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2025 Vero SME Insurance Index Finds Broker Relationships Shifting and New Risks Emerging

- *Broker satisfaction drops to 69 per cent from 87 per cent*
- *Less than half of Australian businesses review their sum insured annually*
- *74 per cent of businesses bought insurance through a mix of channels*
- *Over half of businesses unsure if they use emerging technology in their processes*

Vero's SME Insurance Index indicates a significant decline in client satisfaction with brokers, dropping from 87 per cent to 69 per cent over the past year.

With the survey conducted in September 2024, the fourteenth Index provides an industry snapshot of the attitudes, behaviours and needs of 1,750 SME businesses across Australia.

The Index found that 32 per cent of businesses reported dissatisfaction with their broker's service after the first year, compared with high satisfaction levels during the first 12 months.

The survey indicated an increasing number of businesses cite expert knowledge and advice as the key reasons for working with a broker (88 per cent), followed by great service (82 per cent) and assistance in a seamless claims experience (48 per cent).

Under ongoing economic challenges, the 2025 Index found that 49 per cent of businesses' turnover had decreased in the past 12 months.

The survey revealed that less than half of Australian businesses review their sum insured annually (42 per cent). Those businesses who work together with brokers to make insurance decisions are more likely to review their sums insured annually (63 per cent), compared to those who do not work with their brokers (48 per cent).

Underinsurance remains a prevalent issue, with over two-thirds of businesses stating they are not concerned about the risk of being underinsured, despite more than a third experiencing negative impacts from underinsurance in a claim outcome.

This year's Index also suggests that 90 per cent of businesses lack a formal risk management process, and 81 per cent never or rarely conducting risk analysis at all.

Vero's Head of Distribution, Anthony Pagano highlighted the need to explore these business behaviours given the critically important role brokers play.

"With significant economic pressures and rapidly advancing technologies, businesses are looking to insurers for comprehensive coverage and strategic support to manage complex and evolving risks," Mr Pagano said.

"Brokers are essential in this role, with their expertise integral to ensuring clients have a broad view of their risks to guide them to make informed decisions.

"Our annual Index highlights the issues that matter most to Australian businesses, what is front of mind and what we believe could be a greater focus for businesses and brokers alike. This year we saw a need for brokers to educate clients on the risks of underinsurance and the importance of robust risk management practices, especially with high adoption rates of emerging technology."

Changing relationship with brokers

Vero has seen a significant shift towards businesses using a mix of channels to purchase their insurance. In 2018, just over a quarter of businesses claimed to buy the majority of their insurance through a broker, where in 2025 this figure is only 10 per cent. Mixed usage is becoming increasingly popular in Australian businesses, with 74 per cent using a broker for some of their insurance products but not all.

Vero's Pagano suggests this is largely a self-driven decision for businesses.

"Businesses are showing an increased desire to work with brokers on a tailored basis, with 44 per cent now opting to purchase portions of their insurance themselves. 38 per cent say this is to try to streamline their processes and boost efficiency."

"Like previous years, we're finding direct purchase is becoming more common with straightforward products, including commercial motor vehicle, workers compensation and travel insurance."

Despite a mix of channels becoming more prevalent, most businesses had never switched brokers (73 per cent) mostly due to good service and strong relationship building. A sense of inertia proved to be less of a factor, with only 18 per cent saying that switching was too difficult.

Advancing with emerging technology

Australian businesses are increasingly integrating emerging technologies such as artificial intelligence (AI), electric vehicles (EVs), lithium-ion batteries and solar panels into their operations. While these advancements offer competitive advantages, they also introduce new and complex risks.

However, this year's Index has presented a clear lack of understanding relating to the use of these technologies, with 58 per cent of those surveyed unsure if they utilise them at all.

"With each key emerging technology we're seeing less than half of Australian businesses discussing the risks associated with their broker," Mr Pagano added.

"One example is in the case of AI which is perceived as complex, but conversations around its risks are vital as businesses continue to adopt the technology."

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