

Submission

13 March 2026

Committee Secretary
Parliamentary Joint Committee on Corporations and Financial Services
PO Box 6100
Parliament House
Canberra ACT 2600

NIBA Submission: Inquiry into Small Businesses Insurance

Dear Chair,

The National Insurance Brokers Association (NIBA) welcomes the opportunity to provide this submission to the Parliamentary Joint Committee on Corporations and Financial Services inquiry into small business insurance, including the provision, regulation, and pricing of modern insurance products for small businesses, not-for-profit and community organisations operating in Australia.

Australian small businesses and not-for-profit organisations are operating in an environment of rising complexity. From cyber threats and global political challenges to intensifying natural catastrophes, escalating regulatory obligations, and an evolving risk landscape, the challenges facing these organisations have never been more acute. In this environment, access to professional insurance advice is not a luxury — it is essential to ensuring businesses and community organisations can understand their risks, secure appropriate protection, and recover effectively when things go wrong.

This inquiry comes at a critical juncture. NIBA's independent consumer research, published in February 2026 as 'Complexity to Clarity: The Broker Advantage'¹, provides compelling evidence that businesses that engage the broking profession achieve measurably better insurance outcomes than those navigating the market alone. This research, together with NIBA's October 2025 report 'Ready or Reacting? Shaping the Future of the Broking

¹ NIBA, Complexity to Clarity: The Broker Advantage. <https://niba.com.au/complexity-to-clarity>

Profession², and direct member consultation undertaken for this inquiry, form the evidence base for the positions advanced in this submission.

NIBA's submission is structured around three interconnected themes that address the Committee's terms of reference:

- Ensuring small businesses and not-for-profits can access professional insurance advice, including the measurable value brokers deliver, and achieving regulatory proportionality;
- State and territory harmonisation and insurance tax reform, including workers' compensation fragmentation and the abolition of distortionary insurance-based taxes; and
- Sector-specific insurance challenges, including not-for-profit organisations, public liability, cyber insurance, business interruption, and regional and remote markets.

NIBA welcomes the opportunity to work with the Committee and the Government to achieve these reforms. We are available to provide supplementary evidence, participate in public hearings, and assist the Committee in any way that would be helpful to its deliberations. Should you have any queries regarding this submission, please do not hesitate to contact Ben Marshan, Policy and Advocacy, at bmarshan@niba.com.au.

Yours sincerely,



Richard Klipin

Chief Executive Officer

National Insurance Brokers Association

² NIBA, Ready or Reacting? Shaping the Future of the Broking Profession. <https://niba.com.au/ready-or-reacting-report>

1. Summary of Recommendations

NIBA makes the following key recommendations, which are discussed in detail in the body of this submission:

Theme 1: Defining Small Business

Recommendation 1

Review the definition of "small business" across the insurance regulatory framework, including the prescribed list of retail general insurance products in section 761G(5) of the Corporations Act, to ensure small businesses receive appropriate consumer protections when purchasing the commercial insurance products they need to operate — including public liability, professional indemnity, cyber, and business interruption insurance.

Theme 2: Access to Professional Insurance Advice

Recommendation 2

Conduct a regulatory impact review specific to general insurance broking to right-size compliance obligations. The current framework was designed for investment advice and imposes disproportionate costs on broking clients without commensurate consumer benefit.

Recommendation 3

Require impact assessments for advice-access reforms before any reform affecting insurance distribution. Policy changes must be evaluated for their effect on consumer access to professional advice, not just their administrative intent.

Recommendation 4

Standardise financial lines proposal forms across insurers using plain language and consistent requirements to reduce the cost and complexity of placing insurance for SME clients.

Theme 3: State Harmonisation and Insurance Taxes

Recommendation 5

Prioritise national harmonisation of workers' compensation obligations, including consistent impairment thresholds for common law claims and standardised administrative processes, to reduce compliance costs for small businesses operating across jurisdictions.

Recommendation 6

Abolish insurance-based emergency services levies and replace them with broad-based property levies. The current model is inequitable, inefficient, and drives underinsurance among small businesses and not-for-profits.

Recommendation 7

Work toward nationally consistent stamp duty treatment for insurance to reduce complexity and ensure competitive neutrality across jurisdictions.

Theme 4: Sector-Specific Challenges

Recommendation 8

Work with industry to develop sustainable, industry-led market solutions for high-risk not-for-profit activities — including pooled risk-sharing arrangements, sector-specific underwriting facilities, and governance recognition frameworks — that align coverage with the realities of NFP risk and reward organisations demonstrating strong governance and risk management practices.

Recommendation 9

Review public liability cost drivers, including tort reform options, to address the 55–60% premium increases over the past six years that are rendering small businesses and community organisations unviable.

