Insurance – camps and outdoor activity providers

Context

- The outdoor sector is seen by insurers as very volatile.
- Global risk claims in recreation (which includes sport) has increased significantly, which is carrying forward onto our members. In other words, even with a perfect camps record, we are still lumped in with the adventure / leisure industry (for example, Dreamworld and the FN QLD zip line fatality) and in some instances, we are also bundled with hospitality (high levels of slips and falls).
- When things go wrong they go catastrophically wrong. Claims history in this sector demonstrate that the costs of claims are very significant (average of $1.5M).
- Insurers gain revenue from premiums and from investments. Low interest rates = low return from investments = look at premium increases to support insurance businesses.
- None of this is related to COVID-19, our response to which might actually improve the reputation of our sector in insurance circles.

Current situation

- In recent times at least two insurance providers (Winsure, Hostsure) and two insurance underwriters (eg Penn, One) have ceased to offer services to the outdoor sector or have left the market. Only two or three insurers are still active in our sector.
- This is cyclic but the cycles are getting shorter = less long-term knowledge about the outdoor sector and less long-term relationships.
- This has meant that the availability of PL insurance to the sector is very poor at present, and that the level of competition for business has declined significantly. This has led to much higher premiums (what the insurance sector would call 'technical' – what they believe the premiums should be – vs 'competitive' – discounted premiums).
- New entrants to the insurance sector will initially offer only high premiums.
- The insurance industry maintains that premiums in many cases remain significantly under-priced for the claims history of our sector – which is influenced by both domestic and international events.
- Those that are continuing to offer services to our sector are very much more informed than they have been in the past and are expecting far more supporting documentation, eg expansion of risk management processes.
- High loss ratios mean that insurers either pull out of the market or require more documentation <u>and</u> evidence that this documentation is being activated.
- Those operators who can provide this level of documentation seem to be more easily able to secure PL insurance.

What can we do to improve the situation?

1. **Australian Camps Association (ACA)**

- Holding Quality Tourism Framework (QTF) accreditation alone doesn't address insurer's issues. This should be our aim.
- Insurers don't feel that the QTF model is as rigorous as the previous ACA administered accreditation model. There is a historic loss of confidence that will take some time to recoup, and which is being addressed now through a revamp of our MoU with ATIC.
- Include more risk management / Standard Operating Procedures (SOPs) documentation into QTF accreditation so that accredited camps are more recognised / supported. Not enough stress on conducting activities = no value seen from insurers. Make the program component of the accreditation process much more rigorous.
- ACA requests that insurers contribute to the QTF Camping and Adventure Activity module review (Insurers have offered their full support and backing for this, with insurers 'in the room').
- Beefed up verification visits may cost more but may improve insurance availability in the future = an investment.
- Insurers did have input into the Australian Adventure Activity Standards (AAAS), but there is generally a low level of understanding of AAAS in the insurance industry. AAAS is not a mandatory set of standards, more voluntary Good Practice Guides (GPGs). Insurers would be happier if they were mandatory.
- Recommend that businesses develop strong relationships with their insurers. New camps often have much higher premiums not passed on to long term clients.
- Find out what ATIC's approach is / will be for the wider tourism sector.

2. **Camps**

- Following AAAS standards does not equal a discount, rather if you *don't* follow the standards you *won't* get insurance.
- Insurers want camps to demonstrate compliance with the AAAS, plus evidence of staff education, etc.
- Key areas for camps to focus on – staff qualifications, then experience (in that order), ratios of staff coupled with risk management guidelines (SOPs). All of these are regarded highly by insurers.
- There is increasing need to provide insurers with greater level of detailed documentation, especially in regards to flying foxes and giant swings – recommend that camps gather all available documents on the construction of these activities – initial design / engineering reports, up to date audits, staff training, rescue systems, etc.
- Our industry is seen as a hobby industry, not professional. Our response to COVID-19 has helped to improve this image.
- The horse industry has had problems since 2002, quad bikes since 2015. Horse-riding is particularly affected, even if the owners complete additional (lengthy and expensive accreditation).

3. Auditing as a way to provide comfort for insurers

Identify and carry out categories of activities to audit (in order of priority):

1. Business risks
2. Those that require an external expert body of expertise to carry out the audit – eg horse-riding (Horse Safety Australia), zip lines (construction and maintenance are signed off by engineers). Insurers are looking for credentialed (preferably national bodies who can provide this.
3. Those that can be audited with anyone with good external sector knowledge – eg archery.
4. Those that can be audited by the site – eg a game.