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INSURANCE PREMIUMS SLOWLY BOILING BUSINESSES

Unaffordable insurance premiums are increasingly threatening the viability of NSW's small and medium enterprises (SMEs), sparking calls for reform from the state's peak business group.

More than one in ten (13%) SMEs say general insurance* premium increases are putting the viability of their business at risk, according to 825 businesses who contributed to the latest [Business Conditions Survey](#).

One in four businesses have endured premium hikes of more than 30% in the past year.

"The current economic environment is slowly boiling businesses, and the cost of insurance is the number one culprit turning up the heat," [Business NSW](#) CEO Daniel Hunter said.

"Many businesses are being forced into taking out the minimum insurance possible. Members tell us being properly insured would force them to close their doors.

"More than one in five (22%) of businesses have insured below their desired level and 12% of businesses have gone without non-mandatory insurance.

"As small and medium enterprises exit the various insurance schemes, it means those left pay even more. The system is under a lot of pressure and something needs to change.

"If these premium price rises continue, we are likely to see more smaller and medium businesses lost, meaning only the biggest corporate players survive. This is bad for innovation, bad for our communities and bad for NSW."

Following on from Business NSW's [landmark insurance report](#), Business NSW is calling for:

- SMEs to put the heat on insurers by shopping around for a better deal;
- The NSW Government to accelerate touted reforms to the Emergency Services Levy to reduce the markup on insurance premiums for SMEs;
- The NSW Government to right-size the insurance policies required for their contracts, so businesses don't have to needlessly overpay insurance companies;

- The NSW and Federal Government to co-fund a support and training program for business to uplift the level of education around risk management; and
- Premiums to be driven down in under three years by including business and consumer representation in the funded Hazard Insurance Partnership (HIP) project.

Mr Hunter said last week's GDP data revealed a troubling slowdown in economic growth, with a significant drop from last year's figures.

"Business confidence in NSW has declined for the second straight quarter, according to the Business Conditions Survey, making for a tough outlook for business," Mr Hunter said.

"The hardest hit sectors include the visitor economy who are largely made up of small mum and dad businesses still struggling from the hangover effect of the pandemic."

"The time for meaningful insurance reform – both state and federal – is now."

Key findings from the Business Conditions Survey:

- The Business Confidence Index has declined for the second straight quarter, dropping from -59.7 to -67.8;
- 38% of businesses say taxes and government charges are the biggest barriers to business expansion;
- 67% of the businesses say the cost of doing business is the biggest barrier to business expansion;
- More than 90% of businesses have experienced an increase in general insurance costs in the past 12 months, the majority of which reported an increase of between 11% and 30%;
- 81% of businesses say high freight costs are their biggest supply chain issue;
- 43% of businesses have sought a new energy deal in the past 12 months;
- 64% of businesses have identified barriers to winning government contracts, with the most common barrier being the high cost or time involved in preparing applications (33%); and
- Only 45% of small businesses surveyed have accessed the instant asset write-off scheme and got some benefits from it.

** General insurance is defined as property and contents, public liability, professional indemnity, equipment and business continuity insurance.*

About Business NSW

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Formerly the NSW Business Chamber, **Business NSW** is the peak policy and advocacy body which has been representing businesses in NSW since 1826. We represent almost 50,000 businesses.

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