



NCPD ANALYSIS

Review of claims trends and affordability of public liability and professional indemnity insurance in Australia

May 2023

Disclaimer Text

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Executive summary

In recent years, concerns surrounding the affordability and availability of public liability insurance, professional indemnity and directors and officers insurance have emerged; and questions have been asked of the drivers of increasing premiums and claims costs. This report examines the policy and claims data available through the National Claims and Policy Database (NCPD) to draw insights on these trends with a strong focus on affordability.

Premium and incurred claims costs have risen significantly for each of these three classes of insurance in the last few years – summarised below and explored in more detail in Chapters 2-4. These trends have impacted performance of these classes, which has generally been quite varied across different industries in each class over this period - explored in Chapter 5.

Through publishing additional NCPD data as well as key analytical insights, this report supports one of the objectives in APRA's Corporate Plan 2021-2025, which is to help find solutions to current challenges in financial services and enable data driven decision making. This report contributes to the understanding of insurance affordability and accessibility challenges for Australians.

Public and product liability insurance products in Australia have seen significant growth in premium in recent years. The average premium for this insurance product has grown by 40% since 2015, outpacing inflation in Australia. As premium increases started to occur in 2017 in response to worsening claims experience, the proportion of policies with a larger deductible began to increase. In effect, it appears that businesses have been taking on more risk in order to reduce or maintain premium costs.

Bodily injury claims represent the largest factor contributing to growth in both premiums and claims costs, with the average finalised claim size increasing strongly by 5.5% p.a. since 2013. Looking at open and finalised costs, there is a higher incurred cost for accidents after 2017. This is driven by work injury and fall claims.

Work injury claims, sometimes referred to as Worker-to-worker claims, have been noted by many insurers as a driver of recent cost pressures. Worker injury claims in recent years have an average size which is more than double that for other bodily injury claims. The data also indicates an increasing number of psychological claims in recent years. More broadly, inflation in claims costs has been higher than general inflation and this has been driven by a combination of social inflation (for instance higher claimant demands, media scrutiny), legal and litigation cost inflation, and medical cost inflation.

Professional Indemnity insurance products in Australia have seen similar premium trends to public liability in recent years, with the average premium growing by 27% since 2015 as a result of increasing claims costs. The premium increases were the highest for large and corporate businesses.

The data reveals that finalised claims costs for this insurance class have been relatively stable in recent years, however, incurred claims costs for more recent accident years are emerging higher than historically.

Directors and Officers (D&O) insurance has been in the spotlight for increasing premiums and large claims. This is particularly relevant to side C¹ coverage due to the increasing number of shareholder class actions.

The NCPD data reveals the number of large D&O claims (defined as greater than \$1m) has almost tripled from the period from 2009 to 2015 to 2019 to 2021 (i.e. 11 up to 31 p.a.), driven by a larger volume of finalised claims above \$5m. These large claims are likely to relate to class actions.

The drivers of premium increases are complex and potential solutions are multi-faceted, requiring a collaborative approach among key stakeholders in Government, industry, other regulatory agencies and consumers. APRA will continue working with these stakeholders to achieve an appropriate balance between the financial health of insurers and access to affordable and well-designed insurance for consumers.

¹ Cover for listed companies that pays on behalf of the company loss that is incurred resulting from a securities-related claim

1 Introduction

1.1 Background and Scope

In January 2005, the Australian Prudential Regulation Authority (APRA) created and launched the National Claims and Policies Database (NCPD) for public and products liability (referred to as 'public liability' in the rest of this report) and professional indemnity insurance at the request of the Federal Government. The NCPD provides insurers, the community and the government with a better understanding of these insurance products.

APRA has collected this data twice a year since then and this report uses data collected up to 31 December 2021 to explore trends in the affordability of these insurance products and discuss the key drivers of these trends. Through publishing additional NCPD data as well as key analytical insights, this report supports one of the objectives in APRA's Corporate Plan 2021-2025, which is to help find solutions to current challenges in financial services such as insurance affordability and accessibility for Australians and enable data driven decision making. APRA will continue working with key stakeholders in Government, other regulatory agencies and the insurance industry to achieve an appropriate balance between the financial health of insurers and access to affordable and well-designed insurance for consumers.

This report also aims to:

- Set out the major drivers of claims costs, explore recent increases in claims costs and discuss the key drivers of these increases.
- Analyse the performance of insurance classes to identify whether there is a strong relationship between claims experience and pricing.
- Provide more detailed data to assist industry participants to benchmark their portfolios to industry experience.

APRA acknowledges the significant contribution from Finity Consulting on report content, and methodologies. This collaboration helped ensure that the report includes data which is useful to industry stakeholders in understanding premium and claim trends and drivers of those trends. APRA also acknowledges the contribution of a working group from the Actuaries Institute which supported insights included in the Executive Summary.

The report is based on a record policy and claims dataset from the NCPD as at 31 December 2021 for private insurers, and excludes Lloyds and state insurers. Details about the data, including reconciliations of the dataset to existing NCPD reports published by APRA, are provided in the Appendices to this report.

1.2 Glossary / Data definitions

Accident year of a claim	The year in which the incident occurred which gave rise to the claim.
Finalisation year	The year in which the claim was settled and closed by the insurer.
Development year	<p>For accident years - the number of years between the incident occurring and the claim being reported. For example, a claim that occurred in 2012 and is reported in 2014 has a development year of two.</p> <p>For underwriting years - the number of years between the contract of insurance being written and the claim being reported. For example, for a policy that was written in 2016 with a claim reported in 2019; the development year would be three.</p>
Claim jurisdiction	The state or territory where the claim has been decided by a court judgement or where the claimant resides. The claim jurisdiction may differ from the issue state of the policy that responds to the claim.
Industry division	The highest level industry classification in the <i>Australia and New Zealand Standard Industry Classification (ANZSIC) 1993 as set out in the NCPD Data Specifications</i> . Each Industry division then breaks down into 4 Digit divisions. Where relevant, analysis by 4 Digit divisions has been presented in this report.
Large claims	Claims that were finalised with payments of more than \$0.5m for public liability and \$1m for professional indemnity on a nominal basis.
General nature of loss	Captures the primary kind of loss associated with a claim. We have grouped these into Nature of Loss groupings as defined in the Appendix.
Cause of loss	Captures how incident occurred which gave rise to the claim. We have grouped these into Cause of Loss groupings as defined in the Appendix.
Claims reported	Claims which have been reported to the insurer.

Unless otherwise stated, all years shown in this report are calendar years ending 31 December.

2 Public and Product Liability

2.1 Premium trends

This section explores the premium and claims trends for all public and product liability insurance products in the NCPD.

Summary of affordability insights

Since 2015, public liability gross written premiums grew by 53% - made up of a 40% increase in average premiums and a 9% increase in risk counts.

This percentage increase in average premium and premium rates (indicators of reduced affordability) was highest for large and corporate businesses.

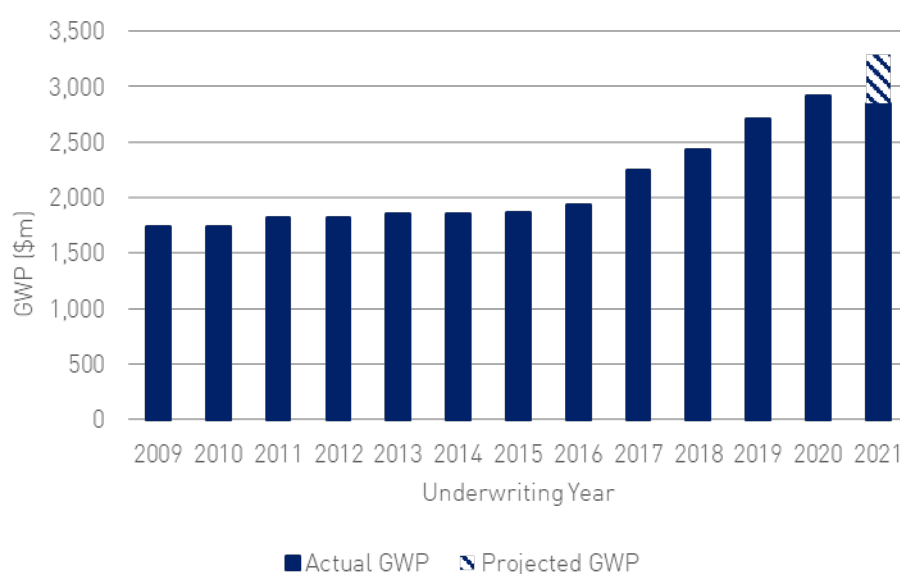
For micro/small/medium sized businesses – higher deductible policies had lower increases in average premiums. As premium increases started to occur in 2017, the proportion of policies with a larger deductible increased – perhaps due to businesses seeking to mitigate the impact of premium increases by choosing to retain more of their liability risk.

By industry, significant premium increases occurred for the following industries (ANZSIC divisions and particular 4-digit ANZSICs):

- Construction industry - particularly from residential building companies as well as trade services such as plumbing and roofing companies. These increases are in response to higher claim costs driven by bodily injury claims.
- Retail Trade industry – Household equipment repair services and domestic appliance retailing. These industries have seen an increase in bodily injury claims from falls as well as other claims such as lifting and discrimination.
- Mining industry – black coal mining has seen a higher level of impact and fall claims.

Figure 2.1 shows the public liability insurance premium volumes from 2009 to 2021.

Figure 2.1 – Public Liability – gross written premium by underwriting year

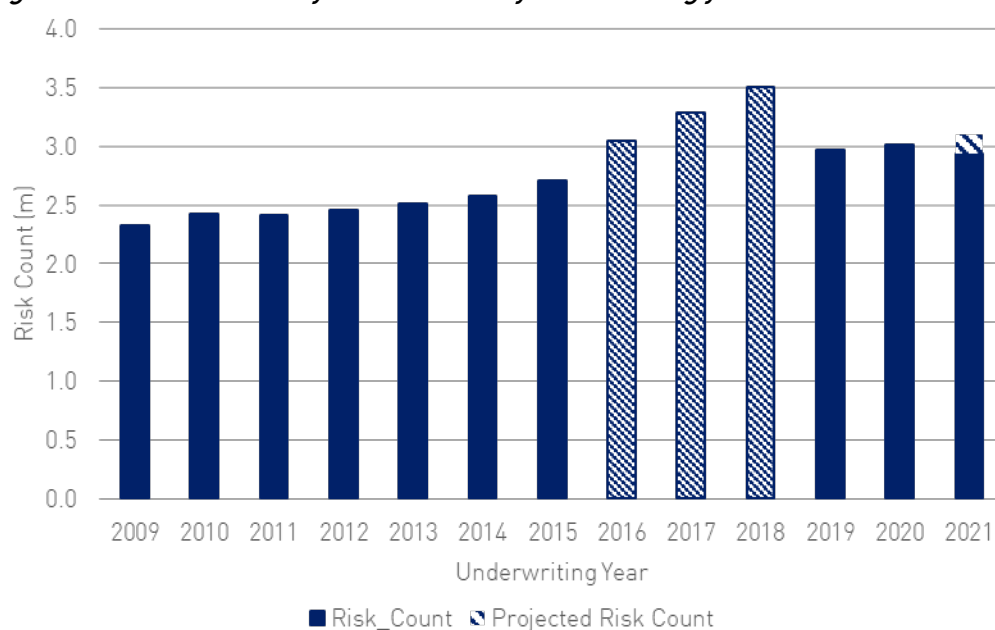


Total premium volumes grew slowly over 2009 to 2016 at an average increase of 1.5% p.a. Premium volumes then escalated over 2017 to 2020 at an average increase of 11% p.a – increasing from \$1.9bn to \$2.9bn. This escalation appears to be in response to increases in claims costs (discussed in Section 3.2).

A small reduction in 2021 premium is observed and the decline is caused by data submission delays. We estimate the movement for 2021 premium volumes will be closer to a 12.7% increase relative to 2020 when APRA publishes the next NCPD data release in July 2023.

Figure 2.2 shows the number of public liability risks insured from 2009 to 2021.

Figure 2.2 – Public Liability – risk counts by underwriting year



The number of risks might be expected to steadily increase over time as normal economic growth results in a larger number of businesses which require liability insurance. This is observed over 2009 to 2015 where the number of risks grew steadily by an average of 2.5% p.a.

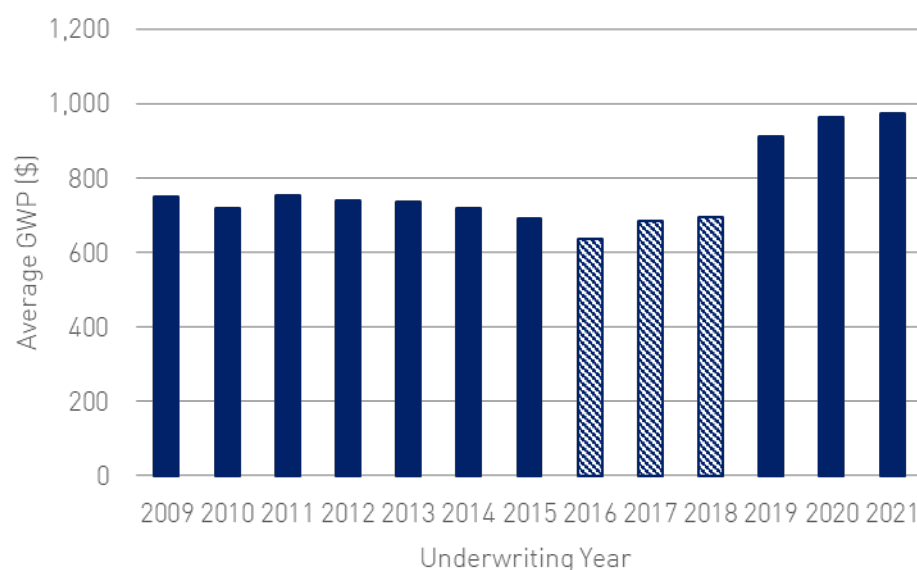
The number of risks grew at a higher rate at 9%p.a. over 2016 to 2018, peaking in 2018. The number of risks written then declined in 2019 and have been stable since. The movements in risk counts between 2016 and 2019 are likely due to changes in the way insurers are recording risks in the NCPD rather than representing any real changes in the number of liability insurance policies. The elevated risk counts over 2016 to 2018 are therefore treated as anomalous and it is assumed that the risk counts in 2019 to 2021 are consistent with 2015 and prior years.

The average increase in risk counts from 2015 to 2020 (noting that 2021 is impacted by data submission delays) is 2.2% - which is similar to the level of growth from 2009 to 2015.

Note that the small reduction in 2021 risks is due to data submission delays and we estimate that the growth will be a 2.7% increase relative to 2020 at the next NCPD data release.

Average premium (i.e. premium per risk) is one measure of insurance affordability and trends in this are shown in Figure 2.3 below.

Figure 2.3 – Public Liability – average premium by underwriting year



Average premiums *reduced* from 2009 to 2015 by an average of 1.5% p.a – from an average premium of \$750 down to \$690. This indicates that the affordability of public liability insurance was improving over this period.

Average premiums were very low over 2016 to 2018 – due to the anomalous high risk counts over this period. This is not viewed as a reliable indicator of a change in insurance affordability.

By 2021 average premiums were \$970. This represents a 40% increase or an average 6% p.a. increase from 2015 to 2021 – indicating that affordability reduced over this period.

2.1.1 Business size

Premiums trends by the size of the insured business were explored. The business size groupings were defined using the business turnover or number of staff (which are the most common measures of exposure used for liability insurance). See Appendix for further details. Figure 2.4 sets out the 2021 risk counts and average premium split by business size. Figure 2.5 sets out the premium rate per million dollars of turnover (for the approximately 50% of risks that have a turnover available on the data).

Figure 2.4 – Public Liability – risk counts and average premiums by business size

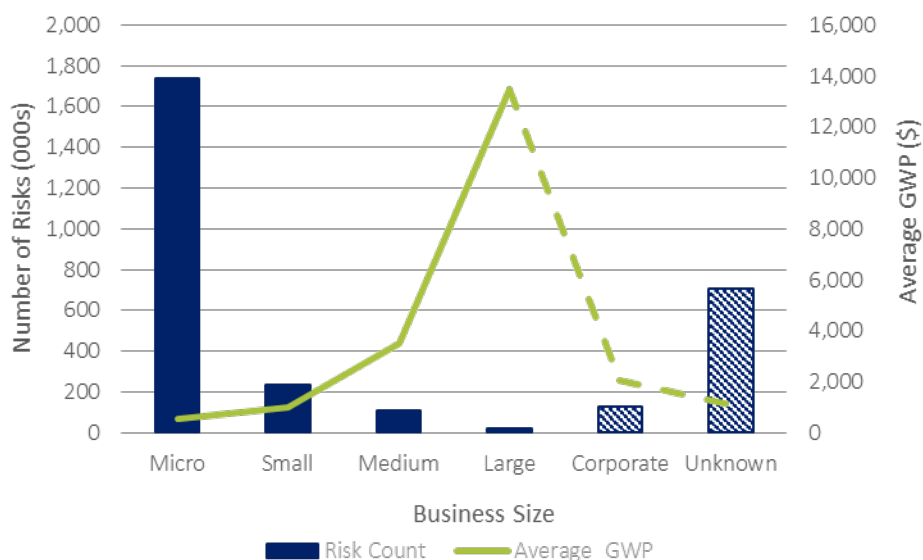


Figure 2.5 – Public Liability – premium per \$M Turnover

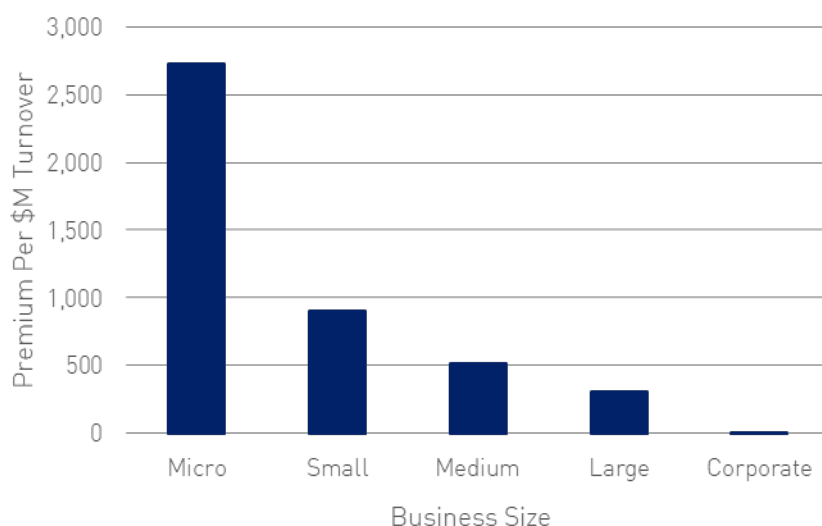


Figure 2.4 shows that the insured risks (by count) are dominated by micro businesses. Average premiums increase significantly by business size from around \$530 for micro

businesses to around \$13,500 for large businesses. This is due to larger businesses having higher exposure to liability claims.

Figure 2.5 shows that the premium rate per \$m of turnover reduces by business size from \$2,700 per \$m of turnover for micro businesses down to \$310 for large businesses. This indicates that while the risk of liability claims increases with business size; the rate of this increase slows as business size increases.

We note the following data limitations:

- In Figure 2.4 corporate business is shown using a shaded bar / dotted line. The data for corporate businesses appears anomalous – giving a higher volume of risks and lower level of average premiums compared to large businesses. The total turnover for corporate business is also extremely large and appears inconsistent with the total turnover reported in ABS business data². In addition, 95% of these risks have low deductibles (i.e. less than \$1000) – a much higher proportion compared to smaller sized businesses. We suspect the turnover for many of these risks is incorrect and that based on their low premium and low deductibles should actually be micro/small or medium sized businesses. Due to this data issue no observations are made on the ‘corporate’ business experience.
- Around 24% of the total number of risks do not have turnover or number of employees as an exposure measure and cannot be categorised into business size. These are shown in Figure 2.4 above using a shaded bar / dotted line and referred to as ‘Unknown’.

Due to the limitations for ‘corporate’ business, Figure 2.6 and Figure 2.7 below look at average premium by deductible group. Further, Figure 2.5 has been split into Figures 2.8 and 2.9 and includes the corporate size segment.

² https://www.abs.gov.au/statistics/industry/industry-overview/australian-industry/2020-21/81550D0001_202021.xlsx

Figure 2.6 – Public Liability - average premiums by business size / deductibles \$1,000 and below

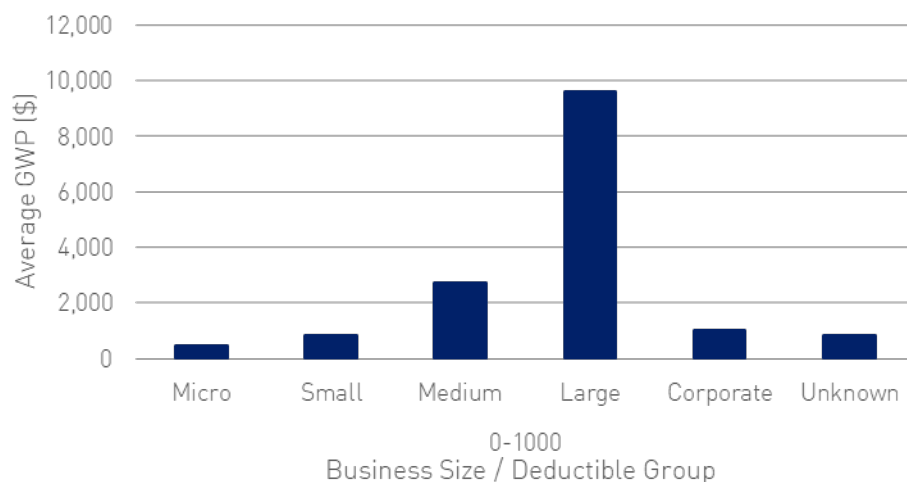
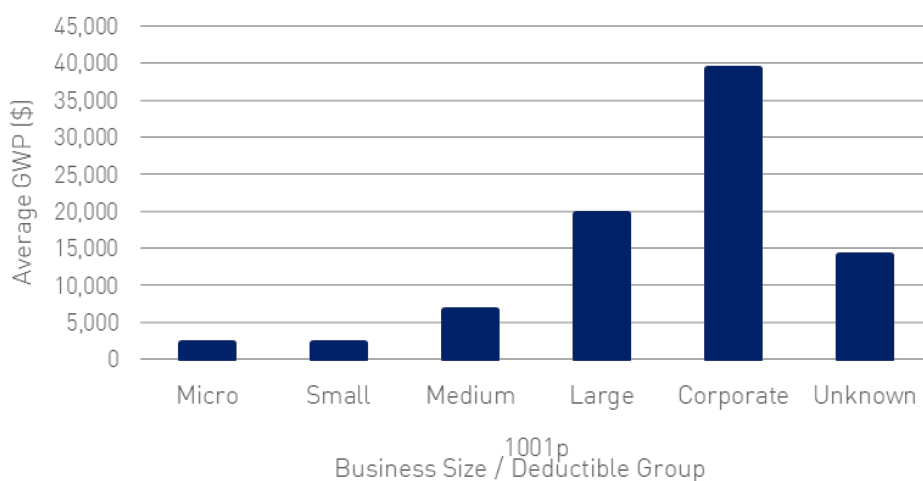


Figure 2.7 – Public Liability - average premiums by business size / deductibles above \$1,000



Where the deductible of the risk is larger than \$1000 – the corporate risks have a higher average premium than large businesses (\$40,000 vs. \$20,000) as might be expected by their higher exposure.

Figure 2.8 – Public Liability – premium per \$M Turnover / deductibles 1000 and below

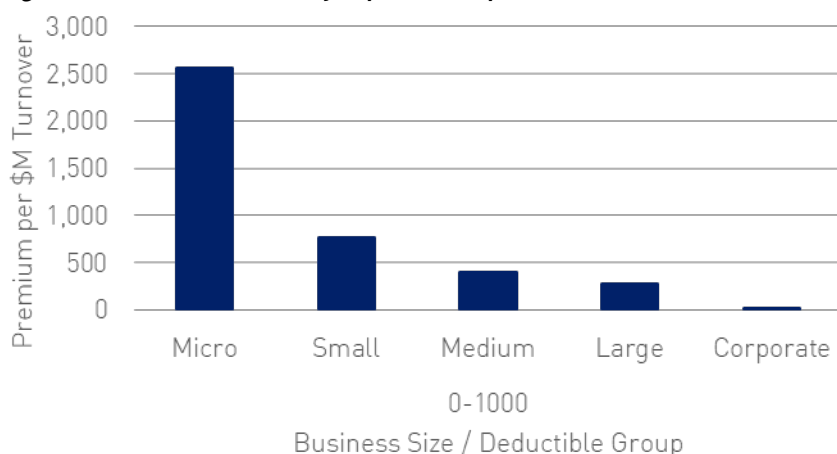
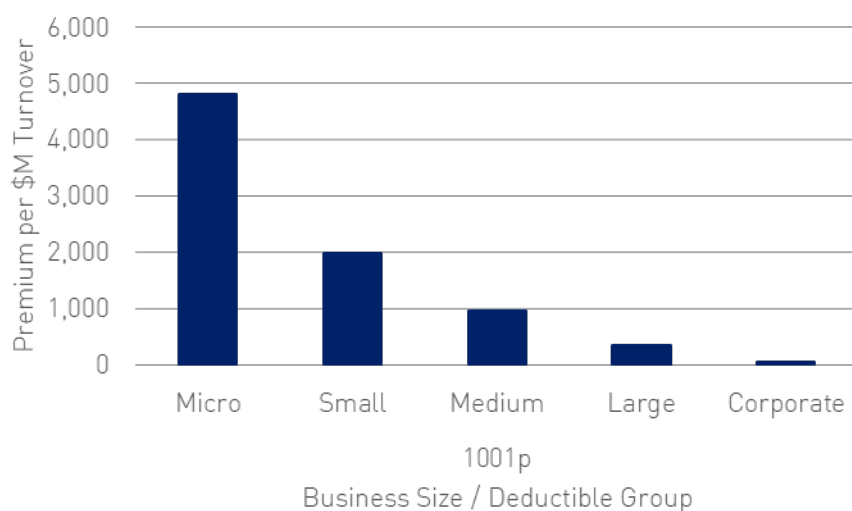


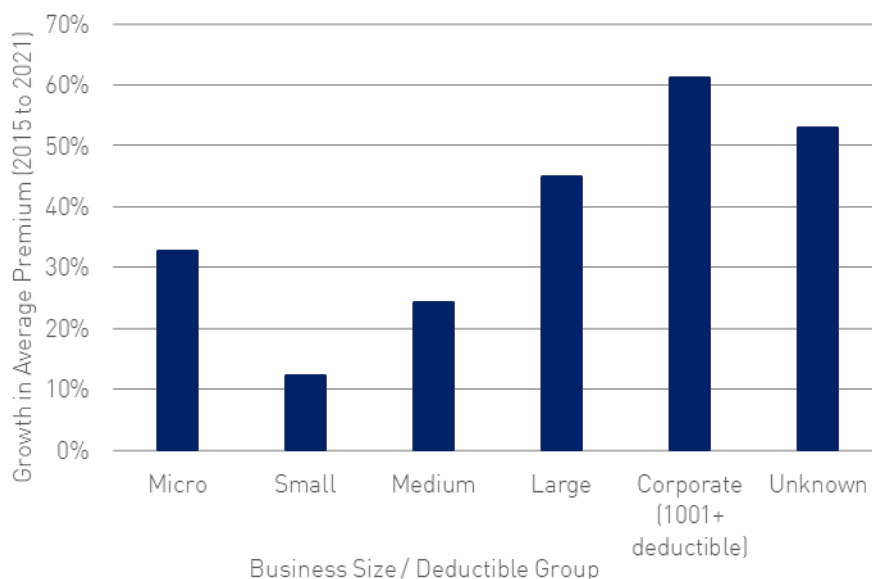
Figure 2.9 – Public Liability – premium per \$M turnover / deductibles above 1000



The premium rate for corporate risks with larger deductibles above \$1000 is \$40 per \$m of turnover. This is lower compared to \$520 for medium businesses and \$310 for large businesses (across all deductibles as per Figure 2.5).

The movement in average premium and premium rates from 2015 to 2021 by business size is set out in Figure 2.10 below. These are indicators of changes in affordability of insurance.

Figure 2.10 – Public Liability – cumulative growth in average premium from 2015 to 2021 by business size



The increase in average premium is 33% for micro businesses, 12% for small businesses and then increases with business size to 45% for large and 60% for corporate risks. This indicates that insurance affordability has reduced most for larger businesses and micro businesses.

