



1/6 Gritten St
Weston ACT 2611
02 6202 7200
actcoss@actcoss.org.au
actcoss.org.au

Subject: Submission to the Inquiry into Insurance Costs in the ACT

To: LACCommitteeEconomics@parliament.gov.au

Standing Committee on Economics, Industry, and Recreation

Legislative Assembly for the Australian Capital Territory

14 March 2025

Dear Committee:

RE: Insurance Costs in the ACT

ACT Council of Social Service Inc. (ACTCOSS) and VolunteeringACT (VACT) welcome the opportunity to provide input into the Standing Committee on Economics, Industry and Recreation *Inquiry into insurance costs in the ACT*.

The community sector delivers essential services to nearly every Canberran, employs over 17,000 people in the ACT¹ and is supported by over 279,000 volunteers.²

ACTCOSS is a peak body with 108 ACT community organisation members and advocates for social justice in the ACT. ACTCOSS's vision is for Canberra to be a just, safe and sustainable community in which everyone has the opportunity for self-determination and a fair share of resources and services.

VACT is the peak body for volunteering in the ACT region. VACT represents over 200 community organisations and advocates for volunteers and those organisations that involve volunteers. VACT provides community information in the Canberra Region, and programs for people experiencing disadvantage and isolation, people with a disability, and people needing support for mental wellness. VACT's purpose is to foster quality of life and an inclusive Canberra by enabling participation and connection.

The community sector supports all Canberrans across a range of life stages. Our members provide services and programs across the Canberra region including supporting children, young people and families, older people, those with chronic health conditions or mental ill health, people experiencing alcohol and other drug issues or surviving domestic and family violence, health care consumers, people with disability, carers and volunteers.

Given the range of activities which the community sector implements, the types of insurance needed include: public liability, property (including portable contents), business interruption, protector/association liability, voluntary workers personal accident, motor vehicle, journey cover, cyber liability, directors' insurance, and professional indemnity.

Our joint submission highlights the key challenges faced by our member organisations and provides recommendations to address the identified issues, in response to the *Inquiry's Terms of Reference*.

Summary of recommendations

1. The ACT Government should consider mechanisms to support ACT community organisations, including by:
 - 1.1 ensuring the cost of insurance is reflected in all community organisation ACT Government funding contracts, including the rate of increase in costs; and
 - 1.2 introducing regulatory interventions to ensure fairness in insurance pricing.
2. The ACT Government should increase funding to community organisations to appropriately cover mandatory risk mitigation required for 'high-risk' organisations.
3. The ACT Government should work with insurers and the community sector to:
 - 3.1 develop insurance products that reflect the unique needs of the community sector; and
 - 3.2 develop training materials to help community organisations understand the insurance process and how to negotiate with insurers.
4. The ACT Government should advocate for the insurance brokers' code of practice to include a clause that requires brokers to inform policyholders of changes in insurance coverage year on year.
5. The ACT Government should advocate for insurers to use risk-based pricing models that reward community organisations for proactive risk management.
6. The ACT Government should explore strategies and harmonisation of insurance regulations to reduce cost disparities for organisations working across multiple states, particularly with the NSW Government.
7. The ACT Government should consider revising and streamlining the insurance requirements for the use of government venues and facilities, particularly for community-focused organisations.
8. The ACT Government should cover building and associated landlord insurance and advise tenants in ACT Government-owned buildings of this coverage.
9. The ACT Government should explore subsidised disaster insurance for community organisations and adopt proactive measures, such as climate-resilient infrastructure and sustainable urban planning to offset long-term costs of climate change.
10. The ACT Government should ensure all properties of Property and Government Insourcing (formerly known as ACT Property Group) that are tenanted by community organisations are updated to ensure they are appropriately climate resilient.
11. The ACT Government should improve transparency and communication regarding its territory-backed insurance scheme to ensure community organisations are aware of and can access affordable insurance options.
12. The ACT Government should expand access to its territory-backed insurance scheme for all community organisations as a long-term cost-saving solution.
13. The ACT Government should consider broader social impacts on increased insurance costs, the flow-on effects that impact community organisations, and introduce measures to ensure affordable insurance access for the ACT community.