Recommendation 10

Expand cyber awareness and education programs for SMEs, building on the Essential Eight framework, and require insurers to share anonymised learnings from the mandatory ransomware reporting framework to improve collective understanding of cyber risk.

Recommendation 11

Require government tenders and contracts to specify insurance requirements proportionate to actual operational risk, uphold Australia's Unfair Contract Terms laws in all government procurement, and eliminate clauses that impose contractually assumed liabilities or contract out of proportionate liability protections — enabling SMEs and not-for-profits to participate fairly in procurement markets and avoid inadvertent exposure to uninsured financial risks.

Recommendation 12

Expand targeted resilience grants and tax incentives for private mitigation efforts by SMEs and not-for-profits, including flood barriers, fire protection systems, and cybersecurity upgrades.

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2. About NIBA

The National Insurance Brokers Association (NIBA) is the peak body for the insurance broking profession in Australia, representing more than 450 member firms and over 15,000 individual brokers across the country. NIBA's membership encompasses a diverse range of entities, including large multinational insurance brokers, Australian broker networks, and small and medium-sized businesses located in cities and regional areas around Australia.

Insurance brokers are licensed financial services professionals who act on behalf of their clients — not insurers. They assess a client's risks and needs, source appropriate coverage from across the market, negotiate terms and premiums, and advocate for their clients throughout the claims process. The broking profession operates under the Corporations Act 2001, holds Australian Financial Services Licences regulated by ASIC, maintains professional indemnity insurance as required by ASIC Regulatory Guide 216, and subscribes to the Insurance Brokers Code of Practice — an enforceable, independently monitored code of conduct.

NIBA's advocacy is guided by three strategic pillars: Advocacy, Professionalism, and Community. We advocate for policy and regulatory settings that support the delivery of quality professional advice to Australians, recognising that the broking profession exists to add value to customers through professional advice and support.

3: Defining Small Business for the Purposes of This Submission

There is no single, universally applied definition of "small business" in Australia. Multiple definitions operate across different legislative and regulatory frameworks, each serving a distinct purpose. This inconsistency is itself a source of complexity for small businesses navigating the insurance system, and for the broking profession advising them. For the purposes of this submission, NIBA draws the Committee's attention to the key definitions, the distinctions between them, and a significant gap in the regulatory framework that directly affects the protections available to small businesses purchasing insurance.

3.1 Competing Definitions of Small Business

The Corporations Act 2001 provides the most relevant definition for insurance regulation. Section 761G(12) describes a small business as one with fewer than 20 employees, or fewer than 100 if it involves the manufacture of goods. This definition determines whether an insurance client is classified as a "retail client" under the Act — and thus entitled to the full range of consumer protections in Chapter 7, including disclosure obligations, access to external dispute resolution, and the regulatory oversight applicable to the provision of financial products and services.

However, the Australian Financial Complaints Authority (AFCA) — the external dispute resolution body to which insurance complaints are directed — uses a significantly broader

definition. Under the AFCA Rules, a small business is defined as an organisation with fewer than 100 employees, regardless of industry. Registered charities can also lodge complaints with AFCA, regardless of their number of employees. This means that a business with, for example, 50 employees in the services sector is not considered a "small business" for the purposes of retail client protections under the Corporations Act, but is classified as a "small business" when lodging a complaint with AFCA. This mismatch in definitions causes confusion for businesses and their advisers regarding the protections available to them at different stages of the insurance process.

The Australian Bureau of Statistics (ABS) defines small businesses as those with fewer than 20 employees, which includes 97.2% of all Australian businesses. The Australian Taxation Office (ATO) uses a turnover-based definition, classifying businesses with an annual turnover of less than \$10 million as small businesses, which cover 98% of Australian businesses. The Fair Work Act sets a threshold of 15 or fewer employees. The ASIC Act uses different thresholds depending on the section: fewer than 20 employees (or fewer than 100 for manufacturing) for consumer protection purposes under section 12BC, but fewer than 100 employees or a turnover of less than \$10 million for unfair contract terms under section 12BF.

3.2 The Retail/Wholesale Product Gap

Beyond the definitional inconsistency, the Corporations Act introduces another layer of complexity that directly affects the protections available to small businesses buying insurance. Even if a business fits the "small business" definition under section 761G(12), it is only classified as a retail client — and thus qualifies for full consumer protections — when purchasing one of eight specified general insurance product types. These include: motor vehicle insurance (limited to vehicles with a carrying capacity of 2 tonnes or less), home building insurance, home contents insurance, sickness and accident insurance, consumer credit insurance, travel insurance, personal and domestic property insurance, and medical indemnity insurance.

