

## **CURRENT LIABILITY & INSURANCE MARKET**

I never want to go through a period of uncertainty like we went through in the early 2000's. Everyone remembers the time when insurers were increasing prices, imposing even higher excesses and reducing conditions significantly IF you could get the cover you needed! I personally received a number of calls from people in extreme distress.

All of the senior personnel at Phillips have been asked about the reasons for this significant shift – and in simple terms it was a case of demand far outstripping supply in a market place. In recent times however, we have seen the reverse. Prices have dropped and acceptability has grown – it has seemed that more and more options have become available to business owners. Is there a sting in the tail though...

The current state of the insurance market (particularly liability insurance) is due to a number of factors combining, bringing stability for suppliers and optimum conditions for purchasers:

1. The review of maximum payouts to claimants – this was state-based legislation designed to limit the total claims costs of insurers.
2. Risky business legislation – a review of the federal Trade Practices Act to ensure waivers actually protected business owners.
3. Higher prices to build a pot of funds for insurers.
4. Lower than expected claims results.
5. Lower cost of reinsurance protection – this is what the insurers rely upon to protect them from major losses.

Will these elements continue to provide ever reducing price of insurance? A resounding NO! In some parts of Australia we are seeing higher payouts than we have become accustomed to. To maintain profitability there are some signs that discounting is nearing the end of its cycle with prices leveling off. When it does, prices will increase, although the timing and extent will depend upon continuing profitability of their business and availability of reinsurance.

With that said every business owner has a tool within their grasp to minimize insurance costs during anytime in the insurance cycle. Those who most effectively manage the risks they face will always have an advantage. It will allow you access a broader range of insurers, give you more power in negotiation and finally more comfort in your capacity to operate in times of adversity.

The better prepared you are the better the outcome you can expect. Phillips has been at the forefront of working with various industries risk management and accreditation programs. Our firm view is that any business which undertakes a recognised accreditation program deserves to be rewarded and this is a feature of our presentations to insurers on our clients' behalf.

With the drive by the federal government towards a single national framework, there is opportunity to ensure your business, your sector or industry and tourism operators generally, can maintain favorable pricing for some period to come. The best way to manage this, like all aspects of business is strategically.

The professional team at Phillips remains ready, willing and able to assist you to arrange the most appropriate cover, simplify the process while negotiating the best possible outcomes. However, the insurance market is changing again and all business owners should be prepared.

For further information we suggest you contact Mark Van Der Haar at Phillips on toll free 1800 819 394 for a professional assessment of your risks.