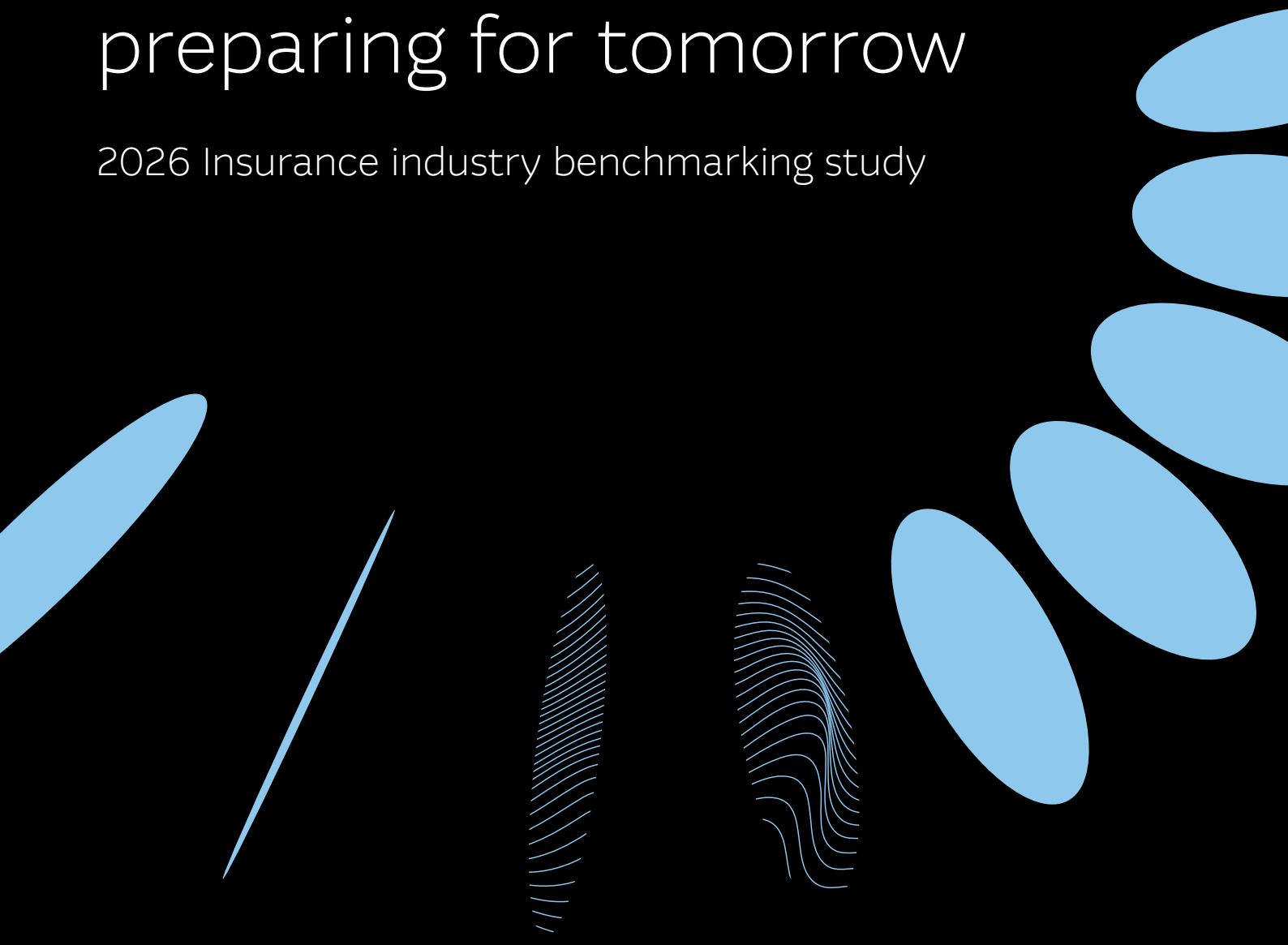
PERSPECTIVE

Profitable today, preparing for tomorrow

2026 Insurance industry benchmarking study



MACQUARIE BANK

Foreword

Profitable today, preparing for tomorrow

Australian insurance intermediaries have built substantial resilience in recent years. Facing the tail-end of a prosperity boom, businesses who have successfully capitalised on the hardened premium market are enjoying the benefits of their forward-thinking investments, while others may be beginning to feel the return of a softening environment. Overall, however, Macquarie's data shows that the industry has managed to maintain their profit margins despite moderating premiums and a slight squeeze in revenue.

In our last study, a high proportion of industry leaders were preparing themselves for this very moment. The period of fruitful topline growth may be beginning to normalise, but there is always more opportunity to grasp and value to create. And in 2026, our data shows that there is no single formula or strategy that dictates high performance; instead, success is driven by how effectively individual businesses execute their plans. The best-performing businesses understand the impact of rising costs, softening premiums, and the AI disruption, but are keeping their focus on the controllables.

Scale, efficiency and delivering client value are on the agenda – particularly:

- Building a strategic roadmap for AI
- Adapting business operations and efficiencies for scale
- Evolving the role of your people, to focus on value and building trust with clients

We've seen organic growth strategies dominate the narrative, with a persistent imbalance of buyers to potential sellers making the merger and acquisition market complex. Our data shows that while about a third of the industry is looking to acquire, only about 15% of businesses have plans to sell externally in the near future. This is a vote of confidence in the industry opportunity – buyers are recognising how much value is left to be captured; owners see enough potential for growth that they want to stay.

Businesses across all industries and global economies are facing greater – and growing - uncertainty, especially with the rapid emergence of AI. While the insurance industry has proven to be highly resilient, intermediaries are not immune from these macroeconomic pressures. However, for those that can successfully pivot alongside the change, there is plenty of opportunity to thrive.

I have genuinely appreciated the time that I've spent with industry leaders and business owners during my work with the insurance banking team through different market cycles. Now, as I take over the helm to lead our specialist team, there is no indication that the pace of change will slow. The market continues to rapidly evolve, and we will evolve our support alongside our clients as their underlying needs change. We welcome the opportunity to hear your perspective and discuss your plans.

Sarah Petzel
National Head of Insurance
Macquarie Business Banking

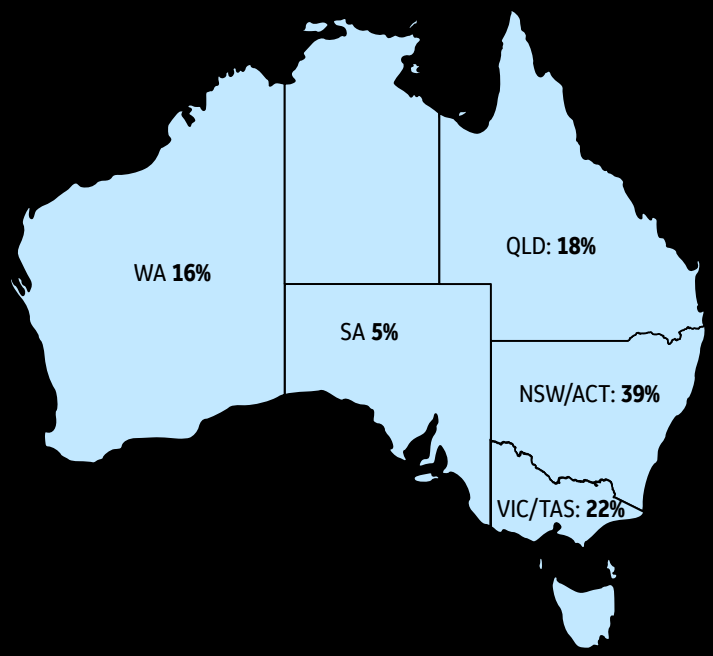
Participant profile

Who shared their views and experience?

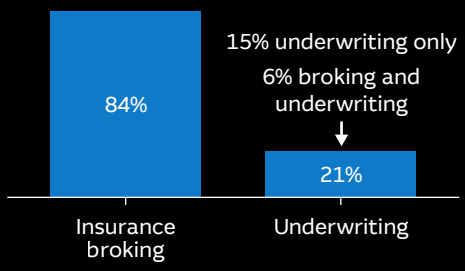
Our 2026 benchmarking study surveyed 187 insurance intermediary firms across Australia, conducted for Macquarie Bank by market research agency, FiftyFive5, in mid-2026. It builds on our benchmarking studies dating back to 2011.

For comparison purposes, profit information has been calculated before principals' salaries, and single headcount businesses have been excluded due to their distinct characteristics.

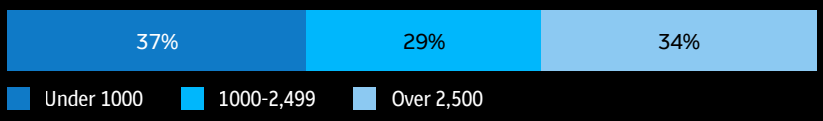
Head office location



Business type



Number of clients



A note on definitions

2026 is the second year that Macquarie Business Banking has opened our insurance industry benchmarking study to the full scope of insurance intermediaries, spanning self-licensed brokers, authorised representatives, and underwriting agencies. Due to their unique characteristics, pure underwriting agencies have been excluded from headline industry averages.

However, this year, our underwriting agency dataset is large enough to deliver deeper insights. A dedicated underwriting agency analysis can be found on page 32. Because this sample remains smaller than the broker cohort, the analysis focuses primarily on qualitative trends. We expect future participation to grow, with hopes for a focused quantitative analysis in upcoming studies.

Throughout this report, the three unique business types will be referred to collectively as insurance intermediaries. Please note that direct insurers are not included in this data set.

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Key findings

A shifting landscape

Navigating the next wave of opportunity

The insurance intermediary industry remains highly profitable, and though the squeeze of a softening market is beginning to appear, there is an abundance of opportunity to grow, thrive and capitalise on a new wave of opportunity. Many intermediaries have successfully implemented the investments and guardrails to help sustain business health throughout a downturn; over half of all respondents achieved net profit margins exceeding 30%, proving that their underlying business models remain resilient.

The commercial reality is that premium-inflation tailwinds are easing, and the data reflects this: 54% of firms grew gross revenue in FY26, which, while strong, is down from previous years. Average revenue and Gross Written Premiums (GWP) have also fallen. It may be too early to tell, but the data suggests that a 'golden era' of abundant growth across the industry may be coming to an end.

In the face of this, many businesses are focusing on harnessing their strong profitability to capture opportunities and prepare for the impact of key macroeconomic factors, including:

- Escalating operational and systemic cyber risk
- Managing compliance and regulatory burdens
- Capturing capacity in niche or complex product lines
- Bridging the AI execution and capability gap
- Talent scarcity, wage inflation and capacity bottlenecks

Despite macro challenges, it is clear there is still plenty of growth to be built in the sector. The increased interest of private equity in acquiring insurance books is a marker of this potential – and most businesses are well placed to harness it. Over the past two years, the industry has maintained average profit margins at 31%, and plan to focus on client growth and maximising their existing book through cross-selling and retention strategies to continue building revenues. Underwriting agencies in particular are significantly more prepared for the changes to come, proving themselves adept at harnessing artificial intelligence to execute active growth strategies, expand product lines, and build their teams.