Figure 2.11 – Public Liability – cumulative growth in premium rate per \$m turnover from 2015 to 2021 by business size

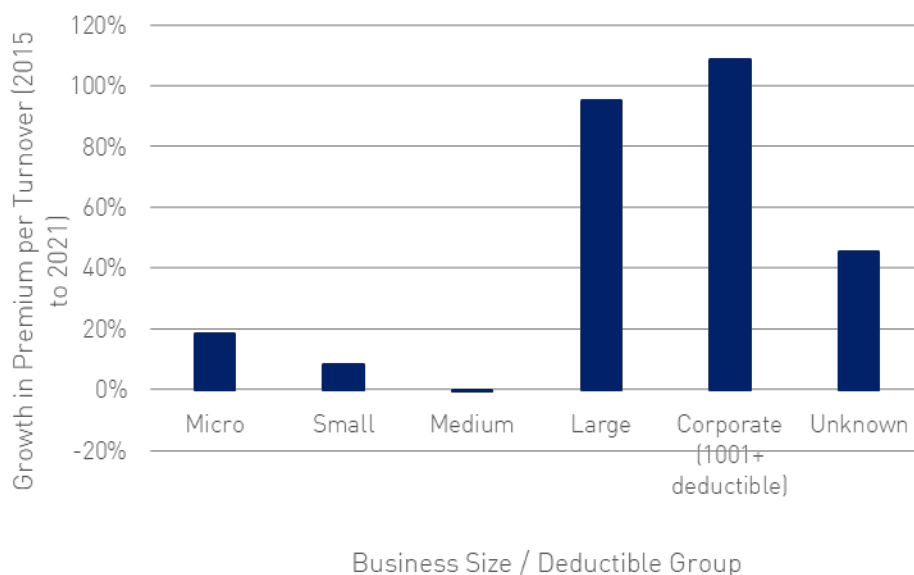


Figure 2.11 shows the premium rate per turnover increase for micro, small and medium businesses are lower than the increase in average premium (shown in Figure 2.10). This is because it incorporates the growth in business turnover which typically increases with inflation and economic growth. The premium rate for micro businesses still has a large increase (just under 20%) while medium business saw a reduction in their premium rate (compared with an increase in average premium). In contrast, the premium rate per turnover increase for large and corporate risks are larger than the increase in average premium.

The total turnover for micro businesses dropped by around 20% between 2015 to 2021 and increased very strongly for medium businesses by around 30% over the same time period. To the extent that this represents an inconsistency in turnover data over time supplied to the NCPD – then this would impact the movement in the premium rates shown above.

Use of exposure rating factors

Table 2.1 details the completeness of exposure measures by ANZSIC division for underwriting year 2021. It is assumed, as detailed in the Appendix, that a 'number of staff' figure equal to zero represents sole traders; and is therefore considered a complete exposure measure. "Other exposure" represents all risks that do not have a completed exposure measure, or use an exposure measure that is not turnover, number of staff or fees.

Table 2.1 – Public Liability – Exposure summary by ANZSIC Division

Industry	Number of Risks (000's)	Turnover Exposure	Proportion of Risks Written		
			Staff Exposure	Fees Exposure	Other Exposure
Property and Business Services	644	48.9%	78.2%	0.5%	5.6%
Retail Trade	483	76.8%	57.2%	0.0%	11.1%
Construction	406	74.4%	77.3%	0.0%	2.8%
Health and Community Services	334	18.4%	12.3%	0.0%	78.9%
Agriculture, Forestry and Fishing	266	12.3%	35.4%	0.0%	57.1%
Personal and Other Services	205	67.7%	62.2%	0.8%	14.0%
Manufacturing	129	89.7%	63.8%	0.1%	3.1%
Cultural and Recreational Services	109	19.8%	19.2%	0.0%	71.5%
Accommodation, Cafes and Restaurants	92	85.2%	75.3%	0.0%	0.6%
Finance and Insurance	91	46.5%	12.0%	0.7%	49.1%
Wholesale Trade	61	82.6%	68.6%	0.1%	2.3%
Transport and Storage	56	84.5%	49.2%	0.1%	3.0%
Education	22	74.2%	75.6%	0.3%	6.2%
Communication Services	11	85.5%	56.0%	0.1%	9.7%
Government Administration and Defence	8	68.8%	18.2%	22.1%	2.1%
Mining	4	68.1%	64.2%	0.1%	10.2%
Electricity, Gas and Water Supply	2	70.1%	42.0%	0.0%	17.3%
Unknown	0	34.4%	15.6%	0.0%	51.1%

Most industries primarily use turnover or number of staff as the exposure measure submitted to the NCPD. Fees are generally not utilised for exposure, except for the government, administration and defence industry which has fees for 22.1% of 2021 risks. The greater use of other measures of exposure (property values, hectares, number of units) for health and community services, agriculture, forestry and fishing, cultural and recreational services and finance and insurance generally makes sense given the nature of these industries.

2.1.2 Deductibles

The following section illustrates premium trends by policy deductible.

Figure 2.12 – Public Liability – 2021 average premiums by deductible group

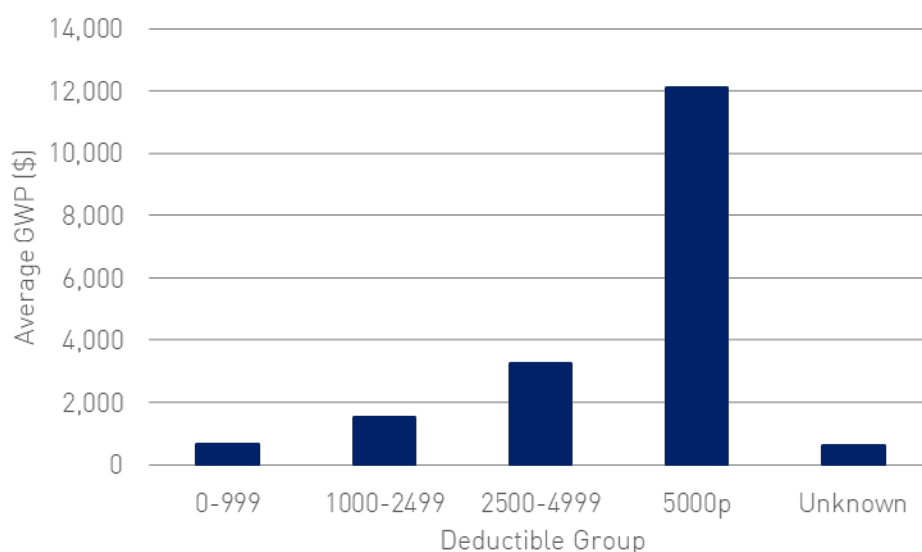
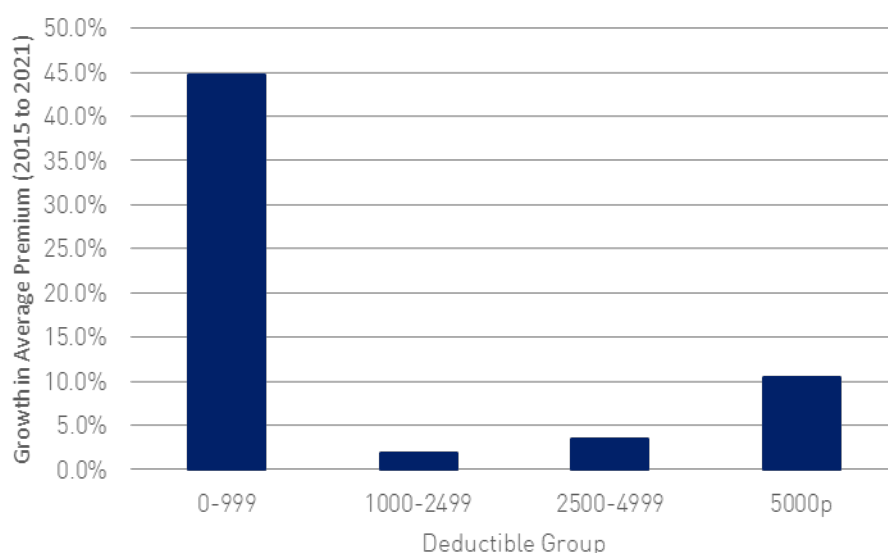


Figure 2.12 shows that the average premium of risks increases by deductible group. Risks with a deductible less than \$1,000 have an average premium of \$644, increasing sharply to \$12,107 average premium for risks with a deductible of \$5,000 and greater.

Figure 2.13 below shows the movement in average premiums from 2015 to 2021 split by policy deductible group.

Figure 2.13 – Public Liability - growth in average premium from 2015 to 2021 by deductible group



The increase in average premiums from 2015 to 2021 for policies with deductibles above \$1000 was much smaller than average (0-10% compared to 40% across all policies). This pattern is observed particularly for micro/small/medium businesses as shown in Figure 2.14 and Figure 2.15 below.

Figure 2.14 – Public Liability – Micro/SME – growth in average premium by deductible group

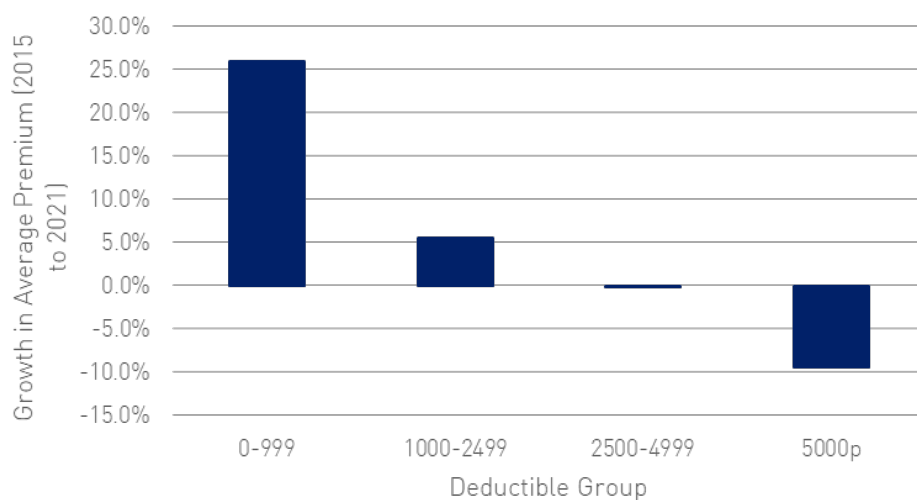


Figure 2.15 – Public Liability – Large/Corporate – growth in average premium by deductible group

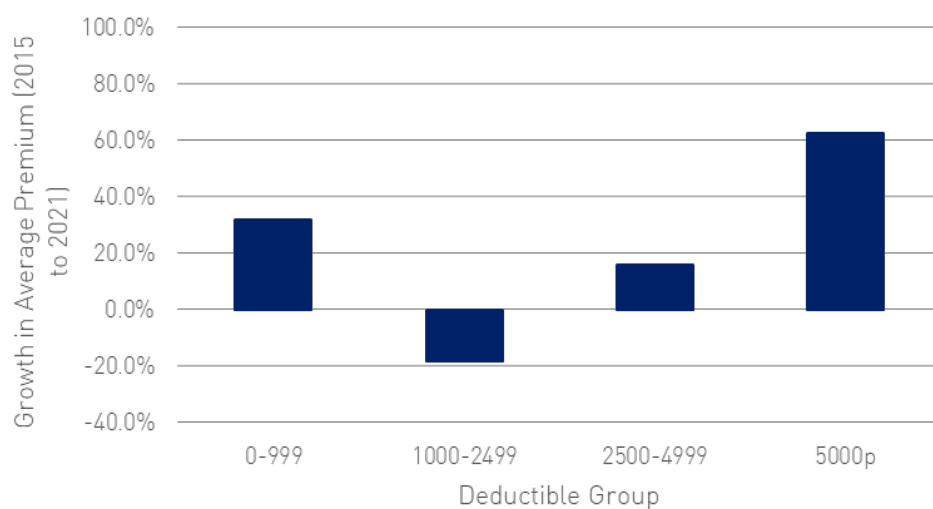
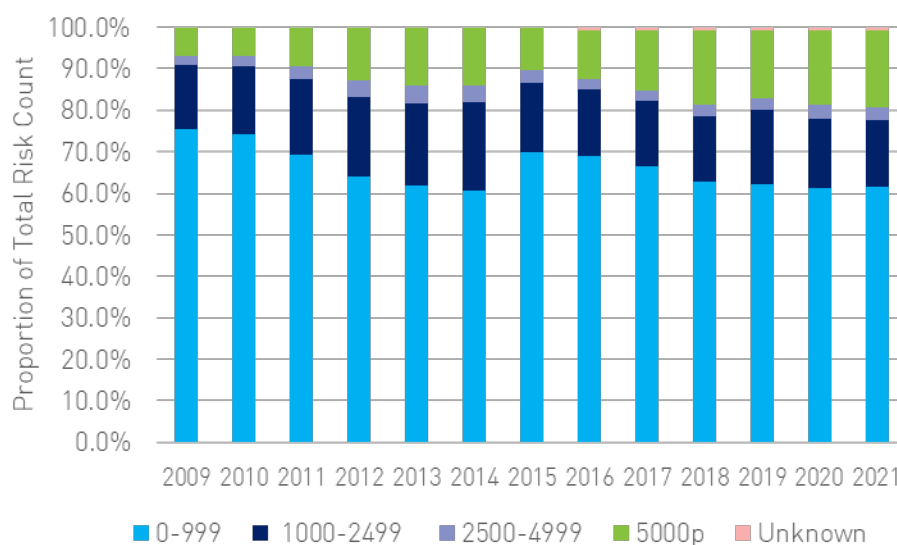


Figure 2.16 shows the mix of risks by deductible group.

Figure 2.16 – Public Liability – mix of risks by deductible group



As premium increases started to occur in 2017, the proportion of policies with a deductible below \$1000 reduced by 5.1% from 66.5% down to 61.4% in 2021. This may be due to businesses seeking to mitigate the impact of premium increases by choosing to retain more of their liability risk.

Table 2.2 shows the relationship between business size and deductible by proportion of risk counts for 2021.

Table 2.2 – Public Liability – Proportion of risk counts by deductible group across business size

Business Size	Deductible Group				Total
	0-999	1000-2499	2500-4999	5000p	
Micro	89.3%	8.8%	1.0%	0.9%	100.0%
Small	75.5%	16.4%	3.9%	4.2%	100.0%
Medium	55.7%	25.6%	6.5%	12.2%	100.0%
Large	41.4%	20.9%	5.4%	32.3%	100.0%
Corporate	91.9%	5.6%	0.1%	2.4%	100.0%

Generally, larger businesses tend to take larger deductibles; as evidenced by 89.3% of micro businesses with a deductible less than \$1,000; decreasing to 41.4% of large businesses. Further, the proportion of businesses with a deductible greater than \$5,000 increases with business size. As discussed in section 2.1.1, the material number of corporate risks (91.9%) with a deductible less than \$1,000 is noted as anomalous.

2.1.3 Industry

Table 2.3 below shows the 2021 risk counts and average premiums as well as their growth from 2015 to 2021 by the ANZSIC division of the insured business.

Table 2.3 – Public Liability – risk counts and average premium by ANZSIC division for 2021 underwriting year

ANZSIC Division	2021		Cumulative growth from 2015 to 2021		
	Risk Count	Average GWP	Risk Count	Average GWP	GWP
Property and Business Services	643,673	547	-10%	17%	6%
Retail Trade	482,749	647	28%	41%	81%
Construction	405,658	1,362	-15%	60%	37%
Health and Community Services	333,653	242	64%	-8%	51%
Agriculture, Forestry and Fishing	265,845	625	4%	33%	39%
Personal and Other Services	204,886	592	13%	24%	40%
Manufacturing	129,146	2,423	-4%	28%	23%
Cultural and Recreational Services	109,119	474	95%	-54%	-10%
Accommodation, Cafes and Restaurants	92,384	994	-13%	40%	23%
Finance and Insurance	90,715	4,862	280%	405%	1821%
Wholesale Trade	60,805	1,720	11%	23%	37%
Transport and Storage	56,074	1,396	-30%	61%	13%
Education	21,529	1,987	-14%	16%	-1%
Communication Services	10,566	848	22%	-36%	-22%
Government Administration and Defence	7,660	4,168	322%	-46%	128%
Mining	3,592	17,607	-3%	39%	35%
Electricity, Gas and Water Supply	2,088	19,898	127%	-2%	121%
Unknown	90	3,814	-97%	-10%	-97%
Total			9%	40%	53%

There is significant variation in average premiums by ANZSIC division – ranging from \$242 for Health and Community Services to \$20,000 for Electricity, Gas and Water Supply.

There are also some significant movements in risk counts from 2015 to 2021 for some ANZSIC divisions compared to the overall portfolio (9%) – which could be due to changes in the way data on risks is submitted over time. This has the potential to distort the movement in average premiums. The movement in overall premiums will not be impacted by changes in risk counts but will be impacted by any other changes in data definitions.

The key aspects of the change in premiums are:

- The Finance and Insurance sector in particular has seen an increase in risk counts of 280%, an increase in average GWP of 405% and an increase in GWP of 1821%. This is likely a data issue resulting from risks being incorrectly coded to this sector during recent underwriting years and is therefore probably unreliable as an indication of worsening affordability for this industry group.
- In addition to Finance and Insurance, other industries that experienced increases around average (40%) or higher were Transport and Storage (61%), Construction (60%), Retail trade (41%) and Mining (39%).
 - > Transport and Storage saw a large (30%) reduction in risk counts over this period, which may mean that the increase in average premiums was due to a change in data definition rather than an ‘real’ increase in prices (i.e. same premium spread over a new lower measurement of risks).

- There were also average or above average increases in overall premiums for Government Administration and Defence (128%), Electricity Gas and Water Supply (121%) and Health and Community Services (51%). This is despite reductions in average premiums which could be indicative of changes in the data measurement of risk counts.

The 4-digit ANZSIC industries driving the above results – indicating where affordability may have reduced the most – is shown in the following table. The tables show industry movements where the risk count is significant and the average premium change has increased notably.

Table 2.4 – Public Liability – Significant Industry Premium Movements – risk counts and average premium

ANZSIC 4 Digit Industry	2021 Average GWP	Risk Count	Average Premium	GWP
Services to Finance and Investment n.e.c.	5,058	962%	203%	3122%
Road Freight Transport	980	-33%	58%	6%
Storage n.e.c.	1,539	-18%	60%	31%
Taxi and Other Road Passenger Transport	540	-57%	55%	-34%
Transport n.e.c.	3,624	-36%	253%	124%
Plumbing Services	1,084	-24%	71%	29%
Residential Building Construction n.e.c.	3,554	55%	96%	205%
Construction Services n.e.c.	1,635	-14%	47%	26%
Non-Residential Building Construction	5,355	10%	46%	60%
Roofing Services	942	-3%	68%	63%
Household Equipment Repair Services n.e.c.	569	746%	162%	2117%
Retailing n.e.c.	402	-15%	72%	47%
Automotive Repair and Services n.e.c.	1,014	-16%	58%	32%
Garden Equipment Retailing	607	120%	59%	250%
Smash Repairing	846	112%	18%	152%
Domestic Appliance Retailing	606	126%	17%	165%
Pharmaceutical, Cosmetic and Toiletry Retailing	322	-14%	66%	43%
Recorded Music Retailing	499	557%	-4%	530%
Newspaper, Book and Stationery Retailing	467	40%	49%	109%
Photographic Equipment Retailing	107	2354%	-59%	895%
Supermarket and Grocery Stores	1,609	-10%	64%	47%
Domestic Hardware and Houseware Retailing	832	-50%	113%	7%
Smash Repairing	846	112%	18%	152%
Domestic Appliance Retailing	606	126%	17%	165%
Recorded Music Retailing	499	557%	-4%	530%
Photographic Equipment Retailing	107	2354%	59%	895%
Mineral Exploration Services	4,740	-32%	89%	29%
Construction Material Mining n.e.c.	15,253	9%	197%	225%
Oil and Gas Extraction	23,933	135%	-30%	65%
Mineral Exploration (Own Account)	4,251	-40%	142%	44%
Gold Ore Mining	24,416	25%	46%	83%
Metal Ore Mining n.e.c.	43,458	79%	97%	253%
Mining n.e.c.	23,787	52%	66%	153%
Black Coal Mining	66,140	-36%	79%	15%
State Government Administration	26,754	950%	-50%	423%
Electricity Supply	23,391	197%	-18%	145%
Gas Supply	43,240	13%	147%	179%
Health Services n.e.c.	128	199%	-6%	181%
Chiropractic Services	93	51%	0%	51%
Physiotherapy Services	54	29%	10%	43%
Specialist Medical Services	414	45%	29%	86%

For **Finance and Insurance**, Services to Finance and Investment n.e.c. dominates the ANZSIC division and drove the significant increase in premium volumes (3122%). This includes businesses engaged in providing nominee, trustee, investment management or advisory services, or other services in the field of finance or investment (except insurance or superannuation).

For **Transport and Storage**, there were relatively higher increases in average premiums for Road Freight Transport, Storage n.e.c., Taxi and other Road Passenger Transport and

Transport n.e.c. – these were accompanied by a large reduction in risk counts (which may instead be indicative of changes in the data measurement of risk counts rather than price increases).

For **Construction**, the largest increases in average premium were for Plumbing services, Residential Building Construction, Construction services nec, Non-residential Building construction and Roofing services.

For **Retail Trade**, the largest increase in average premiums was for Household Equipment Repair Services (this was also accompanied by a large increase in risk count), Retailing nec, Automotive Repair and Services, Garden Equipment Retailing, Pharmaceutical Cosmetic and Toiletry Retailing, Newspaper, Book and Stationary Retailing, Supermarket and Grocery Stores. While average premiums also increased significantly for Domestic Hardware and Houseware Retailing – this was accompanied by a large reduction in risk counts (which may instead be indicative of changes in measurement of risk counts rather than price increases).

There were also large increases in overall premiums for Photographic Equipment Retailing, Recorded Music Retailing, Smash Repairing and Domestic Appliance Retailing. This came despite smaller than average increases / reductions in average premiums (which could be indicative of changes in measurement of risk counts rather than price increases).

For **Mining**, the largest increase in average premiums was observed in Construction Material Mining, Gold Ore Mining, Metal Ore Mining and Mining n.e.c. While average premiums also increased significantly for Mineral Exploration Services and Mineral Exploration (Own Account) and Black Coal Mining – this was accompanied by a large reduction in risk counts (which may instead be indicative of changes in measurement of risk counts rather than price increases). There was also a large increase in overall premiums for Oil and Gas Extraction. This came despite a reduction in average premiums (which could be indicative of changes in risk counts rather than price increases).

For **Government Administration and Defence**, the largest GWP increase (relative to the total ANZSIC division) is for State Government Administration.

For **Electricity Gas and Water Supply**, the largest GWP increases (relative to the total ANZSIC division) are for Electricity supply and Gas supply. Energy providers have experienced an increase in liability claims from natural catastrophe events such as bushfires.

For **Health and Community Services**, the largest GWP increases (relative to the total ANZSIC division) are for Health Services n.e.c., Chiropractic Services, Physiotherapy Services and Specialist Medical services. Health Services n.e.c. consists of entities mainly engaged in providing paramedical, nursing or health services n.e.c. on their own account. This class also includes entities mainly engaged in providing blood bank or X-ray clinic services

2.2 Claims trends

The following analysis of claims trends is broken down by overall experience, general nature of loss, industry, bodily function and severity of loss, and litigation status.

Summary of claims trends

While the total costs of finalised claims were stable since 2014, incurred costs have increased over the last few years. This has mainly impacted the 2016 to 2018 accident years.

The incurred cost increases were observed for both bodily injury (development year 4) and property damage claims (development year 1).

For **bodily injury claims** – the key causes of loss driving the cost increases were: impact, falls and worker claims. The main industries driving the cost increases were Construction, Agriculture, Accommodation Cafes and Restaurants, Retail Trade, Wholesale Trade and Mining.

The NCPD indicates a higher level of work injury claims in some industries - Construction, Communication services, Mining, Manufacturing and Transport and Storage. These industries typically use more labour hire and contracting arrangements than other industries. Worker injury claims in recent years have an average size which is more than double that for other bodily injury claims.

The data also indicates an increasing number of psychological claims in recent years. The industries driving this increase are Education (primary and secondary education) and Health and Community services (residential care services and nursing homes).

For **property damage claims** – the key causes of loss driving the cost increases were: faulty products / workmanship, impact, other financial/non-financial loss and environmental/substance. The main industries driving the cost increases were Construction Finance and Insurance Retail Trade Wholesale Trade and Agriculture.

2.2.1 Overall experience

Note that all amounts are shown in original values in the following tables.

Finalisation experience

The volumes, average sizes and total cost of public liability claims finalised over 2009 to 2021 are set out in Table 2.5 below. The definition of a large public liability claim is one that is above \$500,000.

Table 2.5 – Public Liability – Claims experience by finalisation year

Finalisation Year	Number of Claims				Average Claim Size (\$000)			Finalised Cost (\$m)		
	Nils	Small	Large	Total	Small	Large	Total	Small	Large	Total
2009	11,071	22,362	202	33,635	20	1,461	22	441	295	736
2010	10,216	23,251	189	33,656	20	1,262	21	462	238	700
2011	10,986	21,415	188	32,589	21	1,166	21	455	219	674
2012	10,934	21,901	207	33,042	23	1,043	22	497	216	713
2013	10,571	20,914	255	31,740	24	1,021	24	507	260	767
2014	10,529	20,915	252	31,696	25	1,835	31	519	462	981
2015	9,883	21,385	238	31,506	25	1,176	26	532	280	812
2016	10,400	22,984	293	33,677	25	1,274	28	566	373	939
2017	10,502	22,466	273	33,241	25	1,210	27	554	330	884
2018	9,615	22,641	284	32,540	25	1,315	29	565	373	939
2019	7,520	22,529	316	30,365	28	1,166	33	621	368	989
2020	6,974	21,281	277	28,532	28	1,122	32	593	311	904
2021	6,699	19,540	344	26,583	29	1,355	39	570	466	1,036

The total cost of finalised claims stepped up by around 30% from an average of \$720m p.a. over 2009 to 2013 to an average of \$940m p.a. over 2014 to 2021. Finalised costs have been fairly stable since 2014.

This step up in cost in 2014 was mainly driven by a 50% increase in large claim costs. The volume of large claims increased in 2013 and again in 2016. It is too early to tell whether the high 2021 year is an outlier or the start of a new step up in large claim volumes. The large claim size has no clear trend (noting that the \$500,000 cut off has not been indexed).

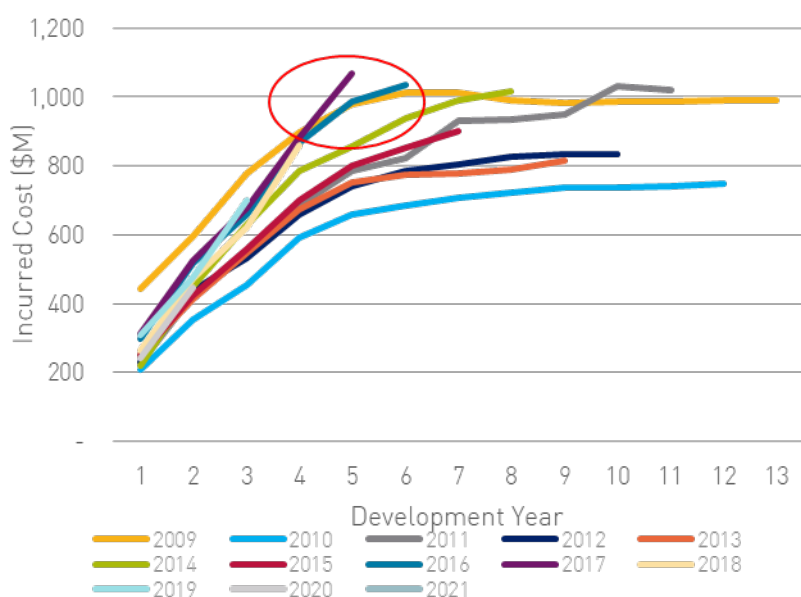
Small claim costs also contributed to the total cost increase due to a higher average claim size. The small claim size increased an average 5.3% p.a. over 2009 to 2013, 0.6% p.a. from 2013 to 2018 and 5.3% from 2018 to 2021 – growing at an overall average of 3.3% p.a. from 2009 to 2021 (note that this includes increase in average size due to normal inflation).

Total finalised claim volumes were fairly stable until 2018, after which they reduced by 18% to 2021. This reduction was driven by a 30% reduction in claims finalising for nil cost and a 14% reduction in small claims. This reduction in nil claim volumes may be due to changes in how insurers are submitting their data to the NCPD and distorts analysis of average size. Claim finalisation experience in later sections focuses on non-nil claim volumes.

Incurred cost experience

Figure 2.17 below shows the development of the incurred cost of claims over time for each accident year from 2009 to 2021 – pictured as a moving ‘worm’. Incurred costs include claim payments as well as case estimates for claims that are yet to finalise.

Figure 2.17 – Public Liability – Incurred cost development by accident year



Incurred costs for accident years 2010 to 2015 appear to ultimately end up within a range of \$750m to \$1bn without a clear trend by accident year. Incurred costs have then stepped up in accident years 2016 to 2018 from development years 4 and 5. These incurred cost increases (occurring over the last three years) are yet to be observed in the claim finalisation experience.

The following sections explore the profile of the claim finalisation experience as well as the drivers of the increase in incurred costs in the 2016 to 2018 accident years circled in red in Figure 2.17.

2.2.2 General nature of loss

Claim finalisation experience is split by the nature of the loss to the claimant in Table 2.6. Three groups have been created – bodily injury, financial loss (no bodily injury) and property damage only (i.e. no bodily injury or financial loss).

Table 2.6 – Public Liability – Claim finalisation experience by general nature of loss

Finalisation Year	Number of Claims (non-nil)			Non-nil Average Cost (\$000)			Finalised Cost (\$m)		
	Bodily Injury	Financial Loss	Property Damage	Bodily Injury	Financial Loss	Property Damage	Bodily Injury	Financial Loss	Property Damage
2009	5,339	198	17,027	92	280	11	491	55	191
2010	5,465	321	17,654	86	56	12	471	18	211
2011	5,180	411	16,012	86	82	12	445	34	195
2012	5,531	465	16,112	92	35	12	510	16	187
2013	5,349	615	15,205	94	48	16	501	29	236
2014	5,336	626	15,205	107	57	25	572	36	373
2015	5,257	418	15,948	102	70	16	535	29	248
2016	5,374	402	17,501	115	60	17	620	24	295
2017	4,942	576	17,221	112	30	18	552	17	315
2018	4,879	644	17,402	121	42	18	591	27	321
2019	4,883	439	17,523	123	68	20	601	30	358
2020	4,662	273	16,623	130	85	17	606	23	274
2021	4,032	305	15,547	143	92	28	577	28	431

Average claim size varies significantly by nature of loss. Bodily injury claims have an average size of around \$130,000 which is around twice the average size of financial loss claims (around \$60,000) and over 6 times the average size of property damage claims (around \$20,000). Bodily injury claims make up around 25% of the non-nil claim volumes but 65% of claim costs. This means that while overall claim volumes can assist in providing an early indication of claim costs – knowing what proportion of those claims are bodily injury versus property damage is much more helpful to predict total overall costs.

