



Australian
**Small Business and
Family Enterprise**
Ombudsman

MEDIA STATEMENT

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Small businesses closing doors amid public liability insurance crisis

The Australian Small Business and Family Enterprise Ombudsman Kate Carnell has called on the Federal Government to implement the recommendations in her [Insurance Inquiry](#), saying too many small businesses are being forced to close their doors because they can't get public liability insurance.

Ms Carnell says the government needs to take urgent action to ensure small businesses can access essential insurance products such as public liability.

"Throughout the course of our inquiry, hundreds of small businesses told my office they face closure if insurance remains unavailable to them," Ms Carnell says.

"Small businesses have told us they have either been denied insurance outright or their premiums have as much as tripled in a few years, effectively pricing them out of the market.

"One heartbreaking example of this is Barra Fun Park in Townsville, which is sadly closing its doors this Sunday after 20 years of operation.

"Owner Brent Stevenson cannot find an insurer willing to renew his public liability insurance.

"In the two decades Barra Fun Park has been operating, there has only been one insurance claim against his business. The claim resulted in a \$70,000 payout to a patron who sustained an injury (hyper-extended thumb) at the park. Brent subsequently saw his insurance premium nearly triple and paid the annual fee, only to be shut down for six months due to COVID restrictions.

"This is not just one isolated incident – we know there are many small businesses, particularly those offering recreational activities such as caravan parks with splash zones and jumping pillows, that are in the same boat.

"That's why our Insurance Inquiry has made recommendations addressing the lack of availability of public liability insurance, which is in large part attributable to the unlimited nature of injury claims and the potential for large damages to be awarded.

"Our report recommends Australia follow the lead of New Zealand, which has applied statutory caps on liability for personal injury. We need a civil liability framework that actually works.

"The government should also implement the Productivity Commission's recommendation to roll out a no-fault National Injury Insurance Scheme (NIIS) to cover lifetime care for catastrophic injuries. It's been nine years since the Productivity Commission released its Report into Disability Care and Support and yet the NIIS is still under consideration, much to the detriment of the small business sector.

"Ultimately, the risk environment for public liability litigation can only change through government intervention and the current framework of fault-based injury compensation creates uncontrollable risks for insurers and small businesses."

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