The insurance premium cycle will inevitably change again, but when and by how much is unknown. The challenge is to be proactive: the actions businesses take now are critical to ensure they are well-positioned to not just weather the cycling market but prosper despite it. The key is focusing on what can be controlled and investing in the people, technology and operational shifts that will deliver measurable results.

Key strategies include:



Talent

Cultivating a productive workforce enabled to build relationships based on trust



Technology

Embedding intelligent systems and automated data workflows



Transformation

Reshaping the business model to weather market cycles

As this transition progresses, agility and flexibility are critical. The rapid rate of change in the technology and business sphere is not an unexplored phenomenon, but it is likely to continue to have downstream impacts on all industries. Until the market hardens again, we may see more significant divergence in performance, separating those who take a deliberate approach throughout challenging conditions, and those who are more reactive. Those that are intentional and strategic will be best positioned for success.

Two distinct groups

Where do brokers and underwriting agencies diverge?

Our 2026 study is the first year we've been able to deliver dedicated insights for all three areas of the insurance intermediary industry. Unique in their ways of working, some standout differences emerged from our analysis. We'll explore each license model in depth in their respective sections.



Self-licensed brokers

Scale
Revenue generation
Integrated business

- High average revenue and GWP
- Large-scale operational costs can be a drag on profitability
- Focused on client growth and retention to increase revenues



Authorised representatives

Efficiency
Profitability
Agility

- Highest profit margins with lower revenues
- Operational discipline and cost control to maximise value from lower GWP
- Focused on pricing structures and cross-selling to increase revenues
- High profit potential where scale is balanced correctly



Underwriting agencies

Massive scale
Deep specialisation
Technology to support volume

- Highest revenue and GWP, offset by lower average profitability
- Competitive labour market with highest offshoring rates and above-average headcount growth
- Significantly further along their AI journey

Industry performance over time

Tracking a period of transformation

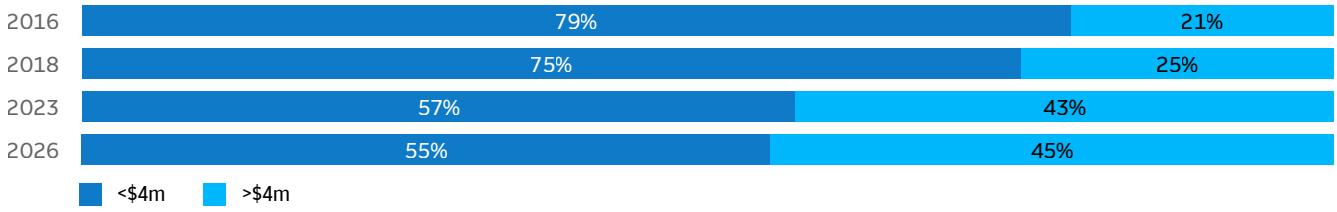
This year's data sees a slight decrease in the historical high watermark profits, revenue growth and topline figures of our last benchmarking study. Despite this, the long-term trends remain positive. The portion of businesses bringing in higher revenues and GWP has only grown year-on-year, reflecting both increased premiums and consolidation in the market. Many have also demonstrated remarkable profit margin stability, maintaining average margins of 31% despite the softening market.

Profit growth is the figure to watch. While for a second consecutive study, 100% of businesses reported positive net profits*, we can see a slow push down from the highest performing cohort reporting over 30% profit. We may be starting to see a divergence between agencies building clear strategies to adapt to market conditions, and those that are continuing with business as usual. It's too early to tell if this prosperous season is ending; businesses must act proactively now and seize the opportunity to secure sustainable profitability.

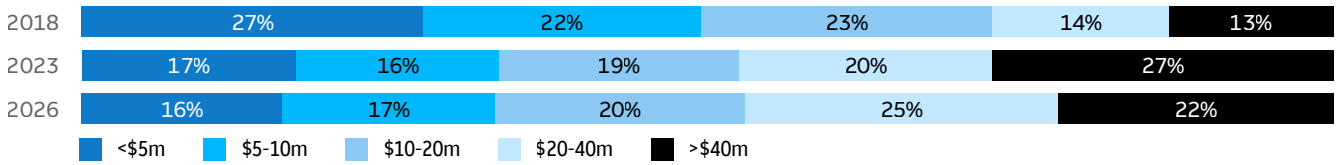
Income metrics over time



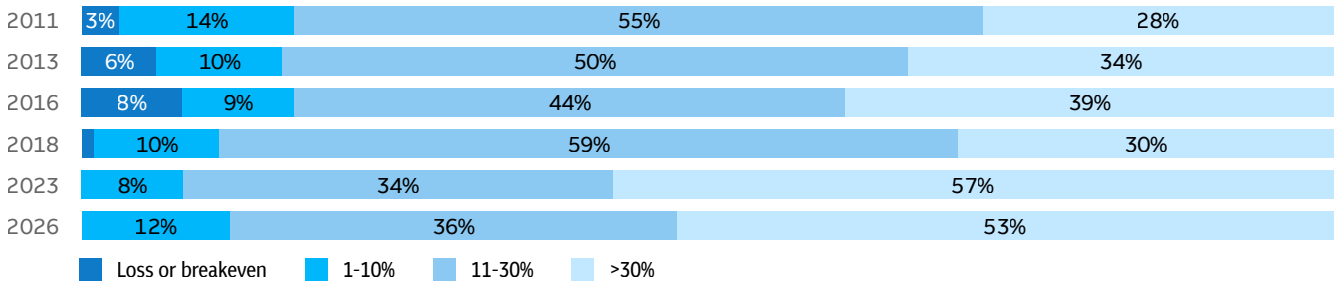
Revenue over time



GWP over time



Profit margins over time



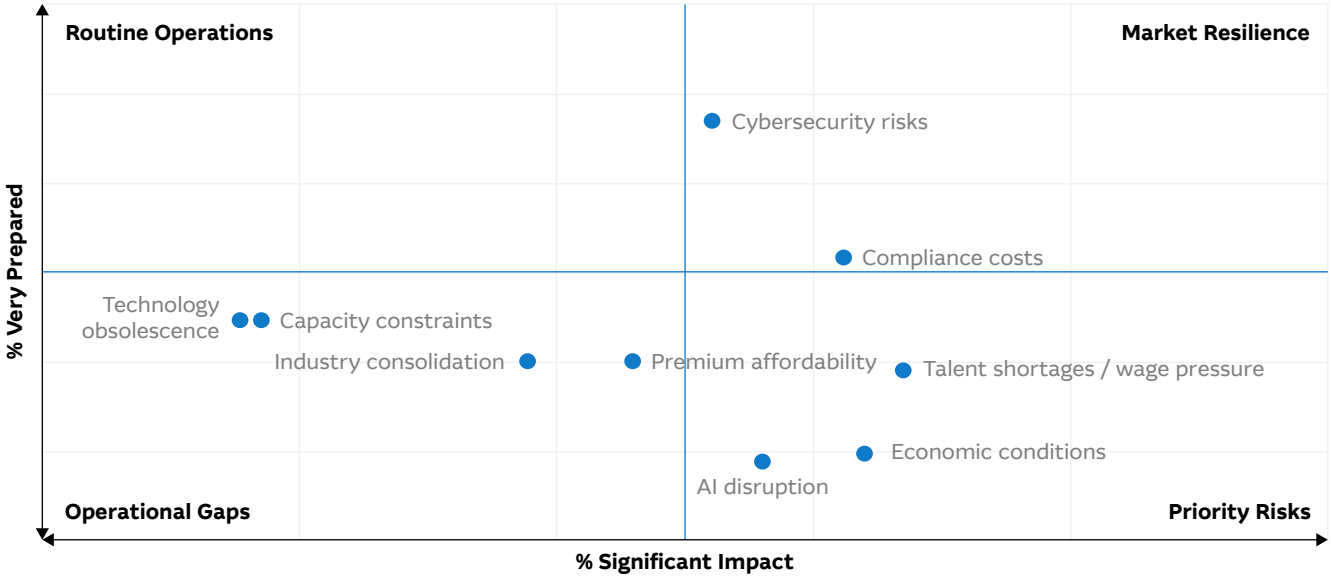
*National average figure: excludes single headcount businesses and pure underwriting agencies

Industry sentiment

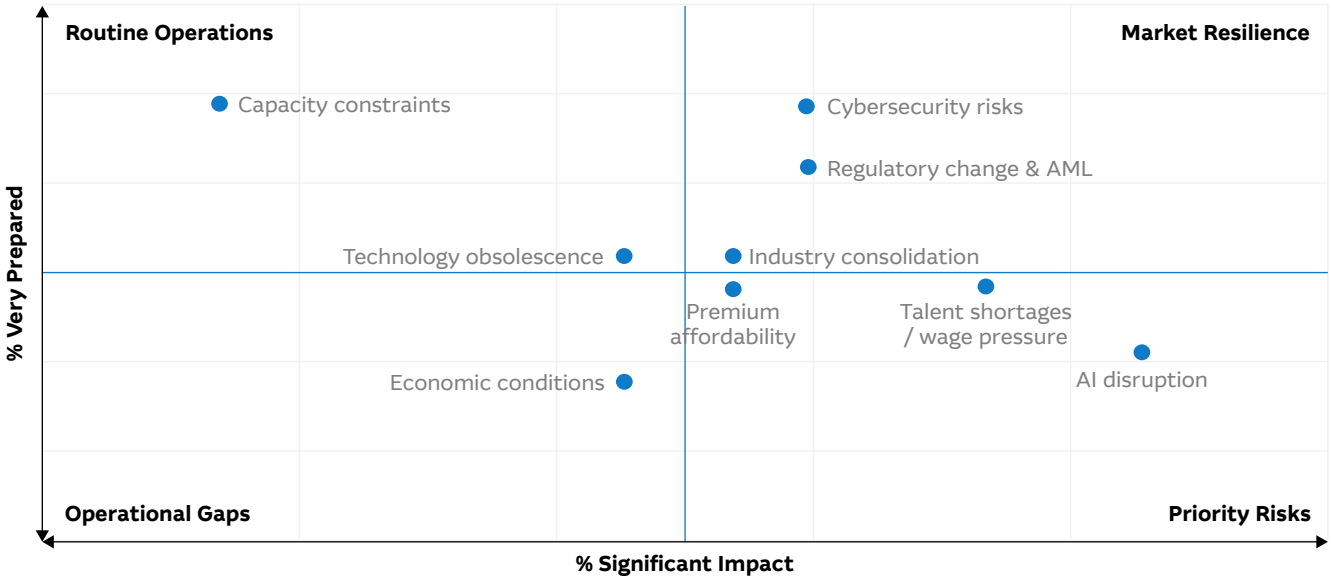
A pulse check on the issues that matter most

Benchmarking respondents ranked key industry issues based on perceived impact on their business and internal levels of preparedness. As risk advisors, insurance intermediaries were unsurprisingly aware of the macroeconomic factors affecting operations and business prosperity. Key areas of concern (both high impact and underprepared) were current economic conditions, the AI disruption, and talent shortages and wage inflation. Underwriting agencies' concerns broadly aligned, but their respondents generally consider themselves more prepared for all issues.

