



News release

Insurance Council
of Australia

Monday, 6 September 2021

Second business interruption test case

The Insurance Council of Australia (ICA) welcomes the commencement today of the second business interruption test case hearing before the Federal Court of Australia.

The hearing brings insurers and policyholders a significant step closer to having clarity and certainty on a number of key issues relating to pandemic coverage in business interruption policies.

The second test case, which is scheduled to run until 15 September, will determine the meaning of policy wordings around disease definition, Covid-19 outbreak proximity, the impact of government mandates, and other policy wording matters.

It consists of nine small business claims from a range of business sectors and locations lodged with Australian Financial Complaints Authority as part of its dispute resolution process.

At the same time, the Federal Court will hear a separate case brought by QBE regarding the interpretation of Victorian property legislation which has the potential to impact business interruption policies written under Victorian law.

Insurers represented in the second test case are Allianz, IAG, Chubb, Guild, and SwissRe Corporate Solutions, however all Insurance Council members have committed to applying the rulings of the courts in this and the first business interruption test case in a consistent way when assessing business interruption claims.

The industry will meet the costs of policyholders in the second test case, as it did in the first test case.

A live video stream of the hearing is available [here](#).

Comment attributable to ICA CEO Andrew Hall:

The commencement of the second business interruption test case hearing is an important step towards finalising this issue and providing an efficient, transparent, and consistent framework to process business interruption claims.

Insurers acknowledge the frustrations of policyholders who have been waiting to have claims resolved, however the unprecedented nature of this pandemic has meant court determinations have been necessary to establish the principles insurers need to process claims and resolve disputes.

Insurers have taken a number of steps to ensure these claims will be prioritised when final rulings are made.

If policyholders believe they have a claim against their business interruption cover they are encouraged to contact their insurer or broker who will provide them with the information they need to lodge.