




Speech By
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MEMBER FOR MIRANI

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MATTERS OF PUBLIC INTEREST

Public Liability Insurance

 **Mr ANDREW** (Mirani—PHON) (2.46 pm): To say the Mackay-Whitsunday region's small business, tourism and hospitality operators are going through some of the toughest years they have ever faced would be an understatement. Border closures, restrictions, snap lockdowns and uncertainty have taken their toll. Businesses have been forced to downsize and lay off staff while others have closed their doors for good. This year they are facing another battle for their lives in the form of public liability insurance. Entertainment venues, adventure businesses, cleaning companies and food trucks are among those most affected by what the insurance industry likes to call improvements in risk management or improvements in risk appetite. These improvements have caused insurance premiums to skyrocket for small and medium businesses all over Central and North Queensland. Insurers are telling them the risks are too high and they are either pricing them out of the market or refusing to cover them at all.

Right now it is the entertainment sector under attack. That is the pubs, live music venues and the nightclubs that operate past midnight who use security providers for crowd control. It is the security providers who have now been told that no insurer will cover them if they operate after midnight or, at best, 1 am. One business in particular, Pauly's Security, has come to me and said they and their biggest club in Mackay that they provide crowd control services to will be forced to close if something is not done to help them. They said they will have no other choice but to stop operating once their current policy runs out, and they are not the only ones. Security providers all over Queensland are going to be affected by this ruling, although it will be the regional areas that will be hit the hardest.

The main insurer of the industry is Arena, who is telling brokers that their capacity is provided under binding authorities from international underwriters—in this case it is underwriters based at Lloyds of London—who get to dictate the type of businesses they can and cannot provide insurance for and under what conditions. The broker I spoke with about the issue said that the industry is about to be hit by a new ruling that will mean most brokers are no longer offering crowd control security providers any public liability insurance for the period after midnight or, at best, 1 am. The reason security companies have been given for this is that Lloyds of London have adapted and changed their risk appetite. No other explanation, statistics or data has been given to explain to these companies why they are no longer allowed to operate after midnight in an industry where most young people do not arrive at nightclubs until 11 o'clock at night.

These new requirements imposed by Lloyds will have a devastating impact on the industry, particularly in regional areas where most of the operators are small or medium-sized businesses and turn over less than a million dollars a year. Urban areas in the south-east may be better able to weather the storm as they are bigger and able to accept \$100,000 excess each time they are affected.

Miramar says that insurers may be able to look beyond their capacity provided by Lloyds to the open market more broadly in order to find other insurance cover, but only 'for larger businesses that are better positioned to meet these requirements'. It seems to me that this fig leaf of 'liability risk

appetite' is just another way that banks and international insurance underwriters are doing everything they can to destroy small and medium enterprise in regional communities. Only one insurer—Timemark—offers insurance, but there is a \$100,000 excess for each claim, and this does not get paid back. This will destroy small operators and a lot of medium-sized operators as well, particularly in the regions. Many regional security operators and clubs are saying that they will have to close down over this. This is an absolute shame, given they have struggled so long through COVID.

This issue needs to be sorted out, and all three levels of government need to be involved to fix this. It is the state and local governments that mandate businesses having public liability insurance. This means that they both have a responsibility to ensure insurance is made available to them and that its conditions are reasonable and achievable for businesses. We are seeing clear market failure when it comes to public liability insurance. We have seen the Small Business and Family Enterprise Ombudsman working with the industry nationwide to find a solution. They are looking at a discretionary mutual fund, which will most likely be the solution. I believe there is a requirement for the federal government to step in, because industry has been failed by state and local governments. People's livelihoods should not be destroyed just because they are unable to find an insurer to offer them public liability insurance. This is an ongoing issue that needs to be addressed.