

Insurance Council of Australia Report (2021)

Key Points Summary by TNA

Role of the Private Insurance Market – Independent Strategic Review: Commercial Insurance.

The Insurance Council of Australia (ICA) commissioned a report in 2021 to explore the challenges of **affordability** and **availability** of commercial insurance for **small businesses**. The report highlights **systemic issues** and **potential solutions** that could benefit the arts sector.ⁱ

Main Insights

- **Insurance is becoming harder to get for small to medium enterprises across Australia.**
Although the arts face some unique challenges (such as circus rigging, live music venues, large-scale artworks, event cancellation), this issue is widespread and connected to global markets and forces. Sectors particularly affected are:
 - Public liability for certain industries including tourism and leisure
 - Professional indemnity for several industries
 - Directors & officers and management liability due to rising class actions
 - Property insurance for natural perils in cyclone, flood, and bushfire-prone areas
 - Business interruption – pandemic exposed poor public understanding of coverage

- **Insurers are withdrawing from certain markets due to a few key factors.**
Risk is assessed based on past claims data and industry trends. When insurers feel they cannot accurately price risk due to volatility or lack of information, they may exit the market entirely rather than take on uncertain liabilities.
 - Uncertainty about risk exposure means insurers are reluctant to cover unpredictable claims, such as audience injuries, perceived high-risk activities or event cancellations.
 - Rising legal costs due to increased litigation and class actions in other industries have made insurers more cautious across all sectors.
 - Natural disaster increases have prompted insurers to exit markets affected by extreme weather, impacting arts organisations in flood- or bushfire-prone areas.

- **State and federal governments have shown reluctance to intervene in cases of insurance market failure unless all avenues within the market have been exhausted.**
This can be seen in government reports, policies and responses to disaster recovery over recent years.^{ii iii}

- **The insurance industry is also keen to find solutions.**
The ICA has proposed several ways to address insurance challenges, including:
 - Industry actions such as standardised risk processes, increased sector information & awareness, better broker relationships, and group policies or mutual insurance funds.
 - Government actions^{iv v} such as broker education & support, tax reform, legislated liability caps, and government-backed reinsurance.

What Arts Organisations Can Do Now

- Work with specialist insurance brokers who understand the arts industry.
- Improve risk management practices (e.g., safety policies, training) to demonstrate lower risk to insurers. Evidence of robust risk management can help secure better deals on insurance.
- Get onboard with sector-wide actions when they arise. Share information and work together to improve insurance literacy, strengthen industry safety and leverage collective negotiating power.

ⁱ Read the full report: [Role of the Private Insurance Market – Independent Strategic Review: Commercial Insurance \(2001\)](#)

ⁱⁱ [Victorian Government Economic Recovery Practice Framework – Role of Government \(2020\)](#)

ⁱⁱⁱ [Natural Disaster Funding Arrangements – Productivity Commission Inquiry Report Vol 1. \(2014\)](#)

^{iv} [Insurance Council of Australia Election Platform Report \(2022\)](#)

^v https://insurancecouncil.com.au/wp-content/uploads/2025/02/21226_ICA_Federal-Election-Platform-Report_2025_Final.pdf