



News release

Insurance Council
of Australia

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Insurance Council calls for reforms to support small business resilience

The Insurance Council of Australia has lodged four submissions to the Parliamentary Joint Committee's inquiry into small business insurance, urging action on insurance taxation, climate resilience, risk education, workplace mental health and cyber resilience.

Australia's 2.5 million small businesses employ nearly half the private sector workforce, yet extreme weather, inflation and regulatory complexity are adding pressure to insurance premiums they rely on to operate.

Since 2020, extreme weather has generated more than \$4.5 billion in insurance claims, while construction costs have surged 40 per cent over the same period.

At the same time, the rapid adoption of digital technologies has created new opportunities for businesses, but has also introduced evolving risks, with small businesses particularly exposed due to lower cyber literacy and a rise in automated, AI-driven attacks by sophisticated criminal actors.

State-based taxes and levies compound these pressures, adding nine to 40 per cent to premiums. In 2024-25, state governments collected \$8.9 billion in insurance taxes, exceeding the industry's total profits by \$1.6 billion.

Addressing these challenges demands a coordinated effort combining industry expertise with government action.

The submissions cover three insurance lines critical for small business:

1. **Business pack and interruption insurance** bundles property, liability and business interruption cover into one product. Rising construction costs are increasing the risk of underinsurance, hitting small businesses hardest. Government-funded risk education can help businesses reduce their exposure.
2. **Workers' compensation** schemes face mounting pressure from psychological injury claims, which cost more than three times physical claims and require five times longer off work. Governments should invest in mental health prevention, address workforce shortages, and harmonise rules across jurisdictions.
3. **Cyber insurance** take-up among small businesses remains low despite rising threats from digitisation and a deteriorating geostrategic environment. Government should build on programs like Cyber Wardens and share data from the mandatory ransomware reporting framework with insurers to strengthen collective defences.

The inquiry is chaired by Senator Deb O'Neill, whose leadership on this important issue will help shape a stronger, more affordable insurance landscape for Australian small businesses.

The Insurance Council will lodge two further submissions covering public liability and professional indemnity insurance and looks forward to continued engagement with the Committee.

Quotes attributable to ICA CEO Andrew Hall:

Small businesses are the engine room of Australia's economy, and affordable, accessible insurance is essential to their resilience.

These submissions set out a roadmap for practical reforms, from tax relief to better risk education, that can ease costs on small business without compromising protections.

Whether it's the rising cost of extreme weather, the growing challenge of psychological injuries in the workplace, or the evolving threat of cybercrime, these are complex pressures that require government, industry and small business to work together.

We look forward to engaging with the Committee throughout this important inquiry.

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The following submissions are available on the Insurance Council website:

- [Overarching submission](#)
- [Cyber insurance submission](#)
- [Industrial Special Risk and Business package insurance submission](#)
- [Workers' compensation submission](#)