Impact vs preparedness – industry



Impact vs preparedness – underwriting agencies



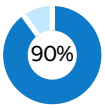
Four key catalysts for change

Four trends define the competitive advantage as the industry transitions.

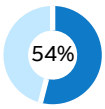
A softening market

A multi-year, revenue-lifting hardening cycle is losing momentum as clients reach an affordability ceiling and revenue growth begins to slow. Rate-driven revenue expansion may no longer be sufficient.

Businesses that reported revenue growth

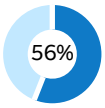


2023



2026

Reasons for client turnover



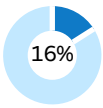
Premium increases and affordability pressures

The pivot: Increased emphasis on organic growth and client retention strategies, proactive multi-line cross-selling, and clear effective value articulation.

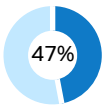
A roadmap to AI efficiency

AI use has seen a significant uptick since our last benchmarking study, used widely across the industry, but with shallow integration into business operations. Adoption remains heavily weighted towards baseline administrative tasks, however the data shows preparation for more strategic AI use. Businesses are laying the groundwork before executing enterprise-wide strategies.

Businesses using AI tools

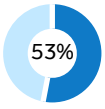


2023

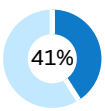


2026

Barriers to implementing AI



Lack of internal expertise and implementation frameworks



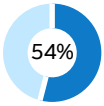
Concerns about data privacy and security

The pivot: The competitive battleground for tech will no longer be defined by speed to uptake - it will be dominated by those that can successfully build the internal skills and workflows to harness AI for sustainable scale.

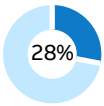
A complex acquisition landscape

The industry is seeing constrained opportunity for inorganic growth, despite appetite to scale remaining high. The supply of targets for acquisition is scarce, with many leaders indicating they are not ready to step away from their growth targets and business as usual.

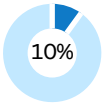
Plans to acquire and sell



Businesses that grew their client base through acquisition



Businesses actively looking to acquire



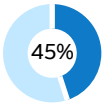
Businesses considering full sale to an external party

The pivot: Acquisition may currently be more of an opportunistic lever than a reliable primary growth strategy.

Continued investment in people

Neither generative AI nor the continued expansion of global offshoring is displacing core teams. The long-term strategy is to maintain or expand team sizes to lay a strong foundation for scale. As the digital sphere evolves, your people, and the relationships they hold with your clients, are only going to become more critical to your business' longevity.

Plans for future headcount



Businesses plan to increase headcount



Businesses plan to maintain headcount

The pivot: Instead of downsizing, intermediaries are implementing strategies for productivity and efficiency, to enable valuable time spent with clients.

Case study: Value articulation

In a changing market environment, get clients clear on the value you deliver.

The data tells us that organic growth isn't going anywhere. As premiums soften, intermediaries are focusing on value-based avenues, rooted in client relationships and built on trust. This will be a critical step in weathering a more challenging market, but can't be done without a clear and convincing client value proposition – one that your entire workforce is confident to articulate.

The future:

71%
looking to onboard new clients

62%
prioritising cross-selling additional products and services

54%
focusing on fee and commission-based revenue lines

For the coming financial year, the focus is on capitalising upon existing strength and organic growth pathways to build revenue, rather than more structural levers.

Building your value-based strategy[1]



Articulating your client value proposition

Every member of your business, from your CEO all the way to your graduates and support staff, should be able to articulate to your clients and prospects exactly what sets your business apart from the market:

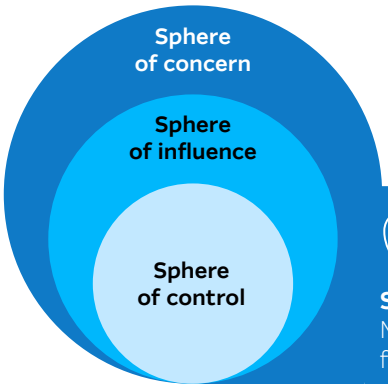
- Why me?
- Why our business?
- What differentiates us?

1 A.G. Lafley & Roger Martin, 'Strategy Choice Cascade', Playing to Win

Best practice for business resilience

Focusing on direct agency: aligning talent, technology and transformation

In a challenging environment, leaders who are discerning about where they focus their efforts and attention will see their business accelerate beyond their peers. There are many things outside of any one business owners' control, and others that owners can influence but ultimately do not have agency over. The core focus of your strategy should be on where you can make a direct and effective impact – which typically falls within the framework of your talent, your technology, and areas of transformation.[2]



	Sphere of concern Macro trends and market forces	**Sphere of influence** Partners, clients and networks	**Sphere of control** Internal actions and direct levers
Talent The human engine	• Industry-wide talent shortages and ageing demographic • Inflationary wage and salary pressures • Shifting national labour regulations and expectations	• Competitive recruitment and poaching dynamics • Authorised Representative (AR) network engagement • Global workforce and offshore partner integration	• Workplace culture, flexibility, and employee value proposition design • Structured career pathways and training investment • Internal equity models & formal succession plans
Technology Operational platforms	• Pace of external AI disruption and generative AI tooling • Legacy industry software infrastructure constraints • Systemic cyber threats and evolving underwriting rules	• Agency/insurer portal integrations and API uptake • Vendor roadmap collaboration • Client digital adoption and preferred communication channels	• Selection and optimisation of core broking platforms • Workflow automation and internal AI experimentation • Data hygiene and baseline cyber security defences
Transformation Strategic trajectory	• Softening/hardening insurance market rate cycles • Escalating compliance and regulatory obligations • Broader macroeconomic headwinds and interest rates	• Client cross-selling and retention programmes • Underwriting agency binder capacity negotiations • Strategic cluster/broker network alignment	• Service model shift from transactional to advisory • Operating margin discipline and cost reallocation • M&A integration and inorganic growth strategy

2 Stephen Covey, 'Covey's Circle of Concern, Influence and Control' The 7 Habits of Highly Effective People

The spheres of concern in practice: Talent

Where to act and where to let go when nurturing your engine room

Talent shortages and rising staffing costs were a key area of concern (both high impact and underprepared) across all intermediary cohorts.

 **Sphere of concern** Macro trends and market forces	 **Sphere of influence** Partners, clients and networks	 **Sphere of control** Internal actions and direct levers
An ageing demographic, wage inflation, personnel poaching, and a general shortage of experienced brokers are all part of the fabric of today's human resource environment. No single business will avoid them.	Consider your brand and reputation within the intermediary community, as an employer, not just as an insurance business. Maintain strong networks across adjacent financial sectors for recruiting talent.	Ask: • What's our employee value proposition? Do we have proven career pathways, with structured upskilling and mentorship opportunities? • How can we retain staff through succession and equity pathways? • Where are we recruiting from? Are those avenues delivering engaged, skilled staff or contributing to high turnover? • Are our client-facing staff supported with the people and tools to maximise both their capacity/productivity and work-life balance?

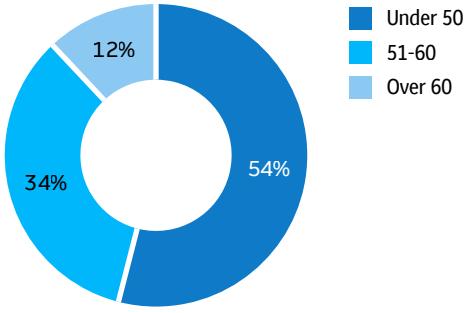
Succession and acquisition

The acquisition landscape

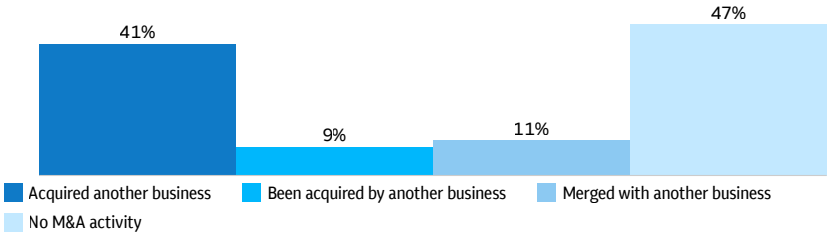
A complex and competitive market – with opportunity to build value

M&A activity has been strong in recent years, with two thirds of businesses involved in a deal as either a buyer or seller. Now, the pool of targets is lean, despite 28% of respondents still looking to acquire: only 27% have active plans to step away from their business in the next two to three years, with just 15% planning to sell externally.

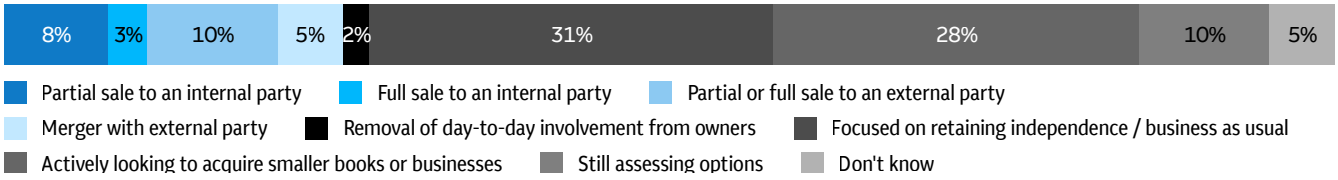
Age of principal



Recent M&A activity



Future plans



What does this mean?

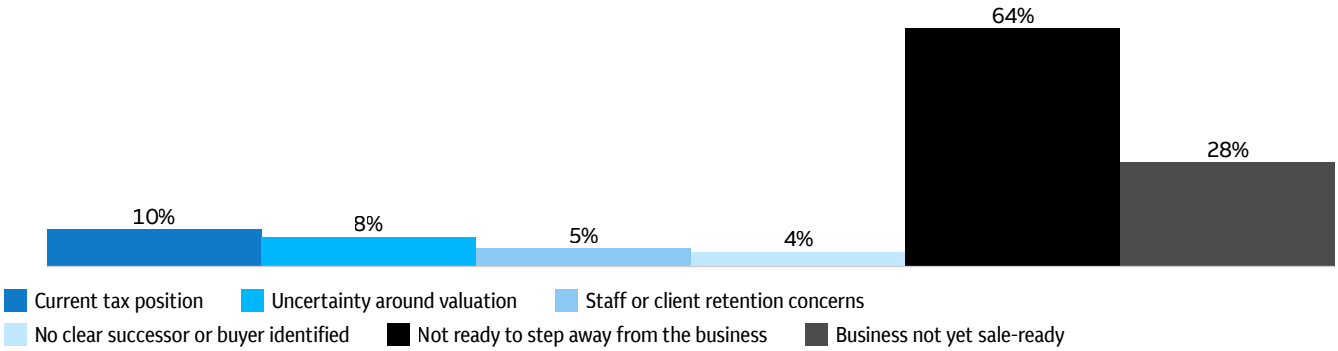
M&A may not be as reliable a growth option for businesses looking to scale their operations in the short term. This doesn't have to be a setback; a pivot to organic growth is an opportunity to prosper while avoiding the cost of acquisition. The industry is already broadly doing this well, using referrals and cross-selling adeptly to grow their portfolios; this only pulls further focus to the need for a strong client value proposition and proficient value articulation amongst all levels of staff. Organic growth relies on demonstrating clear value to your clients.

