



28 August 2020

**Australian Small Business & Family Enterprise Ombudsman**

By email: [inquiries@asbfeo.gov.au](mailto:inquiries@asbfeo.gov.au)

**RE: Submission to the practices of the insurance industry inquiry**

Thank you for the opportunity to contribute to the inquiry into the practices of the insurance industry and their impacts on small businesses.

The Marina Industries Association (MIA) is the peak representative body for marinas, slipways, boatyards, berthing, mooring and other marina storage and maintenance facilities as well as yacht and boating clubs. Our membership comprises of over 85% of the major Australian marinas. Our mission is to contribute to the sustainable development of the industry through the promotion of marinas and the provision of education, environmental accreditation and research programs and policies. We engage in advocacy for our members to ensure their interests are best served.

There are over 320 marinas in Australia which provide storage for 65,000 boats. In 2019 the industry employed 23,000 people and turnover was \$1.4 billion. Despite these huge economic contributions along with the social contributions marinas make to the community, most are small and often owner operated and managed businesses.

Vessel ownership in Australia is on the increase. Marinas provide safe, convenient and environmentally sustainable boat storage options. Boat storage includes both in water storage on floating and fixed marinas and out of water options such as dry stacks and hardstands.

The problems the industry is experiencing around the ability to access affordable insurance with reasonable terms is a significant inhibitor to investors who seek to acquire marinas and for existing owners to invest in improving their facilities. If the current levels of increases in insurance were to be sustained there are regions of Australia that will see club and commercial marinas and boatyards all forced to close. Noting that the majority of marinas have berths for both recreational and commercial vessels the severity of the impact would be significant across recreation, tourism and marine safety and boarder security.

Most governments around the country are very focussed on the growth of the recreational boating industry. The Queensland Government in particular has a number of defined strategies and plans for boating in that state. Without access to appropriate and affordable insurance products it will be difficult to attract investment and support the growth of the industry.

As an example, I met with an investor earlier this month who owns two marinas (one in SA and one in QLD). He has been unable to secure marina insurance for his site near Brisbane. He is a relatively new investor to the industry and expressed his concern to me and his hesitation in investing further in the industry if these are the challenges he will face.

In addressing the **Terms of Reference**, the MIA provides the following comments around the experiences of our industry;

**Insurance coverage denial** has been an issue for marina owners and is a particular problem in Queensland. Many of our members have advised that they have struggled to secure coverage. There seems to be little appetite from insurers to even bother assessing the risk and an outright refusal is regularly the result.

**Little to no choice.** In certain regions, cover is often offered only by one insurer leaving the operator with little choice and in a powerless negotiation position. This is creating monopoly power for those insurers that are dealing in the market.

**Onerous policy conditions.** Policy exclusions, onerous conditions (such as the removal of all vessels in a forecasted defined weather event), narrow definitions and large deductibles create policies which mean that claim opportunities are limited and reduce the value of the insurance product and in many cases effectively render the policies useless.

**Excessive and unaffordable premium increases.** Premiums have increased year on year at a rate far greater than the rest of the insurance market. Marinas have seen excessive and crippling insurance premium increases and the issue is exacerbated in QLD.

**Impacts of consumer insurance products.** Insurers are also placing conditions on the insurance of *private recreational vessel owners* which sees them avoid certain areas during particular times of the year (particularly in Queensland). The impact is that boaters will not travel to marinas at these times of the year, compromising the survival of these small marina businesses over these months and reducing all economic value to the local economy.

**Insurance brokers.** Most marina operators use brokers.

In an effort to work with the insurance industry and provide representation and explanation of our members' efforts in mitigating risk, the MIA is seeking to articulate the package of certifications that our association provides, along with other risk mitigation strategies for sites in more volatile climatic regions that can assist the insurers in assessing their risk. These include;

**The Global Gold Anchor Program** (similar to a hotel star rating system) ensures marinas maintain minimum standards within their facilities. Marinas are independently assessed against a range of standards for each Gold Anchor rating level.

The standards include the condition and maintenance of the physical facility (ie. the marina) along with the provision of certain amenities and service standards. The Gold Anchor certification will provide an insurer with information regarding the maintenance and condition of the facility along with its management philosophies for each Gold Anchor rating level.

**The International Clean Marinas Program** is an educational and environmental compliance program. Marinas are assessed by an independent assessor against a range of best practice environmental management criteria.

**Certified Marina Managers** are highly trained and skilled professionals with extensive experience within the industry. Certified Managers have completed our two senior management development courses endorsed by the Global Marina Institute. A committee reviews application for certification which can only be submitted once the manager has completed the required training mentioned above. The committee carefully considers the applicant's experience against a range of criteria. Certified members are required to undertake continuing professional development (CPD) to re-accredit each year.

**Other risk mitigation initiatives and documentation that demonstrate preparedness include;**

- Site specific Cyclone Preparedness & Management Plans
- Training in MIA Extreme Weather Preparedness
- Training in MIA Emergency Preparedness
- Training in MIA Oil Spill Response
- Marina facility structural assessments

A market driven product may be difficult for certain regions and where the market fails to provide a reasonable product, the government may need to consider how it can assist the industry it wishes to flourish.

Once again, we appreciate this issue being raised as a priority for the government and the opportunity to include a submission on behalf of the marinas industry. We would be happy to work with government and consult on behalf of our industry on any initiatives that may assist.

Should you require any further assistance, please feel free to contact me on [REDACTED] or

[REDACTED]

Yours sincerely

**Marina Industries Association**

Suzanne Davies

**Incoming Chief Executive Officer (as of 1 October)**