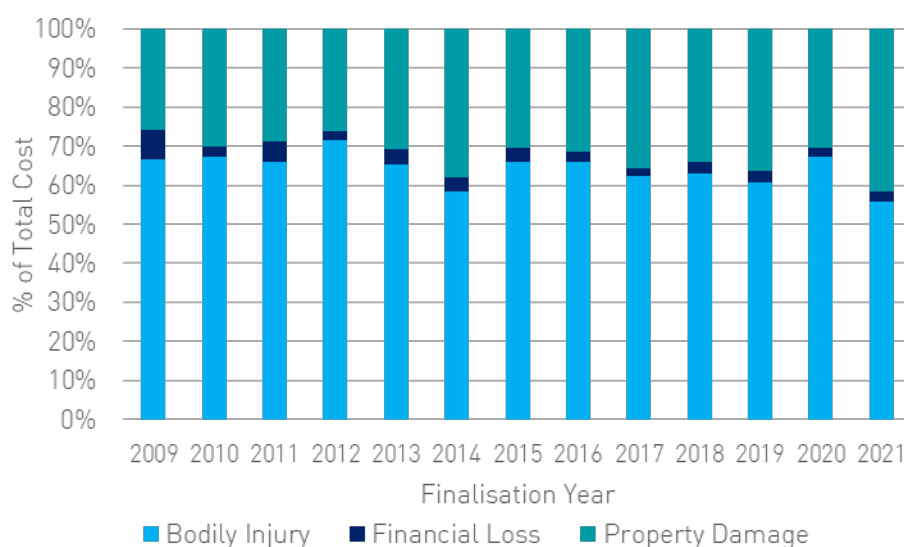
Large claims represent around 5% of bodily injury claims with an average size of around \$1.1m. For property damage claims – only 0.5% are large with a higher average size of around \$1.7m. See Appendix for further details.

The overall average claim size of bodily injury claims was stable from 2009 to 2013 and then has increased strongly by an average of 5.5% p.a. since 2013. For financial loss, the average size is more volatile due to smaller claims volumes. For property damage claims, the claim size stepped up in 2013 by 50% (from \$12k to around \$18k)– with no clear trend since 2013.

At the same time, non-nil claim volumes have been fairly stable up to 2019 and then have reduced in 2020 and 2021. By general nature of loss, bodily injury claim volumes have reduced by 17% since 2019 (and 25% since 2016) compared to a smaller reduction in property damage claim volumes of 11% since 2019 (and 11% since 2016).

Figure 2.18 shows the mix of finalised claim costs by general nature of loss groups.

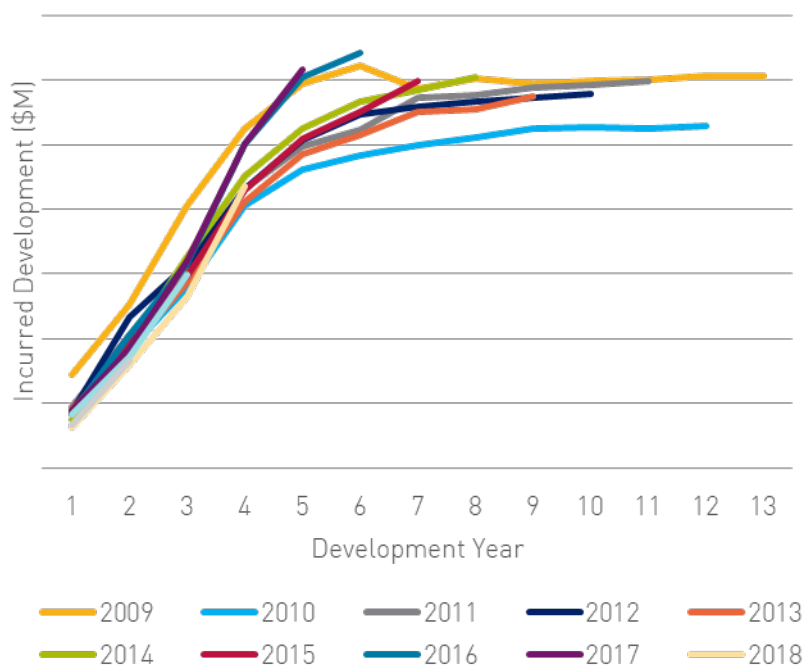
Figure 2.18 – Public Liability – % of finalised cost by general nature of loss



There is a small reduction in the proportion of finalised costs from bodily injury claims in recent years – averaging 66% from 2009 to 2016 down to 62% over 2017 to 2021. This reduction in cost from bodily injury claims was driven by a lower volume of bodily injury claims and the step up in property damage average claim size in 2013.

Figure 2.19, Figure 2.20 and Figure 2.21 below show the *incurred* cost development experience split by general nature of loss group.

Figure 2.19 – Public Liability – Bodily injury – Incurred cost development by accident year



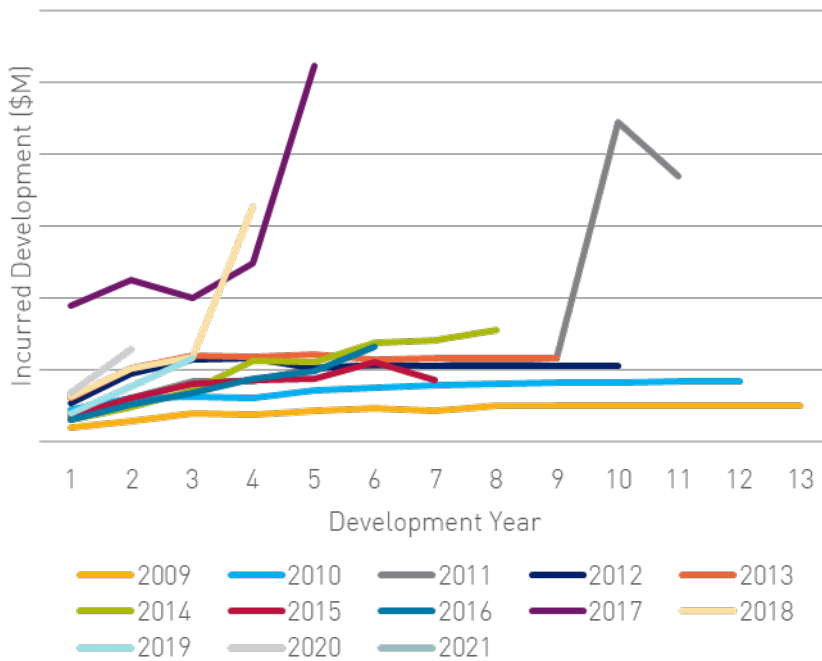
The development of the incurred cost for bodily injury claims (for a particular accident year) typically started to slow down after development year 4 and stabilise after development years 7-8 as seen, for example, in the light blue line for 2010 and the dark blue line for 2012. This would be driven by delays from accident to the reporting of claims, the stabilisation of the injury, establishment of causation, negotiation of claim damages and final settlement. These delays create uncertainty in the pricing and reserving of public liability insurance.

The incurred costs for accident years 2009 to 2015 are generally emerging at around \$600m. However there appears to have been an escalation in costs for accident years 2016 and 2017 at development years 4 and 5 (compared to earlier years at the same stage of development). There is also some additional development compared with the history for the 2014 and 2015 years in the last 1-2 years.

The increase in incurred costs during development year 4 averaged \$125m for accident years up to 2015. This escalated to \$180m for accident years 2016 to 2018. The main industries driving this \$55m increase were Construction (33% increase), Agriculture (103% increase), Accommodation Cafes and Restaurants (69%), Retail Trade (46% increase), Wholesale Trade (83% increase) and Mining (287% increase).

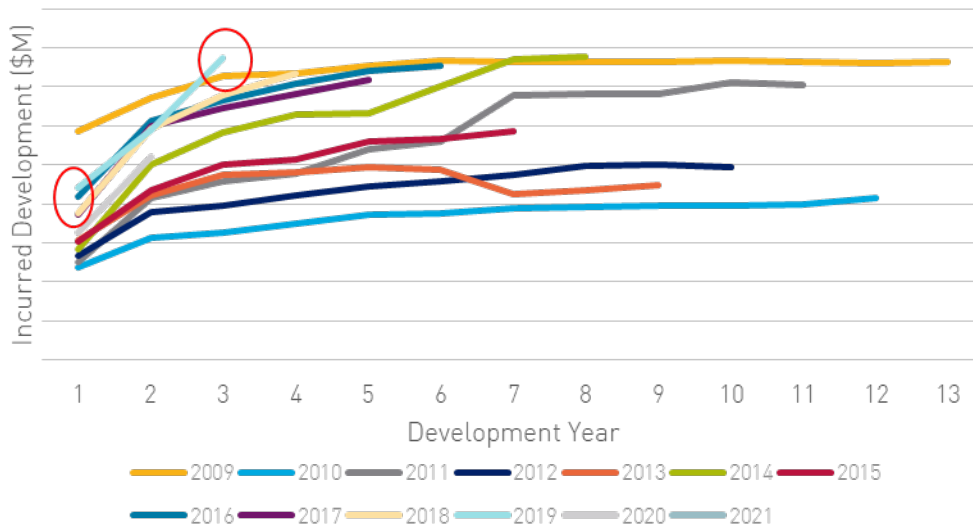
The unknown category has also contributed to the higher incurred costs (\$+17m). It is unclear as to why there are an increase in claim costs without an industry allocated.

Figure 2.20 – Public Liability – Financial loss – Incurred cost development by accident year



The development of the incurred cost for financial loss claims (for a particular accident year) is much more volatile than bodily injury claims (due to the lower claim volumes). Some accident years (e.g. 2011 and 2017 and 2018) are high as they are impacted by large claims.

Figure 2.21 – Public Liability – Property damage – Incurred cost development by accident year



The development of the incurred cost for property damage claims (for a particular accident year) is much faster than bodily injury claims – as it is generally faster to assess the loss relating to property and agree the claim amount. By the end of development year 1 – around 55% of the ultimate costs are incurred for property damage claims (compared to only 15% for bodily injury claims).

However, ultimate incurred cost for property damage claims by accident year is more volatile compared to bodily injury – as it is more impacted by the volatility of large claim costs. The

incurred costs for accident years 2009 to 2015 have emerged between the wide range of \$200m to \$400m.

There has been an escalation in incurred costs for accident years 2016 to 2019 during development years 1-3 (see red circles in the above chart). These accident years are higher in cost than all the earlier accident years at the same stage of development (except for accident year 2009 which has a very different pattern of development).

The increase in incurred costs during development year 1 averaged \$140m for accident years 2013-2015. This escalated to \$195m for accident years 2016 to 2021. The main industries driving this \$55m increase were Construction (27% increase), Finance and Insurance (6464% increase), Retail Trade (34%), Wholesale Trade (101% increase) and Agriculture (63% increase).

In the below sections for Public Liability claims experience is split between bodily injury and property damage claims given their very different average claim sizes and incurred cost development patterns. Financial loss experience is typically not shown separately given the smaller volumes and more volatile experience.

Bodily Injury/ Property Damage proportions

Table 2.7 shows the mix of claims by nature of loss for each business size. It is clear that the medium, large and corporate business have a higher proportion of bodily injury claims relative to micro and small businesses. This drives a higher overall average of finalised costs for these business sizes.

Table 2.7 – Public Liability – Mix of finalised cost by Nature of Loss – 2016 to 2021 Finalisations

Size of Business	Average Finalised Cost (\$)	% of Claims			Average Finalised Cost (\$M)		
		Bodily Injury	Financial Loss	Property Damage	Bodily Injury	Financial Loss	Property Damage
Micro	26,808	15%	1%	84%	97,790	44,306	13,951
Small	35,316	16%	1%	83%	118,697	175,700	18,177
Medium	52,336	24%	1%	75%	129,776	50,937	27,161
Large	58,423	31%	1%	68%	122,202	178,266	28,122
Corporate	48,154	23%	9%	68%	143,416	30,294	18,411
Unknown	75,231	38%	3%	59%	143,698	72,957	31,470

Table 2.8 shows the mix of claims by nature of loss for each ANZSIC division. The cost for each division is driven by the mix of claims as well as the severity of claims, particularly for bodily injury claims.

Table 2.8 – Public Liability – Mix of finalised cost by Industry Division – 2016 to 2021 Finalisations

ANZSIC Division	Average Finalised Cost (\$)	% of Claims			Average Finalised Cost (\$M)		
		Bodily Injury	Financial Loss	Property Damage	Bodily Injury	Financial Loss	Property Damage
Accommodation, Cafes and Restaurants	52,760	60%	2%	38%	69,205	42,737	27,189
Agriculture, Forestry and Fishing	45,136	12%	1%	87%	190,106	22,996	26,347
Communication Services	31,046	16%	1%	84%	118,965	2,142	14,788
Construction	41,371	12%	1%	87%	182,730	92,566	21,432
Cultural and Recreational Services	86,331	70%	2%	28%	115,940	56,773	15,422
Education	105,747	76%	4%	20%	135,571	23,987	7,398
Electricity, Gas and Water Supply	184,171	28%	5%	67%	215,274	32,170	182,375
Finance and Insurance	11,096	12%	1%	88%	29,619	26,511	8,545
Government Administration and Defence	60,672	55%	6%	40%	65,709	104,762	47,623
Health and Community Services	60,722	57%	8%	35%	87,900	33,349	22,779
Manufacturing	86,823	28%	3%	68%	180,740	138,635	45,504
Mining	248,381	58%	2%	40%	358,102	164,535	93,093
Personal and Other Services	19,348	15%	7%	78%	95,793	9,609	5,587
Property and Business Services	43,063	38%	3%	59%	85,997	44,581	14,856
Retail Trade	20,738	11%	1%	88%	86,225	21,755	12,270
Transport and Storage	52,670	18%	1%	80%	202,612	187,103	15,980
Wholesale Trade	37,389	14%	2%	84%	126,834	39,439	22,644

2.2.3 Cause of loss

The following sections examine the claims experience by cause of loss – to identify the drivers of the higher bodily injury and property damage claims incurred costs observed for more recent accident years.

Bodily Injury

Figure 2.22 – Public Liability – Bodily Injury – Proportion of finalised cost by cause of loss group

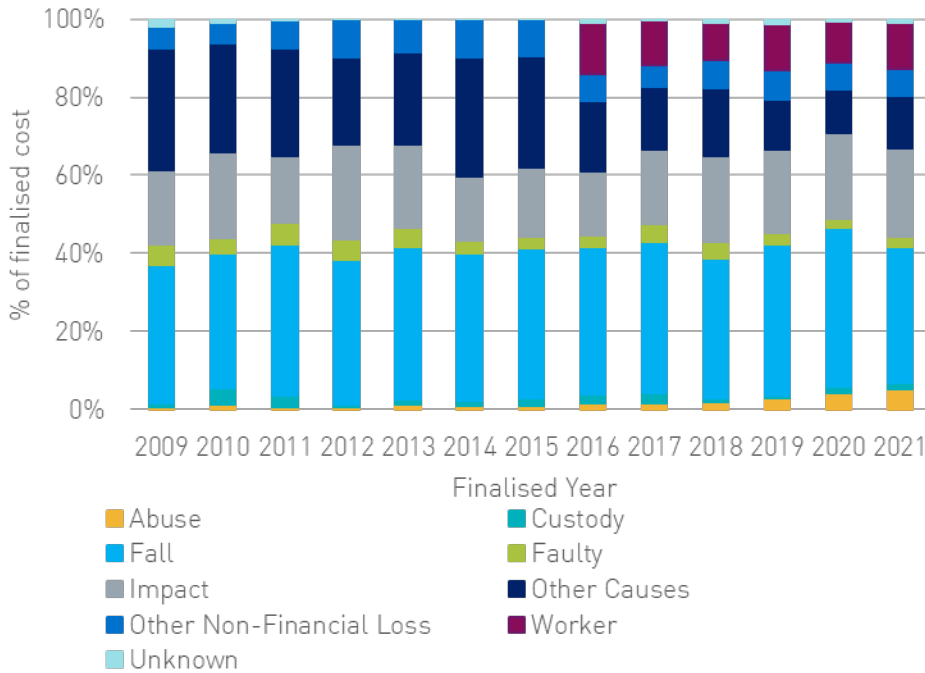
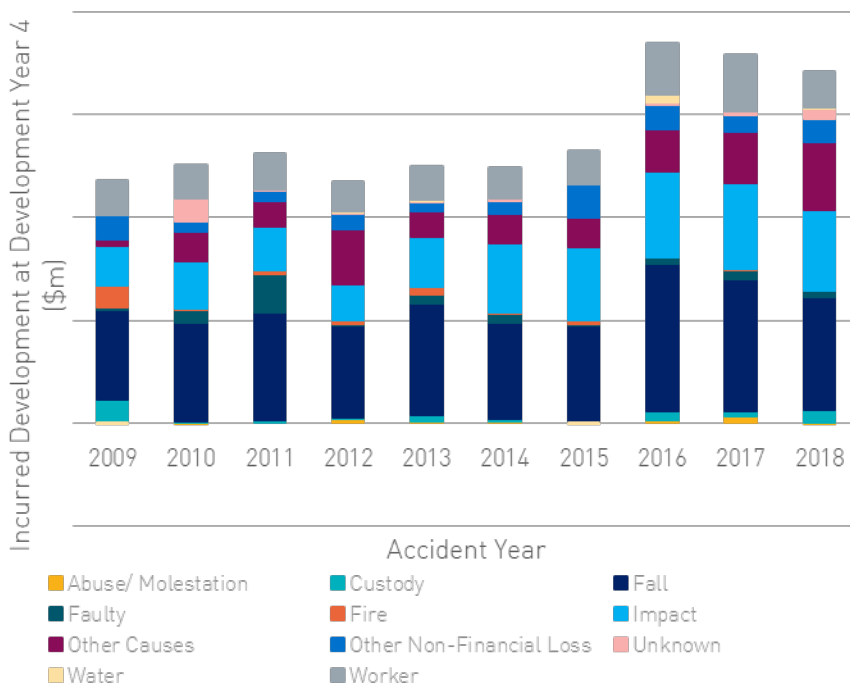


Figure 2.23 breaks down the movement in incurred costs in Figure 2.19 in development year 4 by cause of loss.

Figure 2.23 – Public Liability – Bodily Injury – Incurred cost movement in DY4 by cause of loss



The increase in incurred costs during development year 4 averaged \$125m for accident years up to 2015. This escalated to \$175m for accident years 2016 to 2018. The main drivers of this \$50m increase were claims caused by impact (+\$16m, 66% increase), falls (+\$15m, 32%

increase), other causes (driven by other financial loss, collapse of building, dust diseases, animal bite/impact) (+\$12m, 84% increase) and worker claims (+\$7m, 46% increase).

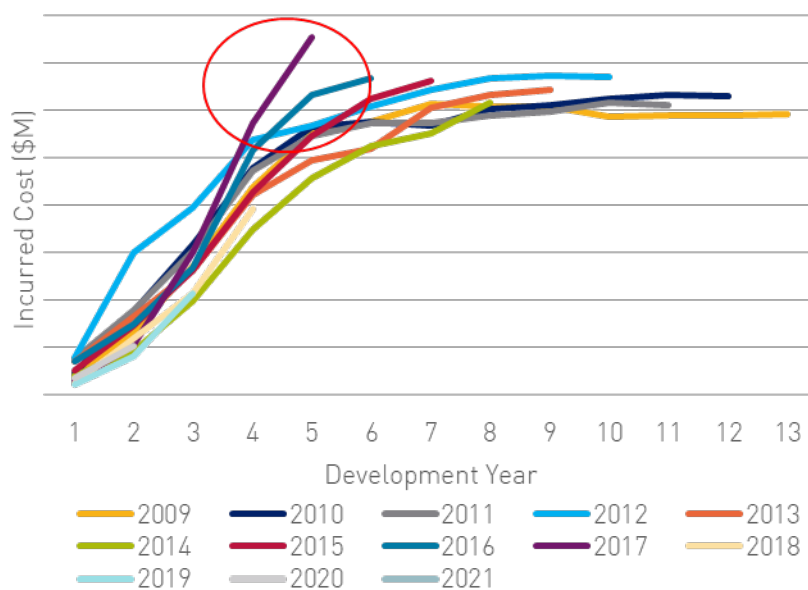
Similar causes of loss are driving the higher incurred cost increases for development years 5 and 6 – but impact, worker and other non-financial loss claims feature most prominently.

Worker claims deep dive

Work injury claims have been noted by insurers as a driver of recent cost pressures in public liability insurance. A liability claim can be brought by a person injured during the course of their employment where the negligence of a third party can be proved. This includes where labour hire or contracting/sub-contracting arrangements are involved, however, other work-related circumstances can also give rise to liability claims. These claims are often reported late because the liability claim follows a period of workers compensation benefits. It is not clear how insurers code worker claims for the NCPD or if there is consistency across insurers.

Figure 2.24 shows the incurred cost development for worker bodily injury claims only as coded in the NCPD.

Figure 2.24 – Public Liability – Bodily injury – Worker claims – incurred cost development



The incurred cost of worker claims was around \$60m to \$70m each accident year. There is an increase in the cost of worker to worker claims for accident years 2016 and 2017 occurring in the last 2-3 years (i.e. development years 4-6 – see the red circle above). There is uncertainty around how these accident years will now develop.

The following tables examine the finalisation experience of worker claims.

Table 2.9 – Public Liability – Bodily injury – Worker – Claim finalisation experience

Finalised Year	Claim Count		Average Claim Size (\$000)		Finalised Cost (\$M)		% of Finalised Cost	
	Worker	Other BI	Worker	Other BI	Worker	Other BI	Worker	Other BI
2009	*	*	226	83	*	*	15%	85%
2010	*	*	160	81	*	*	11%	89%
2011	*	*	172	80	*	*	12%	88%
2012	*	*	178	87	*	*	12%	88%
2013	*	*	184	88	*	*	11%	89%
2014	*	*	191	102	*	*	11%	89%
2015	*	*	192	95	*	*	12%	88%
2016	344	5,030	236	107	81	539	13%	87%
2017	288	4,654	220	105	63	488	11%	89%
2018	226	4,653	251	115	57	534	10%	90%
2019	241	4,642	298	114	72	529	12%	88%
2020	290	4,372	225	124	65	541	11%	89%
2021	*	*	262	135	*	*	12%	88%

Worker claims in recent finalisation years have an average size of around \$260,000 – which is more than double the \$120,000 average size of other bodily injury claims. The number of worker claims finalised has reduced since 2016 (in line with the reduction in other bodily injury claims). Worker claims consistently represent around 11% of total bodily injury finalised claim costs. The recent incurred cost increases for worker claims are yet to impact the finalisation experience.

Table 3.17 shows the split of worker claims by various segments for 2015 and later finalisation years.

Table 2.10 – Public Liability – Bodily injury – Worker – Claim finalisation experience by state

State	% of Finalised Cost		Average Claim Size (\$000)	
	Worker	Other BI	Worker	Other BI
ACT	12%	88%	244	115
NSW	9%	91%	334	127
VIC	15%	85%	270	137
QLD	11%	89%	139	89
WA	13%	87%	245	99
NT	30%	70%	365	34
SA	17%	83%	243	70
TAS	3%	97%	111	88

Excluding NT and Tasmania (where volumes are very low) the **states** with the highest representation of worker claims are Victoria and South Australia. The state with the lowest representation is NSW.

The average size of worker claims is highest for NSW and lowest for Queensland.

Table 2.11 – Public Liability – Bodily injury – Worker – Claim finalisation experience by industry

Industries	Claim Count		Finalised Cost (\$M)		Average Finalised Cost (\$000)		% of Finalised Cost	
	WTW	Non-WTW	WTW	Non-WTW	WTW	Non-WTW	WTW	Non-WTW
Accommodation, Cafes and Restaurants	*	*	*	*	239	67	2%	98%
Agriculture, Forestry and Fishing	*	*	*	*	162	165	8%	92%
Communication Services	*	*	*	*	789	113	34%	66%
Construction	891	3,969	198	659	222	166	23%	77%
Cultural and Recreational Services	*	*	*	*	200	108	3%	97%
Education	17	771	3	102	155	132	3%	97%
Electricity, Gas and Water Supply	4	72	1	15	155	202	4%	96%
Finance and Insurance	*	*	*	*	281	31	3%	97%
Government Administration and Defence	*	*	*	*	47	65	1%	99%
Health and Community Services	*	*	*	*	193	80	10%	90%
Manufacturing	399	2,662	103	428	259	161	19%	81%
Mining	60	168	20	55	336	330	27%	73%
Personal and Other Services	32	1,449	6	130	197	89	5%	95%
Property and Business Services	*	*	*	*	216	83	7%	93%
Retail Trade	64	3,748	13	309	209	82	4%	96%
Transport and Storage	88	793	33	135	372	171	19%	81%
Wholesale Trade	59	931	16	118	274	127	12%	88%

The **industries** with the highest representation of worker claims are Communication services, Mining, Construction, Manufacturing and Transport and Storage – industries where labour hire and contracting arrangements are more common.

Property damage

Figure 2.25 – Public Liability – Property Damage – Finalised claims by cause of loss

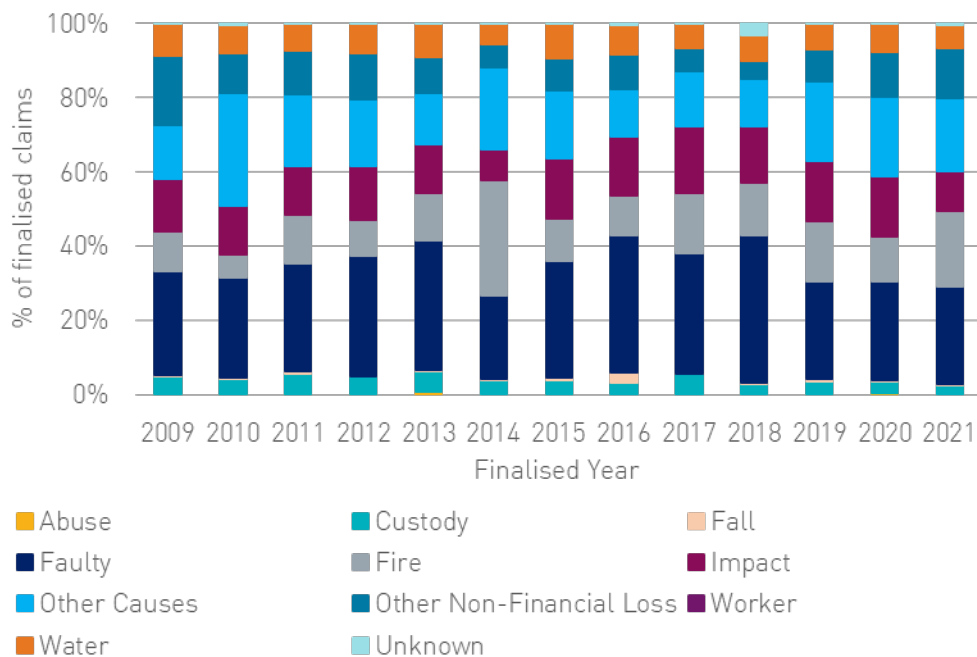
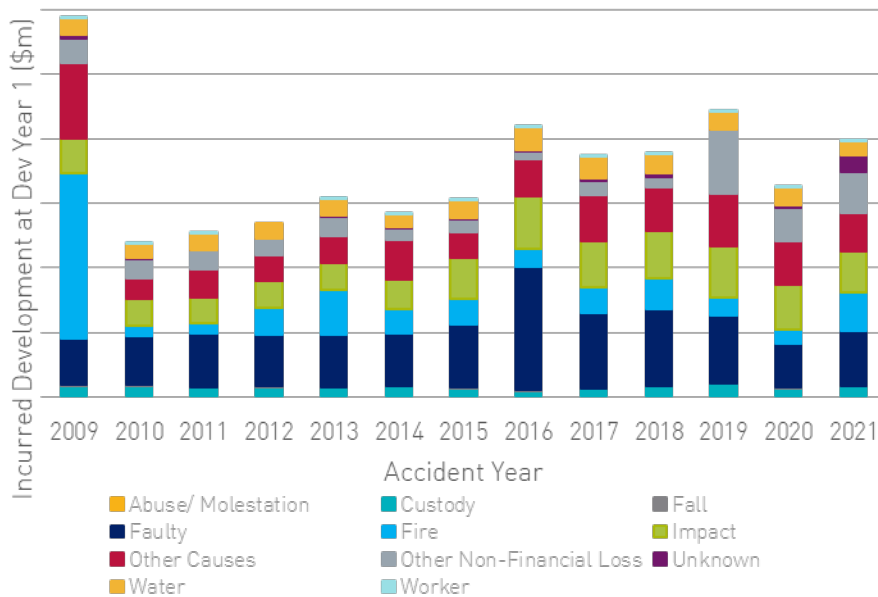


Figure 2.26 breaks down the movement in incurred costs in Figure 2.21 in development year 1 (i.e. increase in the worm in the red circled area) by cause of loss.

