News release

Insurance Council of Australia

Wednesday, 11 March 2026

Red tape and legal costs pushing small business insurance out of reach

Small business insurance premiums have risen up to 60 per cent since 2019, with the Insurance Council of Australia warning that outdated liability laws, ballooning legal costs and government red tape are pushing up costs.

In submissions to the Parliamentary Joint Committee's inquiry into small business insurance, the Insurance Council has set out a reform agenda targeting the key cost drivers, including:

- A national review of liability laws to tackle the claims cost pressures, including rising psychological injury and legal claims, that flow directly through to premiums.
- Caps on legal costs and streamlined claims processes to stop legal fees consuming a disproportionate share of compensation payouts and to resolve claims faster.
- A national ban on claim farming, the practice of cold-calling or pressuring people into lodging injury claims, which inflates claims volumes and costs.
- Fairer government procurement rules so small businesses aren't forced to take out insurance that is far more than the job requires or accept liability for risks they can't insure against.

It has been 25 years since the last major national review of liability laws, and in that time, rising claims costs, legal fees and system inefficiencies have compounded to make public liability and professional indemnity cover increasingly unaffordable for small businesses and community organisations.

The Insurance Council is also calling for funded risk management programs to help small businesses and community organisations reduce their risk exposure and keep premiums down.

The Insurance Council welcomes the Committee's inquiry and is committed to working with all levels of government to deliver reforms that improve insurance outcomes for small business.

Quotes attributable to ICA CEO Andrew Hall:

> Too much of what should be going to injured people is being eaten up by legal costs, delays and red tape.
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> It's been a quarter of a century since anyone properly looked at these laws, and the case for reform is overwhelming.
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> Affordable insurance is what keeps small businesses and community organisations running; when a local café or a community sports club can't get cover, it's the local community that loses out.
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> Well-targeted reform can bring costs down while still making sure injured people get fair compensation, and that's the outcome we want to work with governments to deliver.

The following six submissions to the inquiry are available on the Insurance Council website:

- Overarching submission
- Public Liability
- Professional Indemnity
- Cyber insurance submission
- Industrial Special Risk and Business package insurance submission
- Workers' compensation submission