



Insurance Council
of Australia

5 November 2021

Mr Bruce Billson
Ombudsman
ASBFEO
GPO Box 1791
Canberra
ACT 2601

By email: inquires@asbfeo.gov.au

Dear Mr Billson

Discretionary Mutual Fund Review Interim Report

The Insurance Council of Australia (ICA) welcomes the opportunity to provide feedback on the Australian Small Business and Family Enterprise Ombudsman's (ASBFEO) Discretionary Mutual Fund Interim Report (the Interim Report) on a discretionary mutual fund solution for Australia's amusement and leisure sector.

The ICA is the representative body of the general insurance industry in Australia.¹

The ICA thanks the ASBFEO for the extensive work and analysis it has undertaken as part of this inquiry.

As outlined in the Interim Report, the amusement and leisure industry is currently experiencing extreme difficulty in sourcing public liability insurance due to a hardening global insurance market. This insurance crisis has been exacerbated by the withdrawal of the small number of predominantly overseas insurers who have provided the vast majority of public liability insurance to this sector of the market.

The ICA commends the Australian Amusement, Leisure and Recreation Association Inc. (AALARA) for seeking to examine alternative insurance solutions for its members and presenting its proposal for a deeper examination to the ASBFEO.

The ICA has reviewed the Interim Report and largely agrees with the ASBFEO's observations and preliminary findings in relation to a DMF for the amusement and leisure sector. In particular, the ICA agrees that the suitability and long-term sustainability of a DMF will be dependent on necessary legislative reforms from state and territories as well as council and land-owners' acceptance of a DMF

¹ The ICA is the representative body of the general insurance industry in Australia and represents approximately 95 percent of private sector general insurers. As a foundational component of the Australian economy the general insurance industry employs approximately 60,000 people, generates gross written premium of \$55.9 billion per annum and on average pays out \$169.2 million in claims each working day (\$42.4 billion per year).

solution as an alternative to public liability insurance coverage provided by the general insurance industry.

As outlined in the Interim Report, the recent entrance of the Coversure product offering in Australia was a positive development. However, the ICA agrees this does not represent a complete solution for the amusement, leisure, and recreation sector. The ICA also agrees that the ongoing absence of a more complete solution will ultimately see some businesses in these sectors having to cease operations.

As the ASBFEO is aware, in acknowledging the critical lack of insurance affordability and availability in some commercial lines sectors of the Australian market, including the amusement and leisure sectors, the ICA commissioned insurance actuary, John Trowbridge, to prepare the ICA report titled the *Role of the Private Insurance Market – Independent Strategic Review: Commercial Insurance*.² This report makes a number of findings and recommendations on ways of addressing insurance availability and affordability issues in the market.

In response to the report the ICA has formed a new Business Advisory Council (BAC) that will bring together business and insurance sectors, including ASBFEO, with the aim of working through practical solutions to insurance availability and affordability issues for small to medium enterprises, including the amusement and leisure sectors.

Over the coming weeks and months, the BAC and the ICA's National Civil Liability and Professional Indemnity Committees will be meeting regularly to examine and progress potential solutions. In this context, the ASBFEO's examination of a DMF solution is timely and we look forward to close engagement with the ASBFEO on this issue over the coming weeks and months.

We trust this information is useful.

If you have any queries please contact [REDACTED]

Kind regards

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² https://insurancecouncil.com.au/wp-content/uploads/2021/09/210917_Commercial-Lines-Final-Report-Final_1021.pdf