An opportunity to build value

Focus on organic growth

The most prevalent reason for a lack of interest in sale and exit was simply because owners have more to achieve: 92% responded that either they as an owner were not ready to step away from the business, or the business was not yet sale-ready.

Barriers to sale



Why is there hesitation to sell?

- **Principals are young:** 88% of principals surveyed are aged under 60, clearly with many plans still left on the agenda.
- **Their strategy is clear:** Leaders may be avoiding 'M&A for M&A's sake'. As a target, if they can't see the value in the deal, they may simply be saying no.
- **They're waiting for the right fit:** We're seeing leaders be more discerning about the cultural and strategic fit between their business and potential buyers, instead waiting for the right leaders, staff and strategy to continue their legacy.
- **There's more potential to capture:** Principals may have longer term strategies to grow their business and achieve aspirations before moving on.

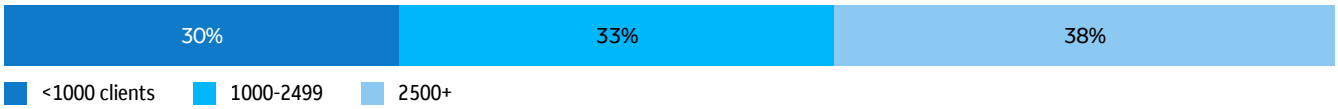
High performance

Looking for a defined roadmap to profitability? There isn't one.

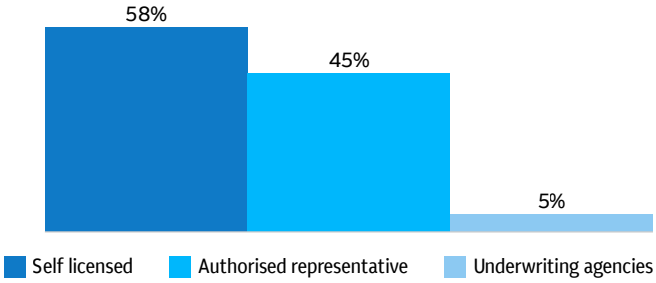
The marker of a resilient industry: multiple pathways to success

This year, higher performers have been defined as those with profits of 30% or more. Roughly one in two businesses qualified. While their performance generally trended towards characteristics of scale (leaner headcounts generating more value), there was no clear standout business size, model or license type that generated profit performance. What did unite high performers was a focus on long-term strategic growth drivers, suggesting that execution of a clear strategy and dedicated investment in people and clients have a greater impact on performance than growth for growth's sake. Success in insurance can be achieved in a number of ways, when implemented with purpose.

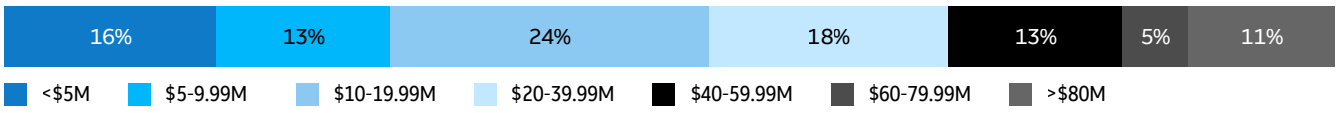
Higher performers by size



Higher performers by business type[3]



Higher performers by GWP



3 Note: pure underwriting agencies were excluded from this data set due to small sample size. The appearance of underwriting agencies in the higher performer profile can be attributed to broking businesses with adjacent underwriting functions.

Profile of a higher performer

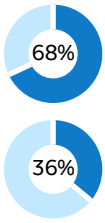
Key performance measure	Metric (average)	High performers vs others	
Income	Revenue	Higher performers	$55,380,450.45
		Others	$27,591,994.8
	Revenue per client-facing FTE	Higher performers	$557,241
		Others	$425,928
Workforce and productivity	Total headcount	Higher performers	19.6
		Others	22.7
	AI use	Higher performers	58%
		Others	41%
Growth	Revenue stability *Maintained or grew revenues*	Higher performers	93%
		Others	83%
	Portfolio stability *Maintained or grew client portfolio*	Higher performers	85%
		Others	78%

Drivers of high performance

The strategic drivers that enable high profit intermediaries to generate superior returns

There were higher performers across all business model and income-based cohorts in 2026. Compared to the rest of the industry, they placed sharper focus on critical growth-driving tactics across client service, human resources and portfolio management.

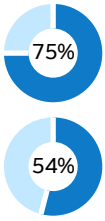
High touch service



Higher performers

Others

focused on key client interactions



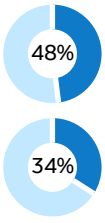
Higher performers

Others

Prioritising cross-selling to deliver value

Delivering dedicated, personalised service to their clients was more of a priority for the industry's best performers than reactive levers like price hikes and cost-cutting – a proactive approach as we head towards what may be a softening market.

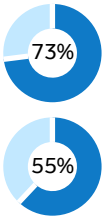
Nurturing talent



Higher performers

Others

Invested in training and development of staff



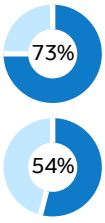
Higher performers

Others

Recognition of contribution as a key retention strategy

High profit businesses are keenly aware of the growing impact of talent shortages on the industry, and are investing in upskilling their key people and fostering their engagement as a hedge against future challenges.

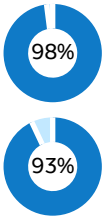
Strategic client growth



Higher performers

Others

Grew through referrals from business partners



Higher performers

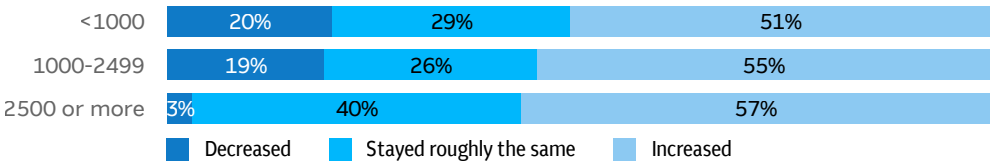
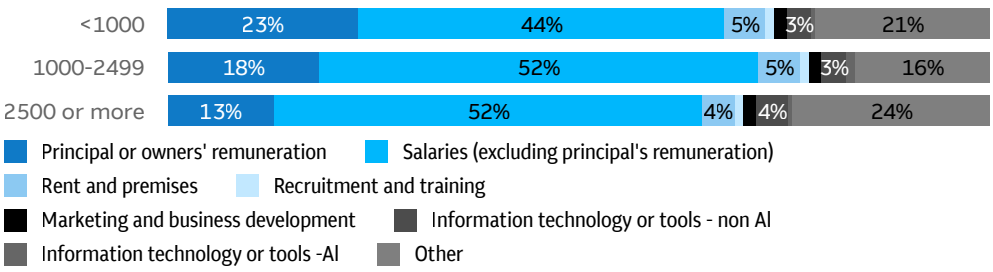
Others

Grew through referrals from clients

Higher performers prioritised leveraging their existing networks within their sphere of influence to attain new business; they were less likely to focus resources on high-spend, high-effort areas like increased marketing and product line expansion than the rest of the industry.

Business size snapshot

With success and sustainability across all sizes, a closer look at each cohort by portfolio size provides an interesting snapshot of industry performance.

	Under 1000 clients	1000 clients to 2499 clients	2500 clients or more
Gross Written Premium	$14,042,622	$15,904,969	$77,299,660
Gross revenue	$2,806,795	$3,151,587	$9,595,763
Revenue growth			
Profit margin (as % of revenue)	33%	31%	29%
Profit (derived)	$796,092	$1,084,800	$3,113,267
Product lines per client	3.7	3.1	2.7
Expense profile			
Salaries as a % of revenue	23%	30%	35%
AI use	39%	44%	58%

Key metrics: Brokers

Key metrics

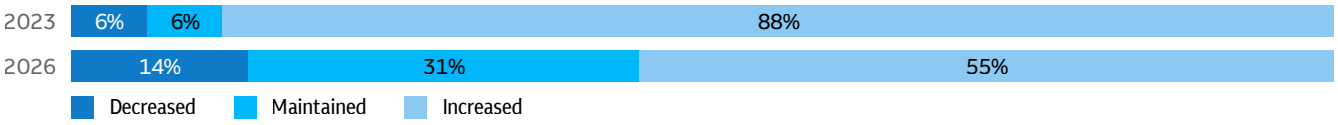
	Metric (average)	Total	Self-licensed	Authorised representatives
	**Gross Written Premium**	$38,946,418	$52,761,787	$12,610,870
	**Gross revenue**	$5,857,688	$7,564,083	$2,389,851
	**Profit margin (as % of revenue)**	31%	29%	34%
	**Profit (derived)**	$1,762,415	$2,262,806	$838,617
	**Product lines per client**		3.2	3.2
	**Charging structure**	Commission: 68.3% Fees: 31.7%	Commission: 65% Fees: 35%	Commission: 76% Fees: 24%

Revenue

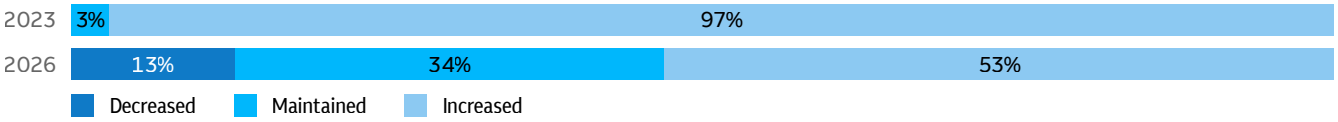
Growth has stalled in recent years but remains resilient

This year, just over half of brokers grew revenue, despite changing market conditions. A strong focus on clients and staff was a key contributor to revenue stability, with a significant portion of brokers prioritising key client interactions and investing in staff training and development throughout FY26. Since our last benchmarking report, however, there has been an expected stall in growth across the broker cohort, calling us to look at 2023 as a snapshot of the industry's peak, while 2026 reports a slightly less abundant, but still remarkably resilient, outlook.

