



Submission to the Joint Standing Committee on Corporations and Financial Services

Inquiry into the Small Business Insurance Market

Submitted by: Outdoors WA

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1. Introduction and Purpose

Outdoors WA (OWA) welcomes the opportunity to contribute to the Joint Standing Committee's inquiry into the small business insurance market. We represent a broad cross-section of outdoor recreation, outdoor education, adventure tourism and outdoor therapy providers—most of whom are small or micro-businesses operating on tight margins, often in regional and remote areas.

Public Liability (PL) insurance is not optional for our sector. It is a prerequisite for operating on public land, contracting with schools, councils and government agencies, and for maintaining community trust. However, the availability, affordability and appropriateness of PL insurance has become one of the most significant perceived barriers to business viability, workforce participation and service delivery across the outdoor industry.

This submission draws on OWA's long-standing engagement with insurers, brokers, regulators and operators, and is informed by our industry-led risk-management initiatives presented to governments, insurers and underwriters since 2020.

2. The Problem: A Market That Prices Risk Without Recognising Risk Management

From 2020 onwards, many outdoor businesses experienced:

- Insurers withdrawing entirely from outdoor and adventure activity classes
- Policies cancelled due to inactivity during COVID-19 shutdowns
- Inconsistent underwriting decisions for identical activities
- Limited recognition of industry standards, qualifications and accreditation
- Escalating premiums and excesses with no corresponding reduction in risk exposure

For many operators, this was not the result of deteriorating safety performance, but rather a commercial retreat by insurers from perceived complexity and reputational risk.

A central flaw in the current market is that risk is often treated as an immutable characteristic of the activity, rather than something that can be actively managed, mitigated and evidenced by the business. This results in blunt underwriting outcomes that penalise best-practice operators and discourage continuous improvement.



3. Industry-Led Reform: Taking Responsibility for Risk

In response, the outdoor industry has not called for cheaper insurance. Instead, we have taken responsibility for improving how risk is understood, managed and demonstrated.

Through national collaboration, the industry has invested in:

- Clear articulation of best practice expectations;
- Education programs that build operator capability in risk management;
- Mechanisms that allow businesses to evidence compliance and maturity; and
- Stronger partnerships with specialist brokers and insurers who understand outdoor activities.

This approach recognises an important truth: insurers insure risk, but industries create it, manage it and mitigate it.

4. Case Study: Activity Safe – An Industry-Designed Risk Framework

The *Activity Safe* framework was developed by the Outdoors NSW & ACT as a structured response to insurer withdrawal and inconsistent underwriting. It provides a graduated pathway:

1. **Activity Safe (Foundation):** Basic understanding of risk management and industry best practice
2. **Activity Safe Education Program:** Detailed education across all areas of operational, safety and governance risk
3. **Activity Safe Accreditation (pending the outcome of the AAAS Review June 2026):** A program that will provide independent verification that a business has embedded best practice risk management systems

Crucially, Activity Safe does not replace existing accreditation or standards systems. It overlays and complements them, translating complex standards, qualifications and guidelines into insurer-relevant evidence.

Where insurers and brokers have engaged with this model, outcomes have included:

- Improved insurer confidence
- More informed underwriting conversations
- Reduced reliance on exclusions
- A shift from activity-based to operator-based risk assessment

This demonstrates that better insurance outcomes are achievable when risk is shared and understood, rather than simply transferred.



5. The Role of Brokers and the Supply Chain

Our experience shows that insurance outcomes improve markedly when:

- Brokers are embedded as strategic partners, not transactional intermediaries;
- The supply chain between operator and underwriter is shortened (remove brokers employing brokers); and
- Brokers and insurers have skills and knowledge or invest in understanding the sector they insure.

Conversely, poor outcomes are most common where underwriting decisions are made without sector knowledge, site context or understanding of operational controls.

6. The Unresolved Structural Issue: Tort Law and Excessive Cover Requirements

Despite industry-led reform, two systemic barriers remain outside the control of small businesses:

6.1 Public Liability Limits Far Exceed International Norms

In Australia, \$20 million public liability cover has become the de facto standard requirement, driven largely by land managers, government contracts and risk-averse procurement policies—not by evidence of loss experience.

By comparison: - Many comparable international jurisdictions operate with materially lower standard limits - Higher limits have not been shown to correlate with improved safety outcomes - The cost of these limits is borne entirely by small businesses, regardless of turnover or exposure.

The result is over-insurance that inflates premiums without delivering proportional community benefit.

6.2 Tort Law Settings Continue to Distort Risk Pricing

Australia's tort environment remains a critical driver of insurer conservatism. Even where claims are rare, the severity risk associated with litigation, legal costs and precedent-driven settlements disproportionately impacts sectors like outdoor recreation.

While industry has demonstrated its willingness to lift standards and reduce incidents, tort reform has not kept pace, leaving insurers to price for legal uncertainty rather than operational reality.

7. Commentary on Current Submissions and Market Narratives

OWA is concerned that some submissions to this inquiry—particularly those reflecting legacy insurance narratives—continue to frame small businesses as passive victims of market forces or imply that affordability can only be addressed through insurer-led solutions.

This rhetoric: - Does not reflect contemporary risk management practice - Ignores evidence of successful industry-led reform - Reinforces adversarial rather than collaborative models

The outdoor industry experience shows that markets stabilise when responsibility is shared—not when risk is fully delegated to insurers and government is positioned as the sole circuit-breaker.



8. What Government Can Do

Government has a critical enabling role to play:

1. **Examine tort law settings** that drive disproportionate liability exposure for small businesses
2. **Review public liability limit requirements** embedded in government contracts and land-use licences (this should be a possible outcome of Number 1.)
3. **Support recognition of industry-led risk frameworks** in procurement and land management policies, including possible accreditation against the industry standard
4. **Encourage insurer engagement with risk-mature sectors**, rather than blanket exclusions
5. **Improve data transparency**, including claims frequency and severity by sector

These actions would not weaken consumer protection. Instead, they would strengthen it by supporting viable, well-insured operators who actively manage risk.

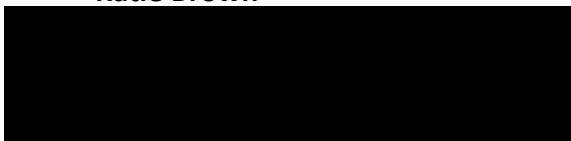
9. Conclusion

The outdoor industry demonstrates that better insurance outcomes are possible when businesses take ownership of risk and insurers are willing to recognise it. However, industry leadership alone cannot overcome structural distortions created by excessive liability limits and outdated tort settings.

This inquiry presents an opportunity to move beyond the rhetoric of crisis and toward a mature, evidence-based insurance market—one that supports small business viability, community access and public safety in equal measure.

OWA welcomes further engagement with the Committee and would be pleased to provide additional evidence or appear at hearings if helpful.

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