ToR 1 and 2: Rising costs of insurance premiums and the impact on community organisations

Insurance is a major cost for ACT businesses, with 44 percent of ACT business respondents indicating that their insurance premiums increased by over 20 percent in the last two years.³

Organisations considered 'high-risk', experience more expensive insurance premiums.⁴ Many community organisations providing services to vulnerable populations are deemed 'high-risk' to insurance providers, leading to significant premium increases that are not sustainable. Insurers may not discriminate what types of activities and risk profile an organisation has, leading to a default of 'high risk' for all activities.

An ACTOSS and VACT member consultation found that community organisations experienced between 5-20% rises in insurance premiums within the last year. Furthermore, the ACTCOSS State of the ACT Community Sector Survey 2025⁵ revealed that among ACT Community Services:

- 61% of respondents experienced premium increases in the past year, 28% indicated that they were not sure/not applicable, and only 11% had not experienced an increase in insurance premiums in the past year;
- reduction in staff, client numbers and service delivery were reported as some of the most commonly reported ways for services to cut-back on costs to be able to afford rising insurance costs;
- from organisations receiving ACT Government funding, 28% of indicated that they were not funded at all to maintain appropriate insurance, and 40% reported that they were underfunded; and
- 82% of respondents indicated that they would be in favour of an ACT Government established insurance scheme to help community organisations obtain affordable insurance, the remaining 18% selected not sure/not applicable. No respondents indicated that they were unsupportive of an ACT Government insurance scheme for community organisations.

More broadly, the *Australian Sports Foundation's 2024 "Clubs under Pressure"* report says that 56 percent of volunteer-involving clubs cite their insurance premiums have risen in the last year resulting in higher membership fees and is the primary reason for decreased participation.⁶

Many community organisations rely on government funding and community donations to deliver their services. The *Counting the Costs Report* found that essential infrastructure or overhead costs such as insurance are widely considered unfunded or underfunded.⁷ As a result, premium increases are particularly challenging as funding does not account for such rapid premium hikes. Alarming, these insurance increases are forcing some community organisations to cut-back on costs through a reduction in staff and services. For some community organisations, they are forced to cease particular operations/activities altogether.

Given the range of insurance products community organisations might need (highlighted above), some organisations have told us that due to cost and availability of comprehensive insurance, they are opting for 'selective insurance'. That means community organisations are only insuring some operations and taking on risk for other areas. The inability to obtain comprehensive insurance further highlights the difficulties faced in the community sector, especially when insurance coverage is mandatory for delivering some essential services (i.e. housing support, child and youth services, disability support and emergency response). This creates significant challenges for these organisations and reduces their capacity to provide their services to the ACT community.

Finally, community organisations are impacted by limited bargaining power in a concentrated insurance market, leaving community organisations with few alternatives.

Recommendation 1: The ACT Government should consider mechanisms to support ACT community organisations, including:

- ensuring the cost of insurance is reflected in all community organisation ACT Government funding contracts, including the rate of increase in costs; and
- introducing regulatory interventions to ensure fairness in insurance pricing.

ToR 3: Trends in public liability claims, litigation, and premiums

The 2022-23 financial year data shows that the healthcare and social assistance sector (which includes social services, hospitals, and residential care) had the highest number of workers compensation claims by industry, followed by the construction industry.⁸ Additionally, community and personal service workers were among the top three occupations for claims.⁹

Although specific data on public liability claims and litigation in Canberra is limited, national trends in Australia indicate a significant increase in both the number and cost of these claims. The *Australian Prudential Regulation Authority (APRA)* reports that bodily injury claims represent the largest factor in contributing to growth in both premiums and claims costs, with average finalised claim sizes growing by 5.5 percent annually since 2013.¹⁰ While these figures provide a national perspective, it is reasonable to infer that Canberra is experiencing similar trends in public liability claims.

