Insurance Council of Australia

A Stronger Queensland

Policy recommendations for the next Queensland Government

Acknowledgement of country

The Insurance Council of Australia acknowledges the Traditional Owners of country throughout Australia and their continuing connection to land, culture, sea and community. We recognise the tens of thousands of years of continuous custodianship and placemaking by First Nations peoples and their proud role in our shared future. This report was produced on the lands of the Gadigal people of the Eora Nation and the Jagera and the Turrbal people of Meanjin. We pay our respects to Elders past, present and emerging.

About the Insurance Council of Australia

The Insurance Council of Australia is the representative body for the general insurance industry of Australia. Our members represent approximately 90 per cent of total premium income written by private sector general insurers, spanning both insurers and reinsurers.

General insurance has a critical role in the economy, insulating individuals and businesses from the financial impact of loss or damage to their insured assets.

Our work with our members, consumer groups and all levels of government serves to support consumers and communities when they need it most.

We believe an insurable Australia is a resilient Australia – and it's our purpose to be the voice for a resilient Australia.

insurancecouncil.com.au

CONTENTS

Introduction

Insurance protects Queensland families and businesses from the financial cost of damage and disaster – without insurance the cost of recovery would be carried by individuals and businesses, the community, and governments. A strong and sustainable insurance sector helps Queenslanders get back on their feet after the unexpected.

Queensland is Australia's most extreme weather-exposed state. Since 2021, insurers have received around $4.5 billion in claims from declared insurance catastrophes in Queensland, including $1.7 billion from two events that took place in late 2023 – ex-TC Jasper and the Christmas storms that severely impacted the Gold Coast hinterland.

The Brisbane floods of 2011 changed the way insurers cover flood and caused $2.3 billion in insured losses. Australia's costliest insured event – the floods of early 2022 – caused more than $7 billion in losses across Queensland and New South Wales, with the damage bill spread approximately equally across the two states. Further north, since 2010 insurance events have been declared for cyclones Tasha, Yasi, Oswald, Ita, Marcia and Debbie, collectively accounting for $6.8 billion in insured losses.[1]

In 2020, the Australian Competition and Consumer Commission (ACCC) found that, because of extreme weather risk, average home and strata insurance prices were considerably higher in northern Australia, including north Queensland, than in other parts of the country. However, the ACCC also found that over the previous 12 years insurers had collectively lost approximately $856 million in northern Australia, demonstrating that insurers have been standing by north Queensland despite the impact on their businesses.

Queensland's exposure to extreme weather risk means that readily available and affordable insurance is vital to the success of the Sunshine State. In the face of a changing climate and in the midst of a cost-of-living crisis, it is imperative that we do all we can to be able to maintain a properly functioning insurance market for the benefit of Queenslanders.

Queensland is also home to a significant insurance sector, with four insurers headquartered in the Sunshine State employing approximately 18,000 people.

That is why, in the lead-up to the State Election on 26 October, the Insurance Council of Australia has prepared this suite of policy recommendations for the next Queensland Government. This report sets out the 12 policies that are vital for the next Queensland Government to implement to ensure Queenslanders remain protected and secure.

Like all other state governments, the next Queensland Government must take action on stamp duty, which adds nine per cent to the cost of a premium in Queensland at a time when the affordability of insurance has never been more important. Failing this, the next Queensland Government must hypothecate the revenue it receives from stamp duty on insurance to projects that improve home and community resilience. In the current financial year Queenslanders are forecast to pay $1.7 billion in stamp duty on their insurance policies, which would go a long way to better protecting Queenslanders from extreme weather impacts.

1. All figs CPI adjusted to 2024 values.

Image courtesy of Unsplash.
Snapper Rocks Road, Coolangatta Queensland.

Queensland has led the country in programs that make homes more resilient to extreme weather risk, as well as implementing innovative and forward-looking home buyback programs where mitigation against extreme weather risk is not possible. These should be extended and made permanent for the benefit of Queenslanders up and down the State.

Insurance is a vital part of the Queensland economy and the policy measures contained in this document will ensure that it remains so. We look forward to working with the next Queensland Government to see the measures outlined in this election platform fulfilled.

Andrew Hall
CEO and Executive Director

Tax reform

Reduce the cost of insurance by abolishing stamp duty charge on insurance

The most effective and immediate way to reduce insurance premiums is the abolition of the nine per cent stamp duty charged on insurance premiums in Queensland.

Wherever you live in Queensland – whether you're exposed to extreme weather or not – premiums are rising because of the escalating cost of extreme weather, the growing value of our assets, inflation in the building and motor repair sectors, and insurers' increasing cost of doing business.