Critically, most of the insurance products that small businesses and not-for-profit organisations actually need to operate are not on this prescribed list. Public liability insurance, professional indemnity insurance (excluding medical indemnity), business interruption insurance, commercial property insurance, cyber insurance, management liability insurance, and directors' and officers' insurance are all classified as wholesale products by default — regardless of the size of the business purchasing them. This means a sole trader with two employees purchasing public liability insurance has fewer regulatory protections than the same person buying motor vehicle insurance.

The practical result is that, for most insurance products at the core of this inquiry — including public liability, professional indemnity, cyber, and business interruption — small businesses are classified as wholesale clients under the Corporations Act. They are not entitled to a Product Disclosure Statement, design and distribution obligations may not apply, and the anti-

hawking provisions do not protect them. This creates a significant gap in the consumer protection framework for small business insurance.

NIBA notes that the ASIC Corporations (Incidental Retail Cover) Instrument 2022/716, which offers relief where retail cover is genuinely incidental to an otherwise wholesale business insurance product, partially addresses the complexity of bundled policies but does not close the fundamental gap in protections for standalone commercial products.

3.3 NIBA's Position

NIBA uses the Corporations Act definition as its main reference for "small business" in this submission. However, the issues and recommendations discussed are also relevant to the wider SME and not-for-profit sector, including medium-sized enterprises and community organisations that face similar insurance challenges regardless of their number of employees.

NIBA encourages the Committee to consider two reforms stemming from these definitional issues. First, whether increasing consistency in the definition of "small business" across the regulatory framework — especially between the Corporations Act and the AFCA Rules — would reduce confusion and help businesses understand their available protections. Second, and more importantly, whether the list of retail general insurance products in section 761G(5) still meets the needs of small businesses today. The products at the heart of this inquiry — public liability, professional indemnity, cyber, and business interruption — are exactly the types of coverage small businesses most need. Yet, they are the products for which the regulatory framework offers the least consumer protection.

Recommendation 1

Review the definition of "small business" across the insurance regulatory framework, including the prescribed list of retail general insurance products in section 761G(5) of the Corporations Act, to ensure small businesses receive appropriate consumer protections when purchasing the commercial insurance products they need to operate — including public liability, professional indemnity, cyber, and business interruption insurance.

4. Ensuring Small Businesses Can Access Professional Insurance Advice

Ensuring small businesses can access professional insurance advice is the central theme of NIBA's submission, combining two interconnected dimensions: the measurable value the broking profession delivers to clients, and ensuring regulatory obligations are proportionate to general insurance broking.

4.1 The Measurable Value Brokers Deliver to Clients

The evidence that businesses that engage the broking profession achieve measurably better insurance outcomes is comprehensive and compelling. NIBA draws the Committee's attention

to three independent research bases that, taken together, present an unambiguous picture of the value professional advice delivers to small businesses and not-for-profit organisations.

Independent Consumer Research: 'Complexity to Clarity' (February 2026)

NIBA's most recent research, conducted independently by CoreData among 409 Australian SME business owners and decision-makers, measures the broker advantage across six dimensions. The findings are significant:

- Businesses report saving approximately 20 business hours across the insurance process when engaging a broker, including 7.2 hours on claims support alone. Without a broker, businesses report spending 11.4 hours on claims versus 4.2 hours with broker involvement — a 63% reduction.
- 94% of respondents enhanced their risk management approach by adding additional cover or making adjustments following their broker's advice, with 81% describing their broker's risk identification as helpful and valuable.
- 84% of respondents trust their broker to act in their best interest, and 88% have confidence that their insurance cover is right for their business.
- 95% of respondents see their broker as critical to claims resolution. Among claims resolved with broker involvement, 98% were successfully resolved, and 91% believe their broker's involvement achieved a better outcome.
- 87% overall satisfaction with broker services, with clients consistently praising brokers for taking on the 'heavy lifting' of insurance.

Four in five businesses (80%) report that their broker was actively involved throughout their most recent claim. Brokers assisted with understanding coverage (78%), preparing and submitting documents (73%), explaining the process (73%), liaising with the insurer (71%), and following up on claim status (65%). This level of engagement is not replicated in direct channels.

Established Evidence Base

The 'Complexity to Clarity' findings build on NIBA's established evidence base, which consistently demonstrates:

- 40% of clients were underinsured or uninsured before engaging a broker, underscoring the critical role of professional advice in identifying and addressing coverage gaps.
- 87% of broker clients are covered for more than half of their claim, compared to just 74% of direct insurance buyers — a meaningful difference in claims outcomes.
- 38% of broker gross written premiums are for clients located outside capital cities, demonstrating the broking profession's reach into regional and remote Australia, where insurance challenges are most acute.