As premiums have risen, the scope of coverage for some of our members has significantly diminished. This particularly impacts organisations that host events, operate public facilities or work with vulnerable populations such as children, people with disabilities and involve volunteers.

Higher premiums and insurance policy restrictions are limiting community organisations' ability to deliver their services, such as outdoor recreational activities, that are now considered high-risk. One community organisation from our consultation reported that activities like trampoline use for autistic children, and water play for children under 5 are no longer covered under their policies. As a result, community organisations have either discontinued these activities or assumed the risk themselves.

Recommendation 2: The ACT Government should increase funding to community organisations to appropriately cover mandatory risk mitigation required for 'high-risk' organisations.

ToR 4. and 5: Barriers to accessing insurance for Non-Governmental Organisations and insurer risk assessment practices

Community organisations face several barriers to accessing affordable and adequate insurance. Rising costs are a primary concern, but other challenges include a lack of tailored insurance products for community-specific needs, such as volunteer coverage, and difficulty navigating complex insurance environments. Understanding insurance requirements and coverage options are often resource-intensive and inaccessible without specialist advice.

These administrative and resource intensive challenges may further hinder capacity within community organisations to operate effectively, contributing to further barriers for organisations with limited personnel and financial resources.

Recommendation 3: The ACT Government should work with insurers and the community sector to:

- develop insurance products that reflect the unique needs of the community sector; and
- develop training materials to help community organisations understand the insurance process and how to negotiate with insurers.

Recommendation 4: The ACT Government should advocate for the insurance brokers code of practice to include a clause that requires brokers to inform policy holders of changes in insurance coverage year on year.

Additionally, members have raised concerns regarding how insurers assess risk. Current risk models often fail to adequately account for proactive measures taken by organisations to reduce risk, such as implementing workplace safety programs or training volunteers. This approach penalises

organisations making significant efforts to minimise risk while discouraging broader adoption of preventative measures.

Recommendation 5: The ACT Government should advocate for insurers to use risk-based pricing models that reward community organisations for proactive risk management.

ToR 6: Jurisdictional differences in insurance costs

Community organisations operating across jurisdictions face increased administrative and financial burdens due to inconsistent insurance frameworks. Our members operating across state borders have reported higher insurance premiums for employees that often work interstate. For example, an ACT-based organisation providing services in NSW noted that their premiums increased when they were required to specify the number of days per week staff worked outside the ACT. This can make cross-border operations difficult to sustain.

Recommendation 6: The ACT Government should explore strategies and harmonisation of insurance regulations to reduce cost disparities for organisations working across multiple states, particularly with the NSW Government.

ToR 7: Insurance requirements for Government venues and facilities

Many community organisations depend on government-owned venues and facilities to provide essential services and host events that benefit local communities. However, strict insurance requirements, ranging from high levels of public liability insurance to mandatory coverage for property damage may pose significant challenges for smaller organisations. These organisations often struggle to meet the costly insurance premiums and complex documentation required, which can serve as a barrier to accessing suitable and affordable spaces. As a result, valuable opportunities for community engagement and service delivery are limited, and smaller, volunteer-led groups are disproportionately affected.

ACTCOSS and VACT are grateful the ACT Government removed stamp duty from insurance policies in 2016. More could be done by the government, especially for tenanted ACT Government buildings where some tenants are required to insure ACT building assets like glass and against vandalism. These costs should be the landlord's responsibility and therefore an ACT Government cost.

Recommendation 7: The ACT Government should consider revising and streamlining the insurance requirements for the use of government venues and facilities, particularly for community-focused organisations.

Recommendation 8: The ACT Government should cover building and associated landlord insurance and advise tenants in ACT Government owned buildings of this coverage.

