

Response to the interim report into the insurance crisis facing Australia's amusement, leisure, and recreation sector.

I wish to respond to the interim report on behalf of the Playground Industry in Australia given the extraordinary position my industry members have been in over recent times because of the difficulties in gaining insurance, as well as the enormous cost increases where insurance cover has been provided.

Play Australia is the national peak industry body for the playground industry and has been working in the interests of the playground industry since 1914.

Play Australia works to promote the value of play and inspire active healthy outdoor play opportunities whilst responding to changing needs within the many industry sectors involved in children's play. The playground industry involves manufacturers and suppliers of play equipment, importers of play equipment, landscape architects, undersurfacing suppliers, installers of playgrounds, horticulturalists, planners, and all sectors of government nationally. My members who are manufacturers and suppliers of play equipment have been most seriously affected given the view it appears of the insurance industry that there is serious risk involved in our industry. Not only is this incorrect, but there is no evidence worldwide of the playground industry causing claims on insurance.

This is a message received from a long-standing member which is representative of the many messages sent to Play Australia over recent months.

'This appears to be a general problem and I am having trouble getting my own professional indemnity renewed now. My broker has tried numerous insurers, with no success. One company offered a policy at a premium around 7 times higher than my current policy and excluded any claim relating to bodily injury, which is ridiculous as any claim on my PI is unlikely unless it involved bodily injury. Another insurer offered a PI policy with \$1 million limit of liability, however local government all call for a minimum of \$5 million, so this was unsuitable. My broker also indicated that he believed \$1 million was inadequate coverage. My broker has indicated that getting Professional Indemnity is becoming more difficult across the board right now, and not just in the playground industry. I'm not sure how accurate this is, but he likened the insurance industry to the building industry where you have cyclical buyer and sellers' markets. He said that right now the insurance industry is in a sellers' market phase, where the insurers are picking and choosing what they want to cover. He suggested that this is impacted by the extremely low interest rates globally. In a normal market, the insurers generate most of their income from the investment returns on their premiums, however at present the investment income is negligible, so they are looking a lot more closely at what type of risks they want to take on. If there is any truth to this reasoning, we may be in this predicament for some time as global interest rates are predicted to remain low for the foreseeable future. I don't know where this leaves us if we can't get insurance, or at least adequate insurance. Come the end of this month I may not have enough professional indemnity cover to meet the contract requirements with most clients. At very least, some sort of industry approach is necessary. This may not be effective in changing current policies by insurers (which are determined on a global level), but there needs to be a strategy across industry and local government in Australia to deal with this. If suppliers, auditors, etc. cannot obtain sufficient cover in the current market, how do we proceed from here.'

Another message indicating the pressure faced on playground auditors

'This issue of insurance not being renewed is not an isolated case.

My original insurance company informed me two weeks prior to the coverage ending in 2020 that they were no longer offering PI insurance. I believe that I spoke to at this time to see if you could offer any insurance company leads to try as I thought you may have developed friends in the insurance industry over the years. I tried many different brokers and insurance companies before finding Blackburn Insurance Brokers who got me insured for Professional

Indemnity with Chubb Australia. Even then it was a bit of a battle and they only agreed to insure me after I had to prove to them that I didn't design, manufacture, or build playgrounds. For a while there, I thought I'd be out of business as no one wanted to insure me. It must be even harder for the playground companies (I know Kent at Forpark had difficulty too). Then when renewing my insurance this year, my premiums for PI went up 85% and public liability went up 75%. (I think as a playground auditor the insurance companies should look on us favourably and be our friends as we are identifying unsafe playgrounds and hopefully reducing the number of insurance claims made). From my discussions with brokers, it seems that playground auditors are grouped under other professions such as architects and engineers, and as a result are copping the lack of willingness to insure and resulting high premiums due to recent legal decisions and massive payout these industries have inflicted on the insurance companies due to such things as the flammable cladding on buildings (the application forms I received had numerous questions regarding designing buildings, etc). . There definitely needs to be something done about it to ensure this industry continues and playground auditors continue to operate, otherwise the industry will be basically unregulated'.

Play Australia has engaged in many meetings with our industry members over recent months concerning this crisis for our industry, and their experiences are all the same. One company, Allplay, which has been in operation for 50 years and not once had a claim made against them, has had an increase in cover from \$3,000 to \$27,900 recently.

Play Australia wishes to indicate our very strong support for an industry-owned Discretionary Mutual Fund as proposed by AALARA for the survival of our industry. It is very clear that unless there is a scheme of this kind which will enable our industry members to continue to run their businesses as they have for many decades without causing any impost on the insurance sector, that there will not be any playgrounds in future in this country. Play Australia is indebted to AALARA for developing a solution to this ongoing serious crisis facing our industry and we urge the government to support the AALARA proposal at your earliest opportunity.