

McCormick Harris

INSURANCE

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CLIENT NEWSLETTER

Why human brokers still matter in an automated world



Like most industries, insurance broking is confronting new possibilities enabled by the rise of artificial intelligence. The changing landscape includes the emergence of AI tools that promise customers the ability to shop for cover without speaking to a person.

An early version of one such tool has been described as a “comparison site on steroids”, and an app by Spanish insurer Tuio allows customers to get a home policy quote direct through ChatGPT.

Some industry experts predict that by the end of the decade, most insurance transactions will involve “AI assistants acting on behalf of human policyholders”. This prospect has given industry investors quite a scare, as the share prices of major broking groups show.

So, what does this mean for human brokers? Are our services redundant?

We wouldn't say so. While the promise of a faster, cheaper insurance buying process can be appealing, there is value in having help from a person rather than an automated system.

Not all insurance is the same. While AI tools may provide generic advice for products such as home or motor coverage, assessing risk for a small business requires more than a checklist. It demands knowledge cultivated through extensive collaboration with industry experts and clients, plus claims experience – insights a computer tool cannot replicate.

Additionally, an AI agent won't always be available. For example, you might inadvertently add a new risk to your workplace that is not covered by your insurance. Without your broker's guidance, you could end up with significant losses.

Similarly, the AI tool that helps you obtain cheaper premiums won't be there when you need to make a claim or end up in a dispute with your insurer.

This is not to suggest AI tools lack value or that the investor sell-off doesn't highlight real issues. The broking industry has been slow to modernise, with many processes still relying on emails and PDF attachments rather than efficient, intelligent systems.

But that is changing. And the brokers that succeed in this environment are those that blend genuine expertise and strong relationships with improved technology.

Our commitment is to remain on the right side of this transition by investing in better tools, streamlined processes and faster turnaround times, all aimed at enhancing the human element in our relationships, rather than diminishing it.

Sound risk advice is more important than ever in tough times

The fallout from the Middle East conflict has been swift for Australian businesses. A war taking place some 12,000km away has upended the economy.

No doubt many SME owners have again started crunching numbers, looking for savings so they can ride out testing times. Many were already grappling with higher credit costs after the Reserve Bank raised interest rates recently.

The knock-on effects of the Persian Gulf war have added fresh budget constraints after oil prices shot up more than 50%.

Energy costs are not the only expense that has increased. Overheads for just about everything from trucking fees to building materials and fertilisers that keep SMEs and family-owned businesses such as farms running have been affected too.

Cutting expenses makes sense when times

are tough. However, belt tightening should not be done in haste. A careful, considered approach is advisable. One wrong decision and it could place your business in a worse position in the long term.

There are many things to consider in a cost-cutting exercise. It's a rigorous task that can take up a lot of your time – time you could have used to focus on overseeing the daily operations of your business.

Even in difficult economic times, it's vital your business is adequately insured. Insurance is essential, not something to be overlooked. Remember, your business is an income-generating asset and you don't want to be caught without vital financial protection should an unforeseen event strike.

Whether your business has the right insurance cover can determine if you are

able to resume trading quickly from a fire, flood or machinery breakdown.

So, it's a good time to review your business' insurance needs and explore areas where you can get the best value without sacrificing cover.

You may have disposed of some old equipment that was covered in your policy. We can refresh the policy, update the insurer and maybe make premium savings from the change.

Or, if you're thinking of replacing your delivery van, we'll work out the cover you need and have the insurance arranged before you collect the keys.

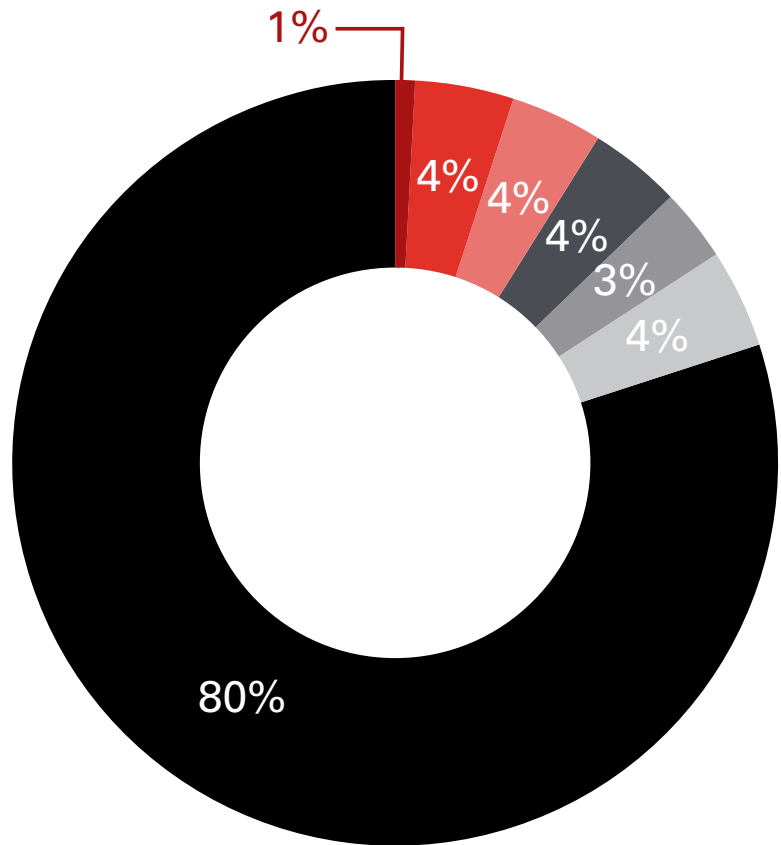
We're more than a broker. We're your risk adviser. We're here to help with all your business protection needs. So, get in touch. It's vital that your business has the right protection.