Queenslanders who take out a general insurance policy to protect themselves are double-taxed. Insurance premiums in Queensland are subject to nine per cent stamp duty every year (increased from 7.5 per cent in 2013) which is calculated after the GST has been applied.

According to the Actuaries Institute, $633 of the median Queensland home insurance policy of $3,815 is tax.

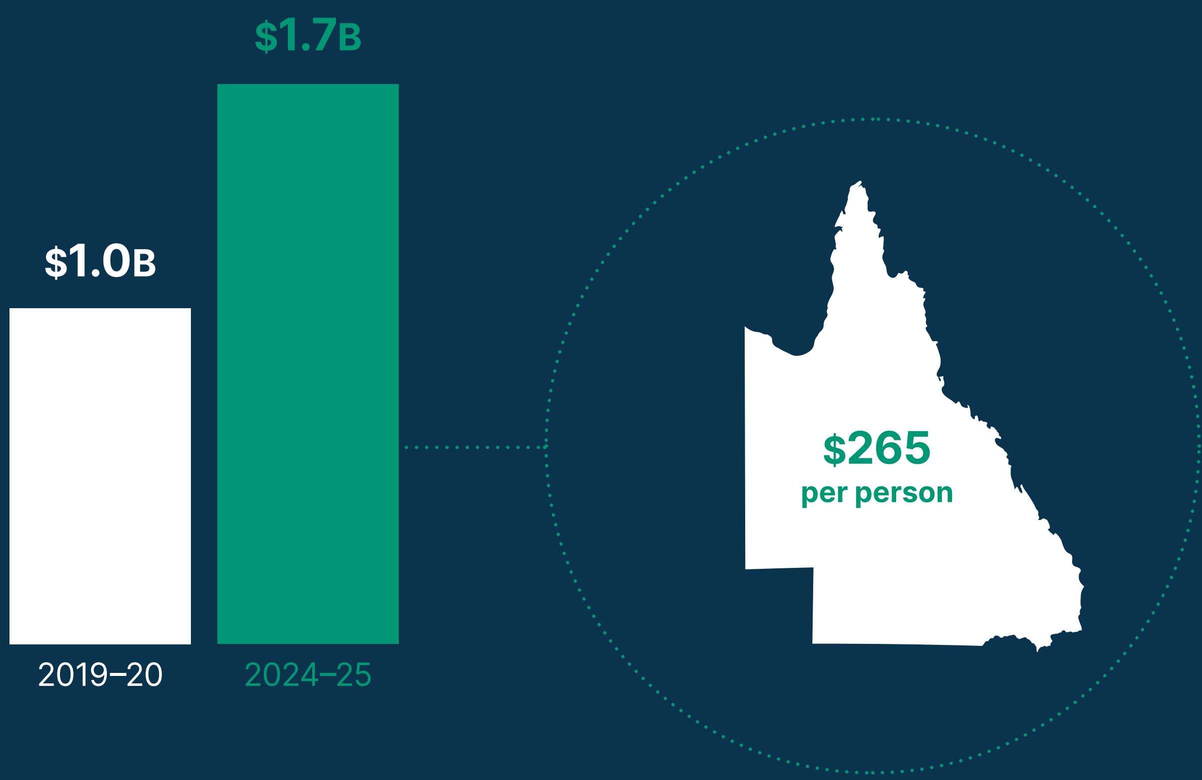
Because stamp duty is charged as a percentage of the premium, the Queensland Government receives a financial windfall from rising insurance premiums. This means that those facing the greatest extreme weather risk – and so paying the highest premiums – pay the most of this punishing tax.

Queenslanders are projected to pay $1.7 billion in stamp duty on insurance in 2024–25, up from just over $1 billion in 2019–20. In 2024–25 this will be equivalent to $265 for every Queensland resident. In the past five years alone the Queensland Government has collected $6.4 billion in stamp duty from insurance customers.

Abolishing stamp duty would reduce premiums by around eight per cent, providing immediate cost of living relief for Queenslanders and encouraging greater take-up of insurance at a time when we need it most.

If the next Queensland Government does not abolish stamp duty on insurance, it should commit to investing the revenue collected by this tax into the resilience initiatives in the next section that would directly benefit Queenslanders and put downward pressure on insurance premiums.

Stamp duty on insurance



The next Queensland Government should:

- **Provide cost of living relief to Queenslanders by abolishing the nine per cent stamp duty tax on general insurance premiums**
- **If stamp duty on general insurance is not abolished, commit to investing the revenue collected by this tax into resilience initiatives that benefit Queenslanders and put downward pressure on insurance premiums**

Image courtesy iStock by Getty images.
Houses on Brisbane River at Bulimba.

