



## **ACIL Parliamentary Inquiry Submission: Small Business Insurance Market Issues**

November 2025: Australian Consumers Insurance Lobby Inc

## About Us

We are a leading consumer advocacy group dedicated to addressing pressing consumer issues associated with general insurance. Our organisation is committed to minimising the cost of living pressures by tackling the challenges of affordability and availability of insurance. We firmly believe that all Australians should have access to affordable and comprehensive insurance coverage that protects their interests and financial well-being.

In addition to advocating on the crucial issue of affordability and availability of insurance, we proactively tackle practices by industry stakeholders that are deemed detrimental to consumers. We closely monitor and challenge unfair practices and any actions that undermine the rights and interests of policyholders. Our goal is to create a fair and transparent insurance market where consumers are treated with respect and their rights are upheld.

## Our Mission

At ACIL, our unwavering commitment revolves around three fundamental missions:



Advocate for affordable and accessible insurance.



Protect consumer rights and interests.



Influence positive change in the insurance industry.

## Meet the Team

Our committee boasts a balanced mix of consumer representatives, who provide crucial insights into consumer needs, with consumer-centric insurance professionals, ensuring a comprehensive understanding of the insurance industry, to effectively advocate for consumer interests.

### Insurance Professionals



**Tyrone Shandiman**  
*Chairperson*



**Eva Jones**  
*Secretary*



**Peter Marer**  
*General Committee*

### Consumer



**Bradley von Xanten**  
*Treasurer*



**John Devaney**  
*General Committee*



**Carol Roberts**  
*General Committee Member*

# Introduction

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The Australian Consumers Insurance Lobby (ACIL) welcomes the opportunity to contribute to this inquiry. ACIL primarily advocates in areas of domestic home, motor and residential insurance, however, we recognise that challenges within small-business insurance markets have become increasingly significant and carry important consequences for consumers, community organisations and the broader economy. While we do not hold the same level of quantitative data for small-business insurance, we believe it is essential to highlight systemic issues affecting access to affordable and adequate cover.

## Access to Insurance Coverage

ACIL observes significant and growing challenges for small businesses and professionals in obtaining affordable and adequate insurance across several key product lines.



**Professional Indemnity (PI) Insurance** – PI is written on a *claims-made* basis, meaning professionals only have cover if the insurer continues to insure that activity at the time the claim is lodged. When insurers later withdraw from a sector or impose broad exclusions (such as cladding or defect-related work), professionals can unexpectedly lose cover for work performed years earlier, despite having been insured at the time. This creates a serious and systemic protection gap for building certifiers, engineers and consultants and undermines confidence in professional standards and consumer protections.



**Public Liability** – Increasingly, public liability markets show signs of genuine market failure. In some industries, insurers are withdrawing entirely or offering premiums and excess structures that make cover economically impossible.



**Cyber Insurance** – Cyber insurance is becoming an unavoidable necessity for modern small businesses due to the rapid rise in cyber crime, data breaches and digital-security incidents. Yet many small enterprises are experiencing steep premium increases, reduced limits, strict underwriting conditions, or difficulty obtaining any cover at all.



**Regional and Remote Areas** – Businesses in regional and remote parts of Australia face access and affordability issues similar to those seen in the domestic home insurance market. High exposure to natural hazards such as cyclones, bushfires and floods has led to limited insurer appetite and sharply increasing premiums.

## Examples of Highlighted Issues

Public reporting has identified several cases where insurers have withdrawn from or severely restricted coverage, resulting in business closures or loss of community access to recreational activities:



**Building certifiers and consultants unable to secure professional indemnity (PI) cover for cladding-related risks** – Insurers withdrew or imposed broad cladding-related exclusions on PI policies for building surveyors, certifiers and consultants, leaving many professionals unable to obtain required cover to operate.

*Source: Insurance News, “PI ‘crisis’ as insurers retreat from cladding risk”, 2019.*



**Adventure tourism operators denied public liability cover** – Some long-standing operators were forced to close after insurers refused coverage altogether.

*Source: ABC News, “Adventure tourism businesses shut down as insurers refuse coverage”, 10 June 2020.*



**Jet-boat and quad-bike tour operators unable to secure insurance** – Insurers declined to underwrite multiple adventure-tourism sectors, leaving these businesses uninsured.

*Source: Australian Leisure Management, “Insurance refusals impacting adventure tourism operators”, 2020.*



**Camps and caravan-style accommodation facing unaffordable or unavailable cover** – Rising liability costs and insurer withdrawal affected operators offering recreational facilities such as pools and slides.

*Source: Insurance News, “Camp operators face crippling insurance challenges”, 2023.*



**Alpine tourism and accommodation unable to access coverage due to natural disaster exposure** – Some insurers “abandoned” alpine region operators, affecting seasonal tourism and regional economies.

*Source: Insurance News, “Insurers accused of abandoning alpine tourism sector”, 2022.*

These examples illustrate how insurance market failures extend beyond specialist industries and increasingly affect the public’s access to everyday leisure and tourism activities.

## Affordability and Market Function

ACIL is concerned that insurance risk-selection practices have become so rigidly profit-driven that some risks are simply being priced out of existence. While insurers have legitimate commercial considerations, an insurance market cannot function—nor fulfil its societal purpose—if every individual policy must be underwritten at a profit.



In circumstances of heightened risk, insurers must share responsibility for ensuring that essential cover remains available and affordable. When insurers retreat from entire classes of risk, the burden shifts unfairly onto small businesses and ultimately to consumers and communities that rely on those services.

### **Systemic Solutions to Market Failure**

ACIL emphasises that it is not proposing any specific model as the solution. However, it is clear that viable mechanisms do exist that could help stabilise markets where insurance availability is deteriorating.

One potential example is for the Insurance Council of Australia to consider facilitating an industry-supported underwriting facility or joint-agency, co-insured by member companies, to maintain coverage in lines where market failure is evident (e.g., certain public liability or professional indemnity sectors). Such a facility would not necessarily be profitable, but could operate as part of the broader social responsibility of the insurance industry.

Importantly, ACIL's position is that the government must hold the insurance industry accountable for ensuring that essential insurance remains available and affordable for the Australian public. Where insurers withdraw from entire sectors and consumers or communities lose access to services or activities, this should trigger scrutiny and potential policy responses.

### **Regulatory Considerations**

While ACIL does not take a position on the detailed regulatory architecture, we emphasise the importance of a regulatory framework that ensures:

- 1 adequate oversight of availability and affordability issues,
- 2 early identification of sectors at risk of insurance withdrawal and
- 3 mechanisms that enable industry-wide responses to systemic failures.

Given ASIC's mandate, ACIL supports stronger transparency obligations and improved industry data collection to enable early warning of emerging market failures.

## Conclusion

Although ACIL's primary work lies within consumer insurance markets, we are acutely aware that small-business insurance challenges have significant downstream impacts on consumers and communities. It is imperative that the insurance industry accepts part of the responsibility for maintaining accessible and affordable cover—particularly where the withdrawal of insurance threatens economic participation, public safety, or community wellbeing.

We thank the Committee for its work and trust that this inquiry will help ensure Australia maintains an insurance system that supports—not restricts—the ability of small businesses, not-for-profits and consumers to operate, innovate and participate fully in society.



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