Real-World Impact: Member Case Studies

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NIBA's member consultation undertaken specifically for this inquiry provides powerful examples of the tangible value professional advice delivers:

"A few years ago, I worked with an SME client and secured BI cover they previously didn't have. A storm hit, and the grain they had in store was made wet. We recovered \$3.5 million in business interruption for the grain business after storm damage. The claim was complex — involving assessment of spoiled grain, additional drying costs, and lost sales. Without professional advice, the client would have accepted far less."

— NIBA member, February 2026 — Grain business, \$3.5 million BI recovery

"A hospitality client suffered significant property damage. The insurer's initial estimate was \$800,000. Through detailed claims advocacy and forensic accounting support we arranged, the final settlement was \$1.2 million — a \$400,000 uplift that kept the business viable."

— NIBA member, February 2026 — Hospitality, \$400,000 claims advocacy uplift

"Obtaining alternative rebuild costs for a client when 50% co-insurance was to apply. The assessor's in-house quantity surveyor offered \$80,127. We negotiated a settlement for \$150,000 plus GST to reinstate the building damage caused by the storm event."

— NIBA member, February 2026 — Storm damage, underinsurance negotiation

"Liability claim in the construction industry — claim denial based on the insurer's interpretation of the information submitted by the client. We were able to show that the insurer misinterpreted its own policy wording. After review, the claim was accepted."

— NIBA member, February 2026 — Construction, claim declination overturned

These are not exceptional cases. They represent the everyday work of the broking profession: identifying coverage gaps before disaster strikes, advocating for clients when claims are disputed, navigating complex policy wordings, and securing outcomes that keep businesses viable. Without access to this professional advice, these clients would have faced significantly worse outcomes.

The Consequences of No Professional Advice

The evidence of what happens without professional advice is equally compelling. Members consistently report that direct buyers face critical coverage gaps:

"Most don't have any coverage whatsoever. They typically are price-focused and buy low limits of indemnity, do not make themselves aware of their responsibilities for cover to respond to claims, and are totally unaware of critical sublimits."

— NIBA member consultation, February 2026

"A small NFP took out an online cover which only covered their PI and PL as an individual and not their 19 employees, and excluded subcontractors, because the platform they used did not underwrite the risk or provide advice. They made the answers fit to obtain the cover."

— NIBA member consultation, February 2026

As the Independent Member for Calare, Andrew Gee, observed before the Standing Committee on Economics: "People aren't aware of what they're covered for and what they're not covered for, it's a major problem... No doubt, most of these people did not have an insurance broker."

Over the past five years, complaints about general insurance brokers have represented less than 3% of those made against general insurers to the Australian Financial Complaints Authority (AFCA). This low complaint rate is strong evidence that the current professional standards framework is delivering for consumers.

4.2 Regulatory Proportionality

Recommendation 2

Conduct a regulatory impact review specific to general insurance broking to right-size compliance obligations. The current framework was designed for investment advice and imposes disproportionate costs on broking clients without commensurate consumer benefit.

Recommendation 3

Require advice-access impact assessments before any reform affecting insurance distribution. Policy changes must be evaluated for their effect on consumer access to professional advice.

NIBA's 'Ready or Reacting?' report found that 86% of brokers anticipate regulatory demands will significantly impact the profession over the coming decade, yet only 62% feel prepared for this shift. This 24-percentage-point gap between anticipated impact and current preparedness underscores the need for proportionate regulation that allows brokers to focus on client outcomes rather than compliance overhead.

NIBA also highlights the unusual situation caused by the retail/wholesale classification in the Corporations Act, as detailed in Section 3 of this submission. The current system requires significant compliance efforts from brokers when advising on prescribed retail products like motor vehicle insurance, yet offers limited consumer protections for small businesses buying complex commercial products such as public liability, professional indemnity, and cyber insurance. This reversal — where the most complex products with the greatest risk of

consumer harm receive the least regulation — deserves the Committee's attention during any review of whether the regulatory framework sufficiently addresses modern insurance issues.

NIBA's member consultation revealed a strong consensus that compliance obligations are disproportionate to the risks of general insurance broking:

"The compliance paperwork now exceeds the actual policy documents. Clients receive broker reports longer than their PDS. No one reads it."

— NIBA member consultation, February 2026

"Being compliant with code of conduct, retail and wholesale codes, and informed consent does not mean a client is getting the best advice; it just means we have ticked the correct boxes if audited."

— NIBA member consultation, February 2026

The general insurance sector operates under a complex framework of over 30,000 discrete obligations from more than 300 instruments, enforced by more than 25 regulators. While NIBA supports robust consumer protection, the current framework was designed primarily for investment and life insurance advice. Applying these same obligations to general insurance broking creates compliance costs that are ultimately borne by clients, without delivering a commensurate improvement in consumer outcomes.