Resilience investment

Protect homes and communities by extending the Resilient Homes Fund and Household Resilience Program and investing more in community infrastructure

Increased funding for already successful programs will make Queensland more resilient to extreme weather events and reduce the damage bill from future disasters.

Queensland is the Australian state most impacted by extreme weather and so stands to benefit most from further investment in disaster resilient homes and infrastructure. Since 2021, insurers have received around $4.5 billion in claims from declared insurance catastrophes in Queensland.

Queensland already has successful mitigation investment programs – the Resilient Homes Fund and Household Resilience Program – that have demonstrated benefits for the community that should be supercharged by the next Queensland Government.

The Insurance Council welcomes the recent announcement by Commonwealth and Queensland Governments to provide dedicated support to strata properties in Northern Queensland that are most impacted by severe weather through the Strata Resilience Program.

Queensland also stands to significantly benefit from further investment in infrastructure that protects communities, including by leveraging the Federal Government's Disaster Ready Fund.

Resilient Homes Fund

The $741 million Resilient Homes Fund was established following the 2021–22 floods to assist homeowners to fund resilience upgrades and home raisings, and to fund voluntary buybacks for the most severely impacted homes and those at the greatest risk of future flooding.

This successful program should be made permanent so that Queenslanders can be protected or moved out of harm's way *before* the next disaster strikes, not after an event occurs. A permanent funding program would reduce the cost of disasters to Queenslanders in harm's way, to communities and to the Government.

Household Resilience Program

The Household Resilience Program assists low-income owner-occupiers who live in homes built before 1984 and located within 50km of the coastline from Bundaberg to the Queensland–Northern Territory border, to undertake building works that make their homes more resilient to extreme weather, particularly cyclones.

The Program has assisted more than 4,400 households to strengthen their homes across three funding phases. The Queensland Government has reported that these homeowners achieved an average reduction in their insurance premiums of 9 per cent as a result of insurers recognising the improved resilience of their homes to extreme weather, with insurers reporting reductions of up to 25 per cent.

The Household Resilience Program has been extended by a further $20 million for Phase 4, which is expected to support improvements to a further 1,100 homes.

Analysis conducted in 2022 by actuarial consultancy Finity for the Insurance Council found that $221 million in additional funding for the Household Resilience Program and an extension across Queensland, the Northern Territory and Western Australia could result in benefits of almost $2 billion, a nine times return on investment.

The next Queensland Government should increase funding for this successful program and commit to making it permanent and ongoing. Consideration should also be given to expanding eligibility for the Program so that more Queenslanders can benefit from improvements to their home.

Strata Resilience Program

Improved resilience of strata buildings against disasters can reduce the cost of recovery to communities, governments and insurers and improve the insurability of high-risk strata buildings. In 2023 the ACCC found that the average strata insurance premium in 2022–23 was more than 50 per cent higher in Northern Queensland compared to regions of Australia not located on the northern coastline.

Announced in April 2024, the $60 million Strata Resilience Program aims to help body corporates located within 100 kilometres of the coastline from Rockhampton, north to the Torres Strait and west to the Queensland/Northern Territory border, improve the resilience of their strata properties against cyclones.

Eligible body corporates are able to apply for grants of up to $15,000 per residential tenancy to a maximum of $150,000, with funding covering up to 75 per cent of the cost of resilience works.

Should the Strata Resilience Program prove to be as successful as the Household Resilience Program, the next Queensland Government should commit to extending it.

Community Resilience Investment

As Australia's most disaster affected state, Queensland stands to benefit most from further investment in community resilience projects such as levees. These investments can reduce the cost to both communities and Government, as well as put downward pressure on insurance premiums.

In 2015–19, the investment of $24 million in flood levees for Roma protected more than 500 properties, with premium reductions of up to 90 per cent.