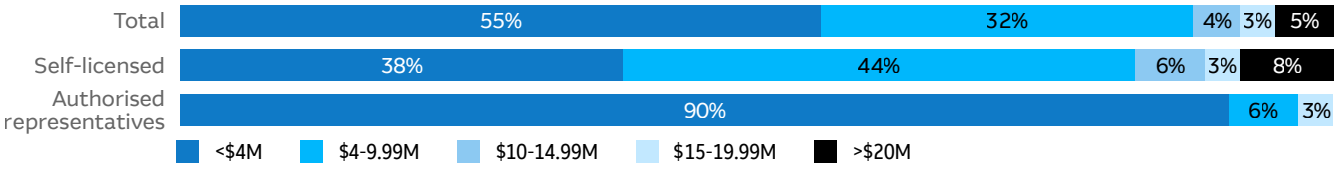
Revenue growth over time – self licensed



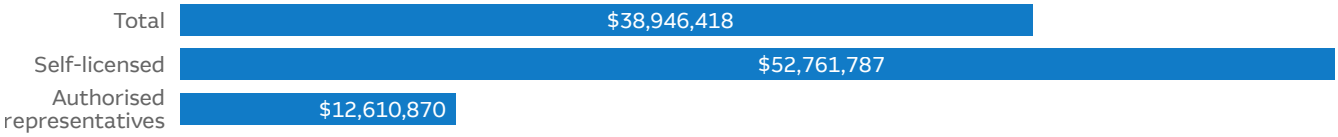
Revenue growth over time – authorised representatives



Revenue profile – by business type



Gross Written Premium – by business type

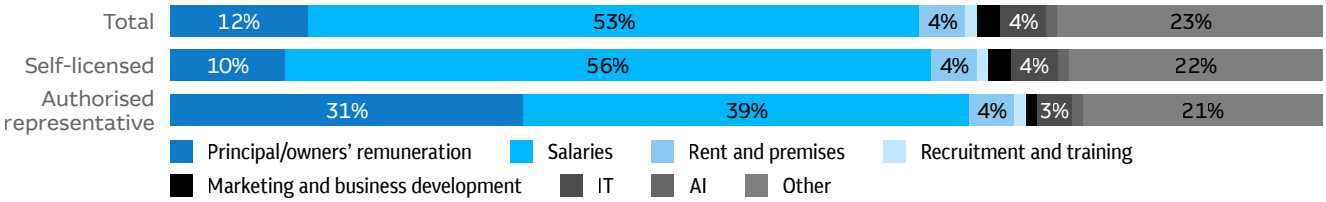


Expenses

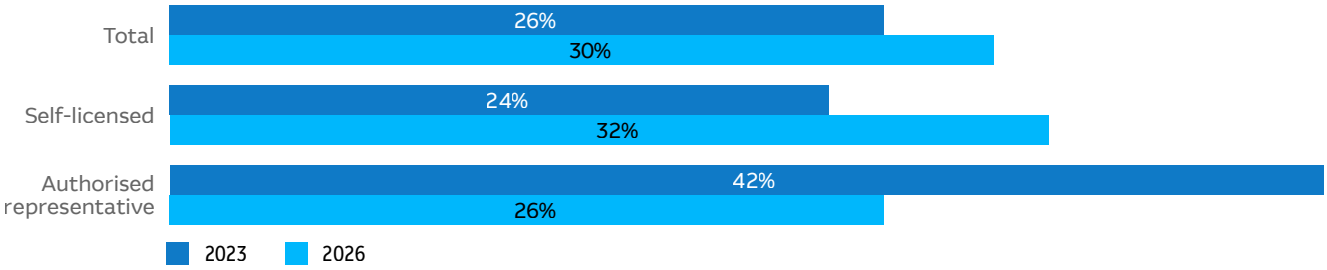
Salaries remain a significant – and growing - expense

Brokers saw a significant jump in salaries in 2026, compared to our last benchmark, as a portion of both expenses and revenue. In a period of rising cost and flattening premiums, it is more critical than ever to extract maximum value from a business' overwhelmingly largest expense. Interestingly, technology spend has risen only marginally; this coupled with the jump in salary costs may indicate a need to renew focus on enabling people with technology and AI to boost productivity and keep inflating salaries at bay. Investing in productivity-enhancing technology could help maximise the value of significant expenditure on salaries.

Expense profile – by business type



Salaries as a portion of revenue – by business type

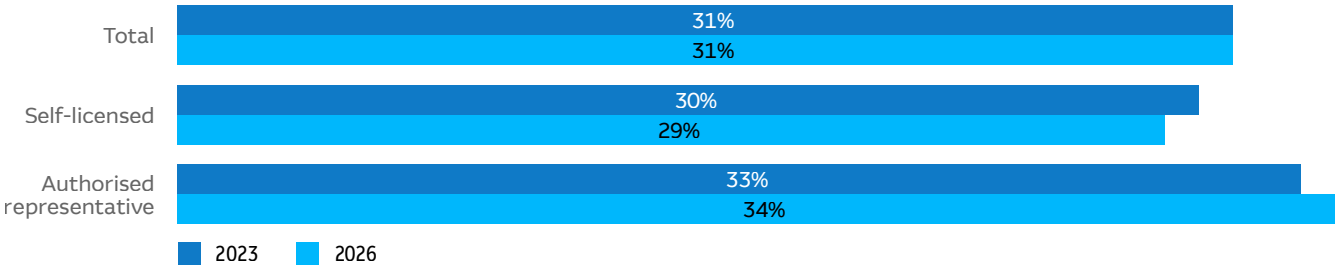


Profit

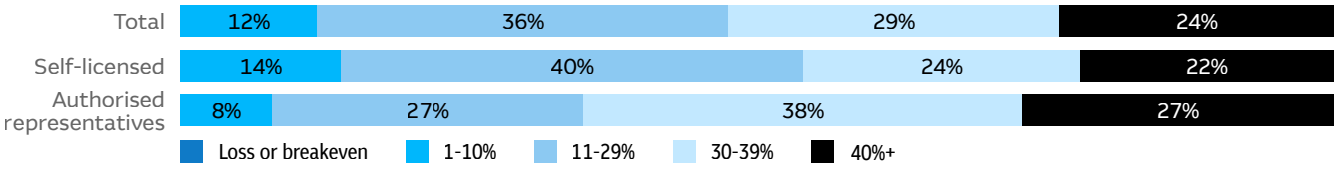
Maintaining strength despite the odds

Despite the challenges of compressing revenues and inflating costs, brokers have managed to maintain strong profit margins. Roughly half of the broking cohort continues to report profits of over 30%, with zero reports of a loss. This data is consistent with a strong focus on reaping maximum value from the hardened market, and is a testament to the discipline and business rigour of the insurance industry as a whole. As we face a softening market, the same principles apply: leveraging technology for productivity, nurturing engaged staff, and prioritising valuable interactions with clients will help maintain resilience.

Net profit over time – by business type



Profit profile – by business type



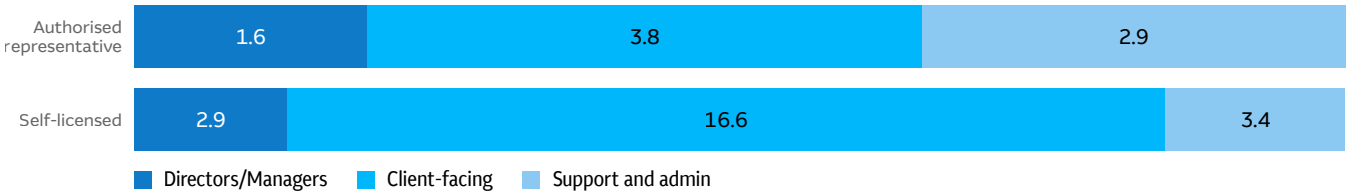
Headcount and staff turnover

Staffing levels remain relatively volatile

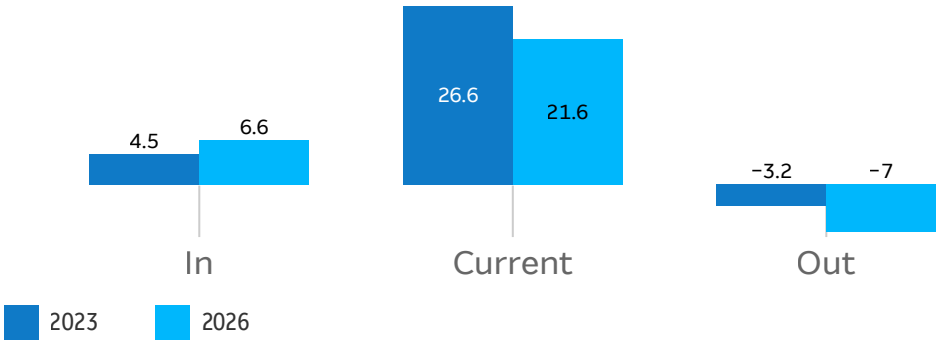
In 2026, brokers are operating with leaner headcounts and recovering from significant turnover. Average headcount has dropped by roughly 20% since 2023, and turnover now sits at over 30% of average headcount, compared to the last benchmark of 12%. This exceeds both the national average job mobility rate and the average for professional services employees (both sitting at around 6-7% for 2026).[4] This is most likely a factor of the high demand for skilled brokers in an ambitious and growing industry: 95% of leaders are planning to either maintain or increase their headcount in the future, and 42% of hiring intermediaries recruited from competitors.

Increase in salary spend despite a reduced headcount is most likely the aftereffect of significant wage inflation and a highly competitive labour market in recent years. To contain further creep, brokers must consider the principles of scale: repeatable systems, automation and integration, driven by empowered staff.