ToR 8: Impact of climate change on insurance costs

The increasing frequency and severity of natural disasters attributed to climate change have led to higher insurance premiums and reduced availability of coverage.¹¹ High premiums due to climate change threatens the ability of community organisations to continue operations during times of need.

Additionally, poor climate infrastructure, such as inadequate building designs and insufficient emergency preparedness, further exacerbates the vulnerability of these organisations. For example, during the 2020 Canberra Bushfires, some community organisations had to cease essential services due to poor ventilation of their building. As a result, addressing both climate resilience and affordable insurance options is crucial for ensuring that community organisations can continue to help the ACT community during times of need

Recommendation 9: The ACT Government should explore subsidised disaster insurance for community organisations and adopt proactive measures, such as climate-resilient infrastructure and sustainable urban planning to off-set long-term costs of climate change.

Recommendation 10: The ACT Government should ensure all properties of Property and Government Insourcing (formerly known as ACT Property Group) that are tenanted by community organisations are updated to ensure they are appropriately climate resilient.

ToR 9: Public sector insurance models

While the ACT Government may currently provide a state-backed insurance scheme for some uninsurable community organisational activities, there is a lack of awareness surrounding this option. Many community organisations remain unaware of their eligibility or how to access this scheme, leaving them reliant on private insurers with increasingly unaffordable premiums and excesses.

By implementing a universal insurance model in the ACT community sector, the government could provide substantial relief for organisations struggling with the current insurance market. Greater visibility and accessibility to ACT Government insurance for community organisations who cannot obtain or sustainably afford private insurance could similarly reduce financial strain on community organisations and improve service ongoing continuity. In addition to the social benefits, there is a potential for the ACT Government to save money in the long term. By offering an in-house insurance model, the government would avoid the profit margins of private insurance companies and have greater control over premium pricing, reducing the reliance on external private insurers. This could lead to more affordable insurance for community organisations, ultimately contributing to greater service continuity and efficiency, without the rising financial burden that often leads to service cuts or closures.

Recommendation 11: The ACT Government should improve transparency and communication regarding its territory-backed insurance scheme to ensure community organisations are aware of and can access affordable insurance options.

Recommendation 12: The ACT Government should expand access to its territory-backed insurance scheme for all community organisations as a long-term cost-saving solution.

ToR 10: Other related matters

ACTCOSS and VACT urges the Committee to consider the broader implications of insurance accessibility on community resilience and social wellbeing.

Insurance barriers disproportionately affect vulnerable groups reliant on community organisations for support. For example, ACTCOSS' 2024 Cost of Living Report indicates that insurance costs for Canberrans have risen by 16.1% over the past year, marking the highest increase among essential goods and services.¹² This significant rise in insurance costs places additional strain on individuals and families who are already experiencing financial hardship. For many individuals and families, this leads to the difficult decision of either forgoing insurance coverage altogether or diverting funds from other essential needs.

Increased insurance costs often puts those experiencing financial stress at heightened risk of further harms, thus requiring them to seek support through ACT community services. Without the 'safety net' of insurance, the potential for catastrophic financial consequences increases, making it even more likely that these individuals will need to seek assistance from community organisations to address.

This will put even more pressure on an already underfunded community sector, and perpetuate a cycle in which both individuals and the community organisations they depend on are forced to operate with fewer resources, ultimately undermining the resilience of the broader community.

Recommendation 13: The ACT Government to consider broader social impacts on increased insurance cost, the flow on effects that impact community organisations, and introduce measures to ensure affordable insurance access for the ACT community.

Conclusion

The rising costs and limited availability of insurance in the ACT are creating significant challenges for community organisations, and the broader community. These issues have far-reaching implications, including reduced service delivery, financial vulnerability, and a diminished capacity for organisations to support those who rely on their services. As highlighted in this submission, the challenges are exacerbated by inadequate risk assessment practices by insurance providers, jurisdictional cost disparities, and the growing impact of climate change.