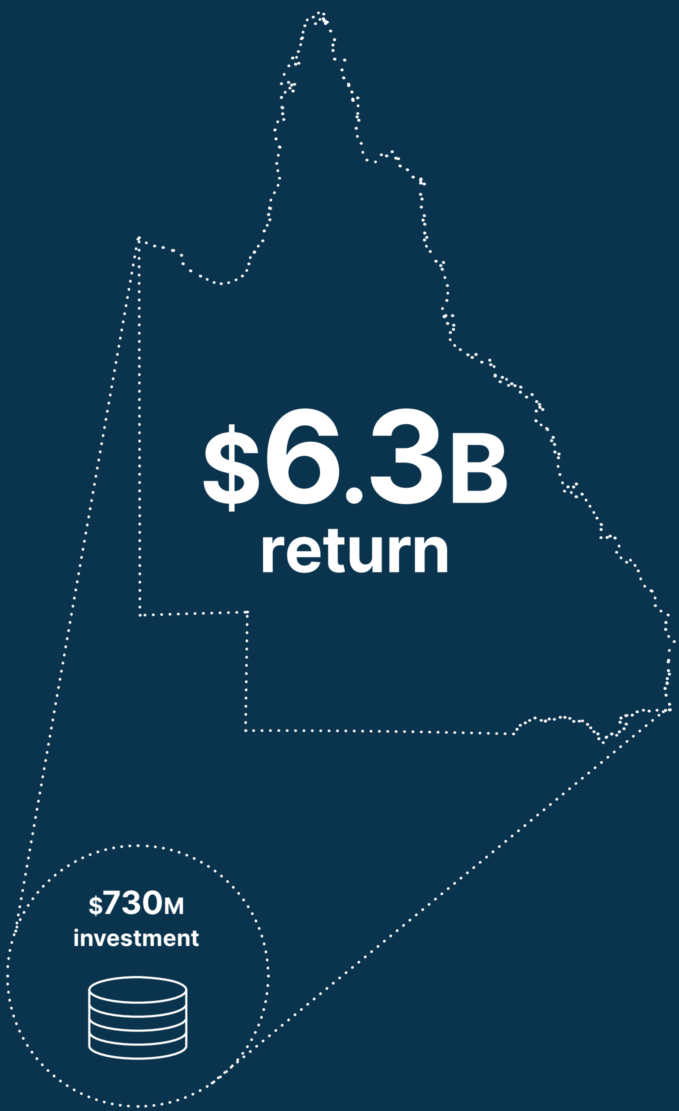
Analysis conducted in 2022 by actuarial consultancy Finity for the Insurance Council identified a range of resilience measures across Australia that would provide significant returns on investment by better protecting communities from and lowering our risk of exposure to extreme weather. These measures include early warning systems for bushfires and floods, better fuel reduction, and mitigation projects like levees and seawalls.

This analysis found that a $730 million investment in Queensland over five years would deliver $6.3 billion in returns, an ROI of 8.6. If all state governments sign up to this $2 billion program it is projected to reduce financial, health and social costs to governments and households by at least $19 billion by 2050.

The Federal Government has committed $1 billion over five years to match fundings from states for resilience measures. The Queensland Government should take advantage of this program to significantly uplift investment on resilience infrastructure to protect Queenslanders.

The next Queensland Government should:

- **Continue and supercharge the successful Resilient Homes Fund and Household Resilience Program**
- **Significantly uplift investment on resilience infrastructure to protect Queenslanders, including by leveraging the Federal Government's Disaster Ready Fund**
- **Review the effectiveness of the Strata Resilience Program within 12 months after the completion of the first funding round and commit to extend it if it has been successful in putting downward pressure on insurance premiums**



Land use planning

Review land use planning arrangements to prevent the development of new homes in high-risk areas

The disasters experienced in Queensland in recent years have highlighted the need for land use planning arrangements to better consider extreme weather risk.

Recent analysis by the Insurance Council found that at least 310,000 Queensland properties – or around 10 per cent of all Queensland properties – are exposed to a 1-in-100, 1-in-50, or 1-in-20 risk of flooding each year, with at least 47,000 of these properties exposed to the highest 1-in-20 annual risk of flooding.

These homes are in the direct line of flood because at the time of planning and approval not enough account was given to the extreme weather risk. Many of these properties are now cheaper to buy or rent because of this risk, and some are home to those who are least able to afford adequate insurance, compounding the impact of extreme weather events.

Reform of land use practices in Queensland is critical to reduce extreme weather risk. Current land use planning arrangements do not adequately account for current or future fire, flood or cyclone risk when determining where new homes can be built, unnecessarily worsening the impact of these events.

The impact of historical land use planning decisions and urbanisation is having significant consequences today: areas that should not have been developed or should have been developed with appropriate risk mitigation infrastructure are often those most affected by extreme weather events, leading to increased harm and catastrophe losses, which puts upward pressure on premiums.

There are around 390,000 properties in Queensland for which the flood risk is unknown. The Queensland Government should identify and resource areas that require further flood studies to better understand and manage the risks of flooding.

As the population increases, the pressure for new houses to be built in higher risk areas will grow. The threshold of acceptable risk needs to be reconsidered and the consequence of extreme weather, not just the probability, taken into consideration. Without reform the lowest cost option will often be for these homes to be built in higher risk areas, putting more people in harm's way, increasing the cost of future disasters and putting upward pressure on premiums for all policyholders.

The Insurance Council strongly agrees with the National Cabinet that the days of developing on floodplains need to end and welcomes the development of a national standard that considers disaster and climate risk as part of land use planning and building reform processes. Alongside the development of a new national standard, the Insurance Council is urging governments to adopt a risk-based approach that stops development in high-risk areas.