Figure 2.26 – Public Liability – Property damage– Incurred cost movement in DY1 by cause of loss



The increase in incurred costs during development year 1 averaged \$150m for accident years 2013 to 2015. This escalated to \$195m for accident years 2016 to 2021. The main drivers of this \$45m increase were claims caused by faulty products / workmanship (+\$14m, 34% increase), impact (+\$11m, 51% increase), other causes (driven by other financial loss, environmental/substance) (+\$10m, 48% increase) and other non-financial loss claims (+\$10m, 87% increase).

2.2.4 Industry (and cause of loss)

Bodily Injury

Table 2.12 below shows key 4 Digit industries driving the increase in incurred costs for Bodily Injury claims in Development year 4; and the main causes of loss driving this cost increase. The Appendix provides more detail on key industry movements by their ANZSIC division.

Table 2.12 – Public Liability – Bodily Injury – Proportion of Development Year 4 movement by key 4-Digit Industries

ANZSIC 4 Digit Industry	Total Proportion of Dollar Movement	Cause of Loss - Drivers
Vegetable Growing	13.8%	Fall
Non-Residential Building Construction	13.1%	WTW, Fall
Building Supplies Wholesaling n.e.c.	6.9%	Other (Dust diseases, environmental/substance)
House Construction	6.5%	WTW, Fall
Cafes and Restaurants	6.4%	Other (discrimination, environmental/substance)
Black Coal Mining	6.0%	Impact, Fall
Site Preparation Services	5.8%	Impact
Carpentry Services	4.1%	WTW, Impact
Retailing n.e.c.	3.9%	Other (lifting, discrimination), impact
Household Equipment Repair Services n.e.c.	3.0%	Fall
Accommodation	2.8%	Fall
Non-Building Construction n.e.c.	1.9%	Fall, Impact
Residential Building Construction n.e.c.	1.8%	WTW
Domestic Appliance Retailing	1.7%	Fall, impact
Cut Flower and Flower Seed Growing	1.6%	Fall
Air Conditioning and Heating Services	1.4%	Fall
Sheep Farming	1.4%	Impact
Smash Repairing	1.3%	Fall
Gravel and Sand Quarrying	1.3%	Other (collapse of building, animal impact)
Metal Ore Mining n.e.c.	1.3%	Impact
Household Equipment Repair Services (E)	1.1%	Other (electrocution, faulty)
Other Mining Services	1.1%	WTW
Automotive Repair and Services n.e.c.	1.1%	Impact, WTW
Meat Wholesaling	1.1%	WTW, impact
Pubs, Taverns and Bars	1.1%	Impact
Beef Cattle Farming	0.9%	WTW, impact
Sugar Cane Growing	0.9%	Fall, impact
Fruit Growing n.e.c.	0.8%	Impact
Metal and Mineral Wholesaling	0.8%	Fall, Impact
Silver-Lead-Zinc Ore Mining	0.4%	WTW

Property damage

Table 2.13 below shows key 4 Digit industries driving the increase in incurred costs for Bodily Injury claims in Development year 4; and the main causes of loss driving this cost increase. The Appendix provides more detail on key industry movements by their ANZSIC division.

Table 2.13 – Public Liability – Property Damage – Proportion of Development Year 1 movement by key 4-Digit Industries

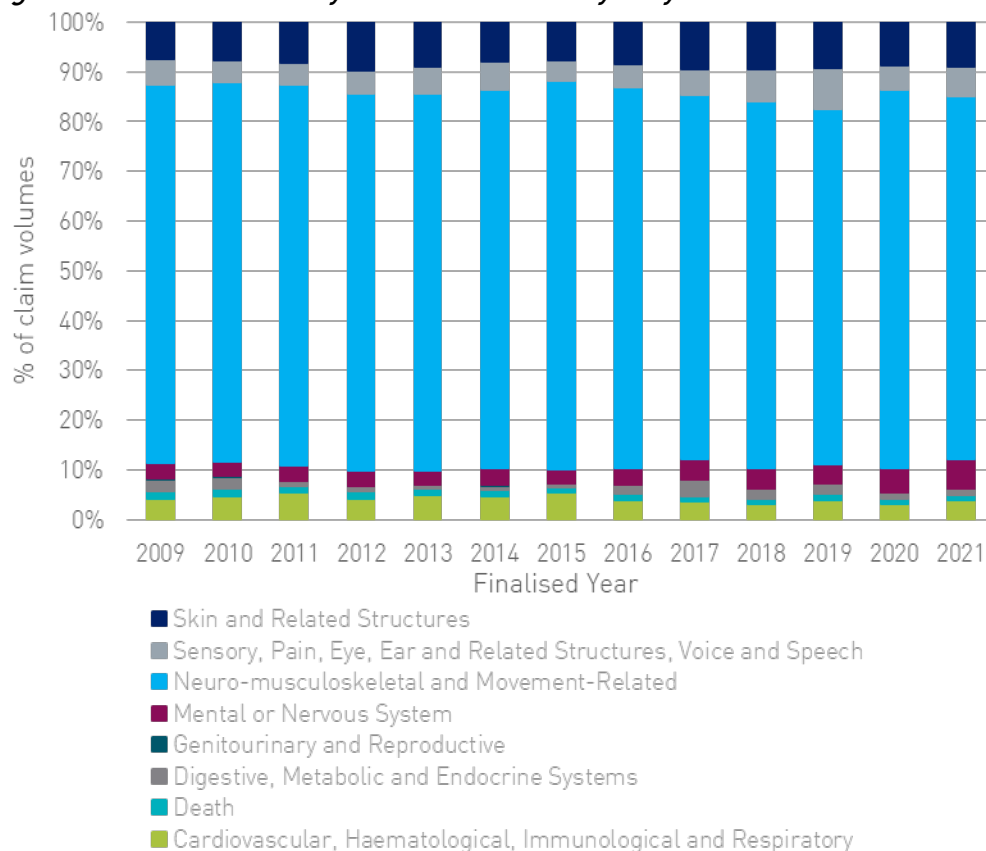
ANZSIC 4 Digit Industry	Total Proportion of Dollar Movement	Cause of Loss - Drivers
Services to Finance and Investment n.e.c.	18.9%	Other non-financial loss
Farm Produce and Supplies Wholesaling n.e.c.	11.1%	Faulty
Services to Agriculture n.e.c.	9.7%	Other non-financial loss, Other (environmental/substance)
Non-Residential Building Construction	8.7%	Fire
Vegetable Growing	7.5%	Other (animal bite, environmental/substance)
Timber Wholesaling	6.7%	Faulty, Water
Construction Services n.e.c.	6.0%	Fire, Other (environment, explosion)
Plumbing Services	4.6%	Faulty
Residential Building Construction n.e.c.	4.2%	Other (other financial loss), water
Garden Equipment Retailing	3.4%	Faulty
Air Conditioning and Heating Services	2.7%	Faulty, Water
Retailing n.e.c.	1.9%	Impact, Faulty
Smash Repairing	1.8%	Other (care/custody/control), Impact, Faulty
Toy and Game Retailing	1.8%	Faulty
Site Preparation Services	1.8%	Impact
Newspaper, Book and Stationery Retailing	1.6%	Faulty, Impact, Other (environmental/substance)
Carpentry Services	1.6%	Fire
Landscaping Services	1.3%	Fire
Domestic Appliance Retailing	1.3%	Faulty, Impact
Car Wholesaling	1.0%	Faulty
Clothing Retailing	0.8%	Impact
Automotive Electrical Services	0.7%	Faulty, Impact
Machinery and Equipment Wholesaling n.e.c.	0.7%	Faulty
Tyre Retailing	0.7%	Other (care/custody/control, environmental/substance), Impact
Household Equipment Repair Services n.e.c.	0.6%	Water

2.2.5 Body function / structure affected and Severity of loss

For bodily injury claims –the body function / structure most affected and severity of injury was examined.

Figure 2.27 below shows the split of finalised claim volumes by body function / structure most affected.

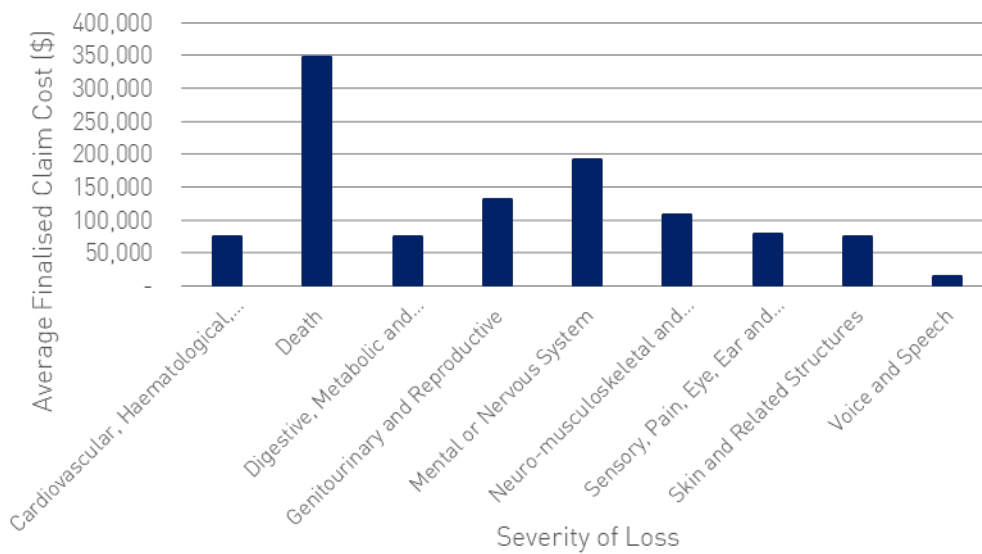
Figure 2.27 – Public Liability – Finalised claims by body function affected



Around 75% of bodily injury claims are classified as neuro-musculoskeletal and movement-related. The main changes in the mix of bodily injury claims over time are an increase in the proportion of mental or nervous system claims (4.6% since 2017 up from 3.1%) and voice and speech claims (average of 2.3% since 2018 up from 0.1%). These increases have mostly offset a reduction 2.9% reduction in the proportion of neuro-musculoskeletal and movement-related claims. The industries driving this increase in mental or nervous system claims are education (primary and secondary education) and health and community services (residential care services and nursing homes).

The average finalised size over 2009 to 2021 by body function / structure affected is displayed in Figure 2.28.

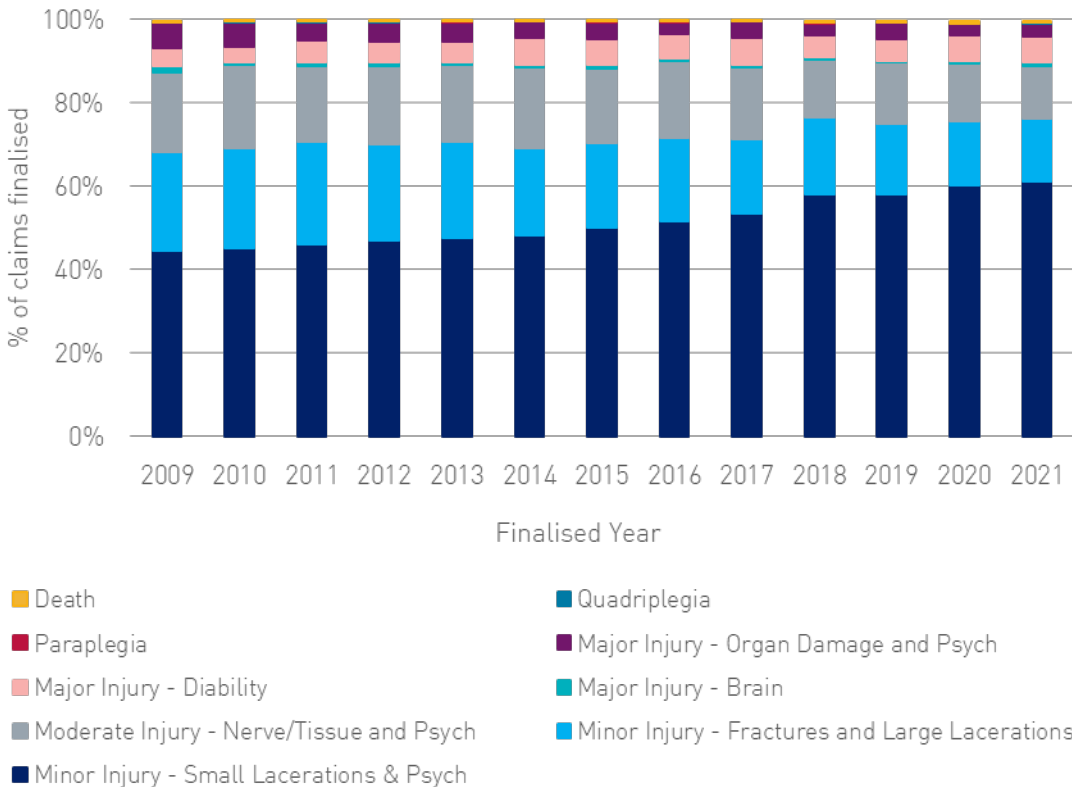
Figure 2.28 – Public Liability – Average finalised cost by body function affected



The bodily injury claims with the highest average claim size are when the claimant dies (\$350,000) followed by mental or nervous system claims (\$190,000). Voice and speech claims have the lowest average size (\$15,000).

Figure 2.29 below shows the split of finalised claim volumes by severity of loss.

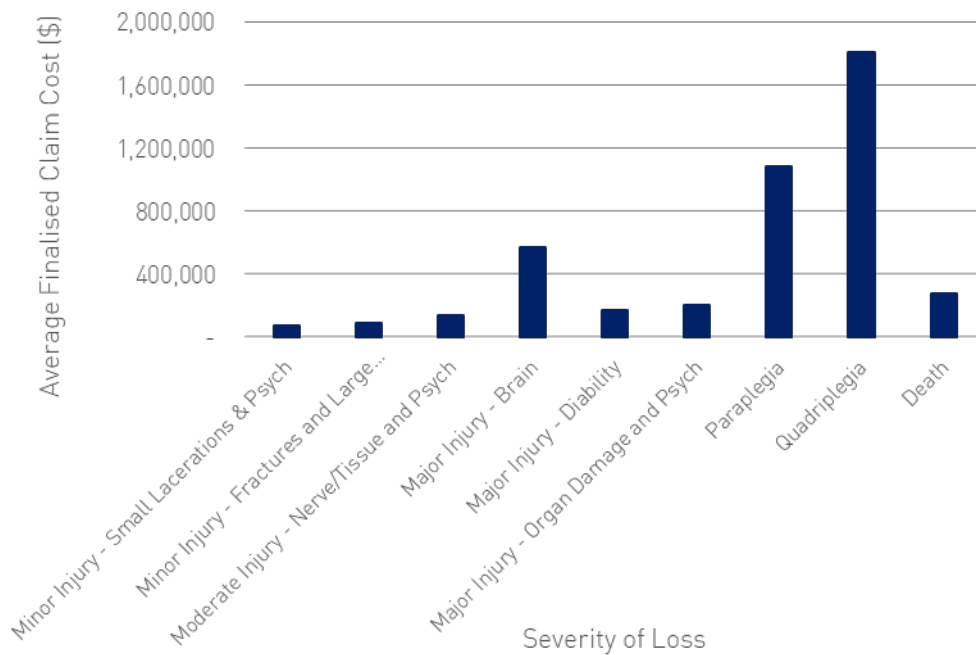
Figure 2.29 – Public Liability – Finalised Claims by severity of loss



There is an increasing mix of Minor injury – Small lacerations & Psych claims – increasing from 50% of claims finalised in 2015 to over 60% in 2021. This has offset a lower proportion of Minor Injury – Fractures and Large lacerations and Moderate Injury – Nerve/tissue and Psych.

The average finalised size over 2009 to 2021 by severity of loss is shown in Figure 2.30 below.

Figure 2.30 – Public Liability – Average finalised cost by severity of loss



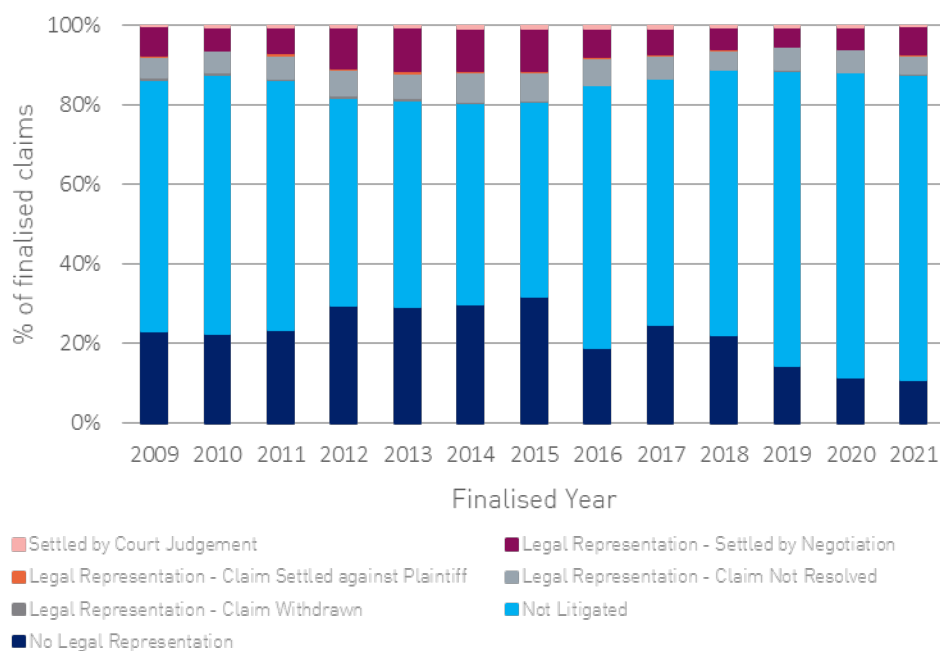
By severity of loss, the highest average claim sizes are for when the claimant has a spinal injury (over \$1m) or brain injury (\$600,000) followed by death (\$300,000). The lowest average claim size is for minor injury – small lacerations and psych (\$75,000) which are the claims that are increasing as a proportion of total finalised claims.

There is an increase in the proportion of claims classified as “Mental or Nervous System” and “Minor Injury – Small Lacerations and Psych”. This may be indicative of an increasing level of psychological injuries in public liability claims.

2.2.6 Litigation Status

Figure 2.31 shows the proportion of non-nil finalised claims by litigation status.

Figure 2.31 – Finalised Claims by Litigation Status

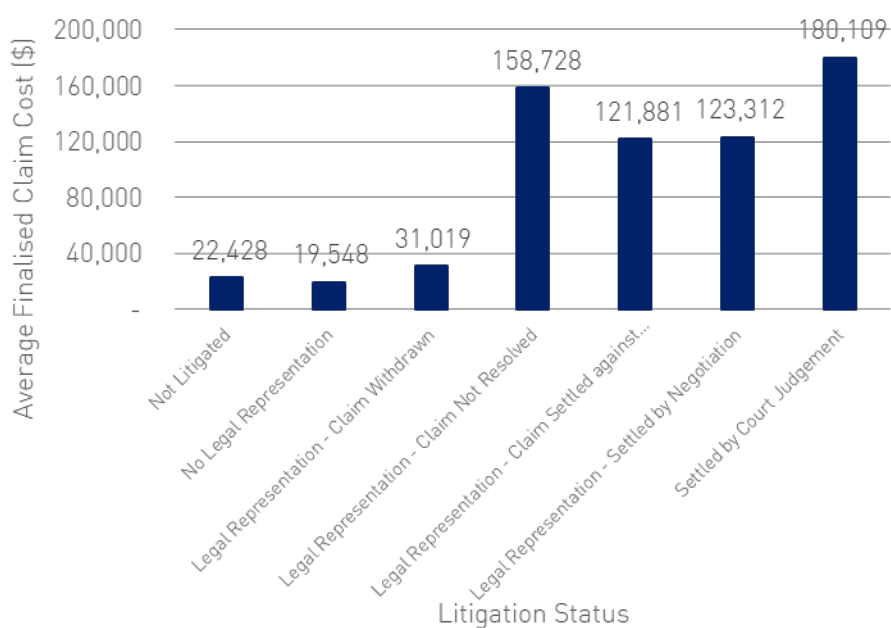


There has been an increase in the proportion of claims that are classified as “not litigated” (75% in 2021 up from 50% in 2015) which is offset by a reduction in the proportion of claims classified as “no legal representation” (10% in 2021 down from 30% in 2015). Around 85-90% of claims are classified in these two categories (55% for bodily injury and 97% for property damage). This mix change was observed across all states.

It is unclear whether this represents a data change in the way insurers are classifying claims in the NCPD or whether this represents a real change in legal representation. One possible interpretation of these results might be that this shows an increasing level of legal representation of public liability claims. This assumes that insurers are interpreting “not litigated” claims as claims that are legally represented but not litigated (i.e. resolved by negotiation outside of court) – however there is a category called “legal representation – settled by negotiation” which might already cover this.

The average finalised size over 2009 to 2021 by litigation status is shown in Figure 2.32.

Figure 2.32 – Public Liability – average finalised claim size by litigation status



The average claim size is highest for claims settled by Court Judgement followed by claims with legal representation that are not withdrawn.

The average size of “not litigated” and “no legal representation” claims are lowest at around \$20,000. The split of the average size by property damage and bodily injury claims is shown in Figure 2.33 and Figure 2.34 below.

Figure 2.33 – Public Liability – Property Damage – average finalised claim size by litigation status

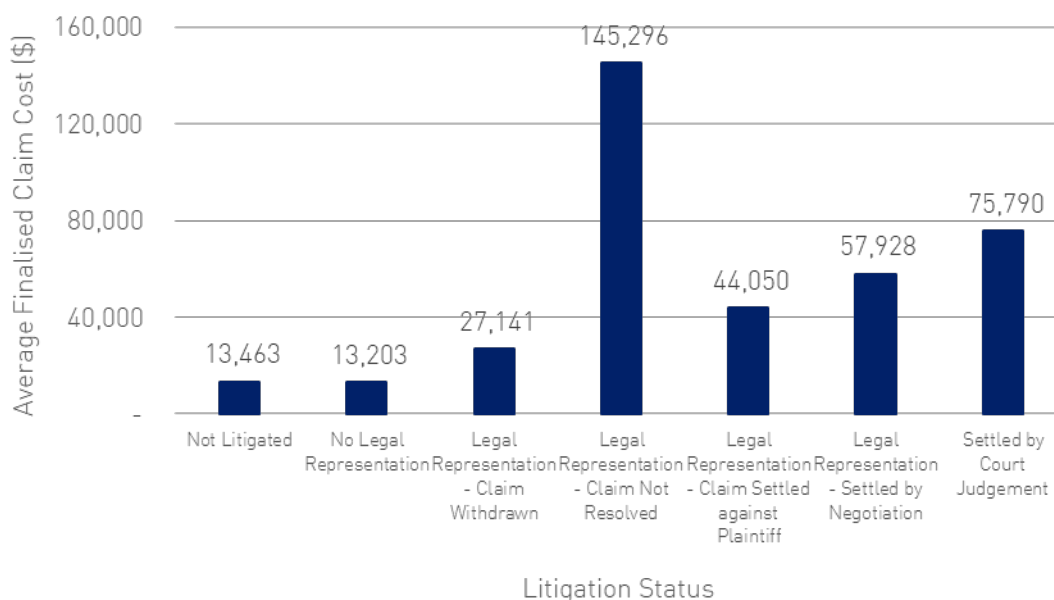
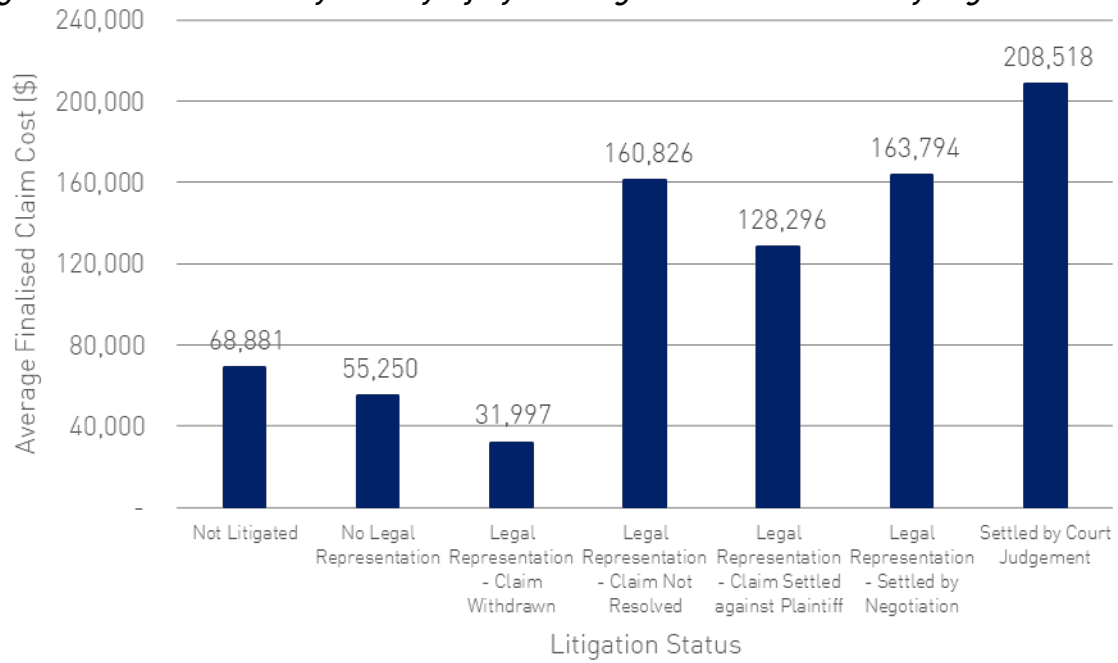


Figure 2.34 – Public Liability – Bodily Injury – average finalised claim size by litigation status



The pattern of average claim size for each of bodily injury and property damage claims by litigation status is similar.

3 Professional Indemnity

This section explores the premium and claims trends for professional indemnity insurance products in the NCPD. This section excludes Medical Malpractice and Directors and Officers products.

3.1 Premium trends

The following analysis of premium trends is broken down by business size, policy deductible, policy limit and insured occupation.

Summary of affordability insights

Since 2015, professional indemnity gross written premiums grew by 75% - made up of a 27% increase in average premiums and a 38% increase in risk counts.

This percentage increase in average premium and premium rates was highest for large and corporate businesses.

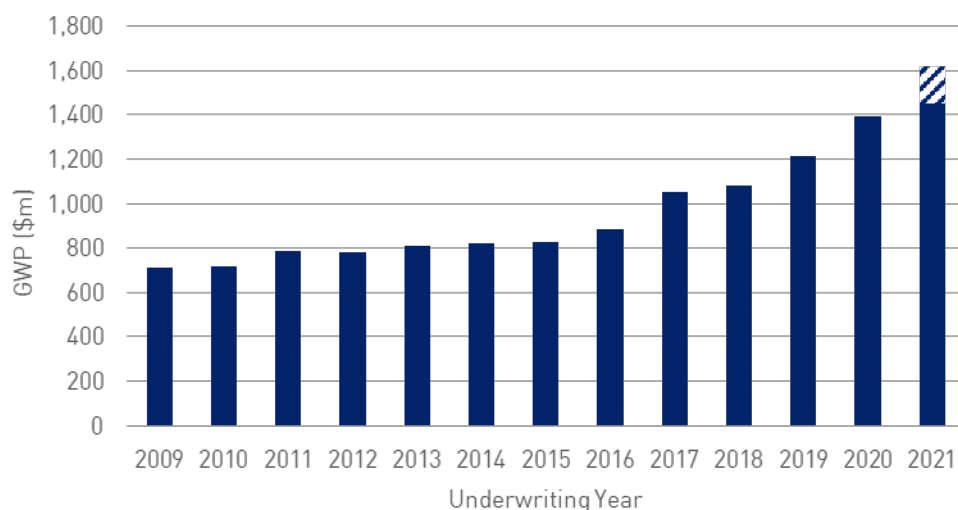
Higher deductible policies had lower increases in average premiums. There were no clear patterns across policy limits.

By industry, significant premium increases occurred for the following occupations (occupation groups and particular occupation subgroups):

- Insurance industry – particularly insurance brokers.
- Engineering – electrical, environmental and design/construction engineers have seen very large premium increases, but some of the biggest increases have been experienced by high hazard consulting engineers such as structural and geotechnical engineers. Furthermore, solvency concerns due to rising building cost pressures have also been impacting the engineering/ construction industries.
- Surveying industry - the surveying and engineering industries have been impacted by fire-safety/ building cladding related claims especially related to high-rise buildings.
- Real Estate industry – valuers and property managers have exhibited high premium increases.
- General consultants – particularly management consultants and industrial/ technical consultants.
- Finance – accountants, financial planners and brokers/dealers have all had an average premium increase of at least 40% since 2015.

Figure 3.1 shows the professional indemnity insurance premium volumes from 2009 to 2021.

Figure 3.1 – Professional Indemnity – gross written premium by underwriting year



Total premium volumes grew modestly over 2009 to 2016 at an average increase of 3.2% p.a. Premiums volumes then escalated over 2017 to 2020 at an average increase of 12% p.a. – increasing from \$0.9bn to \$1.4bn.

Note that the small increase in 2021 premium is due to data delays and we estimate it may end up at a 16.2% premium *increase* relative to 2020 at the next NCPD data release.

Figure 3.2 shows the number of professional indemnity risks insured from 2009 to 2021.