Upstream Compliance Demands

Recommendation 4

Standardise financial lines proposal forms across insurers using plain language and consistent requirements to reduce the cost and complexity of placing insurance for SME clients.

NIBA notes the Committee's interest in upstream compliance demands flowing from insurers and underwriting agencies to brokers and ultimately to clients. Members report significant frustration with disproportionate information requirements:

"Too many times paperwork required for simple risks — today for a \$17,000 [car] trailer, Allianz required a double-signed proposal form."

— NIBA member consultation, February 2026

"All Financial Lines proposal forms should be standardised with plain language and consistent requirements."

— NIBA member consultation, February 2026

NIBA recommends standardising financial lines proposal forms across insurers, using plain language and consistent requirements, to reduce the cost and complexity of placing insurance for SME clients.

5. State and Territory Harmonisation and Insurance Taxes

The complexity and cost created by inconsistent state and territory regulations represent a significant, addressable barrier to affordable insurance for small businesses. NIBA notes the Assistant Treasurer's personal support for harmonisation reform, making this an achievable, cross-partisan reform opportunity.

5.1 Workers' Compensation Fragmentation

Recommendation 5

Prioritise national harmonisation of workers' compensation obligations, including consistent impairment thresholds for common law claims and standardised administrative processes, to reduce compliance costs for small businesses operating across jurisdictions.

Australia operates 11 separate workers' compensation schemes, each with its own legislation, benefit structures, premium-setting methods, and coverage rules. For small businesses — particularly those operating across state borders — this fragmentation creates duplicated compliance obligations and administrative burden that diverts resources from core operations.

The impact on small businesses is acute. Publicly underwritten schemes in NSW and Victoria have experienced premium increases of approximately 30% and 42%, respectively, since 2021/22. Small businesses bear a disproportionate share of this burden because they are not experience-rated — their premiums depend on industry performance rather than their own claims record. In high-risk industries such as construction trades, premium rates can reach 14–18% of payroll, placing direct pressure on business viability.

NIBA members see the consequences of this fragmentation daily:

"Workers' compensation is the most complex 'compulsory' insurance. At least twice a week, I'm working with clients who should have workers' compensation but don't understand their obligations. State-by-state fragmentation makes it worse."

— NIBA member consultation, February 2026

"The ACT allows unlimited common law claims with no whole person impairment threshold — unlike NSW. This makes ACT workers' comp some of the most expensive and unstable in the country."

— NIBA member consultation, February 2026

"Victoria takes 6 weeks to get documents processed. WA is instant. The inconsistency is absurd for businesses operating across borders."

— NIBA member consultation, February 2026

Psychological injury claims are a particularly significant cost driver, with the median time off work approximately 31 weeks compared to 6 weeks for physical injuries, and average costs more than three times those of physical injury claims. The growing prevalence of these claims, combined with shortages of mental health professionals, creates a compounding pressure on scheme sustainability. NIBA supports targeted investment in early intervention and improved access to treatment to address these pressures at their source.

NIBA recommends that the Committee give priority to harmonising core principles, administrative processes, and definitions across jurisdictions, including the introduction of consistent impairment thresholds for common law claims. This would reduce compliance costs for multi-jurisdiction employers, improve the consistency of support available to injured workers, and create efficiencies that can flow through to lower premiums.

5.2 Insurance Taxes: Stamp Duty and Emergency Services Levies

Recommendation 6

Abolish insurance-based emergency services levies and replace them with broad-based property levies. The current model is inequitable, inefficient, and drives underinsurance.

Recommendation 7

Work toward nationally consistent stamp duty treatment for insurance to reduce complexity and ensure competitive neutrality across jurisdictions.

NIBA's opposition to distortionary insurance-based taxes is long-standing and unequivocal. These taxes are the second-largest component of insurance premiums after peril risk, and they act as a direct disincentive to insure. In 2024–25, state governments collected \$8.9 billion in insurance taxes — \$1.6 billion more than the entire general insurance industry's cumulative profits. State taxes add between 9% and 40% to the cost of a premium.

The impact on small businesses is immediate and tangible:

"NSW ESL, stamp duty, and GST can increase commercial premiums by up to 70%. Clients look at total cost — not net premiums. Taxes drive underinsurance."

— NIBA member consultation, February 2026

"SMEs, in my experience, look at the total payable, not what the figure is comprised of. The common phrase is 'you need to reduce my premium total to X amount, that's all I have budgeted for.'"

