



News release

Insurance Council
of Australia

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Reform of state laws needed to reduce business insurance costs

The Insurance Council of Australia today called for urgent reforms to outdated state and territory laws that are driving up insurance costs for businesses across the country.

A newly released white paper calls for reform to state-based civil liability laws – laws that haven't been reviewed in almost 25 years and are adding unnecessary pressure to some of the country's most loved industries.

Public liability insurance is a crucial safety net for businesses, not-for-profits, and community organisations enabling them to securely open their business and service the public.

This is particularly the case for live music venues, festival operators, caravan parks, and amusement venues who accommodate or offer services to large numbers of people and rely on this insurance to operate securely.

However, claims have become more complex, costly, and drawn out by settings under state laws that have added immense pressure to the affordability of civil liability insurance, with the average cost of public liability insurance increasing by increasing by up to 60 per cent since 2019.

This is compounded by Australia's increasingly litigious environment that is increasing the cost of claims, including rapidly growing legal fees.

The white paper provides a number of important recommendations for state and territory governments to modernise and unify laws to address increasing insurance cost pressures.

The report identifies three priority areas for reform that are having the greatest impact on costs:

1. **Psychological injuries:** These claims are often more complex than other injury claims leading to long claims times, compounded by a lack of health professionals.
2. **Legislation governing dangerous recreational activities and obvious risks:** Legislation in relation to dangerous recreational activities and obvious risks hasn't been comprehensively reviewed since 2001, with existing laws no longer relevant.
3. **Increasing cost of worker to worker public liability claims:** Reform is required to address the legal complexities, long claim periods, and inflated number of worker to worker claims, which underpin some of the most significant cost pressures on public liability insurance.

The white paper calls for reforms to reduce complexity, address and manage rapid claim increases, and make updates to laws and definitions that are no longer fit for purpose.

Civil liability laws have not been comprehensively reviewed since the Ipp Review of the early 2000s, which led to reforms that dramatically improved business access to affordable public liability insurance.

The Insurance Council continues to work with industries on how risk reduction and mitigation can help to reduce business costs.

While reducing risk is important, ensuring laws support a sustainable and fit for purpose public liability insurance market is essential to supporting businesses.

The white paper is available on the Insurance Council's [website](#).

Quotes attributable to ICA CEO, Andrew Hall:

Insurers have been working with businesses facing affordability pressures and challenges accessing insurance, but it is clear improvements to civil liability settings are needed to ensure they remain fit for purpose.

The industries and businesses most impacted are often a driver of tourism and economic activity and contribute significantly to their community's economy and culture.

After nearly 25 years, it is the appropriate time to review civil liability laws to ensure public liability insurance is on a sustainable footing and continues to provide the security businesses rely on.

Quotes attributable to Australian Live Music Business Council (ALMBC) Chair, Howard Adams:

The ALMBC supports the ICA's forward momentum on insurance reform for live music and other sectors, noting that our members who are mostly sole traders and small to medium businesses are facing substantial hurdles in accessing affordable insurance and that there has been no significant insurance tort reform for 25 years.

The recommendations in this report are based on wide ranging feedback, including from our thousands of members in cities and towns across the whole continent, and the recommendations represent a great opportunity for Federal and state governments to work together for the benefit of a struggling live music industry.

Quotes attributable to Night Time Industries Association (NTIA) CEO, Mick Gibb:

The recommendations in the Insurance Council of Australia's report chart a pragmatic path forward to address a deepening challenge for businesses in the nighttime economy. Much has changed in the past 25 years; it is time to ensure the legal frameworks are fit for purpose.

Inaccessibility and unaffordability of public liability insurance for night life businesses poses a grave risk to the ongoing viability of the venues that give artists, performers and creatives their first platform to showcase their art.

Without these venues we risk losing a sector that is worth more than \$188 billion to the Australian economy.