Figure 3.2 – Professional Indemnity – risk counts by underwriting year



Strong risk count growth was observed over 2009 to 2015 where the number of risks grew by an average of 6.2% p.a. The number of professional indemnity risks then escalated over 2016 to 2018 by an average of 12.9% p.a. and were essentially flat to 2021.

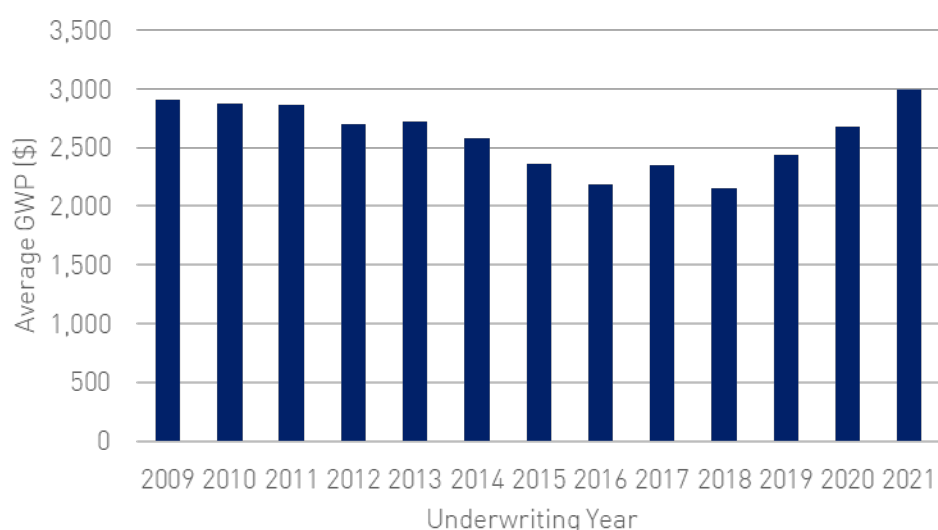
Consistent with public liability, we have taken the view that the faster escalation in risk counts between 2016 and 2019 are potentially due to changes in the way insurers are recording risks in the NCPD rather than representing any real changes in the number of professional indemnity insurance policies. The risk counts over 2016 to 2018 are therefore treated as anomalous and it is assumed that the risk counts in 2019 to 2021 are consistent with 2015 and prior years.

The average increase in risk counts from 2015 to 2020 (noting that 2021 is impacted by data delays) is 8.3% - which is more consistent with the level of growth from 2009 to 2015.

Note that the reduction in 2021 risks is due to data delays and we estimate it may end up at a small 1.2% decrease relative to 2020 at the next NCPD data release.

The trend in average premiums (i.e. premium per risk) is shown in Figure 3.3 below. The average premium is one measure of insurance affordability.

Figure 3.3 – Professional Indemnity – average premium by underwriting year



Average premiums *reduced* from 2009 to 2015 by an average of 3.4% p.a. – from an average premium of \$2,900 down to \$2,350. This indicates that the affordability of professional indemnity insurance was improving over this period.

Average premiums further reduced over 2016 to 2018 (\$2,200) despite the significant increase in gross premiums – due to the faster escalation in risk counts over this period.

By 2021 average premiums were higher at \$3,000 similar to the average in 2009 and 2010. This represents a 27% increase or an average 4% p.a. increase from 2015 to 2021 – indicating that affordability reduced over this period.

3.1.1 Business size

Premiums trends by the size of the insured business were also explored. The business size groupings were defined using the professional fees, number of staff or business turnover (which are the most common measures of exposure to claims costs in professional indemnity insurance). See Table 6.3 in the appendix for further details. Figure 3.4 sets out the

2021 risk counts and average premium split by business size. Figure 3.5 sets out the premium rate per \$m of fees or turnover (for the approximately 42% of risks that have fees or turnover exposure measures available on the data).

Figure 3.4 – Professional Indemnity – risk counts and average premiums by business size

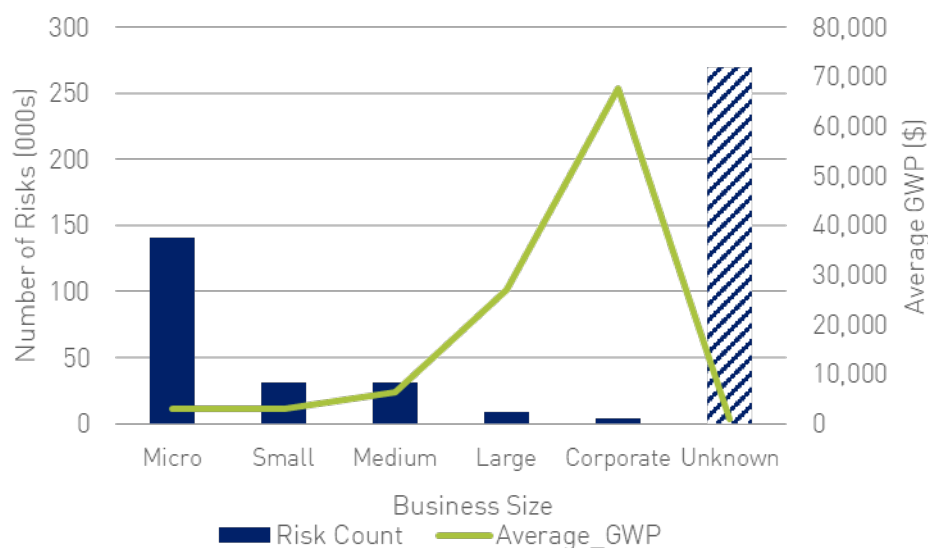


Figure 3.5 – Professional Indemnity – Fees and premium per \$M Fees

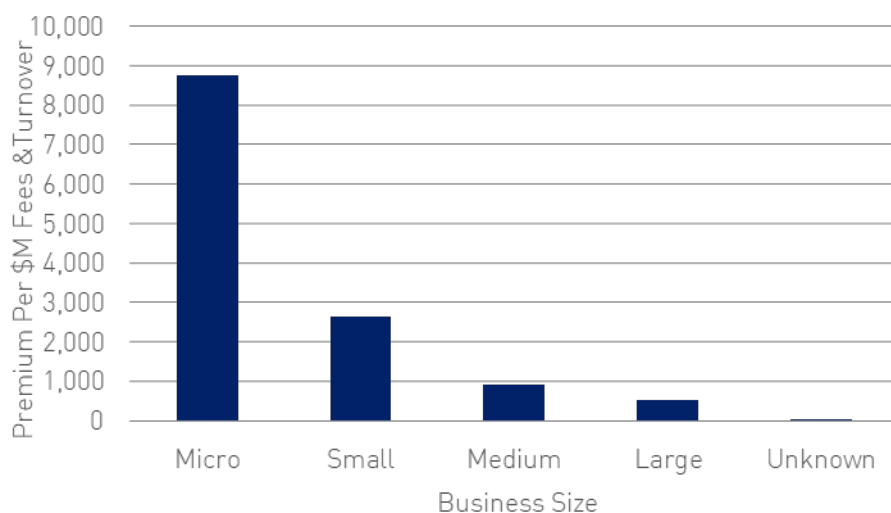


Figure 3.4 shows that (where there is a standard exposure metric) the insured risks (by count) are dominated by micro businesses. Average premiums increase significantly by business size from around \$3,000 for micro businesses to around \$70,000 for corporate businesses. This is due to larger businesses having higher exposure to professional indemnity claims.

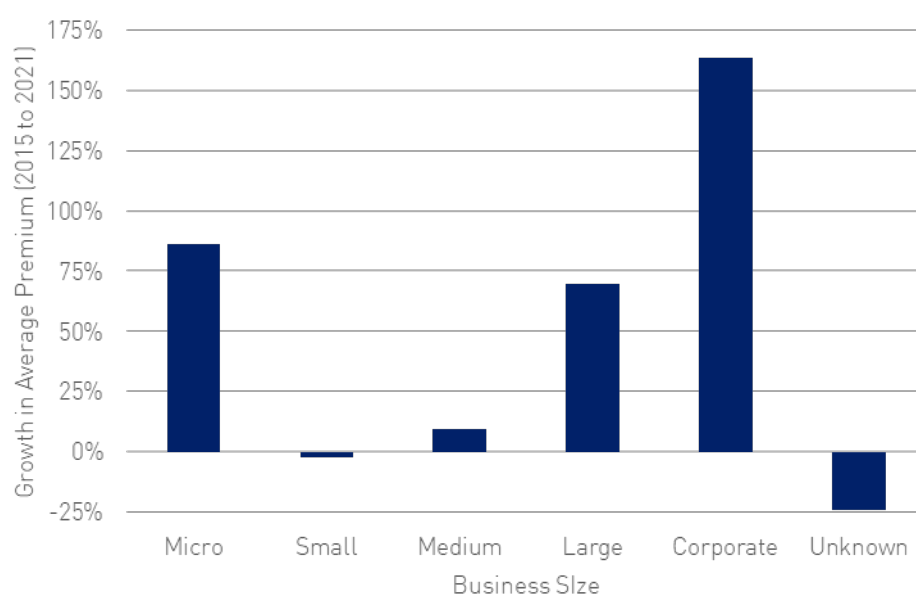
Figure 3.5 above shows that the premium rate reduces by business size from \$8,700 per \$m of fees/turnover for micro businesses down to around \$500 for large businesses. This indicates that while the risk of professional indemnity claims increases with business size; this is inversely proportional to business size.

We note the following data limitations:

- The premium rate for corporate businesses of around \$20 per \$m fees/turnover looks anomalous as the total fees/turnover is extremely large (\$10 trillion). This is a similar issue previously noted for public liability.
- The number of risks with unknown size is around 55% of the total number of risks - due to these risks missing fees, business turnover or number of employees.

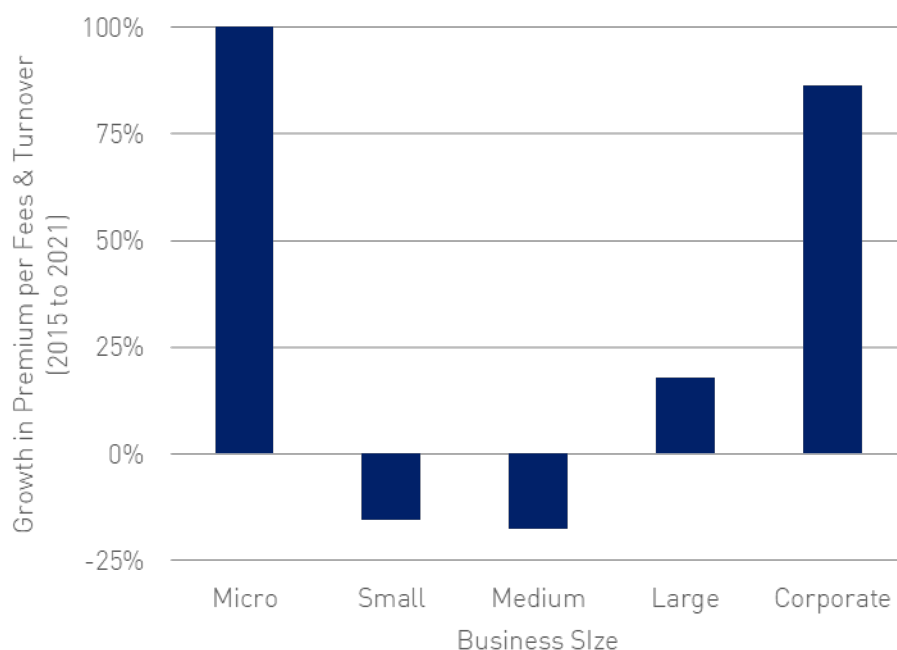
The movement in average premium and premium rates from 2015 to 2021 by business size is set out in the figures below. These are indicators of changes in affordability of insurance.

Figure 3.6 – Professional Indemnity – growth in average premium from 2015 to 2021 by business size



The increase in average premium was significant for micro businesses with an exposure measure (85%), low for small and medium sized businesses (around 0-10%), and significant for large and corporate risks (70%-160%). This indicates that insurance affordability has reduced most for micro and large/corporate businesses.

Figure 3.7 – Professional Indemnity – growth in premium rate per \$m fees from 2015 to 2021 by business size



The premium rate increases for small to corporate businesses are lower than the increase in average premium – as it incorporates the growth in fees/turnover which typically increase with inflation and economic growth. The premium rate increase for these business sizes is largest for large and corporate businesses – indicating where affordability has most reduced.

The premium rate for micro is very large (475%) due to a 69% reduction in total fees/turnover for micro businesses between 2015 and 2021 (compared to a 26% growth in risk counts). To the extent that this represents an inconsistency in fees/turnover data over time supplied to the NCPD – then this would mean the movement in premium rates for micro business is anomalous rather than representing a real change in affordability.

Use of exposure rating factors

Table 3.1 details the completeness of exposure measures by occupation group for underwriting year 2021. It is assumed, as detailed in the Appendix (see ‘Size of business Definition’), that a number of staff figure equal to zero represents sole traders; and is therefore considered a complete exposure measure. “Other exposure” represents all risks that do not have a completed exposure measure, or do not use turnover, number of staff or fees.

Table 3.1 – Professional Indemnity - Exposure summary by ANZSIC Division

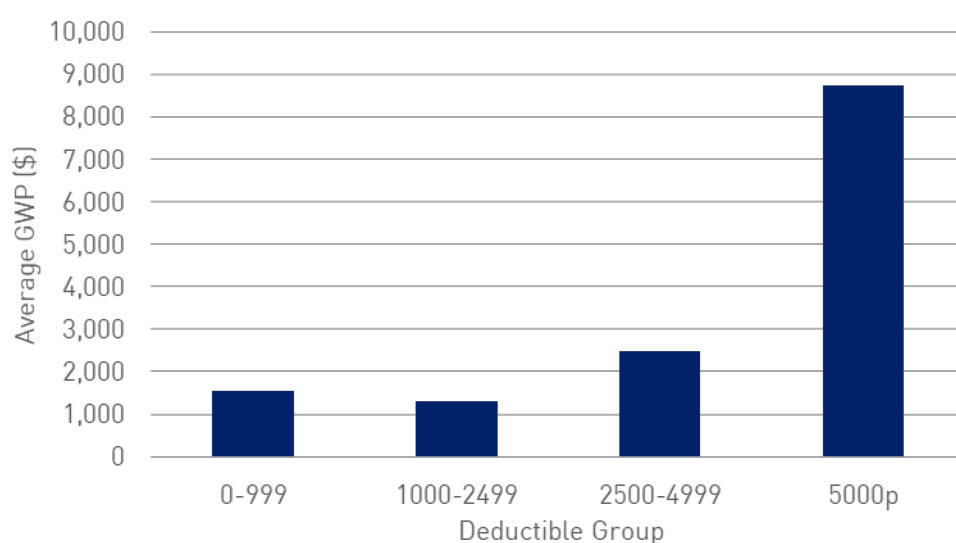
Occupation group	Number of Risks (000's)	Proportion of Risks Written			
		Turnover Exposure	Staff Exposure	Fees Exposure	Other Exposure
Medical & Paramedical Miscellaneous occupations	183	2.2%	1.4%	0.4%	96.8%
Financial Miscellaneous occupations	64	42.9%	68.3%	40.0%	3.7%
General Consultants - Miscellaneous occupations	32	43.0%	56.9%	35.6%	10.7%
Engineering - miscellaneous occupations	31	42.5%	38.4%	35.2%	13.4%
Schools, Colleges - Miscellaneous occupations	28	9.8%	7.3%	4.5%	82.5%
Miscellaneous occupations	22	46.4%	40.1%	11.3%	19.7%
Unknown	21	24.4%	40.4%	31.2%	0.0%
Real Estate Miscellaneous occupations	21	30.1%	59.0%	65.2%	2.2%
Agricultural, Horticultural miscellaneous occupation	12	23.9%	14.0%	8.2%	63.3%
Legal & Para Legal - Miscellaneous occupations	12	4.6%	27.6%	22.5%	67.2%
Architects Miscellaneous occupations	6	8.4%	27.8%	84.2%	0.6%
Surveying Miscellaneous	2	8.3%	34.6%	58.5%	14.2%
Insurance - miscellaneous occupations	1	13.7%	50.5%	62.4%	0.1%
Defamation – misc	1	55.5%	82.3%	32.9%	1.3%
Local Government - Miscellaneous occupations	0	49.2%	82.5%	4.8%	6.3%

Fees, turnover and number of staff are often complete for professional indemnity risks in the NCPD data. Some occupation groups such as Medical & Paramedical, Schools and Legal often used other exposure measures such as number of professionals or number of students.

3.1.2 Deductibles

The following charts show premium trends by policy deductible.

Figure 3.8 – Professional Indemnity – 2021 average premiums by deductible group

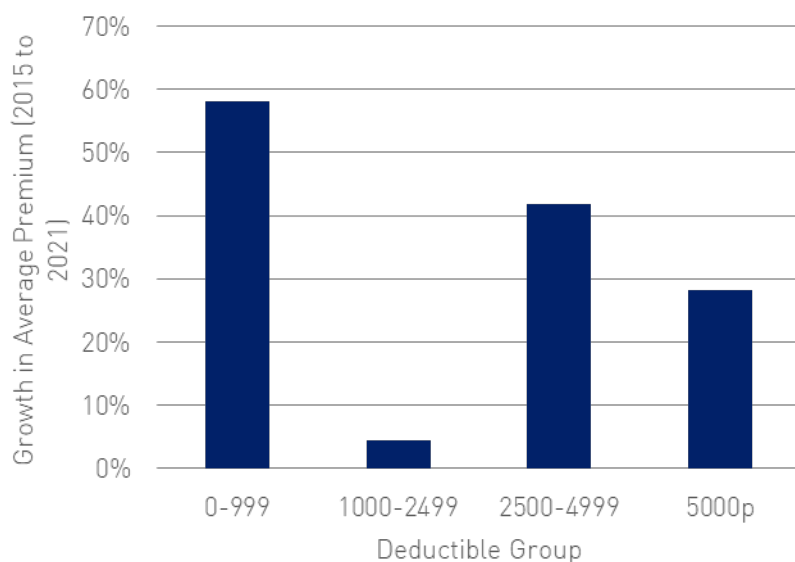


55% of risks have a deductible under \$1000 and have an average premium of \$1,500. This includes the 46% of risks with a deductible of zero. The average premiums increase for

higher deductibles, where businesses with a deductible of \$5,000 or greater have an average GWP of \$8,750. This result is consistent with smaller businesses having lower deductibles.

Figure 3.9 below shows the movement in average premiums from 2015 to 2021 split by policy deductible group.

Figure 3.9 – Professional Indemnity - growth in average premium from 2015 to 2021 by deductible group



The increase in average premiums from 2015 to 2021 is highest for policies with zero or low deductibles (58% compared to 27% across all policies). The figures below show this breakdown by business size.

Figure 3.10 – Professional Indemnity- Micro/SME – growth in average premium by deductible group

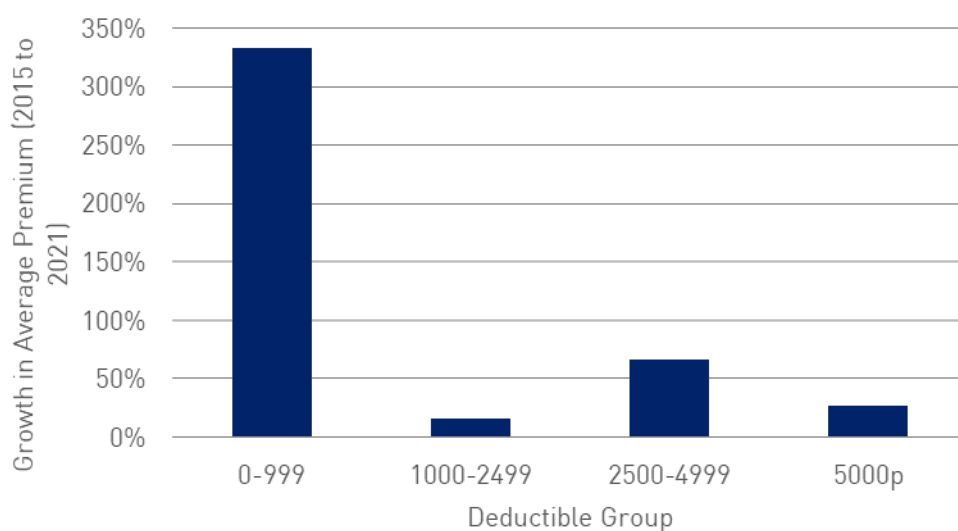
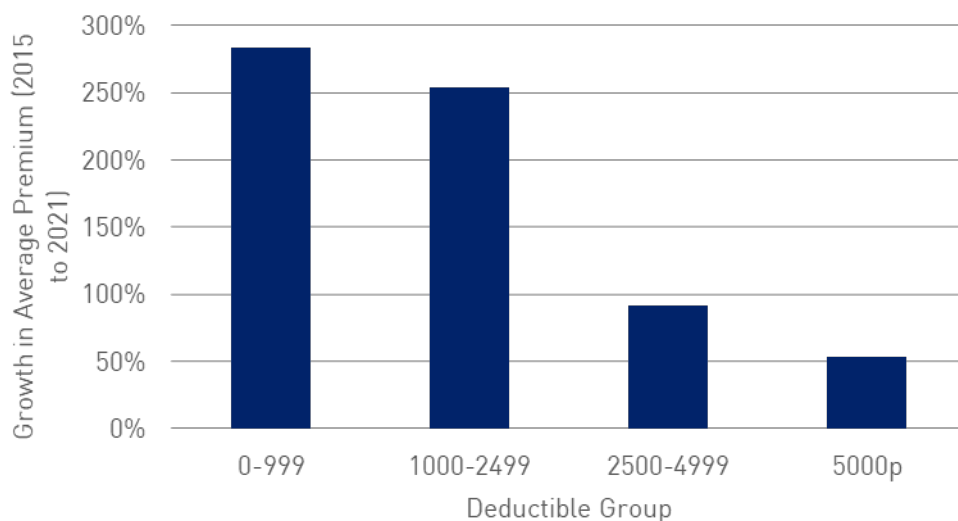


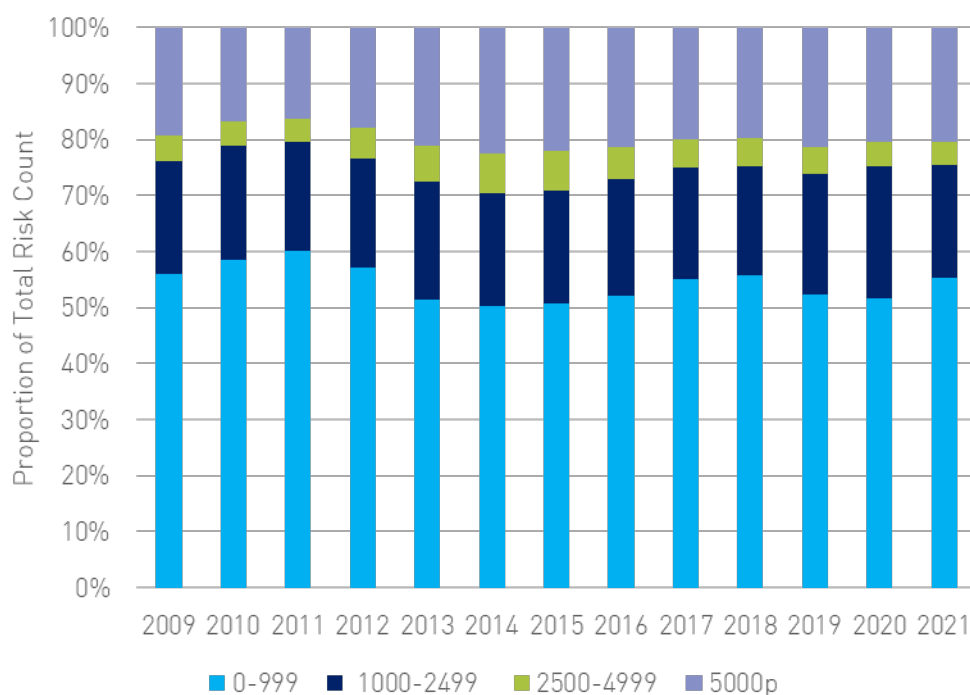
Figure 3.11 – Professional Indemnity – Large/Corporate – growth in average premium by deductible group



In general, these results indicate that affordability (since 2015) for policies with lower or zero deductibles has reduced by more than policies with higher deductibles.

Figure 3.12 shows the mix of risks by deductible group.

Figure 3.12 – Professional Indemnity – mix of risks by deductible group



There was no clear trend in the use of deductibles.

Table 3.2 shows the relationship between business size and deductible by proportion of risk counts.

Table 3.2 – Professional Indemnity - Proportion of risk counts by deductible group across business size

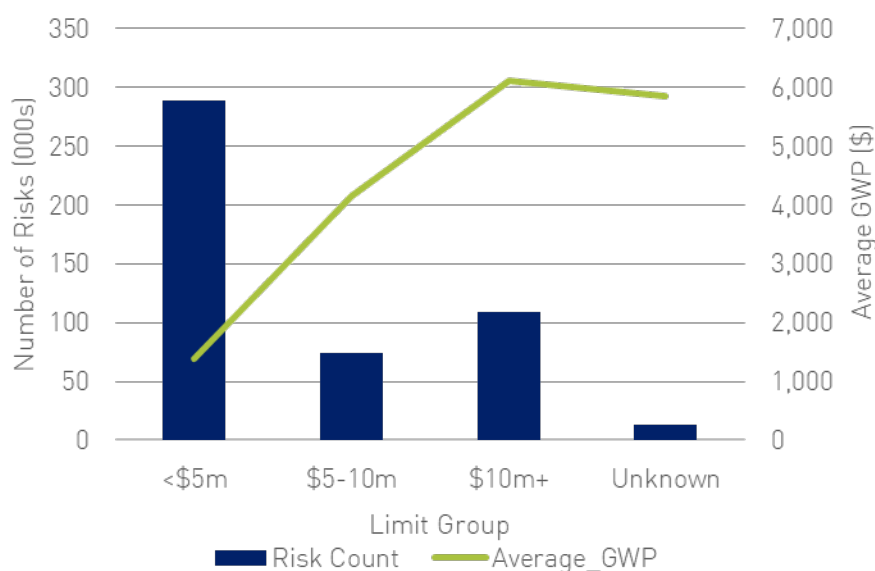
Business Size	Deductible Group				Total
	0-999	1000-2499	2500-4999	5000p	
Micro	32.5%	31.6%	8.4%	27.4%	100.0%
Small	18.2%	17.1%	5.7%	58.9%	100.0%
Medium	8.5%	7.3%	3.2%	81.1%	100.0%
Large	8.7%	6.5%	2.9%	81.9%	100.0%
Corporate	40.7%	7.0%	2.7%	49.5%	100.0%

Generally, larger businesses tend to take up larger deductibles; as evidenced by 32.5% of micro businesses taking up a deductible less than \$1,000; decreasing to 8.7% of large businesses. Further, the proportion of businesses with a deductible greater than \$5,000 increases with business size, where 81.9% of large businesses have a deductible greater than \$5,000. As discussed in section 4.1.1, the material number of corporate risks (40.7%) with a deductible less than \$1,000 is noted as anomalous.

3.1.3 Limits

The following charts show premium trends by policy limit.

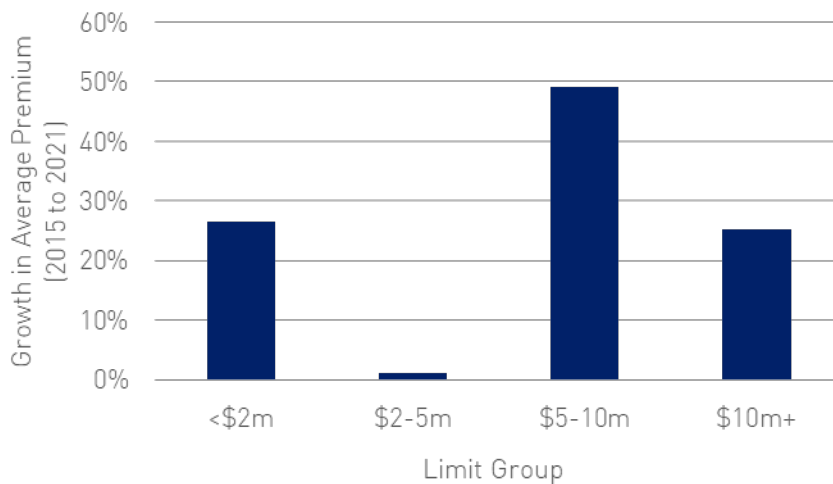
Figure 3.13 – Professional Indemnity – 2021 risk counts and average premiums by limit group



60% of risks have a limit under \$5m with an average premium of \$1,389. The average premiums then increase with higher limits to \$6,118 for the 22% of risks with limits above \$10m. This is expected as higher limits provide greater cover for professional indemnity claim costs.

Figure 3.14 below shows the movement in average premiums from 2015 to 2021 split by policy limit of indemnity group.

Figure 3.14 – Professional Indemnity - growth in average premium from 2015 to 2021 by limit group



The increase in average premiums from 2015 to 2021 for policies was higher than average for risks with limits between \$5-10m (50% compared to 27% across all policies) and smaller than average for risks with limits from \$2-5m. Note that we have split out <\$2m from the <\$5m bucket as the growth in average premium differs significantly. There's no clear pattern in the movements in average premiums by limit size. Figure 3.15 and Figure 3.16 below show this breakdown by business size (excluding the unknown business sizes).