— NIBA member consultation, February 2026

NSW remains the last mainland state to retain an insurance-based model for emergency services funding. WA, SA, and Victoria have successfully transitioned to property-based

funding. NIBA recommends the abolition of the ESL and its replacement with a broad-based property levy calculated via capital-improved or unimproved land values, ensuring all property owners who benefit from emergency services contribute to their funding — not just those who purchase insurance.

Multiple government reviews have identified insurance stamp duty as one of Australia's least efficient taxes, due to its distortionary impact on consumer behaviour. A further inequity is that stamp duty is calculated on an amount that already includes GST — meaning consumers are effectively paying a tax on a tax, inflating the total cost burden beyond the headline rate. NIBA strongly encourages the Committee to recommend nationally consistent stamp duty treatment for insurance as a practical, achievable reform that would reduce complexity and improve affordability.

6. Sector-Specific Insurance Challenges

While the preceding themes address systemic issues affecting all small businesses and not-for-profits, NIBA's members identified several sectors facing acute affordability and availability challenges that warrant the Committee's specific attention.

As noted in Section 3 of this submission, the majority of these products are classified as wholesale under the Corporations Act, meaning small businesses purchasing them do not receive the consumer protections available for prescribed retail products — a gap that underscores the importance of access to the broking profession for navigating these complex markets.

6.1 Not-for-Profit and Community Organisations

Recommendation 8

Work with industry to develop sustainable, industry-led market solutions for high-risk not-for-profit activities — including pooled risk-sharing arrangements, sector-specific underwriting facilities, and governance recognition frameworks — that align coverage with the realities of NFP risk and reward organisations demonstrating strong governance and risk management practices.

The not-for-profit sector represents one of the most acute examples of market failure in Australian insurance. NIBA members report that mainstream insurers have progressively withdrawn from covering high-risk NFP activities, leaving organisations that serve Australia's most vulnerable communities without access to affordable — or any — insurance.

The consequences for consumers of these services are severe:

"A large faith-based organisation withdrew its out-of-home care services altogether across NSW, ACT, and Queensland because they couldn't obtain

sexual abuse cover at any price. The services ceased — children lost access to care.”

— NIBA member consultation, February 2026

“A number of our clients have already either become financially unviable or have, by necessity, chosen not to continue providing certain services due to the cost of managing the insurance. This has meant that key organisations who used to provide needed services to our most vulnerable — youth at risk, domestic violence survivors, homeless — can no longer do so.”

— NIBA member consultation, February 2026

“CCI has exited the market. Ansvar has reduced capacity. Sexual abuse and safeguarding cover is now effectively single-market in Australia. There’s no competition.”

— NIBA member consultation, February 2026

The broking profession plays an essential role in navigating these constrained markets for NFP clients. One member reported successfully assisting an NFP faith-based child care client to obtain public liability and sexual abuse cover through a niche market, “who will only interact with our broking organisation due to the level of input and management we provide.” Without access to the broking profession, these organisations would face a severely restricted market with no professional guidance.

An important distinction is often lost in public debate about NFP insurance: the difference between insurance that is expensive and insurance that is genuinely unaffordable. NIBA’s specialist member consultation indicates that for the majority of NFP subsectors, cover remains available — the challenge is that rising governance costs and reduced government funding have compressed operating margins, making costs that were previously manageable feel unmanageable. Genuinely unaffordable insurance — where cover is unavailable at any commercially viable price — is concentrated in identifiable subsectors and driven by specific, addressable factors. Policy responses that treat the entire NFP sector as experiencing market failure risk misdiagnosing the problem and delivering interventions that do not reach those who need them most.

A structural challenge unique to the NFP sector is that community organisations rarely conform to a single, stable activity profile. Unlike small businesses with a defined scope, an NFP may provide personal care services one day, run a community meals program the next, and organise a fundraising event the following week — responding to community need as it arises. This diversity is the sector’s strength, but it creates real difficulties for insurance underwriting, which depends on reliable categorisation of risk. NFPs that purchase cover through direct or digital channels are typically assigned a short, standardised activity description. When a claim arises from an activity not captured by that description, cover may not respond. The broking profession addresses this gap through dedicated NFP underwriting facilities that accommodate diversified activity profiles — arrangements that are not

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accessible through direct channels and that ensure an organisation's full operational scope is properly covered.

NIBA's specialist member consultation consistently identifies governance quality as the single most significant determinant of insurance affordability and availability in the NFP sector. Organisations that maintain documented risk management frameworks, invest in appropriate governance structures, and engage proactively with their insurer and broker demonstrably achieve better coverage at more competitive terms than those that do not — even within high-risk subsectors. This has a direct policy implication: programs that support NFPs to improve governance capability can deliver tangible insurance affordability benefits without requiring market intervention. NIBA supports government investment in NFP governance uplift — including director education, risk management frameworks, and access to specialist insurance advice — as a sustainable, market-consistent complement to the industry-led solutions recommended above.

