

To the Australian Small Business
and Family Enterprise Ombudsman
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Huon River Jet Boats Pty Ltd submission to Insurance Inquiry

Liability Insurance Related Issues

Huon River Jet Boats Pty Ltd is a small privately owned business operating from Huonville in Southern Tasmania. The business has been operating since 18th December 1989 (30+ years), it offers a scenic/thrill type jet boat ride, pedal boat/aqua bike hire and a small café. The business although currently closed due to COVID-19 restrictions normally has 5 employees.

On commencement of operations the business had Liability Insurance coverage through the Tasmanian Government Insurance Office (TGIO), this system worked fine until the TGIO ceased operating when the MAIB motor vehicle insurance scheme was introduced.

From that point obtaining Liability Insurance did not present a problem with brokers being able to access cover from a number of operators, albeit at a price and with premiums rising steadily annually. While Liability Insurance costs may have been considered high, passenger fares were structured accordingly.

Approximately 6 years ago, our broker Grant Butters from BGA Insurance Brokers advised the Insurer holding our Liability Insurance cover QBE Insurance, were no longer prepared to accept the risk. This was in no way claims related on our part. Grant contacted a number of other underwriters but to no avail. I would add that Grant and BGA over our period of association with them had provided excellent service, always ensuring our insurance needs were assessed annually and adjusted where necessary.

At this point I contacted the Tourism Industry Council Tasmania who directed me to Steadfast Taswide Insurance Brokers, Steadfast Taswide contacted a number of underwriters and received offers to accept cover from three underwriters, one of which offered the necessary cover at an acceptable price. This cover continued until renewals fell due earlier this year.

Our insurance renewals fell due on 30th April this year and approximately 1 month prior to the expiry date our broker David Page from Steadfast Taswide emailed the necessary insurance renewal forms and declarations and also advised that due to changes within the underwriting industry there may be a change in our liability Insurance underwriter, at this stage I was not given any indication that securing cover may be a problem.

Approximately 1 week prior to the expiry date David advised that the current Liability Insurance underwriters (Lloyds Australia Limited through Coversure) were not prepared to offer renewal, they no longer having an "appetite" for our type of risk. Coversure did however accept \$567.60 for a fortnights extension of cover while our broker tried to obtain cover elsewhere, even though the business was not operating, boats not being used, no passengers being carried, and therefore no risk!

David contacted some 35+ underwriters to try and obtain cover but to no avail. At this stage I contacted a number of other brokers but once again was not able to obtain cover.

Over the 30 years of operation, Huon River Jet Boats Pty Ltd has had an excellent safety record, it has had 2 minor claims in total less than \$10,000.00 and it has paid in excess of \$300,000.00 in Liability Insurance premiums over that period. The business has Tourism Accreditation and complies with all applicable regulations relevant to the industry.

At present the business is closed mainly due to the COVID-19 restrictions, it had been intended to reopen early September but if unable to secure Liability Insurance cover this will not happen. The jet boat generates the major part of the part of the business income, under the present structure the café and pedal boat hire not being profitable in their own right. The business is heavily dependent on interstate and overseas visitation.

I have written to Lloyds Australia Limited asking for an explanation as to their refusal to renew cover but have not received a reply.

Not being able to access Liability Insurance cover could impact very heavily on the adventure sector of the Tourism Industry, and many regional areas within Australia are very dependent on tourism to support their economy.

Adventure Tourism thrives in New Zealand but this is only because of the foresight of the New Zealand Government in creating the Accident Compensation Commission and providing business with a stable insurance environment in which it can operate.

For Adventure Tourism to survive and thrive within Australia a similar system to that in New Zealand needs to be implemented.

I have attached documents from broker indicating their inability to secure cover and underwriters contacted.

John Allport

Manager

Huon River Jet Boats Pty Ltd

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