Figure 3.15 – Professional Indemnity – Micro/SME – growth in average premium by limit group

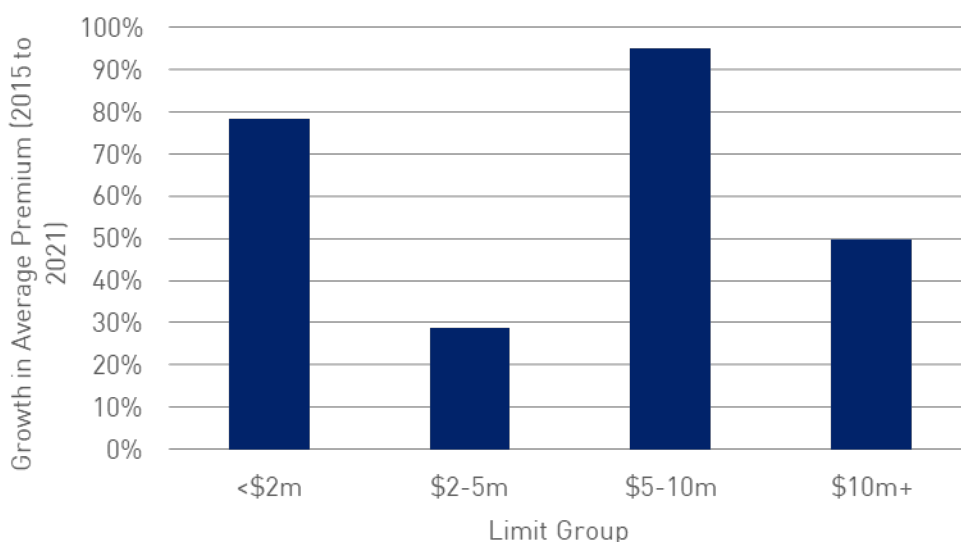
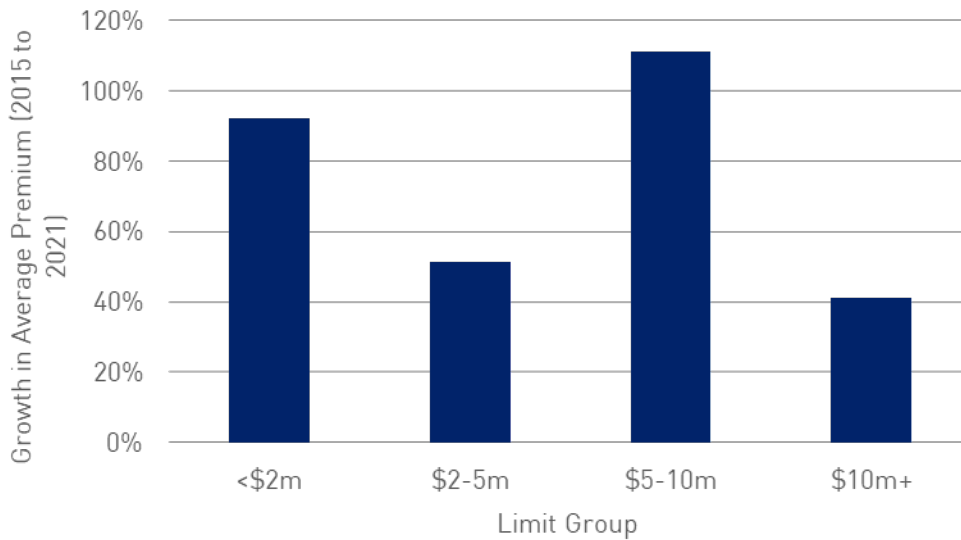


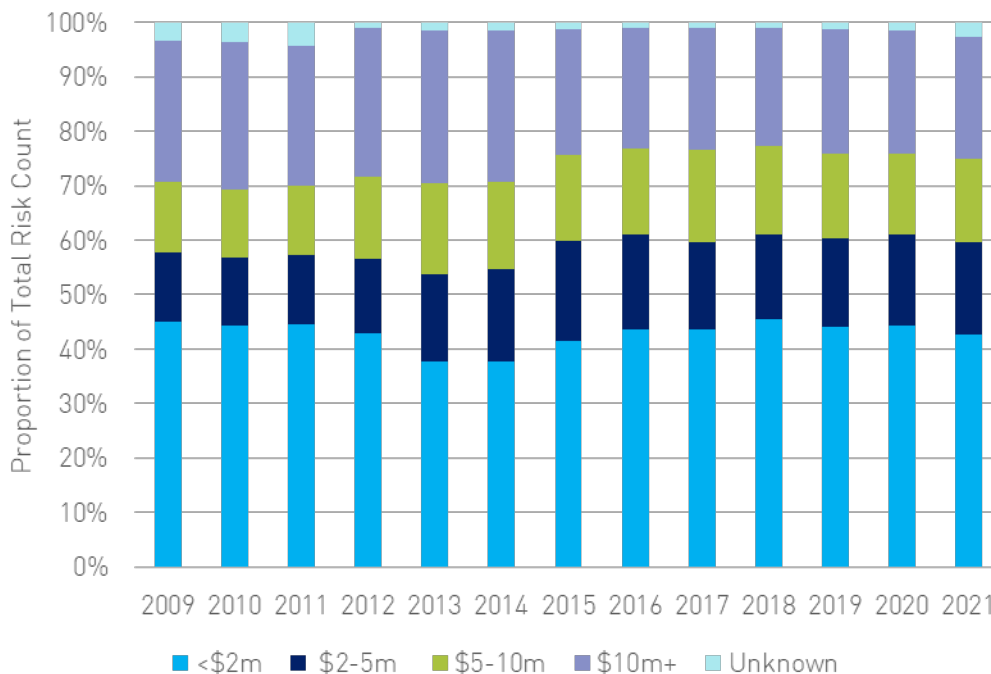
Figure 3.16 – Professional Indemnity – Large/Corporate – growth in average premium by limit group



The pattern of changes in average premium changes by limit group is similar by business size groups.

Figure 3.17 shows the mix of risks by limit group.

Figure 3.17 – Professional Indemnity – mix of risks by limit group



In 2015 there was a reduction in the proportion of policies that have limits above \$10m from 27% down to 22.5%. This was offset by a higher proportion of lower limit policies – particularly for limits between \$2m to \$5m.

3.1.4 Occupation Group

Table 3.3 below shows the 2021 risk counts and average premiums as well as their growth from 2015 to 2021 by the Occupation group of the insured business.

Table 3.3 – Professional Indemnity – risk counts and average premium by occupation group for 2021 underwriting year

Occupation Group	2021		Growth from 2015 to 2021		
	Risk Count	Average GWP	Risk Count	Average GWP	GWP
Medical & Paramedical Miscellaneous occupations	183,296	470	81%	-39%	10%
Financial Miscellaneous occupations	65,757	5,133	4%	59%	65%
General Consultants - Miscellaneous occupations	34,015	3,806	4%	99%	106%
Engineering - miscellaneous occupations	30,772	10,445	65%	41%	133%
Schools, Colleges - Miscellaneous occupations	28,961	816	333%	-59%	76%
Miscellaneous occupations	21,560	2,540	-32%	78%	21%
Real Estate Miscellaneous occupations	21,275	6,787	-4%	143%	132%
Agricultural, Horticultural miscellaneous occupations	12,261	1,309	50%	-8%	38%
Legal & Para Legal - Miscellaneous occupations	11,988	9,725	10%	1%	11%
Architects Miscellaneous occupations	6,360	2,941	-5%	-25%	-28%
Surveying Miscellaneous	1,523	17,162	26%	201%	280%
Insurance - miscellaneous occupations	1,402	42,580	-16%	301%	238%
Defamation – misc	553	4,326	-12%	19%	5%
Local Government - Miscellaneous occupations	63	66,777	-51%	114%	5%
Unknown	332	3,476	79%	49%	148%
Total			38%	27%	75%

There is significant variation in average premiums by occupation group – ranging from \$470 for Medical and Paramedical occupations to \$66,777 for Local Government occupations.

There are also some significant movements in risk counts from 2015 to 2021 for some ANZSIC divisions compared to the overall portfolio (38%) – which could be due to changes in the way data on risks is submitted over time. This has the potential to distort the movement in average premiums. The movement in overall premiums will not be impacted by changes in risk counts but will be impacted by any other changes in data definitions.

The key aspects of the movement in average premiums from 2015 to 2021 are:

- Occupations that experienced increases around average (27%) or higher were Insurance (301%), Surveying (201%), Real Estate (143%), Local Government (114%), General Consultants (99%), Miscellaneous (78%), Financial (59%) and Engineering (41%).
 - > Miscellaneous and Local Government saw large reductions in risk counts over this period (32% and 51% respectively), which may mean that their increases in average premiums were due to a change in data definition rather than a 'real' increase in prices (i.e. same premium spread over a new lower measurement of risks).
- There was also a larger than average increase in overall premiums for Schools and Colleges (76%). This is despite a reduction in average premiums which could be indicative of changes in the data measurement of risk counts.

The occupation groups driving the above results – indicating where affordability may have reduced the most – are shown in the following table. The table shows the largest occupation subgroups within each occupation group (with at least 2% of total risk count), with significant average premium increases. Note that Finity classified each occupation within the above occupation groups into occupation subgroups – for further details on the classification see Appendix (Table 6.5).

Table 3.4 – Professional Indemnity significant Industry Premium Movements– risk counts and average premium

Occupation Subgroup	Growth from 2015 to 2021			
	2021 Average GWP	Risk Count	Average Premium	GWP
Insurance Agents/Authorised Representatives	17,555	-3%	124%	118%
Insurance Brokers	145,924	-31%	532%	334%
Loss Control/Assessors	2,617	-28%	8%	-23%
Other Insurance Misc	2,575	21%	-46%	-35%
Real Estate Valuers	10,116	95%	75%	240%
Real Estate Agents	3,259	89%	10%	107%
Property Managers/Consultants	5,506	-83%	277%	-36%
Other Real Estate Misc	2,312	25%	53%	92%
Management Consultants	4,549	-3%	193%	185%
Industrial/Technical	4,731	7%	103%	117%
Human Resource Consultants	2,575	68%	-15%	43%
Other General Consultants Misc	2,123	70%	-16%	43%
Environment	2,286	184%	-33%	91%
Transport	5,482	3%	147%	154%
Marketing and Public Relations	1,771	-1%	-17%	-18%
Travel/Tourism	2,046	-38%	62%	1%
Physical Products	6,162	80%	211%	459%
Accounting Services	2,563	15%	50%	72%
IT Services	4,067	17%	60%	87%
Financial Planners/Advisers	3,733	-52%	43%	-31%
Brokers/Dealers	5,448	62%	67%	170%
Investment/Fund/Trustee Management	7,059	59%	2%	62%
Financial Institutions	35,075	45%	47%	112%
Design and Construction	14,087	147%	30%	221%
Project Managers	3,373	22%	-14%	6%
Engineers - Construction	12,087	109%	17%	144%
Mechanics/Materials	6,183	39%	-40%	-16%
Electrical	8,091	-12%	128%	101%
Environment/Geology	16,618	85%	98%	266%
Teacher	77	20478%	-94%	1193%
Education Consultants	3,134	-16%	136%	97%
Schools/Universities	7,050	11%	28%	41%

For **Insurance**, Insurance brokers and Insurance Agents have driven the large increase in average premiums.

For **Real Estate**, there were relatively higher increases in premiums for Real Estate Valuers (including a large increase in risk counts). While Property Managers/Consultants has a large increase in average premiums – this was accompanied by a large reduction in risk counts (which may instead be indicative of changes in the data measurement of risk counts rather than price increases).

For **General Consultants**, the largest increases in average premium were for Management consultants and Transport.

For **Financial**, average premiums increased by a similar amount across most occupation subgroups. The largest increase in premiums was for Brokers and Fund managers (also accompanied by a large increase in risk counts). While average premiums also increased significantly for Financial Planners/Advisers – this was accompanied by a large reduction in risk counts (which may instead be indicative of changes in measurement of risk counts rather than price increases).

For **Engineering**, the largest increases in average premiums are for Electrical and Geology (also accompanied by a large increase in risk count). There was also a large increase in overall premiums for Design and Construction and Engineers – Construction. This came despite only a small increase in average premiums (which could be indicative be of changes in risk counts rather than price increases).

For **Schools**, the premium increase was driven by Teachers (accompanied by a very large increase in risk counts).

For **Surveying**, the largest premium increases are for Surveyor – Mining and Building Surveyor (both accompanied by large increases in risk counts).

3.2 Claims trends

The following analysis of claims trends is broken down by overall experience, general nature of loss, cause of loss and insured occupation

Summary of claims trends

While total finalised claim costs were stable since 2014, incurred costs have increased over the last few years. This has mainly impacted the 2016 to 2019 accident years (development year 2).

The main occupations driving the cost increases were Engineering (Construction), Financial (Financial institutions), Legal (Solicitors), Medical (Hospital/Ambulance, Alternative Health Services) and General Consultants (Management consultants).

3.2.1 Overall experience

Finalisation experience

The volumes, average sizes and total cost of professional indemnity claims finalised over 2009 to 2021 are set out in Table 3.5 below. The definition of a large professional indemnity claim is one that is above \$1m, as detailed in Appendix 7.3.2.

Table 3.5 – Professional Indemnity – Claims experience by finalisation year

Finalisation Year	Number of Claims				Average Claim Size (\$000)			Finalised Cost (\$m)		
	Nils	Small	Large	Total	Small	Large	Total	Small	Large	Total
2009	3,626	3,389	40	7,055	42	2,423	34	142	97	239
2010	3,482	4,184	44	7,710	36	3,690	40	149	162	312
2011	3,834	4,466	47	8,347	37	2,646	35	164	124	288
2012	3,646	4,527	47	8,220	41	3,981	45	186	187	374
2013	3,706	4,760	41	8,507	44	3,138	40	210	129	339
2014	4,103	5,128	63	9,294	43	4,092	52	222	258	479
2015	4,223	4,802	71	9,096	43	2,852	45	208	203	410
2016	5,522	4,317	71	9,910	43	3,124	41	187	222	409
2017	7,089	4,776	66	11,931	37	2,805	30	178	185	363
2018	7,238	4,703	59	12,000	43	3,130	32	203	185	388
2019	4,687	4,088	54	8,829	46	3,704	44	189	200	389
2020	4,058	4,144	70	8,272	47	3,257	51	193	228	421
2021	3,809	3,792	79	7,680	50	4,108	67	188	325	513

The total cost of finalised claims stepped up by around 35% from an average of \$310m p.a. over 2009 to 2013 to an average of \$420m p.a. over 2014 to 2021. Finalised costs have been fairly stable since 2014.

This step up in cost in 2014 was mainly driven by a 60% increase in large claim costs driven by an increase in the volume of large claims. It is too early to tell whether the high 2021 year is an outlier or the start of a new step up in large claim volumes. The large claim size has no clear trend.

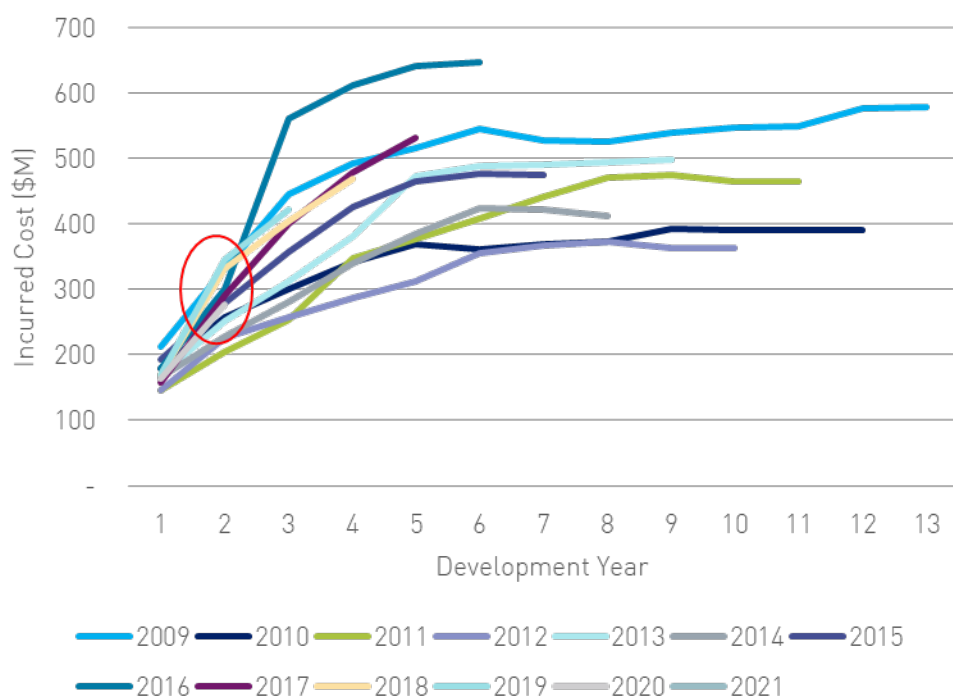
Small claim costs also contributed to the total cost increase due to a 50% increase in small claim volumes from 2009 to 2014. The small claim size only increased by an average of around 1% p.a. over this period. Small claim costs have been fairly consistent since 2015; a reducing volume of claims was offset by a higher claim size which increased by an average of 5% p.a. from 2018 to 2021 (7.5% p.a. over 2017 to 2021).

Total finalised claim volumes were increasing until 2018 – particularly driven by an increase in claims finalising for nil and the increase in small claim volumes described above. Claim volumes then reduced by 36% from 2018 to 2021 – driven by a 47% reduction in nil claims and a 20% reduction in small claims. This change in nil claim volumes may be due to changes in how insurers are submitting their data to the NCPD and distorts analysis of overall average size. Claim finalisation experience in later sections focuses on non-nil claim volumes.

Incurred cost experience

Figure 3.18 shows the development of the incurred cost of claims over time for each accident year from 2009 to 2021 – pictured as a moving ‘worm’. Incurred costs include claim payments as well as case estimates for claims that are yet to finalise.

Figure 3.18 – Professional Indemnity – Incurred cost development by accident year



Incurred costs for accident years 2010 to 2015 appear to ultimately end up within a range of \$350m to \$500m without a clear trend by accident year. Incurred costs have then stepped up in accident years 2016 to 2019 (particularly in development year 2). These incurred cost increases (occurring over the last 3-5 years) are yet to be observed in the claim finalisation experience.

The increase in incurred costs during development year 2 averaged \$70m for accident years up to 2015. This escalated to \$135m for accident years 2016 to 2020. The main occupation groups driving this \$65m increase were Engineering (+\$18m, 93% increase), Financial (+\$10m, 45%), Legal (+\$7m, 58% increase), Medical (+\$6m, 2690%) and General Consultants (+\$3m, 172%).

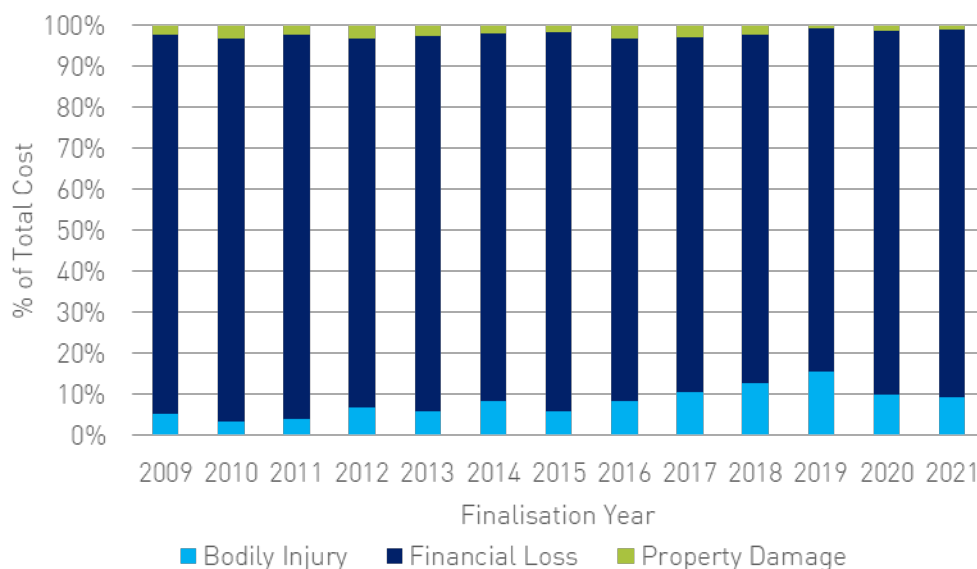
The unknown category has also contributed to the higher incurred costs (\$+14m). It is unclear as to why there are an increase in claim costs without an occupation allocated.

The following sections explore the profile of the claim finalisation experience as well as the drivers of the increase in incurred costs in the 2016 to 2019 accident years.

3.2.2 General nature of Loss

Claim finalisation experience is split by the nature of the loss to the claimant in Figure 3.19– shown by the same groupings used for public liability section of the report.

Figure 3.19 – Professional Indemnity - % of finalised cost by general nature of loss

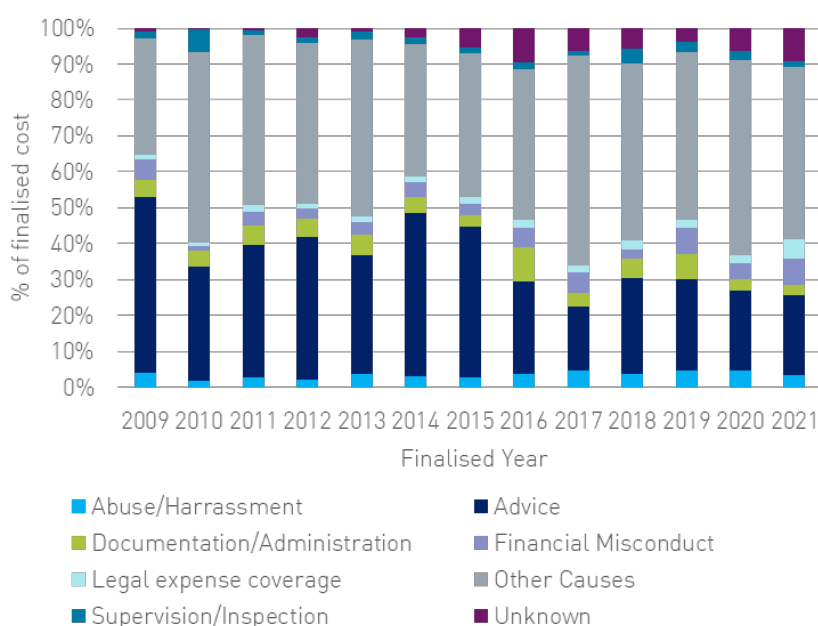


The vast majority of professional indemnity claims costs relate to financial loss claims – as would be expected. The small proportion of bodily injury claims are mostly related to medical occupations. The sections below do not show any further splits by general nature of loss.

3.2.3 Cause of loss

Claim finalisation experience is split by the nature of the loss to the claimant in Figure 3.20

Figure 3.20 – Professional Indemnity – Proportion of finalised cost by cause of loss group



The vast majority of professional indemnity claim costs are classified as Advice and Other causes of loss. The Other and Unknown groups have also increased as a proportion of finalised costs. The sections below do not show any further splits by cause of loss.

3.2.4 Occupation Group

Table 3.6 below shows key occupation subgroups driving the increase in incurred costs in Development year 2. The Appendix provides more detail on key subgroup movements by their overall Occupation Group.

Table 3.6 – Professional Indemnity– Proportion of Development Year 2 movement by key Occupation Subgroups

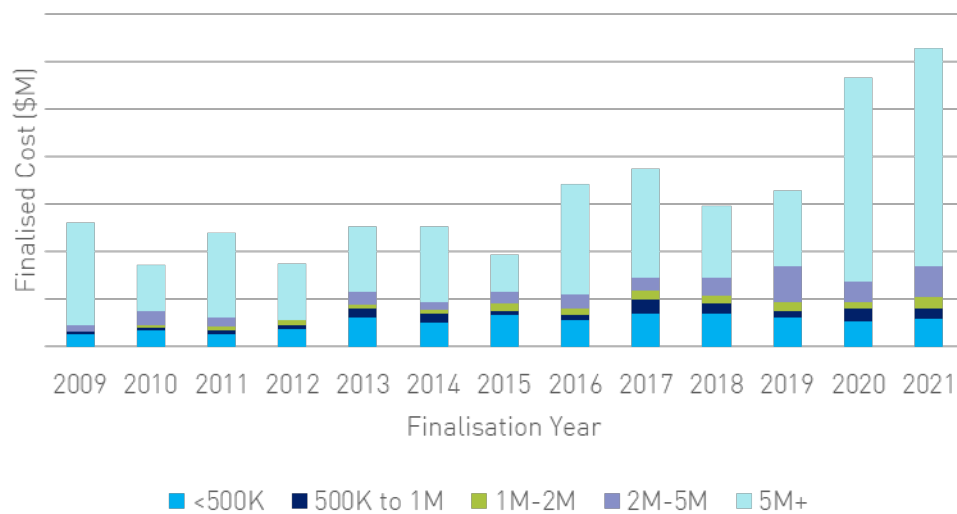
Occupation Subgroup	Total Proportion of Dollar Movement
Financial Institutions	17.6%
Engineers - Construction	16.3%
Solicitors	11.7%
Design and Construction	11.5%
Brokers/Dealers	5.0%
Hospital/Ambulance	2.8%
Project Managers	2.8%
Financial Planners/Advisers	2.4%
Management Consultants	2.4%
Alternative Health Services	1.7%
Pharmacy	1.5%
Doctors	1.2%
Dentistry	1.1%

4 Directors and Officers

This section explores the trends in large claims for the Directors and Officers product in the NCPD. An overall significant increase in finalised costs has predominantly been driven by large claims (likely relating to class actions).

The figure below shows the finalised incurred costs by finalisation year.

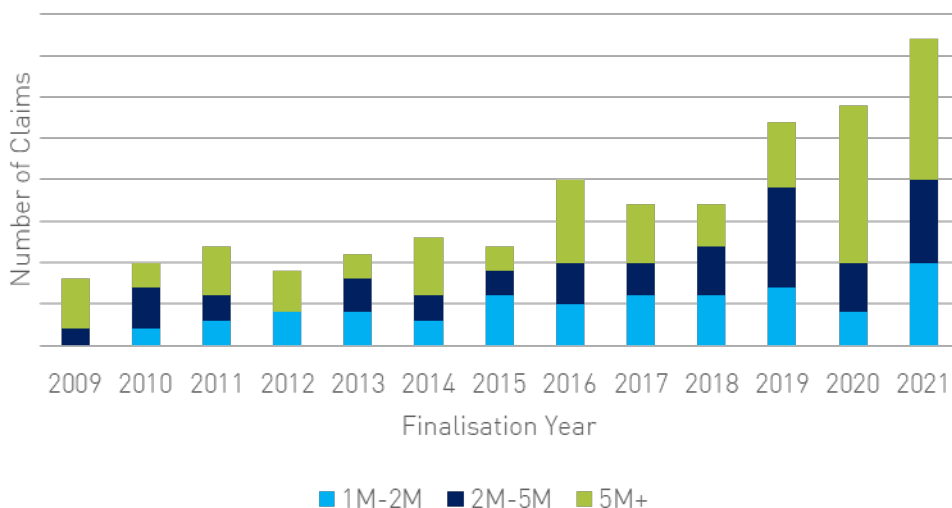
Figure 4.1 – Directors and Officers – Finalised cost by finalisation year by size of claim



There was an 53% increase in D&O finalised costs in 2016 from an average of \$110m p.a. to \$170m p.a. Finalised costs again increased in 2020 by 78% to an average of \$300m p.a. The increase in finalised costs was mainly driven by the cost of claims above \$5m (likely in relation to class actions).

The figure below shows the number of large D&O claims split by finalisation size bands.

Figure 4.2 – Directors and Officers – Finalised claims by finalisation year by size of claim – claims above \$1m

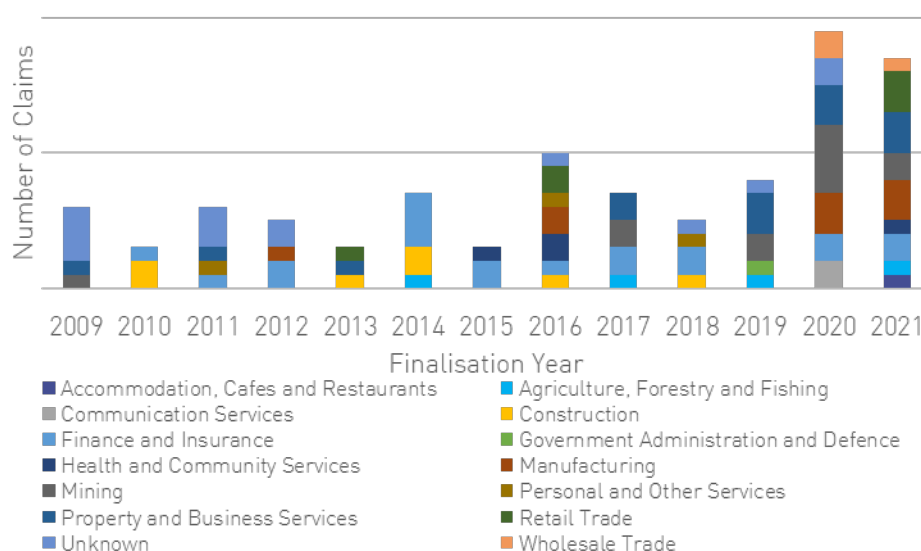


The number of large D&O claims has increased from 11 p.a. over 2009 to 2015, 18 p.a. over 2016 to 2018 and 31 p.a. over 2019 to 2021. This increase is mainly driven by a larger volume of claims above \$5m – particularly in 2020 and 2021.