Addressing these concerns is important for maintaining a resilient, equitable, and inclusive community in the ACT. By implementing subsidised insurance schemes, increasing access to affordable and comprehensive insurance options and providing streamlined resources for navigating insurance requirements, the ACT Government can help alleviate these pressures for community sector organisations.

ACTCOSS and VACT urge the Standing Committee to consider these recommendations and take decisive action to support community organisations and small businesses. These steps are important for ensuring the sustainability of vital services and fostering a stronger, more cohesive community in the ACT.

ACTCOSS and VACT thank the Committee for the opportunity to provide this submission and welcome further engagement to address these critical issues.

This submission is endorsed by Care Financial, Kidsafe ACT, Marymead CatholicCare and St Vincent de Paul Society Canberra/Goulburn.



References

- ¹ Rachel Stephen-Smith, ACT Government. Media Release: Working in partnership for a strong and sustainable community sector, 2023. https://www.cmtedd.act.gov.au/open_government/inform/act_government_media_releases/rachel-stephen-smith-mla-media-releases/2023/working-in-partnership-for-a-strong-and-sustainable-community-sector
- ² VolunteeringACT. The state of volunteering in the ACT report 2024, 2024. <https://volunteeringact.org.au/get-involved/state-of-volunteering-in-the-act/>
- ³ Canberra Business Chamber. ACT business conditions remain tough but slight improvement in outlook, 2024. <https://www.canberrabusiness.com/wp-content/uploads/2024/10/Q3-Business-Beat-Survey-2024.pdf>
- Australian Competition & Consumer Commission (ACCC). Northern Australia Insurance Inquiry final report, 2020. <https://www.accc.gov.au/about-us/publications/northern-australia-insurance-inquiry-final-report>
- ⁵ ACTCOSS. ACTCOSS State of the ACT Community Sector Survey 2025. Preliminary data
- ⁶ Australian Sport Foundation. Clubs under pressure: Australia community sport research findings, 2023.
- ⁷ Cortis, N., Blaxland, M. and Adamson, E. (2021). Counting the Costs: Sustainable funding for the ACT community services sector. Sydney: UNSW Social Policy Research Centre. https://actcoss.org.au/wp-content/uploads/2023/01/2021-report-Counting-the-Costs_1.pdf
- ⁸ Safe Work Australia. Our data. Your Stories, workers compensation, 2023. <https://data.safeworkaustralia.gov.au/interactive-data/topic/workers-compensation>
- ⁹ Safe Work Australia. Our Data. Your Stories, Workers Compensation, 2023. <https://data.safeworkaustralia.gov.au/interactive-data/topic/workers-compensation>
- ¹⁰ Australian Prudential Regulation Authority. NCPD Analysis, review of claims trends and affordability of public liability and professional indemnity insurance in Australia, 2023. <https://www.apra.gov.au/sites/default/files/2023-05/NCPD%20Analysis%20-%20Review%20of%20claims%20trends%20and%20affordability%20of%20public%20liability%20and%20professional%20indemnity%20insurance%20in%20Australia%20-%20May%202023.pdf>
- ¹¹ Parliament of Australia. Report for the inquiry into the impact of climate risk on insurance premiums and availability, Chapter 2 – Impact of climate change and more frequent and severe natural disasters, 2024. https://www.aph.gov.au/Parliamentary_Business/Committees/Senate/Impact_of_Climate_Risk_on_Insurance/ClimateRiskonInsurance/Report/Chapter_2_-_Impact_of_climate_change_and_more_frequent_and_severe_natural_disasters
- ¹² ACT Council of Social Service. The cost of living for low-income households in the ACT, 2024. <https://actcoss.org.au/wp-content/uploads/2024/08/2024-Report-2024-ACT-Cost-of-Living-Report.pdf>