NIBA also notes that some NFPs are inadvertently paying stamp duty on their insurances when they are exempt, because the direct platforms through which they purchased cover did not check eligibility or provide advice. This further highlights the value of professional advice in ensuring organisations access the protections and concessions available to them.

NIBA recommends that the Government facilitate, but not directly underwrite, solutions for this market failure. Industry-led mechanisms — such as pooled risk-sharing arrangements and dedicated NFP underwriting facilities — can restore market capacity for high-risk NFP activities without creating the premium distortions that typically accompany government-backed schemes. The broking profession is well-placed to participate in the design of such solutions, given the depth of specialist expertise members have developed in this sector.

6.2 Public Liability

Recommendation 9

Review public liability cost drivers, including tort reform options, to address the 55–60% premium increases over the past six years that are rendering small businesses and community organisations unviable.

Public liability premiums have increased by 55–60% over the past six years, driven by social inflation, increased litigation, higher compensation expectations, and more aggressive legal strategies. As APRA has noted, Australia is experiencing a period of legal and litigation cost inflation that directly impacts the cost of liability insurance for businesses of all sizes.

For small businesses, public liability is frequently a complex product that requires professional advice to ensure adequate protection:

“Very limited market for certain activities. Restrictive exclusions — such as quad bikes — make policies ineffective. Clients think they’re covered, but they’re not.”

— NIBA member consultation, February 2026

“Recovery claims from workers’ compensation schemes — which come many years after the event — and insurer-appointed lawyers settling too early at commercial settlements, are both driving up costs.”

— Direct NIBA member feedback, February 2026

Adventure tourism, horse-related businesses, riding schools, events and entertainment, and children’s activity providers are all sectors where members report extremely limited market availability. In some cases, activities are virtually uninsurable. NIBA notes that New Zealand provides government-backed insurance for adventure tourism, and the Committee may wish to examine international comparators as part of its deliberations.

6.3 Cyber Insurance

Recommendation 10

Expand cyber awareness and education programs for SMEs, building on the Essential Eight framework, and require insurers to share anonymised learnings from the mandatory ransomware reporting framework to improve collective understanding of cyber risk.

Cyber insurance is a rapidly evolving product where the broking profession plays a distinctive and essential role. NIBA’s ‘Ready or Reacting?’ report found that 76% of brokers believe new risks, including cyber, will significantly impact the profession. Members consistently report that most SMEs would not recognise the need for cyber insurance without professional advice:

“Cyber has generally a very low take-up. Business owners largely believe it is not going to happen to them. It’s great that the Australian Government has the Essential Eight, but they don’t publicise it enough for SMEs.”

— NIBA member consultation, February 2026

While the cyber insurance market is currently softening, with reduced premiums and increased competition, the underlying risk environment is intensifying. The Australian Signals Directorate’s Annual Cyber Threat Report confirms increasing volumes of cyber incidents and calls to the Australian Cyber Security Hotline. Small businesses face similar risks to larger entities but with far fewer resources to manage them.

NIBA supports the Government’s existing Cyber Wardens program and encourages its expansion. The broking profession is well-positioned to deliver cyber awareness and risk management education to SME clients as part of the broader insurance advice relationship. NIBA also supports sharing anonymised data from the mandatory ransomware and cyber

extortion reporting framework with insurers and brokers to improve the collective understanding of Australia's cyber risk profile.

NIBA has previously advocated for the Australian Reinsurance Pool Corporation (ARPC) to be expanded to cover physical property damage resulting from cyber-terrorist attacks, noting that commercial policies currently lack the capacity to provide adequate cover for this exposure.

6.4 Business Interruption

Business interruption insurance is one of the clearest examples of the value professional advice delivers to small businesses. BI coverage is frequently overlooked by SMEs who purchase insurance directly, yet it can be the difference between survival and closure following an insured event.

"Business interruption is poorly understood by SMEs. Most small business clients do not understand that the contingency of business interruption cover only applies as a result of insured property damage. Direct buyers typically have no BI cover at all."

— NIBA member consultation, February 2026

The grain business case study detailed in section 4.1 — where a broker secured \$3.5 million in BI recovery that the client would not have had without professional advice — exemplifies the value at stake. Another member developed a bespoke business interruption calculator for aged care clients to properly assess coverage needs based on sector-specific requirements, thereby reducing rates, increasing limits, and improving coverage.

NIBA notes that BI claims assessment is inherently complex, requiring evaluation of forecast earnings, past financial records, and projected sales and expenses. This complexity further underscores the importance of professional advice in both securing appropriate coverage and navigating the claims process.