These large claims are likely to relate to class actions. The increase in volume of these very large claims may therefore indicate an increasing level of legal activity.

The number of claims above \$5m is shown by ANZSIC division in the chart below.

Figure 4.3 – Directors and Officers – Finalised claims by finalisation year by Industry – claims above \$5m



The industries that appear to be driving the increase in the volume of above \$5m large claims are: Mining, Manufacturing, Property and Business Services, Finance and Insurance (possibly

relating to actions as a result of the Royal Commission into Misconduct in the Banking, Superannuation and Financial Services Industry) and Wholesale trade.

5 Performance

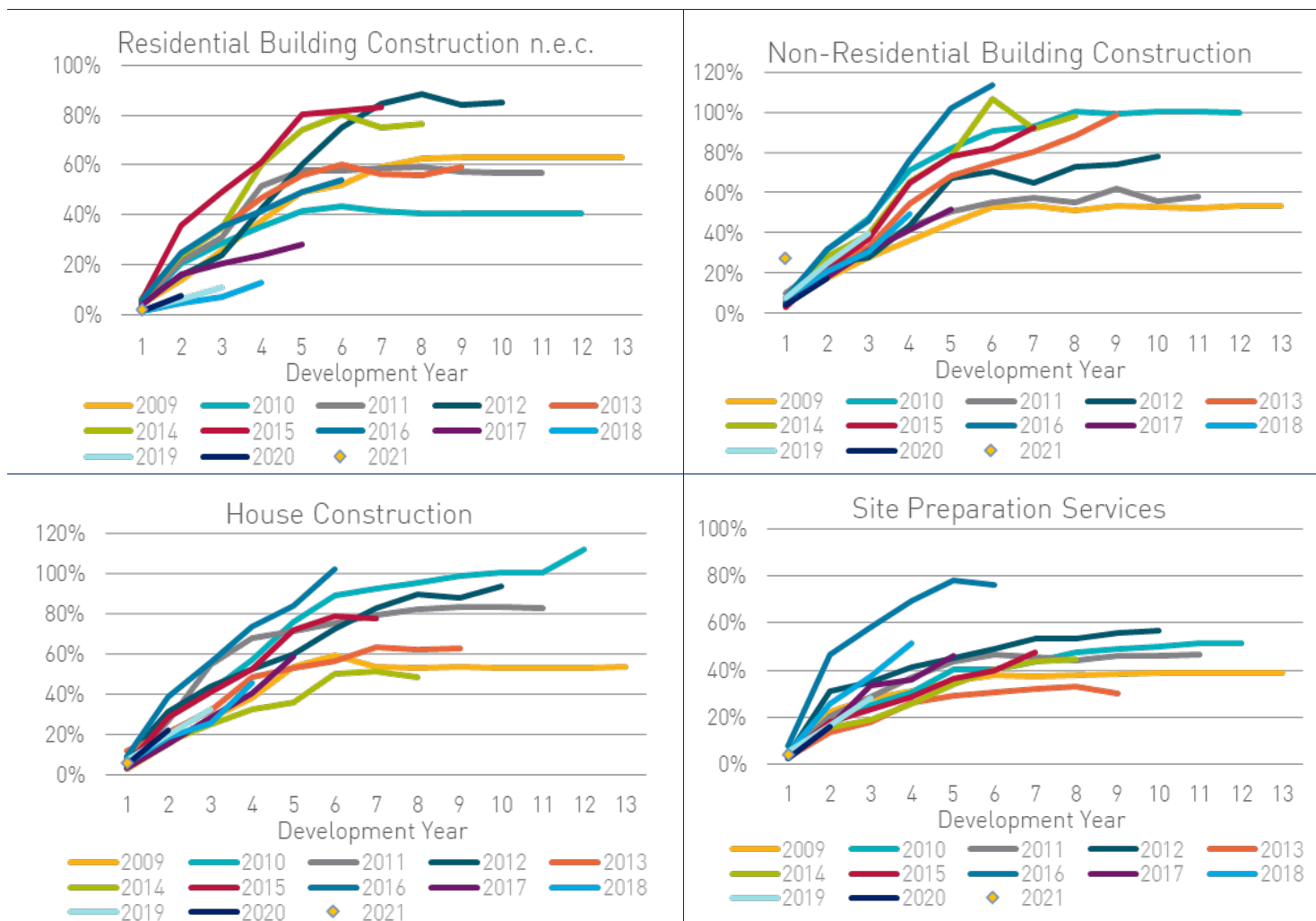
5.1 Public Liability

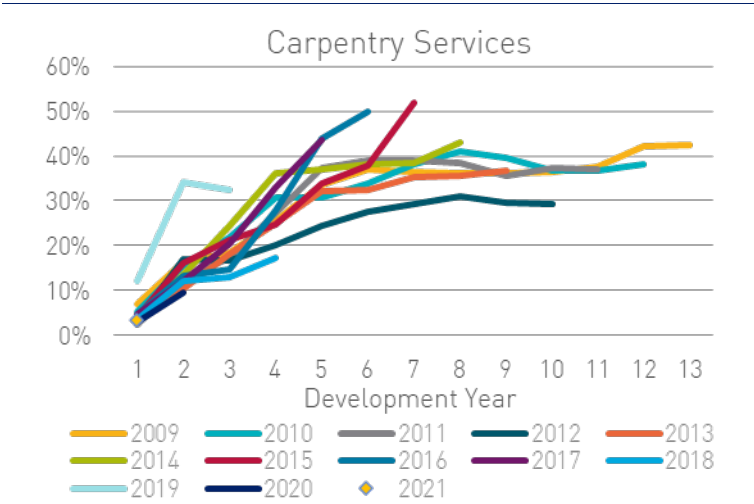
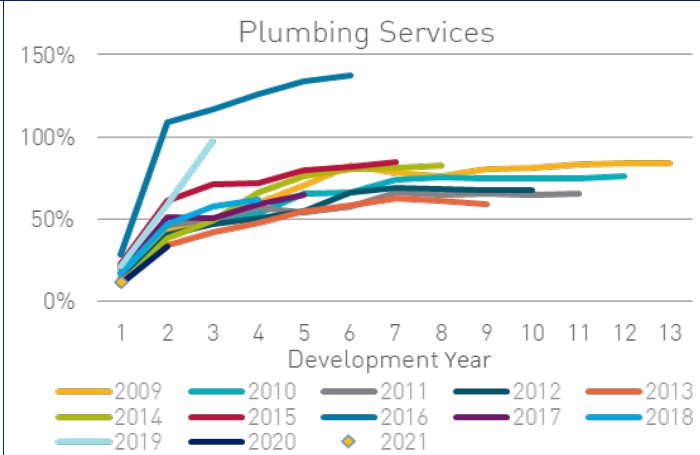
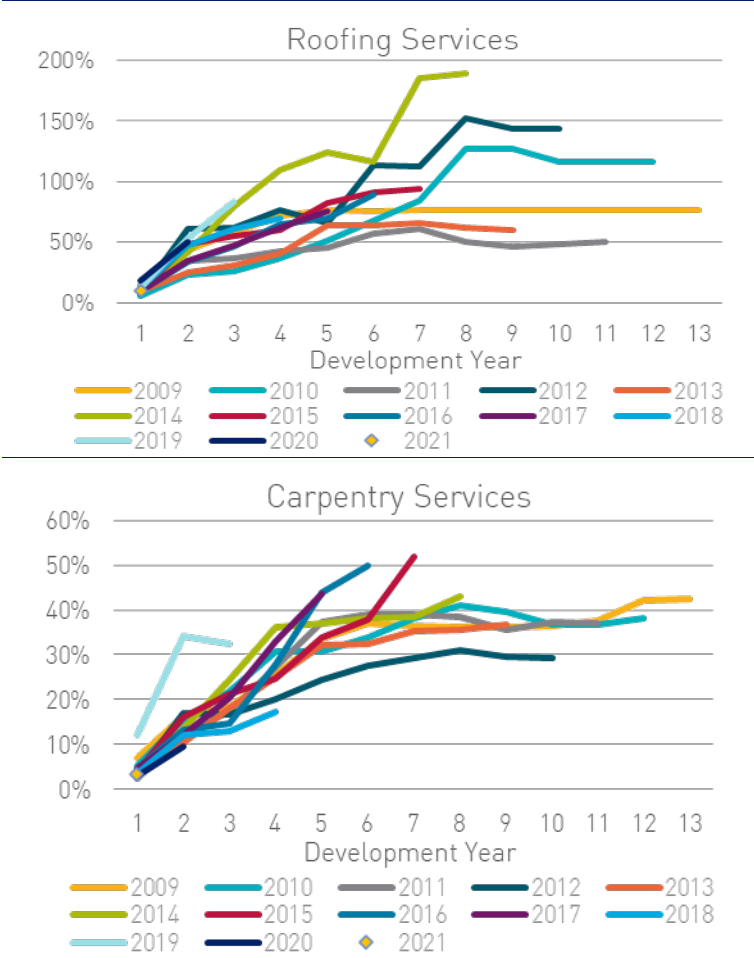
The charts in this section show development of the incurred loss ratio (total incurred claim cost / gross written premium) for each underwriting year. The loss ratio is a measure of insurer performance or profitability – i.e. it shows for each \$ of premium collected, how much is paid out in claims.

5.1.1 Industry

The charts below are for selected four-digit ANZSIC divisions which had significant premium or claims cost increases. Sub-divisions with significant premium increases would be expected to see a reduced loss ratio. Sub-divisions with large claim cost increases would expect to see a higher loss ratio.

Figure 5.1 – Public Liability – Construction - Loss ratios by Underwriting year by key four-digit ANZSIC

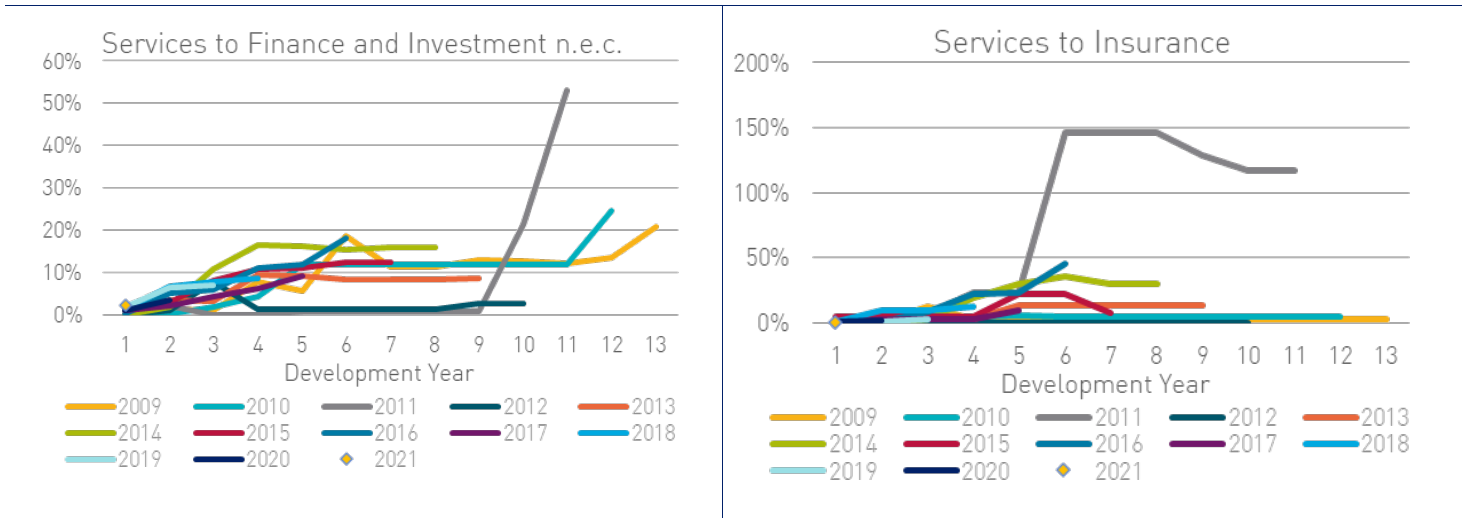




Industries with higher loss ratios include: non-residential building construction, house construction, roofing services. Industries with lower loss ratios include: carpentry services and site preparation services.

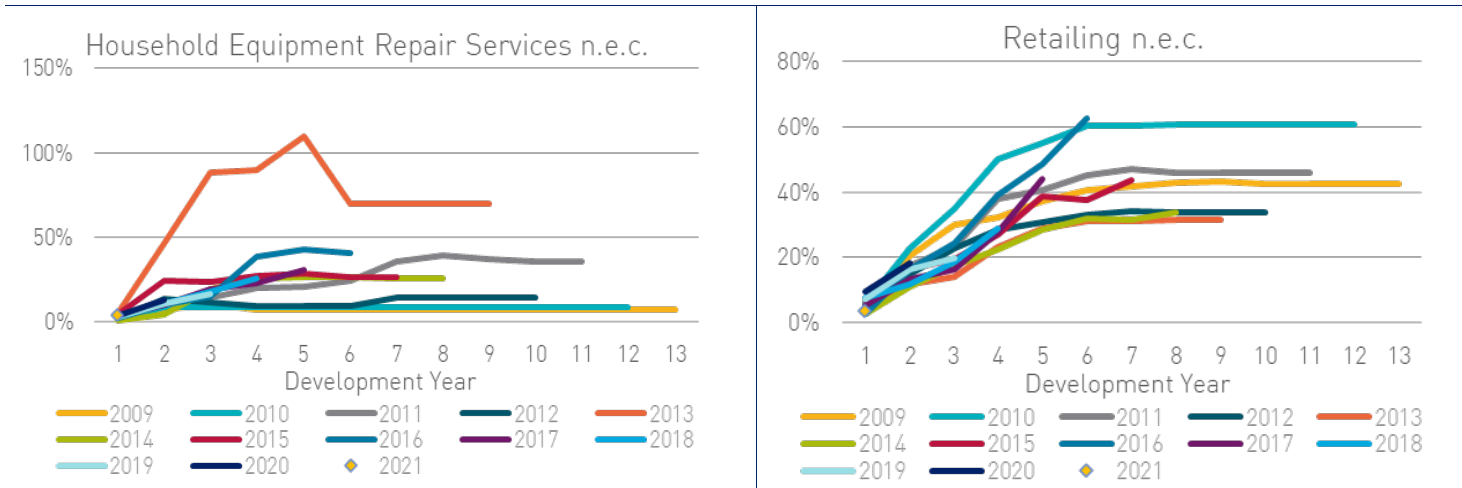
The incurred loss ratio has improved for residential building construction n.e.c. – emerging lower from the 2017 underwriting year.

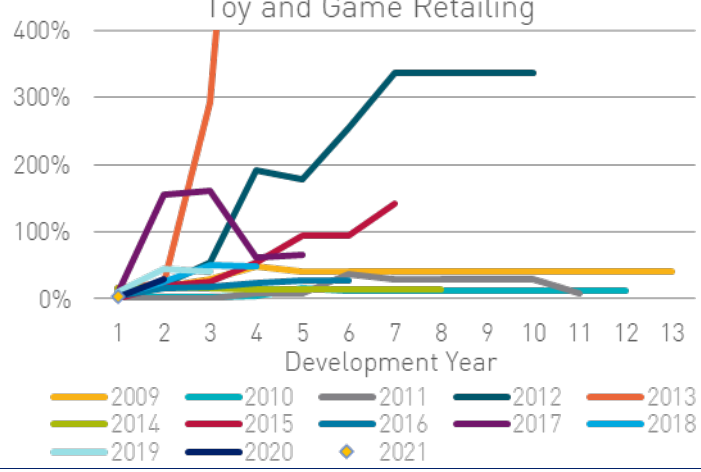
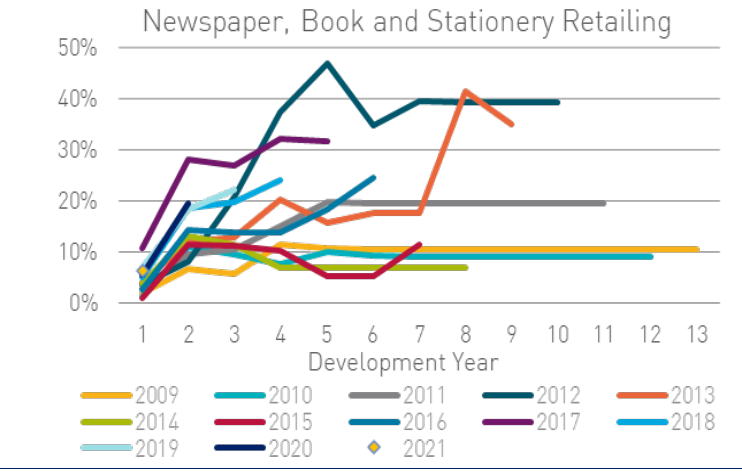
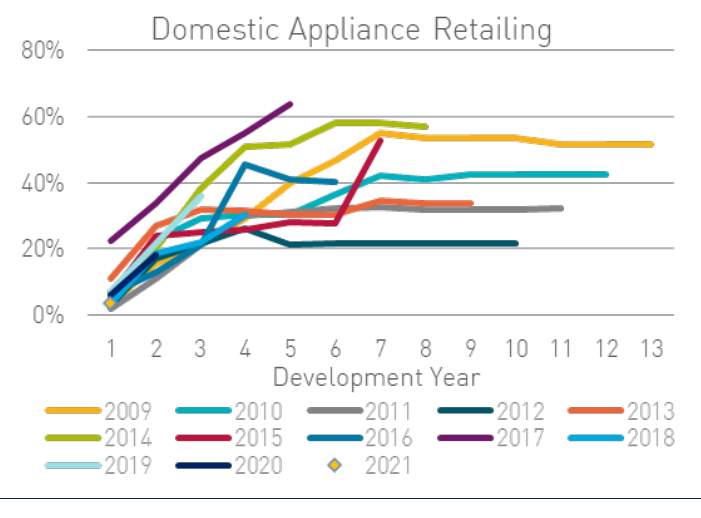
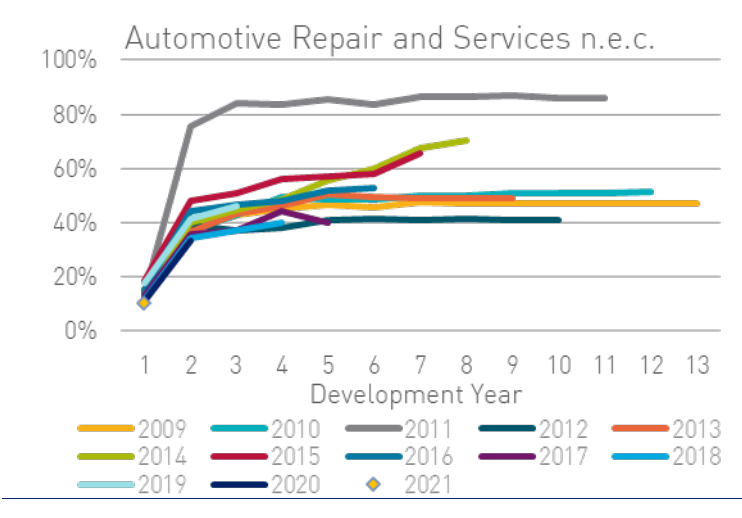
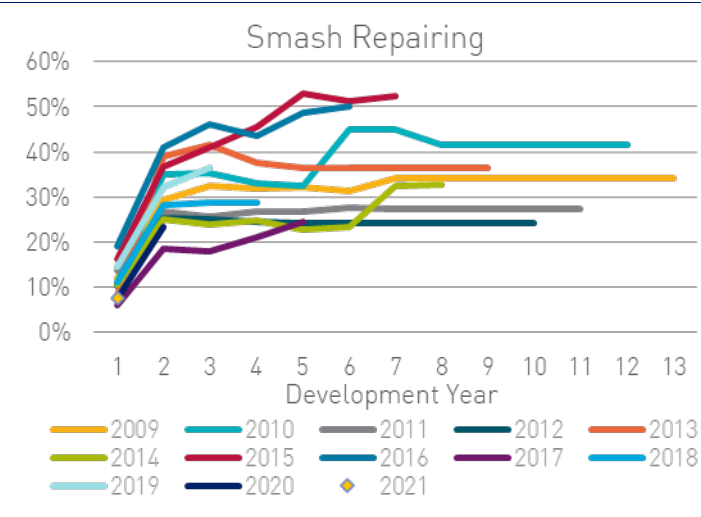
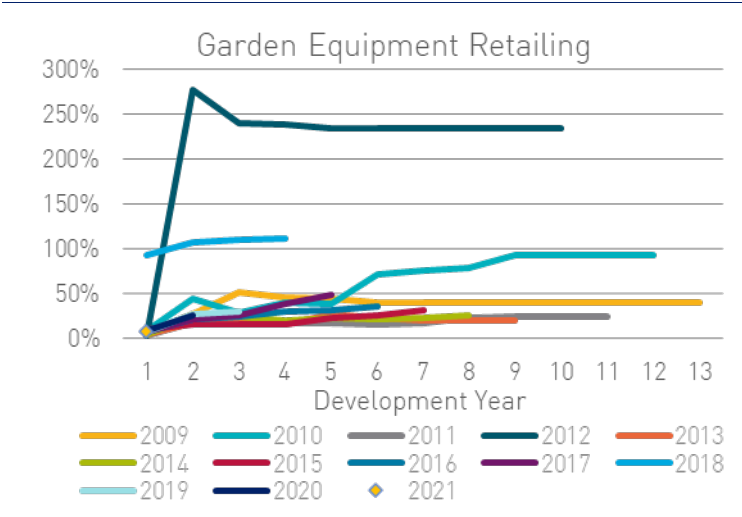
Figure 5.2 – Public Liability – Finance and Insurance - Loss ratios by Underwriting year by key four-digit ANZSIC



The loss ratios for these industries are very low and there are no clear trends. The performance of these industries can be impacted by large claims (e.g. high loss ratio in 2011) as well as some very late claim cost development (development years 11 and 12 for Services to finance and investment).

Figure 5.3 – Public Liability – Retail Trade - Loss ratios by Underwriting year by key four-digit ANZSIC

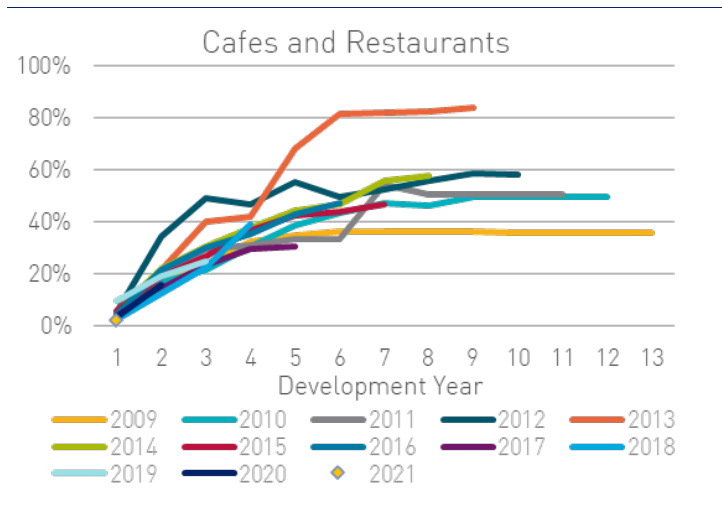




The loss ratio has generally increased for most of the above industries – particularly since 2015. While premiums have increased strongly – claims costs have generally increased by more than premiums.

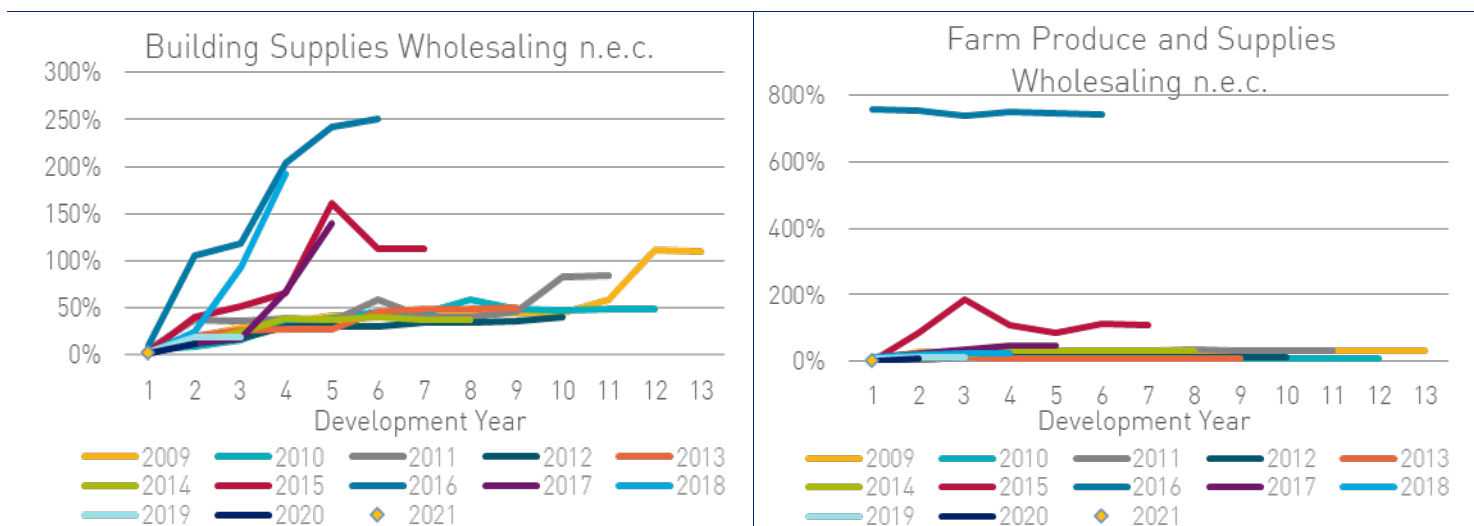
Despite this increase, the loss ratios for these industries are generally below 60% on average - noting that large claims can impact some industries significantly (e.g. toy and game retailing, garden equipment retailing).

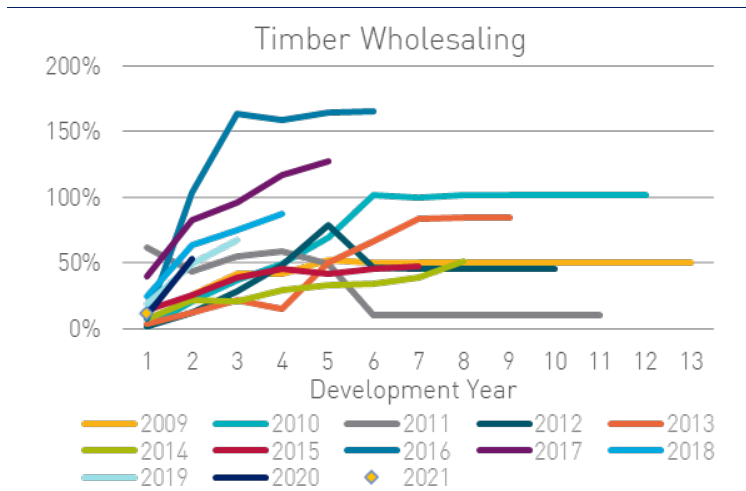
Figure 5.4 – Public Liability – Accommodation, Cafes and Restaurants - Loss ratios by Underwriting year by key four-digit ANZSIC



The loss ratio for Cafes and restaurants is fairly stable and has no clear trend. This means that premium increases appear to have kept pace with claims costs.

Figure 5.5 – Public Liability – Wholesaling - Loss ratios by Underwriting year by key four-digit ANZSIC

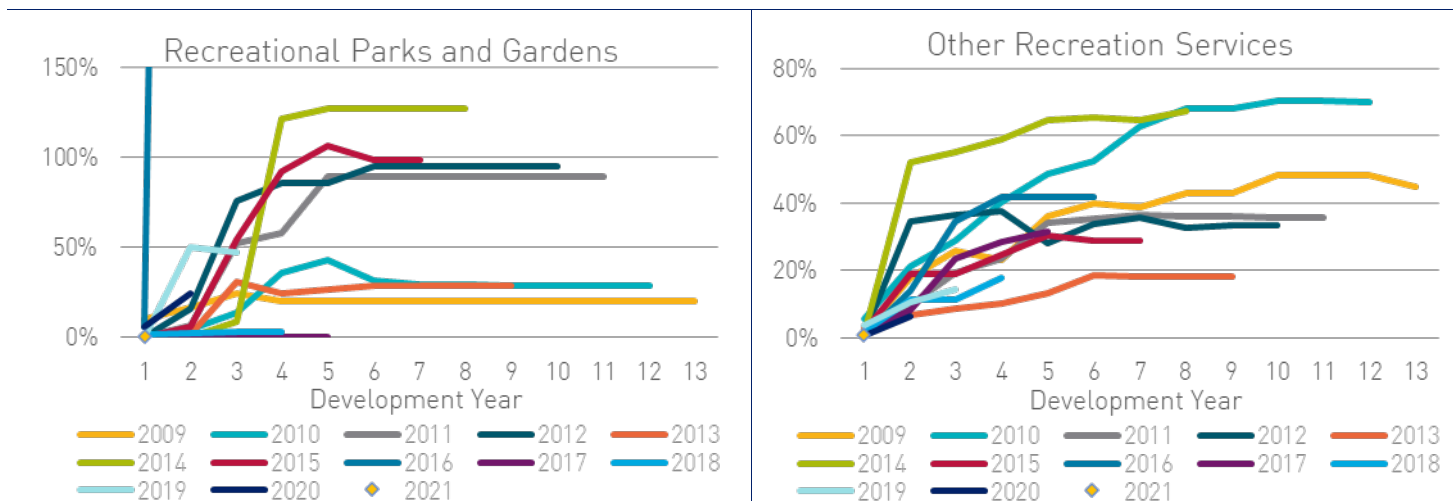




The loss ratios for Building supplies and Timber wholesaling appear to have increased in recent underwriting years driven by higher claims costs.

