



Insurance Council
of Australia

News release

Thursday 20 May 2021

ICA releases independent paper on commercial insurance issues

The Insurance Council of Australia (ICA) today released for consultation an independent review that sets out options for tackling the availability and affordability of commercial lines of insurance, particularly for small and medium sized enterprises (SMEs).

As announced in February, the ICA commissioned former insurance executive and regulator John Trowbridge to conduct an independent review of these issues and present possible solutions.

The independent review released today finds issues around affordability and availability for SMEs are centred on public liability, professional indemnity, directors and officers, and business interruption cover.

The review argues that while there is no one-size-fits-all solution to these issues, solutions do exist but they will require collaboration between insurers, small businesses and government.

The 16 options identified in the Trowbridge review fall into three broad categories:

- **Awareness options** such as standard documentation and advice and education on risk mitigation.
- **Insurance industry options** such as underwriting consortia and industry association accreditation and standards.
- **Government-related options** such as the removal of taxes and charges and collaboration to reduce regulatory barriers.

The ICA will conduct a one-month consultation with stakeholders, following which a final response to the paper will be prepared for the ICA Board.

The ICA and Council of Small Business Australia yesterday held a roundtable on issues of availability and affordability of insurance for small business, which included a presentation from Mr Trowbridge.

Quote attributable to ICA CEO Andrew Hall:

The ICA engaged John Trowbridge to undertake his independent review to provide a summary of potential solutions to problems that have been challenging sectors of the economy for some time.

As risk increases so do insurers' costs; as a result premiums may rise impacting the availability and affordability of some categories of insurance for certain sectors.

While some small businesses are facing challenges in accessing the insurance they need to operate, in many of these categories insurers are under pressure to provide a profitable product so solutions are often difficult to determine.

The Trowbridge review shows that insurers are serious about engaging with these issues for the benefit of individual commercial policyholders and the economy as a whole.