6.5 Regional and Remote Insurance Markets

Recommendation 11

Expand targeted resilience grants and tax incentives for private mitigation efforts by SMEs and not-for-profits, including flood barriers, fire protection systems, and cybersecurity upgrades.

Regional and remote communities face a well-documented insurance availability and affordability crisis. NIBA data shows that 38% of broker gross written premiums are for clients operating outside capital cities, demonstrating the profession's reach into the communities most affected by insurance challenges.

“North of 26th parallel — huge increase in rates on most property type classes. Christmas Island, Cocos Islands — virtually impossible to get any insurance cover.”

— NIBA member consultation, February 2026

“Property in smaller towns with older buildings is becoming uninsurable, which means these buildings and ultimately, towns will die.”

— Direct NIBA member feedback, February 2026

Home insurance premiums in Northern Australia are almost double the national average. In high-risk towns like Port Hedland, 25% of households pay premiums more than four times the national average, with cyclone risk making up 54% of the gross premium cost. Regional communities also face acute delays at claim time, with one member reporting an 18-month wait for a builder despite the claim being approved.

NIBA strongly supports increased government investment in risk mitigation and resilience infrastructure to address the root causes of regional insurance affordability challenges. Flood mitigation measures, improved building codes, and appropriate land-use planning can reduce the underlying risk that drives premium escalation. NIBA also supports targeted resilience grants and tax incentives for private mitigation efforts by SMEs and NFPs.

6.6 Government Procurement and Insurance Requirements

Recommendation 12

Require government tenders and contracts to specify insurance requirements proportionate to actual operational risk, uphold Australia’s Unfair Contract Terms laws in all government procurement, and eliminate clauses that impose contractually assumed liabilities or contract out of proportionate liability protections — enabling SMEs and not-for-profits to participate fairly in procurement markets and avoid inadvertent exposure to uninsured financial risks.

NIBA members consistently report that government tenders and commercial contracts often require insurance coverage levels that exceed operational risk. This imposes unnecessary costs and can shut SMEs and NFPs out of bidding processes entirely:

“Government tenders and commercial contracts often require ‘maximal coverage’ levels that exceed operational risk — which raises premiums and can shut SMEs/NFPs out of bidding processes.”

— NIBA member consultation, February 2026

The problem extends beyond the quantum of coverage required. Many government contracts include clauses that impose contractually assumed liabilities significantly exceeding those that would arise under common law — liabilities that frequently fall outside the coverage of standard SME insurance policies. Without access to professional advice, SMEs and NFPs may

unknowingly accept risks they cannot insure, and may find their coverage inadequate if those liabilities are triggered.

This creates a perverse procurement outcome. Organisations that engage professional advice and purchase cover adequate to the full contractual risk bear a higher premium than competitors who have not recognised or insured the exposure. The more risk-aware, properly insured organisation is competitively disadvantaged at tender stage. In practice, this can result in procurement agencies selecting less suitable suppliers and leaving both parties exposed to unmanaged financial risks.

NIBA also notes the growing prevalence of clauses that contract out of proportionate liability laws — a core feature of Australian tort law that limits each party's liability to their share of responsibility for a loss. Clauses that override this protection push disproportionate liability onto SMEs and NFPs. These practices, originated in government contracting, have been widely replicated in commercial agreements across the economy. NIBA recommends that government procurement teams actively uphold Australia's Unfair Contract Terms laws in their own contracting, conduct systematic assessments of contract terms for UCT compliance, and base insurance requirements on evidence-based risk assessments rather than standardised maximum-coverage thresholds. Government leadership here will not only improve fairness in public procurement — it will discourage the private sector from perpetuating these practices and reduce the cost burden currently pushed onto SMEs and NFPs through unnecessarily high insurance requirements.

7. Conclusion

This inquiry presents a significant opportunity to strengthen the insurance safety net for Australia's small businesses and not-for-profit organisations. The evidence presented in this submission demonstrates that the broking profession delivers measurable, documented value to clients — saving time, improving risk management, building trust, driving faster claims resolution, and achieving better outcomes. These are not assertions of commercial interest; they are findings from independent consumer research and real-world case studies.

NIBA's twelve recommendations are designed to be practical, achievable, and consumer-focused. They address the systemic barriers to affordable insurance — distortionary taxes, fragmented state regulation, and disproportionate compliance burdens — while also tackling the sector-specific challenges that leave vulnerable organisations without access to coverage.

At the heart of this submission is a simple proposition: when consumers have access to the broking profession, they receive better advice, more appropriate coverage, superior claims outcomes, and greater confidence in their insurance arrangements. Any reform that diminishes this access will harm consumers, not protect them.