

7 March, 2024

Broker satisfaction bounces back in minds of Australian businesses

- *87 per cent of clients satisfied with broker experience*
- *Only 6 per cent of businesses say they insure for the bare minimum*
- *Over half of businesses have made changes to their insurance due to unstable economic conditions*
- *Two in five businesses more concerned about natural disaster risk than they were 12 months ago*

Client satisfaction with brokers has bounced back, with 87 per cent of broker clients giving a score of at least eight out of ten, according to the 2024 Vero SME Insurance Index.

This positive figure has jumped from 78 per cent in 2023, where client satisfaction appears to be associated with brokers delivering value-added tasks, assessment of risk profiles, and provision of recommendations on risk mitigation.

This year's findings found businesses were continuing to increase insurance cover with only 6 per cent of businesses saying that they insure the bare minimum, while a majority (76 per cent) insure every risk possible. Over the last five years, there has also been a marked increase in those who agree that insurance gives them peace of mind, from 67 per cent in 2019 to 82 per cent in 2024.

But many businesses are experiencing tangible impacts from unstable economic conditions, with over half (51 per cent) claiming to have made changes to their insurance as a direct result. 83 per cent of businesses are considering changes to their insurance in the future, underlying the importance of open lines of communication between brokers and their clients.

The Index also revealed a heightened need for risk-related tasks by brokers, with 80 per cent of businesses wanting their broker to assess the risk profile of their firm and over three-quarters (76 per cent) stating their broker actively assists in managing potential risks.

Broker satisfaction from businesses differed depending on how much they used a broker, with those who heavily used brokers feeling a greater sense of cost-effective insurance (71 per cent) than light users (51 per cent). The level of broker use with businesses also heavily benefited the claims experience, with 86 per cent of those who have a collaborative broker relationship saying they were satisfied with their claims process.

Vero surveyed insurance decision makers in 1,500 SMEs (<200 employees) and 250 large businesses (200+ employees) throughout Australia on their attitudes, needs and behaviours towards insurance for their business, as well as their relationship with their insurance broker.

Vero's Head of Distribution, Anthony Pagano, said the findings highlight the critical role brokers continue to play in helping businesses reduce risk and protect their assets through informed decisions and guidance.

"Despite challenges and hardships, our sector has the ability to establish strong relationships with its customers, allowing us to provide trusted advice and a helping hand when businesses need it most. It's through brokers that customers can effectively mitigate their risk and maintain their focus on delivering their business goals," Mr Pagano said.

"For these reasons, businesses are increasingly looking to insurance brokers as trusted advisors for safety, security and peace of mind, and the results of our 2024 Index reflect that sentiment strongly."

Extreme weather stress on the minds of Australian SMEs

Natural disasters are increasingly front-of-mind for businesses, with two in five more concerned than they were 12 months ago.

While one in five businesses remain only partially covered for these natural disasters (21 per cent), we have seen an increase in businesses that are feeling completely covered (20 per cent this year, up from 13 per cent last year).

Effective coverage will be important, with almost a quarter of businesses (23 per cent) expecting to be strongly impacted by natural disasters, almost double the number than in 2021 (13 per cent).

Kira Pellicano, Vero's Head of Commercial Claims said, "Australians are feeling the impact of natural disasters more and more with every passing year, no less in 2024 with a devastating start across Far North Queensland, New South Wales and Victoria especially."

"With more unpredictable weather events expected throughout the year, this is a timely opportunity for brokers to expand the conversation with clients, ensuring they are aware of their coverage and what to do if they are impacted and need to claim.

"We can't forget this is occurring in a hard insurance market and tight economic conditions for many businesses, so the role of the broker to advise and secure the best value coverage for their customer is so important."

AI is high profile amongst businesses

Almost half of all businesses in this year's Index (46 per cent) claim to be actively using AI technology, with an additional 29% exploring its potential for their business. Only 10% claimed they had no plans to consider AI in their business, only highlighting further the significant role of these emerging technologies for a range of industries.

Although the rapid adoption of artificial intelligence (AI) and machine learning (ML) has brought about significant changes in the way businesses operate, it has also introduced new risks, including algorithmic bias and data privacy concerns.

For instance, less than half of businesses (48 per cent) say they've had discussions with their broker about the risks of a cyber attack due to AI, suggesting the need for increased transparency on these issues.

While there's an increased focus on AI to perform business tasks, there presents an opportunity for brokers themselves to harness this technology to streamline their own processes and enhance client experiences.

"With many businesses adopting new technology to make their workflow more efficient, we see brokers equally being able to use AI for the benefit of their clients, while navigating the emerging risks associated with this ever-changing technology," said Mr Pagano.

"From more user-friendly digital experiences to efficient claims handling systems, we see brokers being able to significantly strengthen the customer journey and speed of service by adopting AI."

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