

Thursday November 19, 2020

Business interruption insurance pandemic update

The Insurance Council of Australia is in discussions with insurers, the Australian Financial Complaints Authority and other stakeholders to consider a further test case that explores outstanding policy matters, including proximity and prevention of access, relating to the pandemic and business interruption insurance.

The industry's intention is that it would again meet the costs of both the policyholders and the insurers in any legal process, in the same fashion as the first test case regarding the Quarantine Act.

The industry seeks to progress a court resolution of these matters quickly, and regardless of any decision around an appeal on the first test case.

The Insurance Council will continue to work with all stakeholders and government to provide clarity for all parties and the industry. It will provide an update on these matters as soon as they are settled in coming weeks.

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ABOUT THE INSURANCE COUNCIL OF AUSTRALIA:

The Insurance Council of Australia (ICA) is the representative body of the general insurance industry in Australia. ICA members represent about 95 per cent of total premium income written by private sector general insurers. Insurance Council members, both insurers and reinsurers, are a significant part of the financial services system.

Insurance Council members provide insurance products ranging from those usually purchased by individuals (such as home and contents insurance, travel insurance, motor vehicle insurance) to those purchased by small businesses and larger organisations (such as product and public liability insurance, professional indemnity insurance, commercial property, and directors and officers insurance).

June 2020 Australian Prudential Regulation Authority statistics show that the general insurance industry generates gross written premium of \$51.4 billion a year and has total assets of \$135.4 billion. The industry employs about 60,000 people and on average pays out about \$171.1 million in claims each working day.

Over the 12 months to June 2020 the industry's net profit after tax (NPAT) was \$1.0 billion – a 70.5 per cent decrease from the prior year's NPAT of \$3.5 billion. The industry's underwriting result was \$1.4 billion, falling by 39 per cent from \$2.3 billion in the prior year. <http://www.insurancecouncil.com.au/about-us>