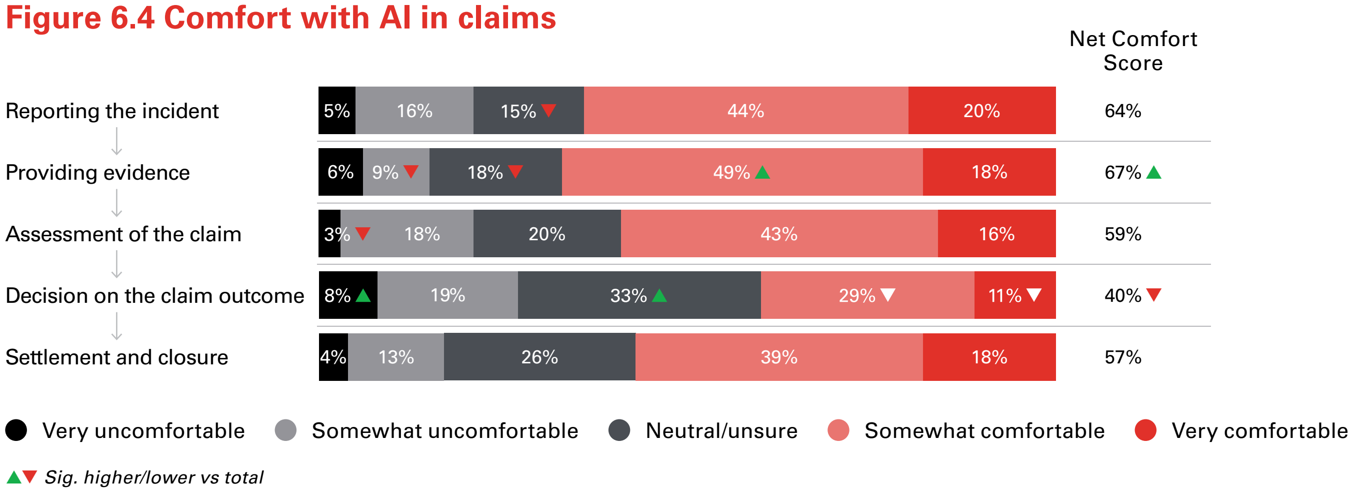
Larger businesses with over 20 employees tend to be more comfortable with AI use

AI can be used in the claims process, with some restrictions

Businesses are comfortable with AI supporting the administrative components of a claim, but are far less comfortable with AI making a judgement of the outcome (see Figure 6.4).

The net comfort score is highest for using AI when providing evidence, but lowest when deciding on the claim outcome. It is possible that perceived unfairness, unintentional bias and a desire for human oversight are factors.

Figure 6.4 Comfort with AI in claims



What does this mean for brokers?

Insight Action

Insight:	Action:
AI adoption among smaller businesses is slow and uneven, while larger businesses are actively exploring and implementing the technology.	Brokers can inform client conversations about the use of AI in insurance based on business size and perceived comfort level.
Comfort with AI depends on trust, transparency, and context; businesses accept it in admin tasks but resist it in high-stakes decisions like claims or settlements.	Brokers might emphasise their human role in complex processes, acting as the guardrail for fairness and accountability amid growing automation.
Businesses value AI's efficiency but are wary of unseen risks and ethical implications, especially when used by insurers and brokers themselves.	Brokers have an opportunity to lead on responsible AI use, demonstrating how they balance innovation with integrity while educating clients on its opportunities and risks.

Insurance with insight

For more information, contact your local Vero representative.

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