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Small Business Insurance
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**Submission by Indigenous Business Australia
to the Parliamentary Joint Committee on Corporations and
Financial Services Inquiry into the provision, regulation, and
pricing of modern insurance products for small businesses and not-
for-profit and community organisations operating in Australia**

23 February 2026

Acknowledgement of Country

Indigenous Business Australia (IBA) pays respect to elders, past, present, and future. We honour the resilience and continuing connection to Country, culture, and community of all Aboriginal and Torres Strait Islander peoples across Australia. IBA recognises the decisions we make today will impact the lives of generations to come.

A note on terminology

Australia's Indigenous people are two distinct cultural groups made up of Aboriginal and Torres Strait Islander people. But there is great diversity within these two broadly described groups exemplified by the over 250 different language groups. IBA uses the primary term of Aboriginal and Torres Strait Islander people to refer to customers, acknowledging the distinct cultural differences and diversity across Australia. In recognition of the societal shifts occurring in Australia, IBA has also adopted the secondary term of First Nations.

Introduction

IBA welcomes the opportunity to provide a submission to the Parliamentary Joint Committee on Corporations and Financial Services (the Committee) for the inquiry into the provision, regulation, and pricing of modern insurance products for small businesses and not-for-profit and community organisations operating in Australia.

IBA's submission focusses on the affordability and availability of insurance products for First Nations businesses and entrepreneurs. It outlines several overarching factors that influence insurance uptake and outcomes, with the aim of supporting more informed policy development.

Business ownership is an important pathway to building financial assets, creating financial security, and improving financial wellbeing for Aboriginal and Torres Strait Islander people. Owning and operating a business often leads to increased self-confidence, especially in the ability to provide for oneself and their family.

The insurance landscape presents a range of structural, cultural, and geographic considerations for First Nations businesses that warrant closer examination. While experiences vary across regions and contexts, recurring themes relate to accessibility, affordability, appropriateness of products, and the extent to which existing frameworks reflect the circumstances of First Nations peoples. Underinsurance represents a further risk given the effects of climate change and biodiversity loss will likely occur in regional and remote areas first, which is where a relatively larger proportion of First Nations people live.

IBA provides the following suggestions for consideration by the Committee, consistent with the Terms of Reference:

- Strengthen access to insurance-related financial education for First Nations businesses
- Improve affordability by addressing structural cost drivers faced by First Nations businesses
- Address issues relating to underinsurance, particularly for businesses in high-risk regional and remote areas.

The government could also consider the creation of an insurance risk pool scheme, run at cost, to improve affordability and reduce underinsurance in areas where commercial insurance is not available or viable.

IBA's legislated purpose and strategy

IBA is not an authorised deposit taking institution,¹ nor is it an insurer or superannuation fund.² It therefore doesn't fall within the remit of the Australian Prudential Regulation Authority (APRA).

IBA is established under the *Aboriginal and Torres Strait Islander Act 2005 (Cth)* (**ATSI Act**) and is a corporate Commonwealth entity (**CCE**) under the *Public Governance, Performance and Accountability Act 2013 (Cth)* (**PGPA Act**).

Section 146 of ATSI Act specifically sets out IBA's purpose:

- i. To assist and enhance Aboriginal and Torres Strait Islander self-management and economic self-sufficiency
- ii. To advance the commercial and economic interests of Aboriginal persons and Torres Strait Islanders by accumulating and using a substantial capital asset for the benefit of Aboriginal and Torres Strait Islander peoples.

IBA delivers on this purpose through our key activities:

- Housing and home ownership
- Business and entrepreneurship
- Investments and asset management
- Large projects.

IBA's activities address gaps in the provision of financial products and services that are not being met by commercial lenders and the broader market. We also work to advance Aboriginal and Torres Strait Islander people's commercial and economic interests through strategic research, sponsorships, sector development initiatives, and strategic partnerships across all these key activities.

IBA's mandate clearly aligns with two Outcome Areas under the National Agreement on Closing the Gap:

Outcome 8 – Strong economic participation and development of Aboriginal and Torres Strait Islander people and communities.