Staffing breakdown – by business type



Headcount and turnover – over time



Headcount change rates – last 12 months

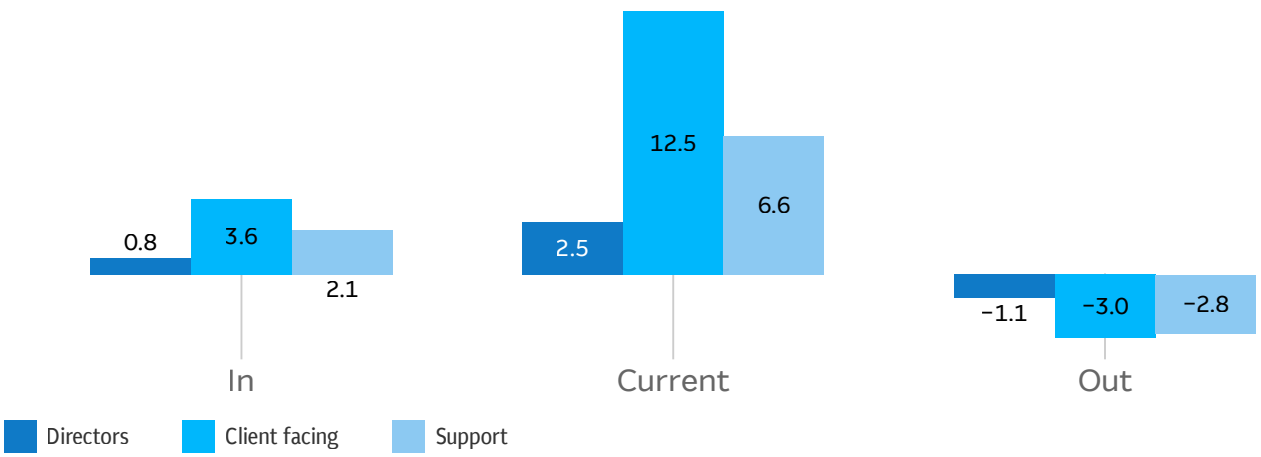
2023

5% growth
(Net change +1.3)

2026

2% loss
(Net change -0.4)

Headcount and turnover – by role



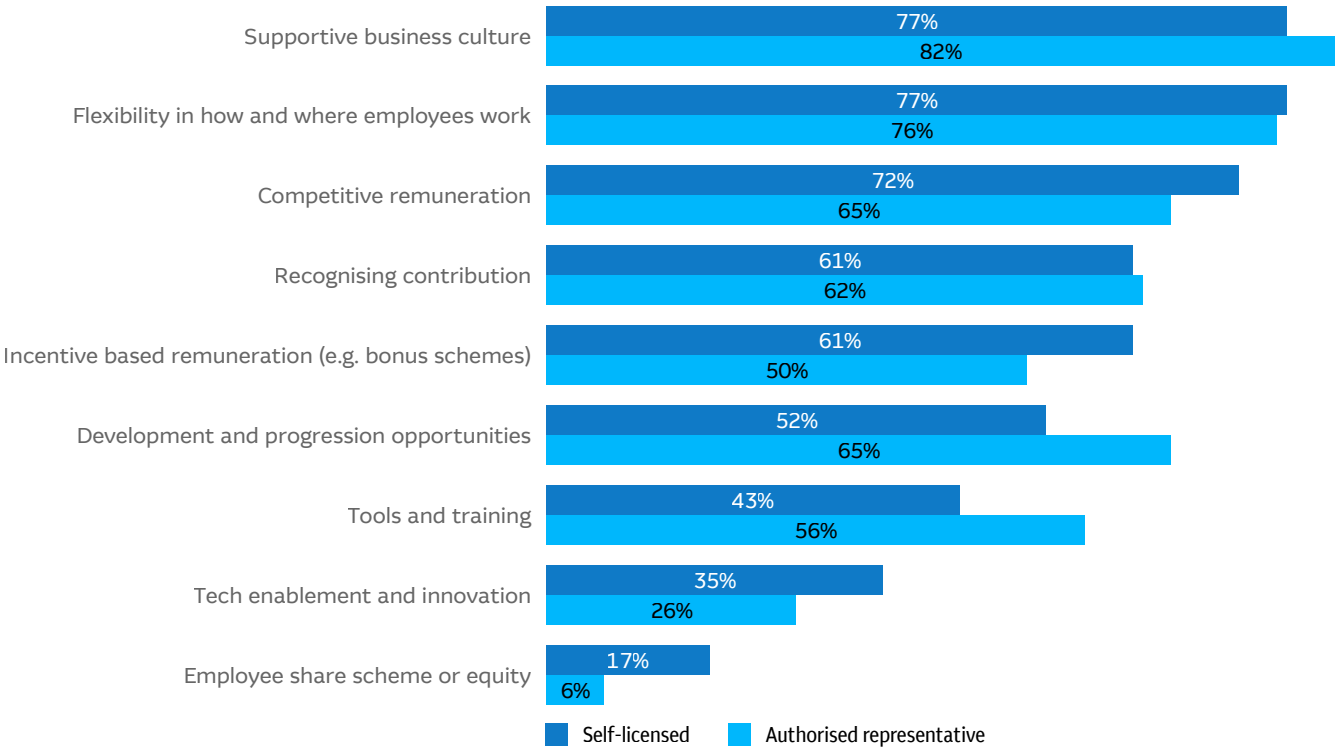
4 Australian Bureau of Statistics, Job Mobility, March 2026

Retention and engagement

Capability-based retention strategies require focus

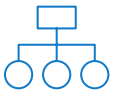
In our research, brokers have historically been adept at providing their employees with the culture, environments and rewards that they require to feel engaged and energised at work, and aligned to strategy to motivate performance. Longer-term retention and productivity strategies are not as prevalent, particularly the provision of tools, technology and training to enable efficiency and upskilling. Share and equity schemes also ranked low, potentially a marker of leaders' limited intention to sell or trigger succession in the near future.

Retention strategies



Empowering staff through technology

Technology dictates the daily friction your people experience. Consider how a human-centric adaptation of your technology stack can empower your staff to move smoothly through their work day, feel more engaged, and reduce overload or burnout.



Evolve top-down goal communication

Transparent digital communication and shared decision dashboards enhance psychological ownership and connection to the business' broader mission.



Transform a static approach to work assignment and pacing

Put in place systems and automated tools that adapt dynamically to skill and workload, mitigating digital fatigue and cognitive overload.



Move on from static administrative apps

Intelligent cognitive assistants, AI co-pilots and automation of repetitive tasks allow employees to focus on high-value, meaningful work.

The case for uplift as a retention tool

- Research sizes the long-term opportunity for generative AI productivity growth potential at $4.4 trillion.[5]
- Companies with leading digital capabilities outperform their competitors in shareholder returns by up to 6 times.[6]
- Employees in organisations with low digital employee experience spend **more than 2 hours per week** resolving IT friction and switching between fragmented tools, more than four times as much as digitally enabled peers.[7]
- **64% of working adults** say their current tools or systems hinder productivity, and **36%** would consider leaving their jobs if their technology needs aren't met.[8]

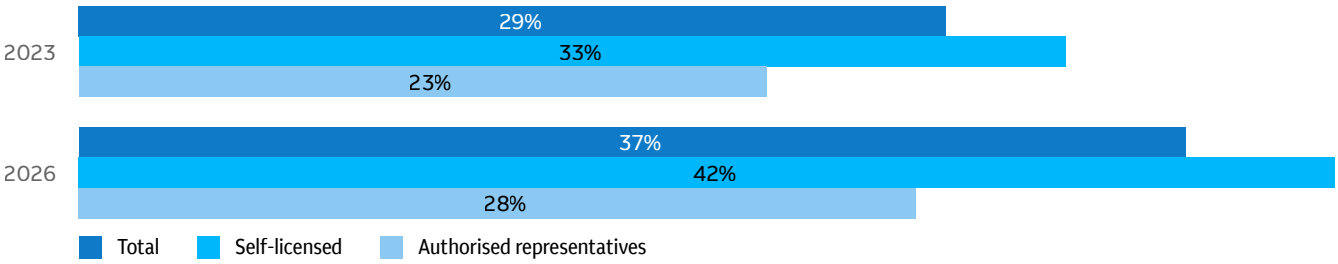
5 McKinsey & Company, 'Superagency in the workplace', 2025
6 McKinsey & Company, 'Digital skill building for the future', 2025
7 Ivanti, 'Next Level DEX', Digital Employee Experience Report, 2025
8 Pegasystems Inc., 'Outdated tech is costing you more than you think', 2026

Offshoring

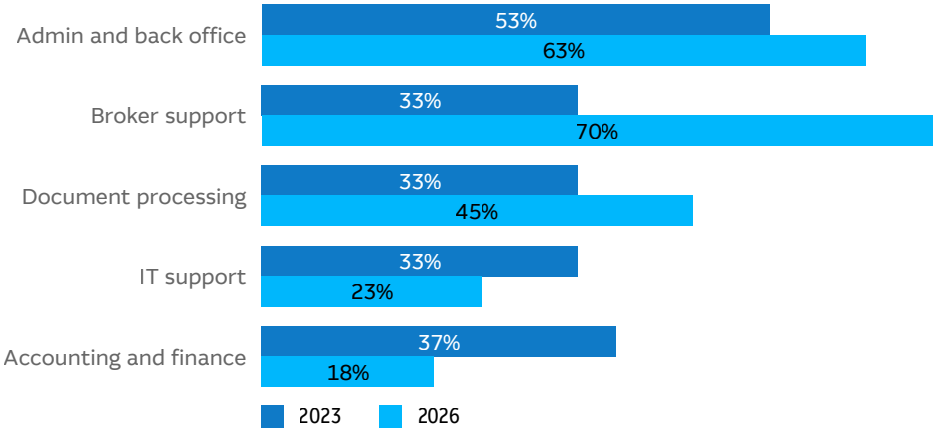
The role of the offshore team has grown and changed

The rate of businesses choosing to offshore has increased by nearly a third since our last study, and by nearly 50% in the authorised representative cohort. The breadth and popularity of functions offshored have also increased considerably, seeing a growth in uptake across the board. Broker support appears to have become a critical function of offshore teams, spiking to 70% popularity. Interestingly, offshoring of IT support and accounting has contracted significantly, pointing to a redirection of these functions back to onshore teams or tech solutions.

Portion of businesses offshoring

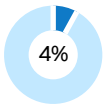


Functions offshored



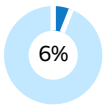
Offshore headcount

Self-licensed



of total headcount

Authorised representative



of total headcount

Offshoring is at an all time high, but is the trend turning?

While only 5% of respondents expressed plans to reduce headcount, none of these businesses were looking to redirect work offshore – automation (33%) and AI (17%) were key drivers of the change.

Key metrics: Underwriting agencies

The underwriting story

Trends amongst underwriting agencies

For underwriting agencies, high performance delivers significant rewards – but they also operate in a volatile environment with greater business risk. More exposed to premium market impacts, it is unsurprising that the data tells us underwriting agencies have prepared themselves well for the changes to come.



Further along the AI roadmap

More than half of underwriting agencies are using AI in 2026, most self-reporting their use as 'experimental', but with a significant portion elevating their utilisation of AI to operational, strategic and even transformational levels, especially in comparison to brokers.



More prepared for macro issues

Across all key macro and industry issues, the data showed underwriters feel generally more prepared for the impacts to come, compared to the broking cohort. The perceived impact of those issues on their business, however, is broadly in line with the rest of the industry.



Succession and exit not front of mind

Less than 10% of underwriting agencies surveyed have a business sale in their strategic plans for the next three years. Similar to brokers, a significant portion of leaders are simply not ready to step away from their business, and others acknowledge their business has more potential to harness before realising its value.

Preparing for impact

While underwriting agencies recognise compliance burdens and cybersecurity as high-impact issues, nearly half feel very prepared to manage them. They feel least equipped for broader macroeconomic pressures, specifically the economy, labour market, premium pricing and digital disruption. Despite their mixed sentiment towards AI, underwriters remain ahead of the curve in preparing their businesses for scaled AI adoption.



