

SCI03QW:

To what extent do your insurance policies for small business cover notifiable diseases under:

- a) The Biosecurity Act 2015 (Cth)? And if not, why not?
- b) The Quarantine Act 1908 (Cth)? And if not, why not?
- c) What differences are there between what is covered under the Biosecurity Act 2015 (Cth) and the Quarantine Act 1908 (Cth)?
- d) Are there any differences that apply based on the policies related to diseases covered under either?

Answer:

- a) Suncorp notes that several insurance products are sold to small businesses, including public liability, workers compensation as well as property damage and business interruption. These answers focus on business interruption.

Suncorp uses the term “listed human disease” under the Biosecurity Act 2015 rather than notifiable diseases. We also note that on 18 March 2020, the Governor-General declared that a human biosecurity emergency under the Biosecurity Act 2015 exists in response to the COVID-19 outbreak in Australia.

Suncorp’s policies for small business are sold under our brands AAMI, GIO and Vero. Both AAMI and GIO are sold directly to small business customers, while Vero products are sold through broker channels. They do not cover loss or damage arising as a result of a listed human disease or from a human biosecurity emergency.

This is in line with global industry practice where insurers use policy exclusions to reflect the effect of exclusions imposed by our reinsurers.

Following the outbreak of SARS-CoV, in 2005 and 2006 the global insurance industry began to introduce exclusions for losses relating to diseases with pandemic effect, following stress testing on the financial sector for pandemic scenarios. It found that market losses that could arise from a severe pandemic outbreak amount to trillions of dollars, although it was difficult to quantify the exposure with any degree of accuracy or confidence. A subsequent drawdown of reinsurance capacity due to the size of the potential losses globally, resulted in the risk being excluded across the industry.

Since then, the position of the global insurance industry has been to exclude cover for pandemics in respect of business interruption due to the uninsurable nature of the risk.

- b) Same response as set out at (a) above.
- c) There are no differences. The Biosecurity Act 2015 replaced the Quarantine Act 1908 in 2016. Any references to the Quarantine Act are due to a policy not being amended to specifically refer to the Biosecurity Act 2015.
- d) No, see 3(c).