Outcome 9 – Aboriginal and Torres Strait Islander people secure appropriate, affordable housing that is aligned with their priorities and need.

IBA's impact reports also show it has a significant positive impact in many of the Outcome Areas, both directly and indirectly, including education, employment, safety, health, and wellbeing. The reports illustrate the importance of access to money and finance for First Nations self-determination and for achieving systemwide change. One IBA customer explained it like this:

"Systemic change comes from [First Nations people] being financially secure."

Recent amendments to the ATSI Act removed the restriction on IBA's ability to borrow and raise capital. IBA has since refreshed our long-term strategy to seize the opportunities from this expanded mandate. IBA's new [Strategy Towards 2030](#) outlines a strategic goal to invest \$5 billion to \$7 billion over the next five years to advance the commercial and economic interests of Aboriginal and Torres Strait Islander people and communities.

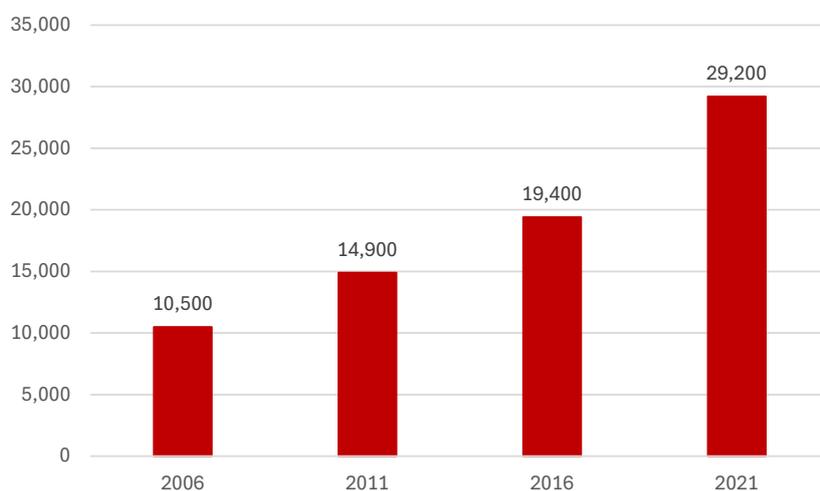
¹ *Banking Act 1959 (Cth)*, section 5.

² *Australian Prudential Regulation Authority Act 1998 (Cth)*, section 2.

Overview of the First Nations business sector in Australia

IBA's [Pathways Through Business](#) report estimates that 29,200 Aboriginal and Torres Strait Islander business owner managers operated in Australia in 2021, representing a 51% increase compared to an estimate of 19,400 in 2016 (**Figure 1**). This growth can in part be attributed to IBA's activities, as well as the Commonwealth Indigenous Procurement Policy (IPP) and similar schemes operated across Australian states and territories, and other policy initiatives aimed at supporting early-stage businesses.

Figure 1: Estimate of the number of Aboriginal and Torres Strait business owner managers



Source: IBA internal analysis based on ABS Census of Population and Housing 2006–2021, using Shirodkar, Hunter and Foley (2020) methodology for estimating the size of the First Nations business sector.

IBA's [Impact Report 2024](#) found that business ownership results in greater financial wellbeing. In addition to improving business owners' financial wellbeing, business ownership often also means an improvement in the financial wellbeing of their communities as many First Nations owners prioritise their community by providing employment, training, and leadership in the community.

Yamagigu Consulting (formerly PWC Indigenous Consulting) estimated the value of the First Nations business sector at up to \$12 billion, accounting for up to 0.6 per cent of Australia's GDP in 2021. Further Melbourne University's Dilan Duwa Centre for Indigenous Business Leadership estimates that revenues generated by the Indigenous business sector were [as high as \\$16 billion](#) in 2022.

A recent [report by ANZ and Deloitte Access Economics](#) indicated that the Indigenous business sector is one of Australia's fastest growing sectors, and has the potential to generate \$50 billion annually in revenue in the next decade. This makes it even more important to consider the specific needs of First Nations businesses, particularly small and medium enterprises, so they are not held back by structural barriers that limit their ability to grow and fully participate in the Australian economy.

