

Our Reference: P0400186

Mr N Laurie
The Clerk of the Parliament
Parliament House
Cnr Alice and George Streets
BRISBANE QLD 4000

Dear Mr Laurie

I refer to your letter of 20 October 2004, enclosing petition number 337-04 received by the Queensland Legislative Assembly regarding the impact of the cost of public liability insurance on community organisations and the community in general. As Parliamentary Secretary to the Deputy Premier, Treasurer and Minister for Sport, I have been asked to respond on his behalf.

The Queensland Government has been at the forefront of efforts to relieve the impact of liability insurance premiums on the community and is aware of the insurance cost pressures facing community organisations. Extensive investigation of the issue and consultation with the community has been undertaken at both state and national levels.

A Liability Insurance Taskforce was established by the Queensland Government in 2002 and undertook an extensive investigation of the liability insurance crisis. In addition, the Government has participated, and continues to participate, in a series of Ministerial meetings with representatives from all Australian jurisdictions.

In line with the Queensland Insurance Taskforce recommendations, reforms have been implemented on a nationally consistent basis aimed at addressing the underlying causes of increasing insurance costs in the longer term.

In Queensland, the *Personal Injuries Proceedings Act 2002* and the *Civil Liability Act 2003* (CL Act) were introduced and provided for mandatory pre-court procedures, restrictions on legal advertising including a ban on 'no win, no fee' advertising, and abolition of the recovery of legal costs for claims under \$30,000.

Along with a range of other measures, the CL Act includes a \$250,000 cap on the general damages component of claims and the use of an injury scale to determine the amount of compensation payable.

The legislative reforms mentioned above bring more balance, predictability and consistency to personal injury cases and award damages. The reforms also provide some protection for volunteers and overall encourage people to take greater personal responsibility for their actions.

It is also important to note that the Australian Competition and Consumer Commission (ACCC) insurance monitoring reports have indicated the insurance cycle has now turned and the liability insurance market has improved. The third ACCC monitoring report released on 12 August 2004 found the rate of increase in public liability and professional indemnity insurance premiums had slowed in 2003 compared with 2002.

The actions taken by the Queensland Government and all governments nationally have led to an improved insurance environment, with public liability insurance now generally available even for activities which may be regarded as high risk by insurers. It must, however, be recognised that premiums will not return to the commercially unsustainable levels of previous years.

With a particular focus on the not-for-profit sector, the Queensland Government has sought to assist organisations in obtaining the most competitive premium available, by implementing a range of additional strategies, including the establishment of a group liability insurance scheme, the provision of duty relief on public liability insurance and risk management support.

Aon Risk Services administers the group liability insurance scheme on behalf of the Government and is available to assist organisations in obtaining insurance. Organisations are encouraged to continue to seek assistance from Aon Risk Service's not-for-profit area on 1300 309 797. Under the scheme, the level of coverage available and the premium payable also varies between underwriters. Suncorp remains a key underwriter to the scheme, ensuring cover (subject to any reinsurance exclusions) for those groups considered 'hard-to-place' and unable to obtain insurance in the present market.

Risk management is also an important key to reducing premiums in the longer term and organisations are encouraged to closely examine their risk management plans for activities such as festivals, operating community halls, activities involving children or care facilities. Risk management resources can be obtained by accessing the Government's website (www.riskmanagement.qld.gov.au). The site provides links to information to assist NFPOs, small business and the community in general. Aon may also be able to provide some advice in this regard.

As mentioned above, not-for-profit organisations may also be eligible for an exemption from paying insurance duty on public liability insurance policies. This concession currently provides a 7.5 per cent saving. Further information on eligibility is available from the Office of State Revenue on telephone 1300 300 734.

The valuable contributions made by not-for-profit organisations in our local communities should not be lost and in this regard the Government is continuing to monitor developments and is strongly advocating, through the federal government, for broader ACCC monitoring powers.

Yours sincerely

Neil Roberts MP
Parliamentary Secretary
to the Deputy Premier, Treasurer and
Minister for Sport,
Member for Nudgee