Highest impact

1. AI disruption
2. Talent shortages and rising staff costs
3. Cyber security vulnerabilities
4. Escalating regulatory and compliance costs



Least prepared

1. Economic conditions
2. AI disruption
3. Talent shortages and rising staffing costs
4. Premium affordability/price sensitivity



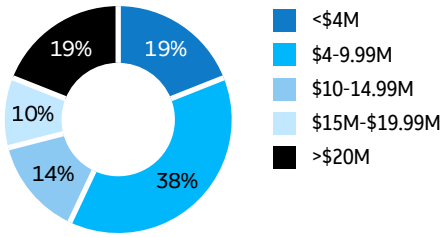
Most prepared

1. Cybersecurity vulnerabilities
2. Capacity constraints
3. Escalating regulatory and compliance costs

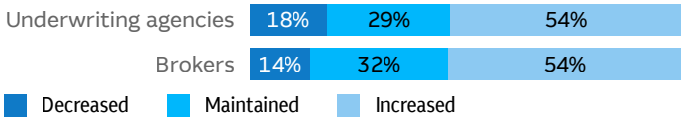
Income metrics

Underwriting agency income metrics reveal why these specialist businesses are ahead of industry averages in proactively preparing for change. They are the first to feel the impacts of a softening market, with 14% of agencies reporting a loss or breakeven profits in 2026 (compared to zero brokers), and 18% reporting decreased revenues.

Revenue profile



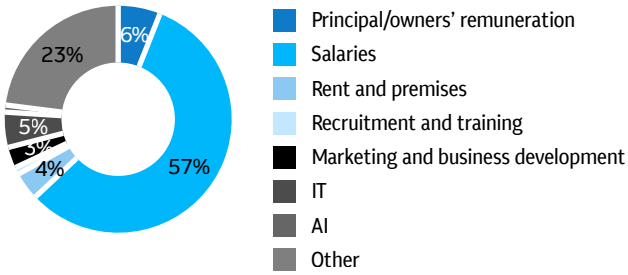
Revenue growth



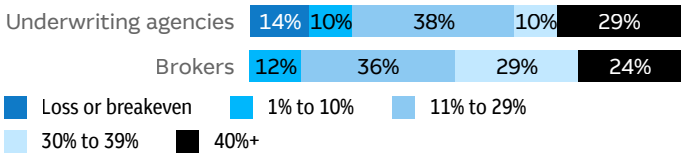
Salaries as a portion of revenue



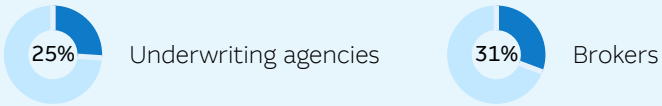
Expense profile



Profit profile

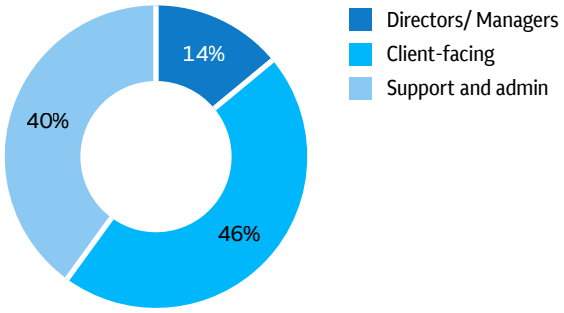


Average profit margin

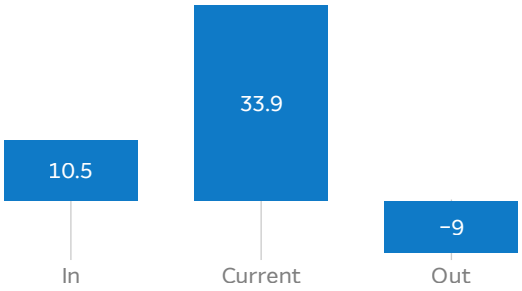


People and culture

Staffing breakdown



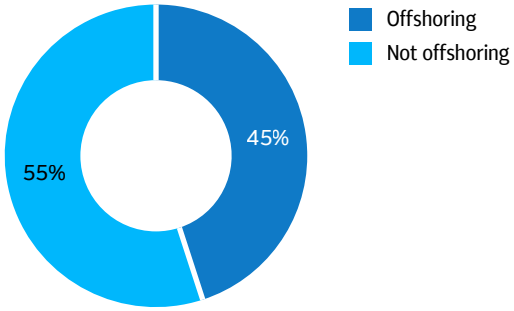
Headcount and turnover



Underwriting teams are supported by a larger portion of support and administrative staff than their broker peers, and overall netted 5% growth in headcount in the past 12 months.

However, an average of about 30% headcount exited in FY26, reflective of a very competitive labour market in the sector; high performing underwriters are in high demand. While these people were replaced in excess, constant recruitment and training can place significant time and financial burden on a business.

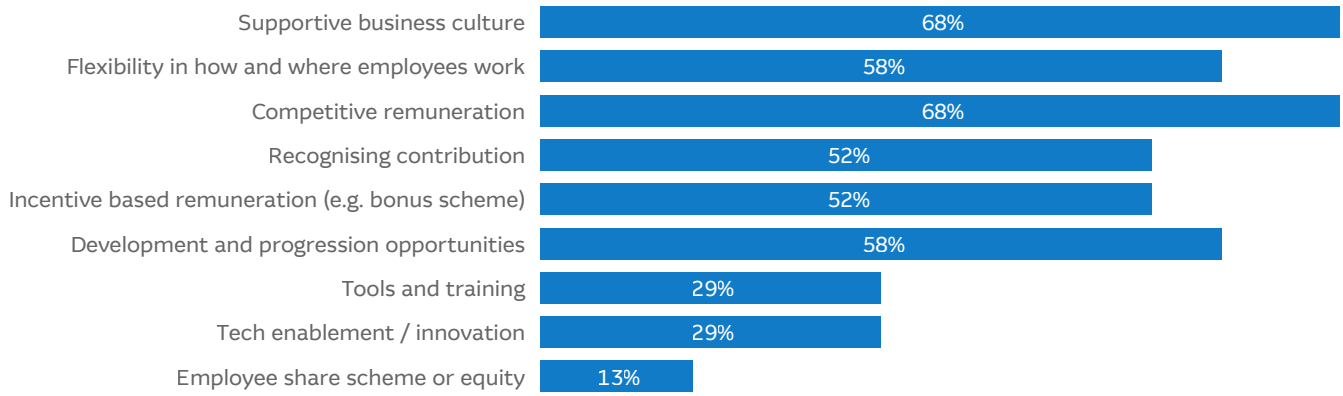
Offshoring



9% of underwriting agencies' total headcount is located offshore; the highest rate of the three intermediary cohorts.

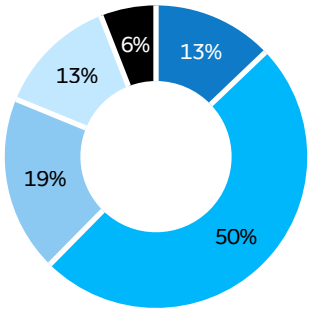
Like brokers, most underwriting agencies focus on cultural, environmental and financial benefits to their staff; less of the cohort offer development, training and tech to upskill and drive engagement.

Retention strategies



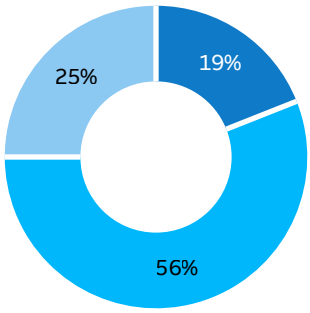
Artificial intelligence

AI adoption levels



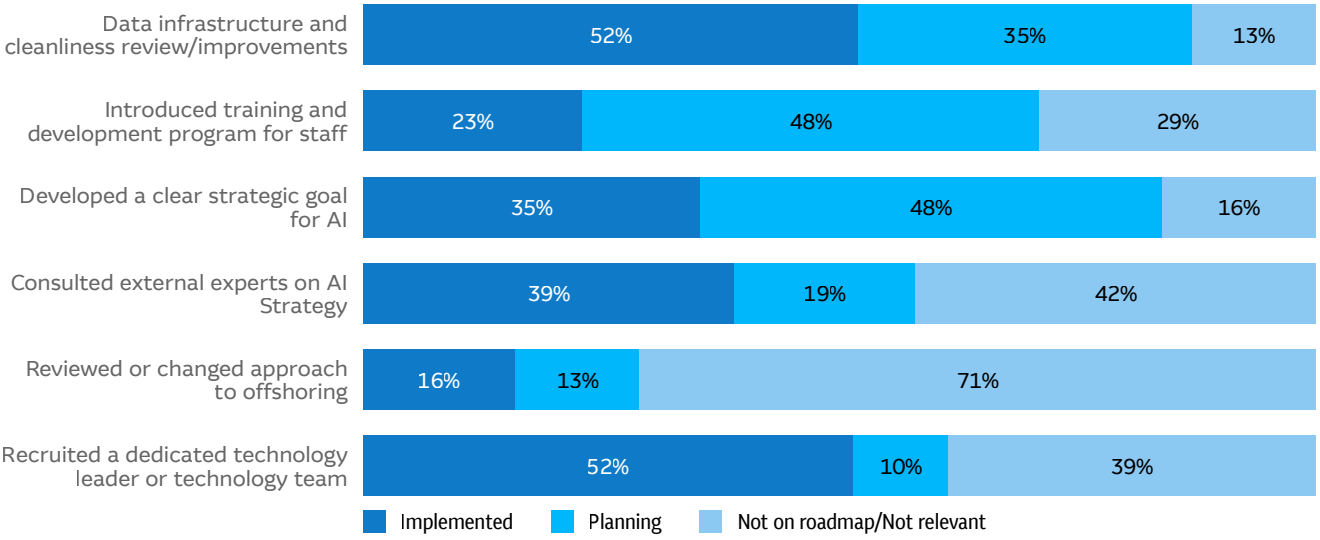
- Exploring: Aware of AI but have not yet taken any concrete steps to implement it in our business
- Experimenting: Actively running small-scale pilots or testing specific AI tools for limited use cases
- Operational: Successfully integrated AI into one or more business functions to improve efficiency or service
- Strategic: AI is a core part of our business strategy, driving significant competitive advantage and changing operations
- Transformational: Industry leaders in AI, using it to create new business models and revenue streams

AI impact on business



- Yes, significantly
- Yes, somewhat
- No, only incremental improvements

Preparation for AI implementation



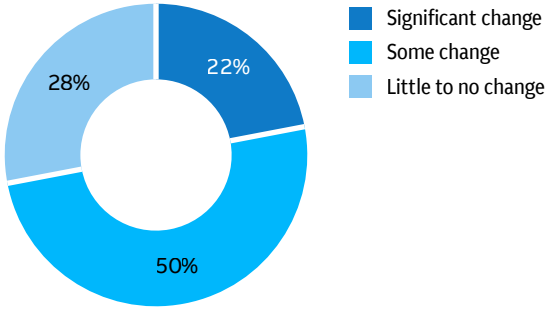
Looking to the future: Brokers and the AI disruption