Under a risk-based approach in Queensland, any housing development in areas prone to extreme flood risk should not be permitted, and in areas subject to high risk, stronger building codes and standards need to be employed and/or adequate resilience infrastructure built. This principle should also apply to other extreme weather events influenced by the changing climate.

Area of extreme flood risk	Housing not planned to be built.
Area of high flood risk	Housing can only be built if adequate resilience infrastructure is programmed and funded and/or buildings are constructed to stronger standards that consider current and future climate projections. Further work to be undertaken to consider where and how much housing can occur within LGA.
Area of low flood risk	Housing can be built without additional mitigation measures. Further work to be undertaken to consider where and how much housing can occur within LGA.

The next Queensland Government should:

- **Work with the National Cabinet to end unmitigated development on flood plains**
- **Review land use planning arrangements to take into account current and projected extreme weather events and input from relevant councils**
- **As part of the development of regional plans prioritise areas of zero-risk and low-risk to extreme weather for new dwellings**
- **Identify and resource areas that require further flood studies to better understand and manage the risks of flooding**

Building standards

Design and construct stronger homes by including the principle of resilience in building standards

The increasing impact of extreme weather events requires more resilient and durable homes. To enable this, the principle of resilience must be embedded in the National Construction Code.

Current minimum building codes in Australia are designed to preserve life in a catastrophic event, but not with the goal of preserving the property itself. Current requirements relate to safety, health, amenity, accessibility and sustainability – but not building resilience. As a result, homes are not built to withstand the extreme weather events of today, let alone the future.

The Insurance Council has welcomed the recent decision of Federal and State Building Ministers to include resilience as a specific objective of the Australian Building Codes Board (ABCB) from 2025. Providing this mandate to the ABCB is the first step to ensuring the 2028 National Construction Code includes requirements that new homes are future-proofed against worsening extremes. The next Queensland Government, via its representation at the Building Ministers' Meeting and on the ABCB, should continue to support amendments to the National Construction Code (NCC) and relevant Australian Standards that prioritise building resilience and considers current and future climate projections.

A recent Centre for International Economics (CIE) report released by the Insurance Council found that strengthening the National Construction Code to require that new homes are made more resilient to extreme weather could save an estimated $4 billion a year in average building costs: $2 billion for cyclones, $1.5 billion for floods, and around $500 million for bushfires.

Cyclones cause significant damage to Australian homes, with around 75 per cent of all Australian homes in cyclonic wind regions located in Queensland. The CIE report identified a number of measures that would improve the resilience of homes at risk of damage from cyclones such as heavier doors, stronger glazing and window shutters, and strengthening roof connections to better manage changes in internal pressure.

Strata building safety and quality

Since 2018 and following the tragic tower fire in Grenfell, UK, the Queensland Government has undertaken significant work to address the use and supply of unsafe building products in construction, particularly in strata-owned buildings. This has included legislation to manage these products and the introduction in 2024 of the Strata Resilience Program.

There is currently no deadline for private building owners in Queensland to rectify their buildings and according to the most recent data from the Safer Buildings Taskforce, more than 1,200 buildings are yet to complete the assessment process or implement a rectification to a known unsafe building product.

To reduce the risk to life and property, the Queensland Government should introduce a program, similar to New South Wales's Project Remediate and Cladding Safety Victoria's program, to encourage and support combustible cladding rectification work as soon as possible.

Image supplied.

The next Queensland Government should:

- **Support National Construction Code amendments that include minimum technical requirements for building resilience that take account of current and future extreme weather events and projections, and relevant Australian Standards**
- **Maintain its focus on the general safety and quality of buildings and repair works across Queensland, through pursuing remaining recommendations from the 2018 Building Confidence Report and surge projects to support the rectification of serious defects**
- **Undertake a post-implementation review of building reforms seeking to address concerns outlined in the 2018 Building Confidence Report and consider further uplift and reforms**
- **Introduce a program to encourage and support combustible cladding rectification work, similar to programs established in New South Wales and Victoria**

Disaster clean-up arrangements

Standardise the safe and timely coordinated clean-up of waste and debris following a natural disaster

As the impact of extreme weather events has worsened the destruction of property has increased in scale and volume, making clean-up operations even more important.

Over the last few years, a number of different approaches have been used by state governments and their agencies when undertaking disaster clean-up. None of the approaches tried has considered the clean-up holistically so clean-up operations have not been integrated across public infrastructure, insured private property and uninsured private property.