Experiences of Indigenous businesses with insurance

A few key reports examining First Nations businesses and the insurance sector in Australia point to financial literacy and affordability as central pressure points. They indicate that many First Nations enterprises face higher premiums due to geographic remoteness, limited competition, and risk assessments that don't reflect local knowledge or community-based risk management. Gaps in access to culturally appropriate financial literacy support make it harder for businesses to compare products, understand exclusions, or negotiate fairer terms.

The [2022 Indigenous Business Insurance Research Report](#) by Winangali for Allianz Australia highlighted the supply side constraints and the need for:

- Insurers to better understand the circumstances of Aboriginal and Torres Strait Islander peoples (including sole traders, microbusinesses, and those engaged in culturally specific activities) and
- Communities to have clearer, more accessible insurance information.

In addition, findings from the Hayne Royal Commission show that many Aboriginal and Torres Strait Islander people experience aggressive sales tactics, complex disclosure documents, cancelled policies and higher service fees in rural and regional areas, reflecting systemic power imbalances in the financial services sector.

IBA's [Impact Report 2024](#) (page 59) found that many business owners are uncertain about the types of insurance required when establishing their operations. While all acknowledged the importance of having appropriate insurance, several felt underinsured due to limited knowledge and the financial burden of self-funding premiums. Other reported challenges include a general lack of understanding (25%), limited knowledge (17%), and finding insurance complex (11%). Owners with prior business experience or access to professional advice were more likely to feel adequately covered, underscoring the value of accessible and relevant information in building understanding and confidence with insurance products.

These reports collectively highlight a system where affordability challenges and uneven access to financial capability resources compound one another, underscoring the need for reforms that strengthen financial literacy pathways and deliver more equitable, accessible insurance options for First Nations businesses.

IBA's business solutions program

IBA has supported many First Nations entrepreneurs on their business ownership journey. IBA provides tailored business support and assistance and provides a range of finance solutions including, business loans, invoice finance and performance bonds. In 2024-25, over 866 people attended our business skills workshops. Over the last five years IBA has distributed \$329 million in business finance to 1,075 First Nations businesses.

We provide a range of wrap-around services and take a long-term view of business viability, so customers are not left in a worse financial position than when they began. This increases the likelihood of success, with many going on to grow and expand their businesses. First Nations business owners play a vital role in creating employment pathways and delivering training opportunities for others in their communities.

We support customers throughout their business ownership journey, including encouraging them to have the right insurances. IBA's Business Essentials workshop series, and customer facing Business Development Officers and Relationship Managers, reference how insurance can protect business owners from the financial impact of property damage, loss in case of disasters or accidents, business interruptions, and legal liability claims.

Among IBA's business finance customers, the majority (78%) have some form of business liability insurance, including public liability and product liability insurance. Only 14% have business continuity insurance, while one in five (20%) have another kind of business insurance. Our research shows that IBA business customers with business continuity insurance recorded substantially higher financial wellbeing index (FWI) scores (67.1) than those without (47.1). This aligns with other research by IBA that demonstrates a strong relationship between access to appropriate insurance and financial security, resilience, and financial wellbeing.

IBA's approach to business insurance

Insurance requirements are discussed during loan and finance application processes; however, IBA is restricted from providing regulated insurance advice. As a result, support focuses on general education, referral pathways, and partnerships with licensed providers.

In 2020, IBA introduced the Natural Disaster Relief Grant initiative following the devastating bushfire season. Since then, IBA has expanded the initiative to include a range of extreme weather events such as cyclones and floods, as well as bushfires, with eligible business finance customers able to access \$5,000 each. IBA has supported 158 business finance customers with \$790,000 worth of grants through this initiative. This funding was provided with very little conditionality, beyond being an existing IBA customer, thereby ensuring efficient delivery. We recognise the importance of responding to affected customers with swift access to support, which helps them get back on their feet sooner.

In 2024, [IBA formed a partnership with IAG](#) to explore ways to improve First Nations people's insurance knowledge and access. IAG is Australia's largest general insurer, operating as a multinational group behind well-known brands such as NRMA Insurance, CGU Insurance, SGIO, SGC and Wesfarmers Insurance. Across these brands, the Group provides a wide range of personal and commercial insurance products. During 2025, IBA and NRMA ran a business insurance pilot with activities including:

- customer workshops and information sessions
- dissemination of insurance information materials
- referral of IBA customers to NRMA via a dedicated contact channel.