The AI boom

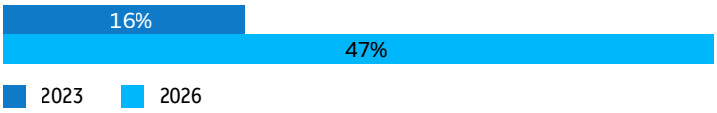
AI utilisation has widened amongst brokers but depth of use still lags

Since our last benchmarking report, the portion of insurance intermediaries utilising AI in their business has risen to nearly 1 in 2. The majority of its use cases in 2026 are in the areas of internal productivity and administrative work such as document review, reporting, and marketing. There is still work to do for insurance businesses to see tangible benefits and transformational change.[9]

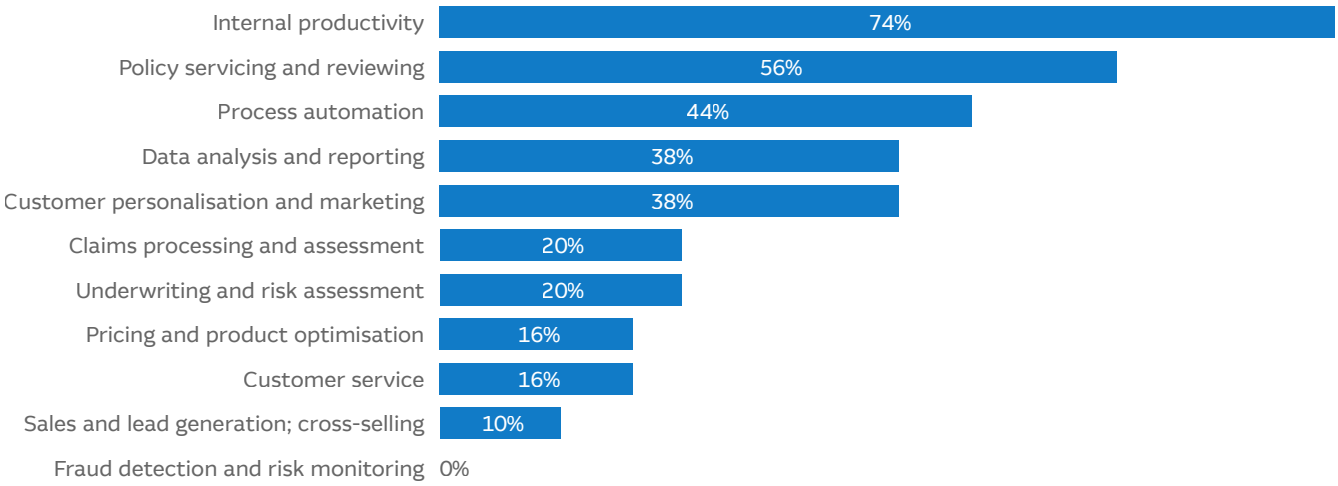
AI impact on business processes



AI use since 2023



AI functions used in business



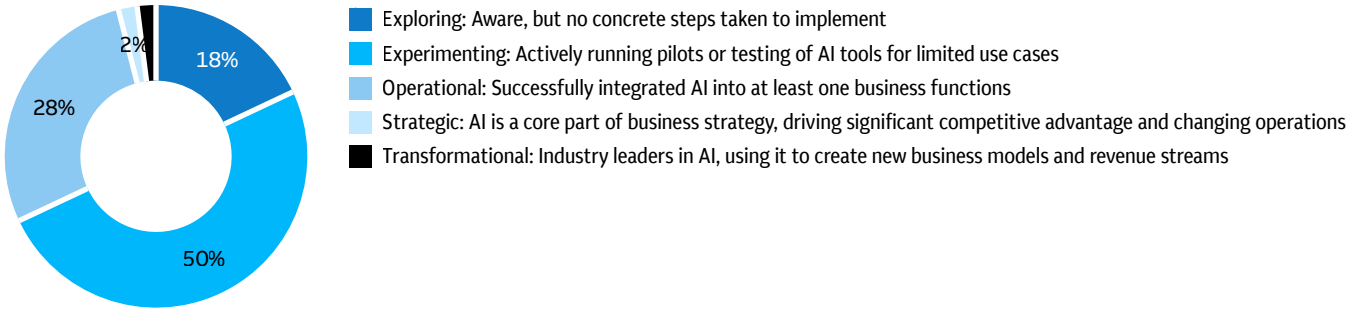
9 AI data in this section excludes single headcount agencies and pure underwriting agencies, due to their different characteristics.

What's the AI strategy?

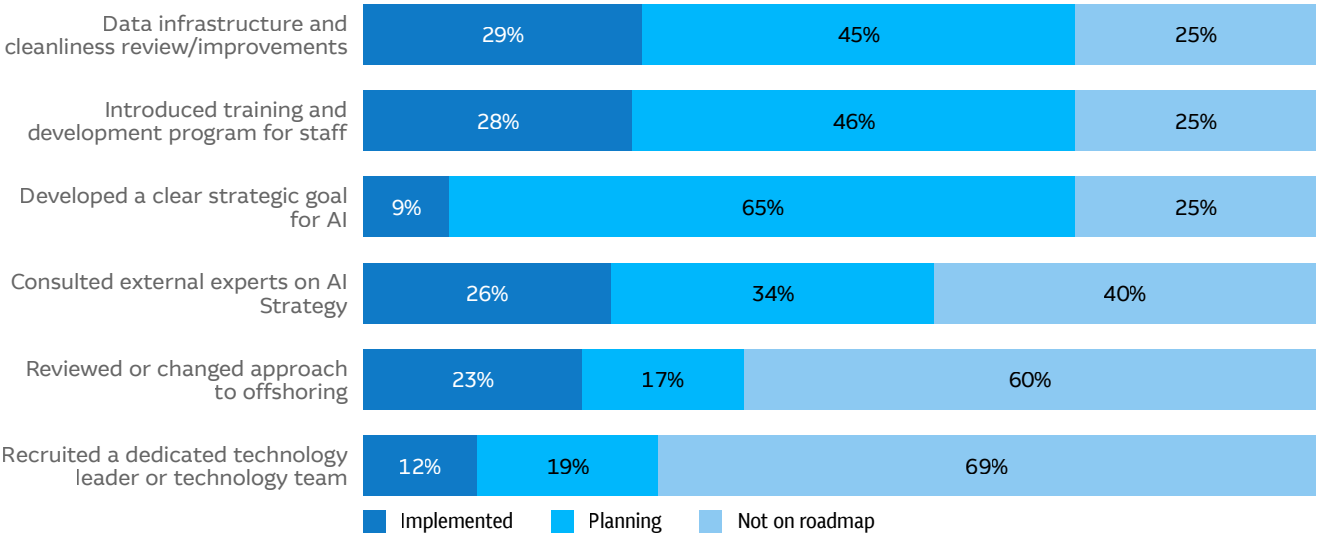
Laying the foundations for success

While the majority of the industry is in the initial stages of exploration and experimentation, most insurance businesses also have clear plans for careful, strategic implementation of artificial intelligence functions.

Current stage of AI adoption



Preparation for AI implementation

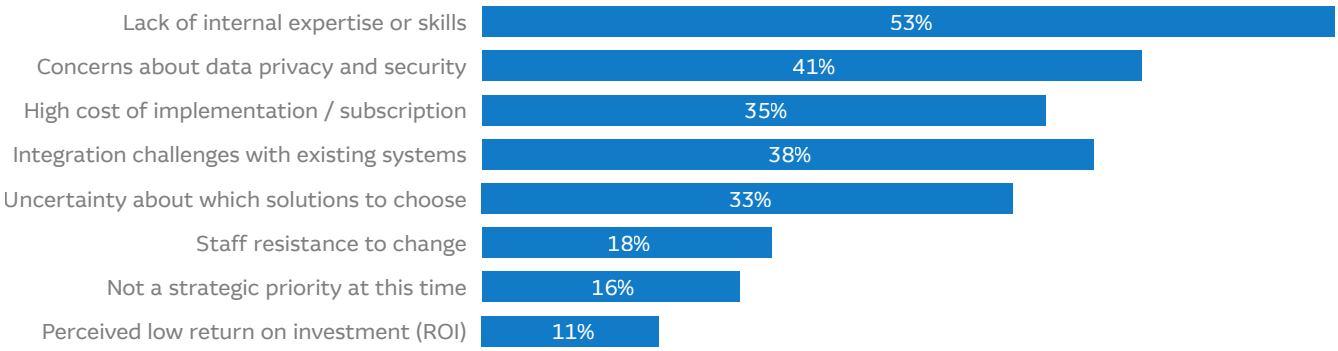


What's holding AI back?

A matter of security and skill

Insurance intermediaries are carefully weighing the risks of implementing artificial intelligence, compounded by an awareness of their own limitations – over half the industry feel that a lack of internal expertise is preventing them from increasing their use of AI. This cautious mindset is the ideal foundation for a solid AI strategy. An understanding of risk and a keen learning mindset will set businesses up for success.

Barriers to AI adoption



The data also shows that the most difficult barriers to cross – getting strategic leaders, financial decision-makers and key staff on board – are the least impactful on respondents' experience with AI. The challenges facing intermediaries are functional, not behavioural.

Taking the next step

As the market cycles, it is important to consider areas where your business can optimise its operations and capitalise on strengths to realise the next wave of opportunity. Placing focus on core controllables will help keep your business ahead of its peers.



Talent

- Enable your people to focus on high-value client work and relationship-building, over administrative tasks
- Create a high retention culture to mitigate persistent talent shortages and rising talent costs, focusing on high performing and engaging work environments
- Consider equity and succession as retention strategies, building clear transition pathways to develop your future leaders



Technology

- Establish a clear roadmap for your technology stack that is driven by strategy over tools, and supports scalability
- Leverage automated platforms to streamline repetitive, routine workflows, promoting engagement and removing friction across all areas of your business
- Start thinking about where AI fits in your business and how you can begin preparing for increased AI use, keeping risk and governance at front of mind



Transformation

- Define your business' future: how can you operate more proactively, with agility, resilience and adaptability?
- Consider how you can place your business' unique value proposition at the forefront of everything you do
- Chart your path for growth: in an increasingly complex merger and acquisition market, what are your levers for organic growth? How can you set your business apart as a buyer or potential target?

In an increasingly volatile environment, many businesses remain ambitious to grow and scale. Business owners who utilise all three productivity levers will be best placed to maintain resilience despite external factors. These disciplines can have an outsized impact on future performance.

We're here to help

If you'd like to learn more about putting our best practice insights to work in your agency, please get in touch.

Contact your Macquarie Relationship Manager, call 1800 442 370 or visit our website

Important legal notice

The information in this report was finalised on 21 September 2026.

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