Despite advocacy on this issue by insurers and the Insurance Council, clean-up operations have in most cases not been planned for in advance, meaning program design has occurred on-the-run following a disaster – already a time of significant stress for impacted communities, local governments, government agencies, insurers, and other responders.

Forethought has in most cases not been given to appropriate waste disposal facilities that are able to accommodate the very large volume of waste, including hazardous waste.

These shortcomings have led to significant delays and confusion in disaster-impacted communities, affecting rebuild times and the psychosocial wellbeing of impacted residents.

Queensland's policy to not coordinate disaster clean-up at a state level means that different sections of the Queensland community have been treated differently and effort has been duplicated, leading to inequitable, slower, and more costly disaster clean-ups.

The agreement of disaster clean-up protocols between the Queensland and Federal Governments and the insurance sector would better enable holistic, safe, and consistent hazard removal and the equitable and efficient use of public funds.

The next Queensland Government should:

- **Align Queensland's practices with those of other states and territories by funding and coordinating disaster debris removal for all private properties**
- **Agree a protocol with the Federal Government and insurers that allows Queensland to focus on executing clean-up activities promptly following disasters, rather than on developing clean-up programs on-the-run**

Image supplied: Gympie.

Better data and flood mapping

Fund improved data standards and better flood mapping to better prepare for and respond to disasters

The development of a robust hazard database that streamlines existing national, state and territory datasets and is accessible to all levels of government, industry and the Australian public will improve and standardise our understanding of climate risk and how we prepare for it.

The next Queensland Government should work with the Commonwealth and other state and territory governments to update, standardise and make publicly available climate hazard data, considering long-term time horizons and prioritising the high impact perils of flood, bushfire, cyclone and coastal erosion. This data should consider all possible perils to help establish a national public baseline that can better inform land use planning, building codes and standards and understanding of current and future risk.

The lack of a data standard, combined with incomplete or inconsistent approaches to publishing risk information, contributes to different outcomes across the State and can lead to uncertainty for insurers.

Insurers rely on a variety of flood risk information sources including the high-quality flood studies undertaken by flood engineers for local and state governments. A common understanding across insurers and local, state and federal governments of current and future flood risk information can ensure that resilient investment in infrastructure, land use and property development and other risk management is targeted to regions in most need.

The next Queensland Government should continue to support the necessary funding for all Queensland councils to maintain high-quality flood mapping that continues to reflect resilience investment and make this mapping available to the public and insurers, with the aim of reflecting the approach taken by Brisbane City Council.

Insurance companies are swift to respond to catastrophic events, however incomplete and inaccurate information can reduce the effectiveness of the industry's response. More detailed warnings, updated information regarding active events, and open communication channels enable insurers to move resources to the most impacted areas faster, offering the maximum benefit to affected communities. The Government should aim to constantly review and improve the accuracy, availability, and timeliness of catastrophic event information.

Data investment will unlock

Better land use planning

More resilient homes and communities

Improved disaster response and recovery

The next Queensland Government should:

- **Fund local governments to conduct high-quality flood mapping and make this mapping available to the public and insurers**
- **Collaborate with the Commonwealth to develop a nationally consistent asset register of buildings containing important risk and resilience characteristics, prioritising high hazard zones**
- **Collaborate with the Commonwealth to develop an impact register which includes a footprint of recent and historical event hazard data, prioritising high hazard zones**
- **Constantly review and seek to improve the accuracy, consistency, and timeliness of emergency management data to insurers as events unfold**

Extreme weather research and innovation

Establish Queensland as a world leader in extreme weather research and innovation

Queensland bears the impact of around 60 per cent of natural disasters in Australia. Unsurprisingly, experience in responding to these extreme weather events has made Queensland a world leader preparing for, responding to and recovering from natural disasters.

The next Queensland Government should commit funding to establish Queensland as a global hub for research and innovation in responding to and building resilience to extreme weather, particularly floods, cyclones and bushfires.

The Government should leverage the knowledge of existing bodies such as the Queensland Reconstruction Authority and Queensland emergency services, resilience initiatives such as the Household Resilience Program, world leading research including that at James Cook University's Cyclone Testing Station, and the experience of Australian insurers to make Queensland the world leading jurisdiction for extreme weather research and innovation, positioning the Sunshine State as an exporter of leading risk-intelligence.

A Queensland extreme weather research and innovation hub could lead work into areas such as rapid recovery, improving household resilience and community flood mapping, better understanding climate risk and the impact on economic matters such as insurance, and the potential to collaborate with Australian and international businesses on private public partnerships.

This should align with important federal initiatives underway, including the National Emergency Management Agency's Hazard Insurance Partnership and the establishment of the National Natural Hazards Disaster Risk Profile, as well as the hazard work being progressed by the Australian Climate Service.