The next step to protecting your business

Frequency of risk analysis

- Daily
- Once a month
- Once every quarter
- Once every six months
- Once a year
- Less than yearly
- Haven't done



Credit: Vero SME Insurance Index 2026

Running a business requires taking on a load of responsibilities, and insurance is among them – but managing risk is more than just another box to tick. Securing cover doesn't mean you can do no more to protect your business.

Research by Suncorp-owned insurer Vero for its SME Insurance Index recently confirmed that most businesses are not taking the necessary extra steps, with eight in 10 respondents acknowledging they have never conducted a formal risk analysis of their operations.

This issue is particularly acute among micro to small employers, where operators commonly manage risks on an "ad hoc" basis – meaning they are aware of potential concerns but lack a formal process to address them.

It's understandable that risk management isn't always seen as a priority, especially

with nearly half of small businesses reporting a decline in revenue over the past 12 months.

However, financial pressures should serve as the motivating force to have preparations in place and avoid the pitfalls that can result from unexpected disruption.

While it can appear daunting, a risk assessment does not need to be a lengthy or complicated process. Simply put, an assessment identifies current or potential exposures such as risks to physical assets, supply chain dependencies, cyber threats or other industry-specific dangers, and explores ways to manage them.

This can be as straightforward as providing basic training to reduce risks, or it can extend to having an optimised strategy with documented audit controls. Of course, our brokers will work to ensure

any recommendations made are tailored to the size and needs of your business.

Industry research also shows few operators recognise that an effective risk strategy goes beyond a strong defence and provides strategic advantages that enhance business performance.

This approach can reduce risks by improving operational efficiency and enhancing regulatory compliance, and may even lead to lower insurance premiums. The goal isn't just to avoid loss, but to build a stronger, more resilient business.

For most business owners, one barrier to building a risk strategy is not knowing where to start. That's where we, as your broker, can help – providing a foundation, identifying relevant exposures and setting up an approach that shifts your operations from reactive to resilient.

A good time to revisit cyber insurance



Are you one of the four in five small businesses in Australia without standalone cyber insurance?

Data shows most SMEs put this risk in the “too hard” basket and stay exposed – even though more than 60% of SMEs report experiencing cyber incidents and the average cost of a breach is more than \$56,000.

The good news is, insurers are bending over backwards to cater to this large underserved market. That means conditions have arguably never been better for buyers. Premiums have reduced for the third year running. Now, the average cyber premium for an SME risk is \$2500.

And policies offer much more than a payout for business interruption after an incident – but companies considering the product for the first time may not recognise the value of the pre- and postincident support many insurers offer.

There are a host of additional benefits: expert advice and training on how to prevent cyberattacks; and best-in-class management on restoring data, negotiating ransom demands and protecting reputation after the theft of client data.

As one insurance expert says, after detailing the cost of digital forensics experts, lawyers and public relations companies, cyber insurance suddenly becomes “an easy sell”.

It is also important to note providers will tailor their cyber solutions to organisation size and sector. This means while all policyholders access the same expertise, services and resilience planning, \$1 million of cyber cover for, say, a hairdresser may cost as little as \$1200 a year.

Few dispute that cyber resilience is becoming a core requirement in an increasingly digital and interconnected economy.

Cyber incidents are no longer exceptional events, so it is not surprising that capital is flooding into this insurance market and offshore insurers are setting up shop here.

Insurers are “throwing everything at achieving growth”, as actuaries at Finity put it.

They have expanded coverage and simplified policy wordings, focusing on business needs.

AI has “supercharged” attacks, supporting unsophisticated threat actors and amplifying the most advanced ones. Heightened cybersecurity, including insurance, is required in this new risk environment.

Insurers can help SMEs defend against threats and improve their cyber posture through specialised resources – and now is a better time than ever to take advantage of this.



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