

*Our Reference: T0304467*

Mr N Laurie  
The Clerk of the Parliament  
Parliament House  
George Street  
BRISBANE QLD 4000

Dear Mr Laurie

I refer to your letter to the Honourable R Welford MP, Attorney-General and Minister for Justice, enclosing a petition received by the Queensland Legislative Assembly regarding the public liability insurance situation and the implications for regional and rural communities. As the subject matter of the petition falls within my portfolio responsibilities, your correspondence has been forwarded to me for consideration and reply.

The Queensland Government recognises that the availability and affordability of liability insurance continues to have an impact on not-for-profit organisations, small business and the community in general. The provision of public liability insurance in Australia has been directly affected by a number of factors, including world events like September 11 and the collapse of the HIH Insurance Group, historically the insurer of a large number of community groups. In addition, the number of legal actions has also risen in recent years contributing to an increase in claims and payouts across all insurance products. Together these factors have led to higher premiums and limited the type of risks insurers are prepared to underwrite.

I note the petitioners have expressed concern about the operation of the liability insurance scheme which was established to assist not-for-profit community groups to continue to operate despite significant increases in the cost of insurance. It is worth noting that no other State or Territory Government has introduced a similar scheme to assist not-for-profit community groups. With Suncorp's backing, the scheme has been able to provide insurance cover for many organisations which would have otherwise had to close, albeit at a higher cost than the unsustainably low levels experienced prior to the collapse of the HIH Insurance Group. The petitioners can be assured that the Government is continuing to monitor the operation of the scheme through its regular meetings with Aon Risk Services who are administering the scheme and in discussions with both domestic and overseas insurance and reinsurance underwriters.

In addition to the liability insurance scheme, the Queensland Government has implemented a range of other strategies to restore stability to the insurance market. These strategies have been implemented following regular meetings with other State and Territory Governments and in consultation with the Insurance Council of Australia, underwriters and reinsurers.

The Queensland Government has granted an exemption from paying insurance duty on public liability insurance policies taken out or renewed by eligible not-for-profit organisations, which provides an 8.5 per cent saving on premiums. Community organisations should contact the Office of State Revenue on 1300 300 734 to discuss their eligibility for such an exemption.

In recognition that good risk management practices can prevent personal injuries occurring and can be of great assistance in attracting an insurance underwriter to take on a particular risk and help reduce insurance costs, the Queensland Government has developed a risk management website to assist small business and community organisations. The website ([www.riskmanagement.qld.gov.au](http://www.riskmanagement.qld.gov.au)) includes general information and a number of practical examples and case studies on how to apply risk management processes.

Tort reform has been a major focus of the Government in its endeavour to address the underlying causes of rising insurance premiums and to ensure more affordable premiums in the longer term. The *Personal Injuries Proceedings Act 2002* provides for mandatory pre-court procedures, imposes restrictions on legal advertising including a ban on 'no win, no fee' advertising, and abolishes the recovery of legal costs for claims under \$30,000.

The *Civil Liability Act 2003* (the Act), introduced in April last year, includes a cap on the general damages component of claims and the use of an injury scale to determine the amount of compensation payable. The Act also provides that there is no liability for failure to warn of obvious risks and no liability in cases where the injured person was engaged in criminal activity which contributed to the risk of injury. The legislation also protects volunteers, either engaged in community work for community organisations or as an office holder of such an organisation, from liability in negligence for their own actions. The conduct of the volunteer must be in good faith, and without reckless disregard for the safety of any other person.

Taken together, the Government's initiatives will greatly assist the community and should have a positive impact on insurance in the future. Whilst the Government's legislative reforms have generally been well received by the insurance industry, there are still many instances where underwriters have not translated these reforms into more affordable insurance. In this regard, the Queensland Government continues to urge the Commonwealth Government for a broadening of the powers of the Australian Competition and Consumer Commission with respect to insurance price monitoring. Strengthening the powers of the ACCC will ensure the insurance industry passes on the benefits of the Government's law reforms to policyholders.

I trust this information is of assistance and thank you for bringing the concerns of the petitioners to my attention.

Yours sincerely

TERRY MACKENROTH