The next Queensland Government should:

- **Fund an extreme weather research and innovation hub to establish Queensland as the world leading jurisdiction in preparing for, responding to and recovering from natural disasters**

Climate and cyclone research.
Courtesy of James Cook University.

Motor insurance & electric vehicles

Support the transition to electric vehicles by ensuring homes are EV ready and addressing skill shortages; strengthen regulations for written-off vehicles and accident storage fees

The Queensland Government's Zero Emission Strategy aims for 50 per cent of new passenger vehicle sales to be zero emission by 2030.

The next Queensland Government should consult with insurers and other relevant industries regarding the potential risks and new opportunities created by charging infrastructure upgrades, including a greater focus on compliance with existing standards on EV charging installation to ensure the safe installation and operation of EV chargers.

Skill shortages in EV repair can contribute to delays in repairs, increasing costs and inconvenience for consumers. To address this skills gap, the next Queensland Government should prioritise and fund training in EV repair for new technicians and to assist in upskilling existing technicians. The next Queensland Government should continue the Battery Electric Vehicle Inspection and Servicing Skill Set course and continue to consider ways to enhance training for future EV technicians.

In 2023, more than 3,500 light vehicles declared as repairable write-offs were repaired, inspected and registered for use in Queensland. While these repairable write-offs can be safely repaired if appropriate processes are followed, the current inspection system – which only requires vehicle owners to provide receipts of purchase of parts and labour and permits statutory declarations to be accepted as evidence of repair – is inadequate, meaning the safety of these repaired vehicles cannot be fully assured.

A more rigorous Quality of Repair (QoR) inspection process for repairable written-off vehicles that aligns with other Australian jurisdictions should be introduced to better protect purchasers of second-hand vehicles. This should include requiring more comprehensive documentation of repairs such as photographic evidence, and for the repairer to demonstrate that repairs have been conducted in line with manufacturer standards.

Queensland is one of the few jurisdictions without a written-off vehicle register for vehicles over 4.5 tonnes. This lack of oversight poses potential safety risk because means it is impossible for road safety authorities to know which heavy vehicles have been declared insurance write-offs, the extent of damage sustained, and whether repair processes have been carried out appropriately. The next Queensland Government should introduce a written-off vehicle register for heavy vehicles, including requirements for written-off heavy vehicles to be identified, undergo a Quality of Repair inspection, and pass safety checks prior to re-registration.

While Queensland places caps on accident towing fees as well as storage fees for unauthorised parking, there no caps on storage fees for vehicles stored after an accident tow (accident storage). Data provided by insurers shows that accident storage rates in Queensland can be more than three times higher than in other jurisdictions.[1]

Since most accident towing and storage costs are covered by insurers, this increases overall claims costs, which are ultimately reflected in insurance premiums. The next Queensland Government should amend the *Tow Truck Regulation 2009* to extend regulated caps to accident storage fees to align with practices in other jurisdictions.

1. Average daily accident storage rates in Queensland are around $100 in Queensland, compared to $27.50 in NSW and $30 in Victoria.

The next Queensland Government should:

- Collaborate with insurers and relevant industries to develop a path for insuring and encouraging the uptake of EV home charging infrastructure
- Prioritise and fund training in EV repair for new technicians and to assist in upskilling existing technicians
- Enhance the written-off vehicle scheme by implementing a Quality of Repair inspection process for repairable written off vehicles
- Introduce a written-off vehicle register for heavy vehicles to improve oversight of heavy vehicles that have been written-off and repaired
- Close loopholes in towing regulation to prevent price gouging for accident towing storage fees to address rising motor insurance costs
- Following similar reforms in NSW, the Queensland Government should ensure lithium-ion battery e-bikes, e-scooters, hoverboards and e-skateboards are tested to meet appropriate safety standards before they enter the market amid a rising number of fires

Risk management

Fund programs to improve risk management amongst SMEs and not-for-profits

Improved risk management will improve the affordability and availability of public liability insurance for SMEs and not-for-profits.

The Australian public liability insurance market is currently experiencing limited capacity, leading to higher premiums and difficulty obtaining insurance for many businesses, particularly those in the hospitality, live music, caravan park, amusement park, leisure and tourism sectors, and some not-for-profits. Many operators in these sectors are struggling to maintain appropriate public liability insurance cover, threatening their ongoing viability.

Insurers have struggled to maintain profitability of public liability insurance in recent years, often experiencing combined loss ratios of more than 100 per cent (meaning payouts were higher than premiums received). The hard insurance market, characterised by scarce capital, difficult to obtain reinsurance, high regulatory activity, claims inflation and rising cost of litigation and settlements, means that insurers are increasing premiums or unwilling to insure sectors because of the inherent nature of the activity, poor risk management, or both.

