

Friday October 2, 2020

## Statement on NSW Appeal Court hearing of the Insurance Council's business interruption test case

Statement attributable to Andrew Hall, CEO, Insurance Council of Australia:

Today the Full Bench of the New South Wales Court of Appeal, sitting in Sydney, heard legal argument in relation to a business interruption test case lodged by the Insurance Council of Australia (ICA).

The test case was initiated and fully funded by the ICA to examine the threshold issue of the application of certain infectious diseases exclusions in business interruption policies.

The case, which was prepared after consultation with the Australian Financial Complaints Authority (AFCA), consists of two separate small business claims that were lodged with AFCA as part of its dispute resolution process. The claims were volunteered by two insurers to assist the industry in clarifying the application of pandemic exclusions.

The industry argued that the intention of pandemic exclusions in commercial property policies that contain business interruption cover is clear.

The ICA is pleased the Court of Appeal has been able to hear the case on an expedited basis and looks forward to a swift determination. The case is an important step towards providing greater clarity to customers, insurers and regulators in the treatment of pandemic-related claims.

-ENDS-

### **ABOUT THE INSURANCE COUNCIL OF AUSTRALIA:**

The Insurance Council of Australia (ICA) is the representative body of the general insurance industry in Australia. ICA members represent about 95 per cent of total premium income written by private sector general insurers. Insurance Council members, both insurers and reinsurers, are a significant part of the financial services system.

Insurance Council members provide insurance products ranging from those usually purchased by individuals (such as home and contents insurance, travel insurance, motor vehicle insurance) to those purchased by small businesses and larger organisations (such as product and public liability insurance, professional indemnity insurance, commercial property, and directors and officers insurance).

June 2020 Australian Prudential Regulation Authority statistics show that the general insurance industry generates gross written premium of \$51.4 billion a year and has total assets of \$135.4 billion. The industry employs about 60,000 people and on average pays out about \$171.1 million in claims each working day.

Over the 12 months to June 2020 the industry's net profit after tax (NPAT) was \$1.0 billion – a 70.5 per cent decrease from the prior year's NPAT of \$3.5 billion. The industry's underwriting result was \$1.4 billion, falling by 39 per cent from \$2.3 billion in the prior year. <http://www.insurancecouncil.com.au/about-us>