The pilot provided valuable shared learning, information exchange, and capability building. Qualitative feedback from workshop participants indicated that the workshops were informative, practical, and valued by participants. However, the pilot also highlighted how difficult it is for First Nations businesses to navigate insurance due to:

- strict regulatory settings
- insurer underwriting standards and
- products that are not designed with small, diverse customer groups in mind.

Commercial insurers have limited flexibility to tailor offerings, and many businesses fall outside standard pricing models, risk categories or geographic parameters. Similar patterns across other financial-sector partnerships show that uptake is consistently low when mainstream products cannot adapt to community needs, underscoring the importance of designing approaches that genuinely reflect First Nations business contexts.

IBA's Impact Report 2024 and [Australia's National Climate Risk Assessment Report](#) highlight that the health and wellbeing of Aboriginal and Torres Strait Islander people is closely connected to the health of Country. Therefore, climate change is likely to have a disproportionate impact on their social and physical health and wellbeing, and economic livelihoods, with people living in regional and remote areas particularly exposed.

The pilot showed that key needs of First Nations businesses in relation to insurance include:

- improved education and understanding
- culturally appropriate communication
- access to advice and tailored products
- support mechanisms for customers operating in specific industry sectors
- support mechanisms for customers in high-risk or disaster-prone locations.

Conclusion and recommendations

Long-standing exclusionary policies and practices across Australia continue to limit the ability of Aboriginal and Torres Strait Islander people to participate fully in economic life. These settings have made it harder for individuals and businesses to access appropriate insurance products, build financial security, protect assets and manage risk in ways that support growth and stability. Even where First Nations communities have maintained strong resilience, cultural continuity and community-based systems of law and governance, these structural barriers have constrained their capacity to accumulate and transfer wealth across generations. They have also disrupted the opportunity to develop and pass on financial capability and risk-management knowledge, both of which are essential for navigating insurance markets and achieving economic independence.

It is important to emphasise that providing insurance advice is not part of IBA's mandate. IBA's role is to support First Nations economic participation through finance, investment and capability building, rather than acting as an insurance adviser or intermediary. At the same time, the evidence shows that insurance literacy and affordability have a direct impact on the financial wellbeing, resilience and long-term success of First Nations businesses. When enterprises struggle to access affordable cover or to navigate complex insurance products, their stability and growth are put at risk. For this reason, IBA considers that broader reform of the insurance system is warranted and needed. IBA will continue to highlight the importance of this issue and support efforts that strengthen capability and improve access to fair and culturally informed insurance options.

IBA makes the following suggestions for the Committee's consideration.

1. Strengthen access to insurance-related financial education for First Nations businesses

Many First Nations businesses, especially smaller enterprises, face real challenges understanding insurance products, exclusions and pricing structures. Targeted financial literacy support would help business owners make informed decisions, compare options with confidence and better understand the risks of being uninsured or underinsured. This is a practical way to build long-term financial capability and resilience.

2. Improve affordability by addressing structural cost drivers faced by First Nations businesses

Premiums in regional and remote areas are often significantly higher because of limited competition, risk modelling that does not reflect local knowledge, and the higher cost of service delivery. Exploring mechanisms to reduce these cost pressures, whether through policy settings, incentives or more flexible product design, would make insurance more accessible for First Nations small and medium enterprises and reduce a major barrier to business growth.

3. Reduce underinsurance in high-risk regional and remote areas

Underinsurance in high-risk regional and remote areas can be reduced by improving the availability and suitability of insurance products, investing in risk-mitigation infrastructure, and supporting better access to advice. This includes encouraging insurers to develop products that reflect local conditions, funding resilience measures that lower community risk profiles, and ensuring businesses can access culturally appropriate guidance to understand their coverage needs. There could also be a role for government to establish an insurance risk pool scheme, run at cost, like schemes in New Zealand. Together, these steps would help First Nations businesses protect their assets and recover more quickly from shocks.