In response to this issue, in 2021 the Insurance Council released a report into the availability and affordability of commercial lines insurance, and subsequently established a Business Advisory Council bringing together key business groups to explore possible solutions. This has seen some success in the caravan park and outdoor leisure sectors, where industry associations for those sectors have worked to address risks identified by insurers. This work has resulted in improved capacity in the insurance market for these sectors, and similar results could be achieved with the same approach in other sectors.

Insurance premiums are affected by risk mitigation and management. The implementation of appropriate risk mitigation standards play an important role in helping businesses and organisations implement necessary risk reduction measures that will reduce risk of injury to people and put downward pressure on premiums.

The next Queensland Government should fund a program of up to $2 million per year to provide support to industry groups in high-risk sectors to improve risk management practices. The program could be delivered through an independent organisation working extensively with small businesses such as the Queensland Small Business Commissioner.

Under this program, insurers would work with the delivering organisation to identify the risks affecting the affordability and availability of insurance in the relevant sector, before an assessment could be undertaken as to whether the sector is in a position to address these risks. The delivering organisation would then work with the sector to uplift education, training, and record keeping and monitoring to reduce the identified risks, establish an evidence base for the reduced risk for the insurance sector, and work with insurers through the Insurance Council to secure insurance.

The next Queensland Government should:

- **Establish a program with funding of $2 million per year to support industry groups to improve risk management and standards across sectors experiencing public liability insurance constraints**

Tort law reform

Review current tort law and civil liability settings to ensure they remain fit-for-purpose and promote insurance affordability and availability for SMEs

Tort reform has not been undertaken since 2001–02.

Given the development of case law, the emergence of new industries, expanding heads of damages, increasing claims costs and the difficulties many businesses face in obtaining public liability insurance, a further examination of civil liability settings to ensure they remain fit-for-purpose and support availability and affordability of insurance should be undertaken.

APRA have identified that public and products liability claims costs increased by 30 per cent between 2014–2021, driven by higher claimant demands and increasing legal and medical costs. These increasing claims costs have resulted in a 40 per cent increase in average public liability insurance premiums since 2015.

There are several areas of potential reform that should be considered that would help increase insurance capacity in the market. These could include use of statutory defined benefit frameworks for personal injury claims (similar to those used in CTP and workers compensation schemes) and the use of thresholds in relation to compensation for non-economic loss and gratuitous care.

Reforms in these areas could provide greater underwriting certainty, reduce claims costs and durations, improve health outcomes for injured people and increase the affordability and availability of public liability insurance for businesses.

The next Queensland Government should:

- **Review tort law and civil liability arrangements to examine the impact legislation is having on SMEs, in particular their ability to access appropriate insurance**

Automatic recognition of interstate trades

The Queensland Government is the only state and territory that does not participate in the Automatic Mutual Recognition (AMR) program.

The Commonwealth *Mutual Recognition Act* outlines the 'automatic deemed registration' allowing workers licensed or registered in an eligible occupation in one state or territory to be considered registered to perform the same activities in another state or territory without additional application processes or fees.

Queensland's participation in the AMR program would remove the current disadvantage faced by tradespeople working across state borders, which is essential for timely and effective responses to natural disasters. By aligning with the Mutual Recognition Act, Queensland would allow workers in the building trade to maintain their home state licenses while complying with Queensland laws, creating a more robust and responsive workforce.

The next Queensland Government should:

- **Align with the *Mutual Recognition Act*, allowing for a more responsive workforce after an extreme weather event**

Government contracts

Remove unnecessary and onerous insurance requirements from government contracts

The professional indemnity insurance market has been experiencing hard market conditions since 2017.

Sustained high loss ratios and increased reinsurance costs driven by increasing claims costs and class actions have led to significant increases in professional indemnity insurance premiums, reduced insurance capacity, more restricted coverage terms, and higher excesses.

While the market shows some signs of improving, engineers and other building professionals remain particularly vulnerable and continue to have trouble sourcing professional indemnity insurance.

For engineering and construction sector professionals, these challenges are being exacerbated by onerous and often unnecessary professional indemnity insurance requirements contained within government contacts. These can require businesses to obtain levels of professional indemnity insurance that are often not available in the market and/or are above what is necessary for the work being undertaken.

The next Queensland Government should:

- **Review government agency procurement processes guidelines to ensure insurance requirements insurance contained in government contracts:**
  - **are reasonable and proportionate to the work undertaken**
  - **take into account the cost of insurance and coverage availability in the market**

Insurance Council of Australia

Image courtesy Unsplash.
Story Bridge, Brisbane.