The loss ratio for Farm produce and Supplies wholesaling had a very higher loss ratio for 2015 to 2017 but was lower again from 2018 onwards.

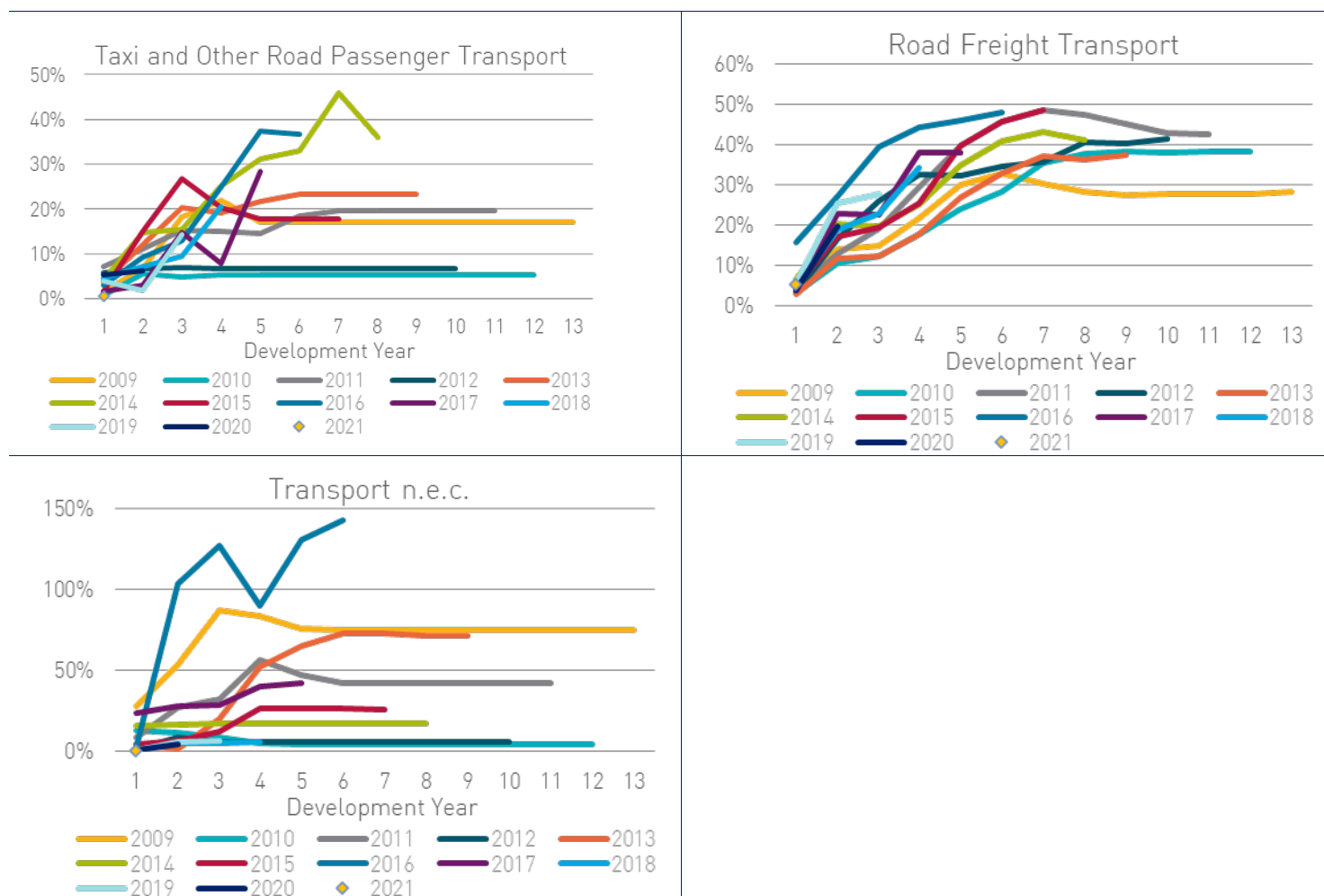
Figure 5.6 – Public Liability – Cultural and Recreational Services - Loss ratios by Underwriting year by key four-digit ANZSIC



The loss ratio for Recreational Parks and gardens is quite volatile without a clear trend – ranging from 0% in 2017 and 2018 to around 130% in 2014 to over 3000% in 2016.

For Other Recreation services the loss ratio is more consistent and may be emerging lower in the 2018 to 2020 underwriting years.

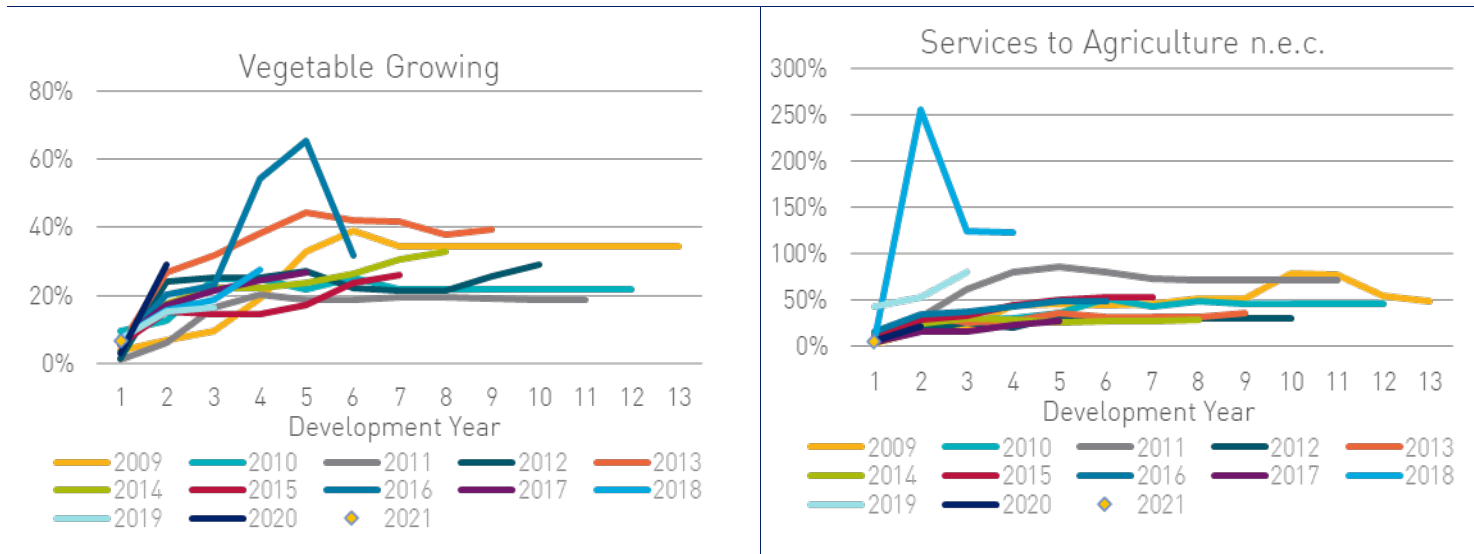
Figure 5.7 – Public Liability – Transport and Storage - Loss ratios by Underwriting year by key four-digit ANZSIC



The Taxi and Other Road Passenger Transport loss ratio appears to have increased since 2014 from around 20% to 30-40%. The loss ratio for Road freight transport may have also increased since 2015 – although it’s unclear if the pattern of cost development has changed.

Transport n.e.c. has no clear trend in its loss ratio.

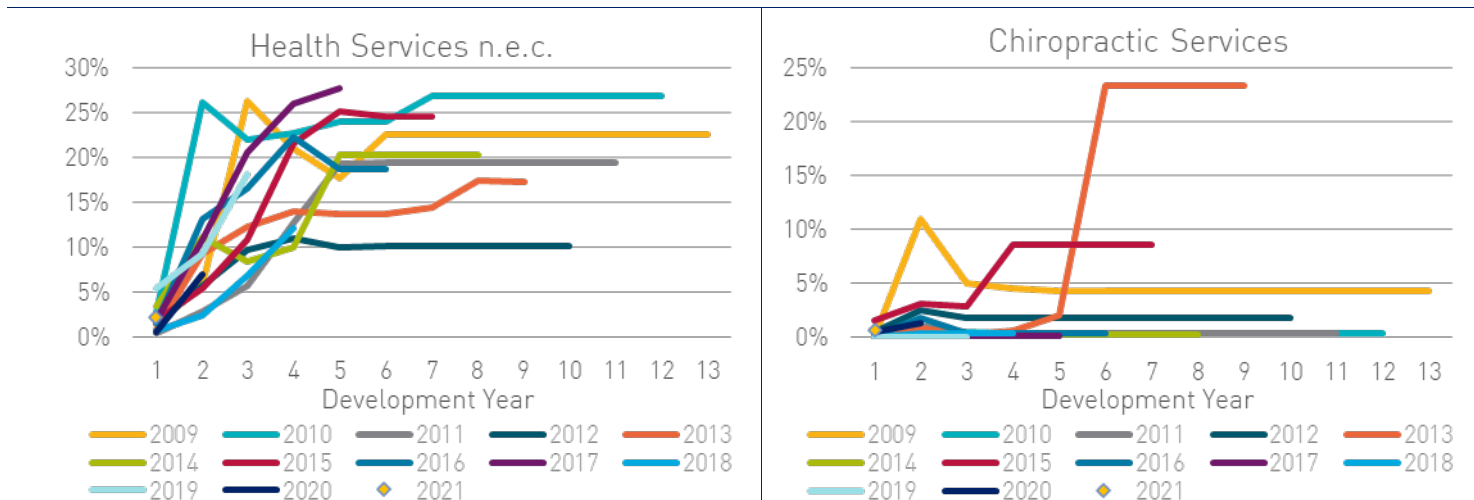
Figure 5.8 – Public Liability – Agriculture, Forestry and Farming - Loss ratios by Underwriting year by key four-digit ANZSIC

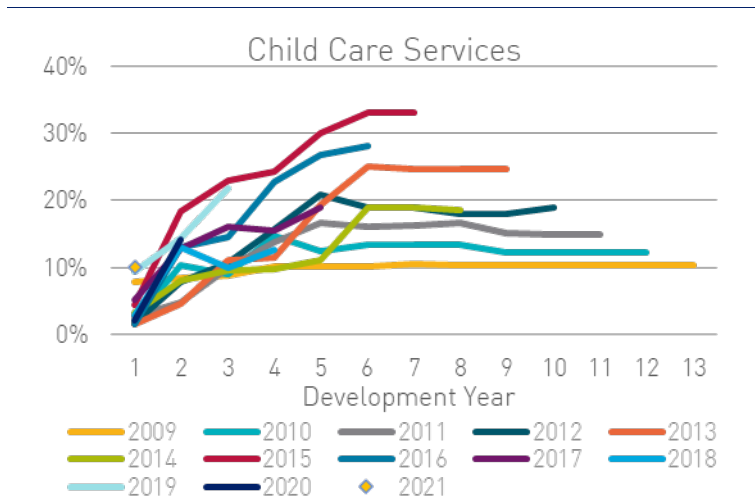


It's unclear if the loss ratio is increasing for Vegetable growing. Underwriting years 2018 and 2020 are high – but the pattern of the development of cost is variable from year to year.

Similarly for Services to Agriculture – it's unclear if the loss ratio is increasing. Underwriting years 2018 and 2019 are high, but 2015-2017 and 2020 are looking within the range of historical variability.

Figure 5.9 – Public Liability – Health and Community Services - Loss ratios by Underwriting year by key four-digit ANZSIC

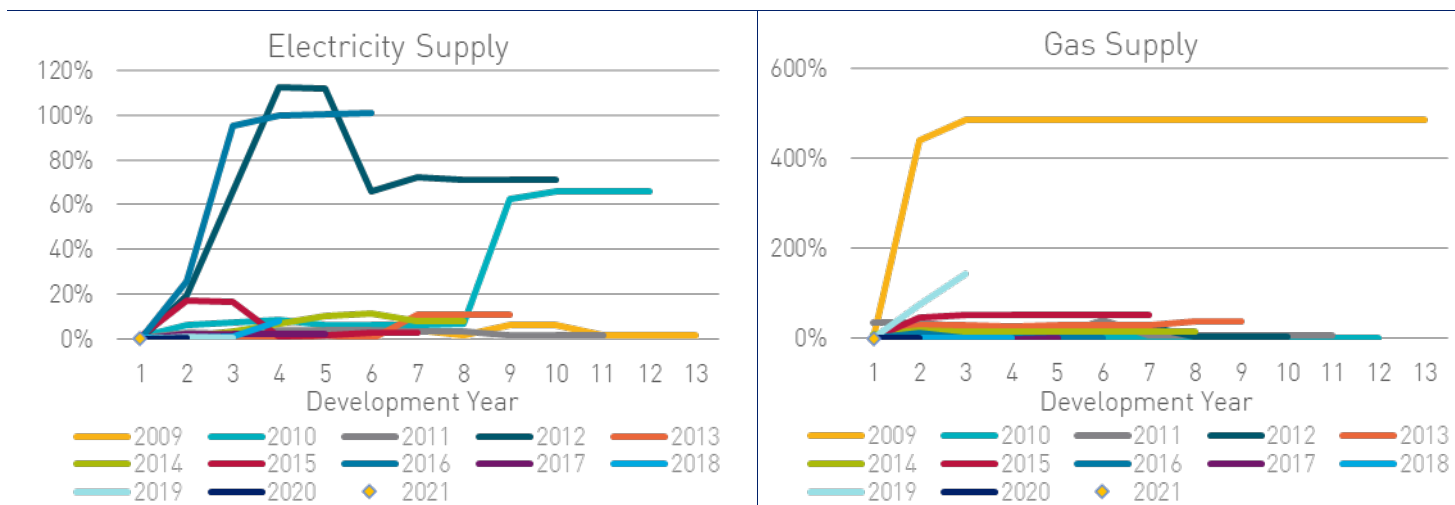




The loss ratios are quite low for these classes – generally not much above 30%.

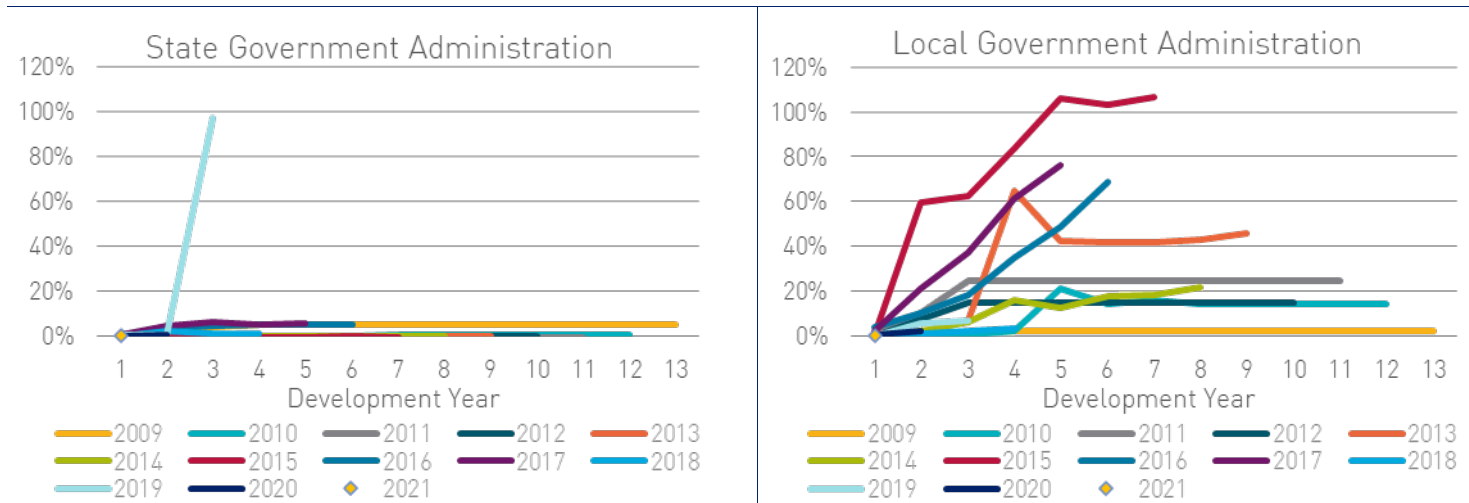
The loss ratio for Child Care services is generally increasing from 10% in 2009 to 20-30% in recent underwriting years.

Figure 5.10 – Public Liability – Electricity and gas supply - Loss ratios by Underwriting year by key four-digit ANZSIC



Electricity and Gas Supply performance is significantly impacted by the presence of large claims. There's no clear trend in loss ratios.

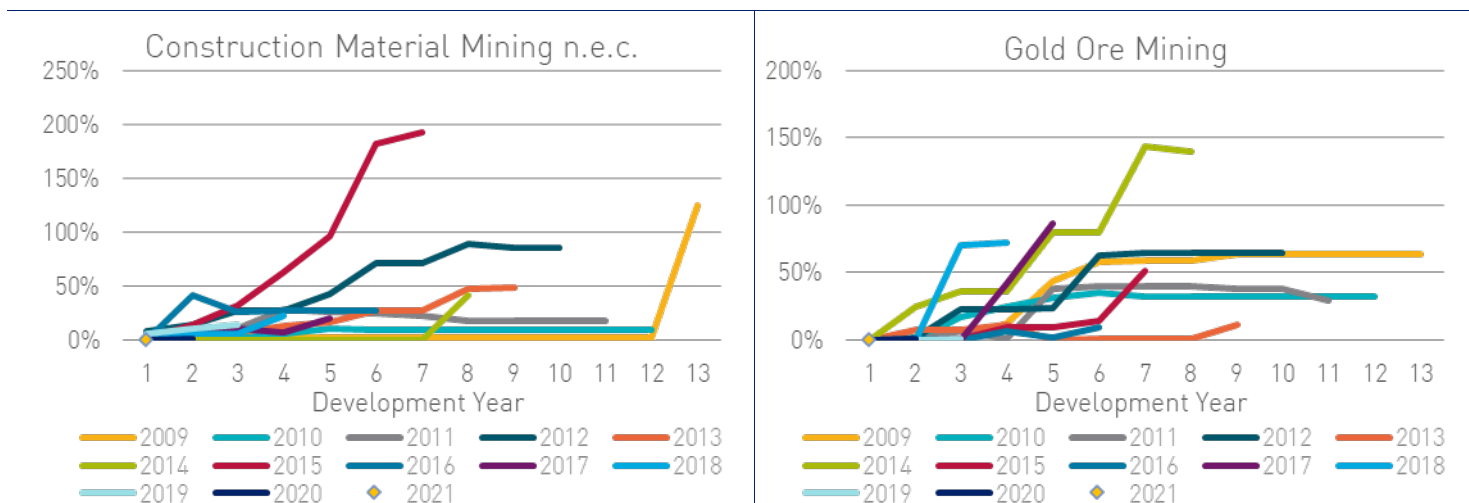
Figure 5.11 – Public Liability – Government - Loss ratios by Underwriting year by key four-digit ANZSIC

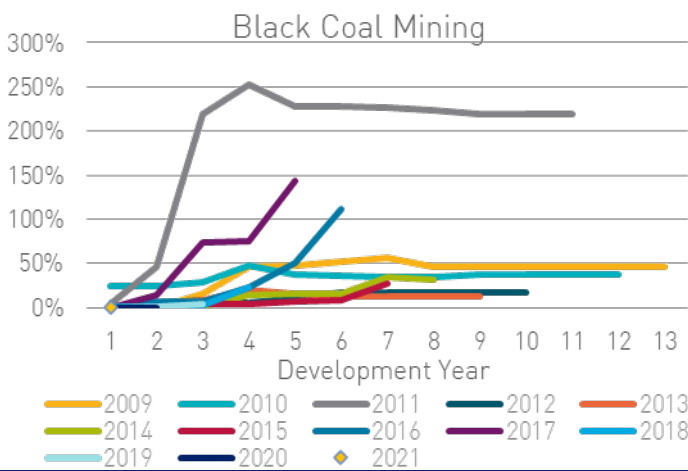
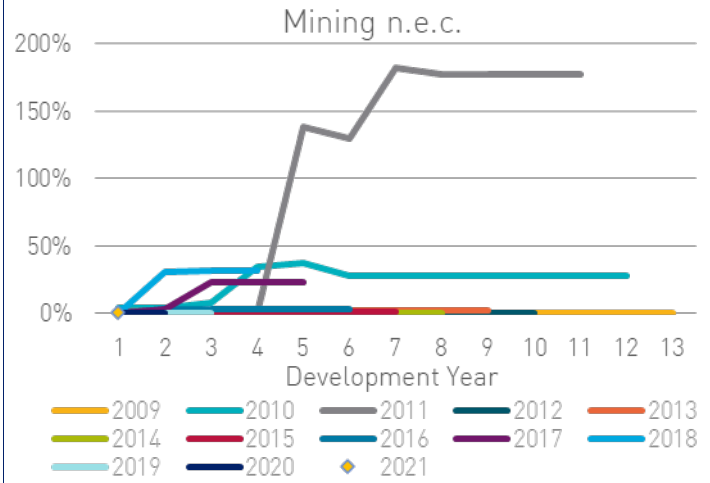
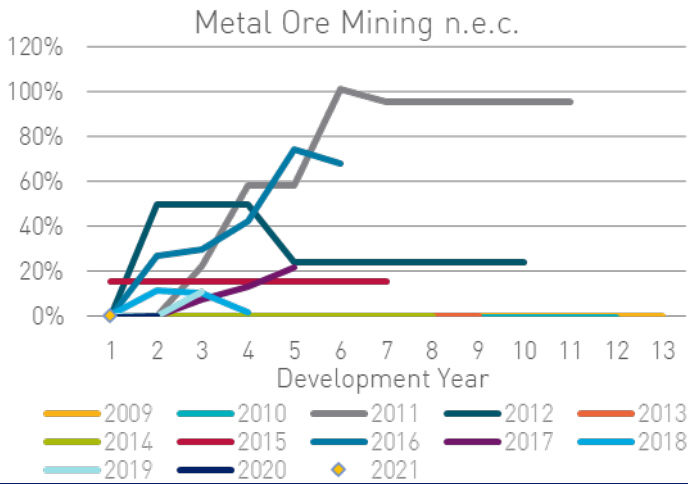


The loss ratio for Local Government Administration is generally increasing to 2017 (from below 20% to 80-100%) – but is currently emerging lower from 2018 onwards.

For State Government Administration – experience has been very low up to 2019. Premium volumes more than doubled in 2019 coinciding with the loss ratio for 2019 being at 100%.

Figure 5.12 – Public Liability – Mining - Loss ratios by Underwriting year by key four-digit ANZSIC

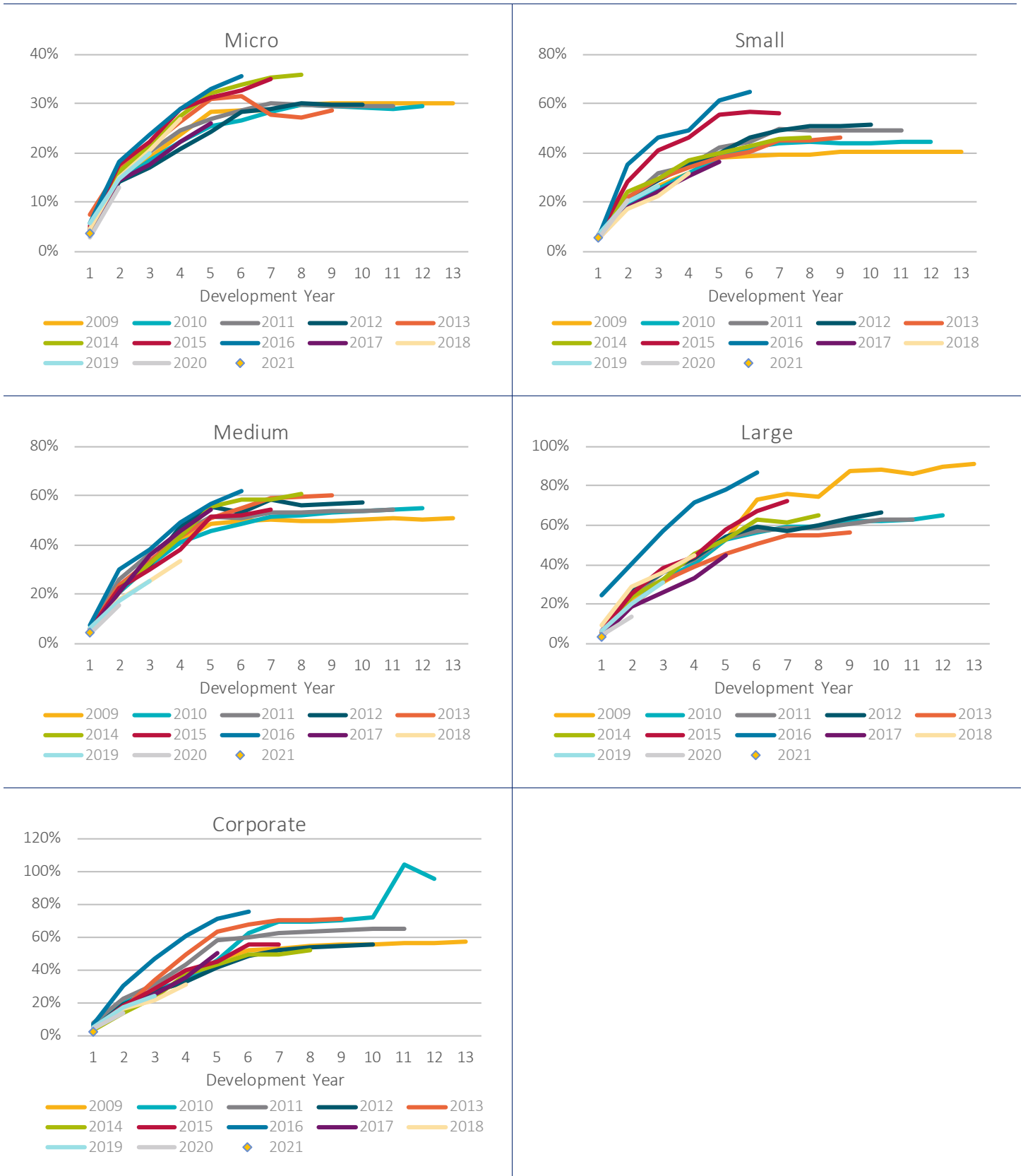




The loss ratio for most of these industries appears to be higher in recent years – noting there is volatility from year to year.

5.1.2 Business size

Figure 5.13 – Public Liability – Loss ratios by Underwriting year by Business Size



Generally loss ratios appear to increase with size of business. Noting that 20% of businesses written after 2009 do not have an exposure measure which enables size of business to be determined and also noting the issues for Corporate business.

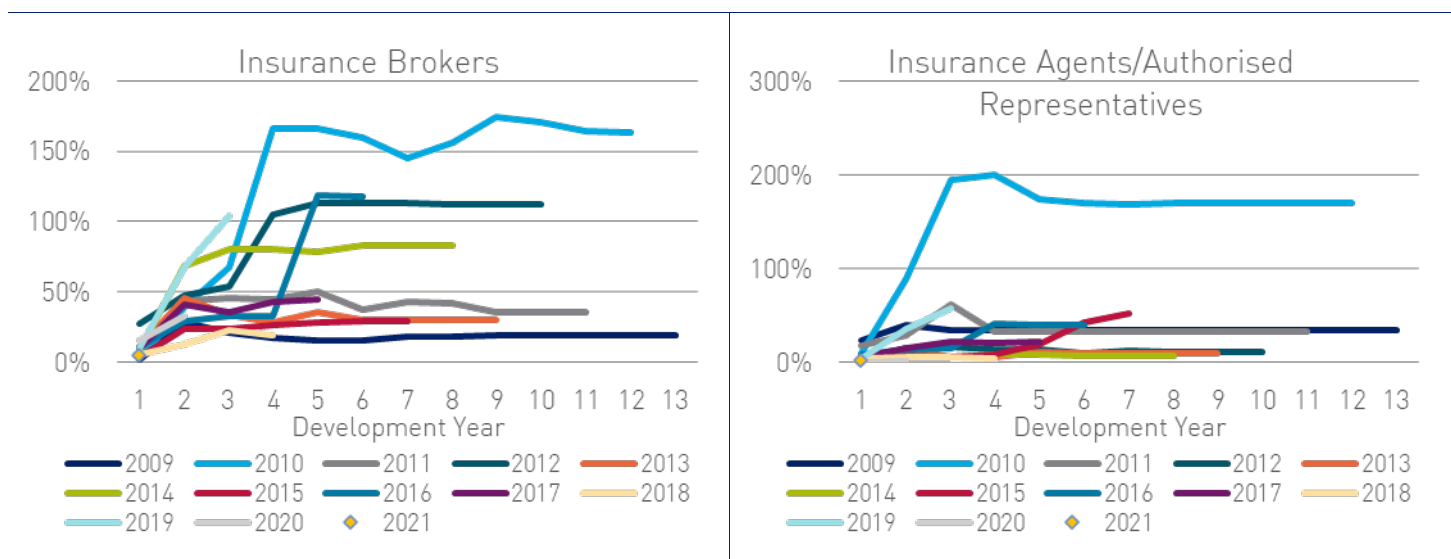
5.2 Professional Indemnity

Loss ratios are quite varied across different occupation groups, the following section incorporates analysis of movements across individual occupation subgroups/occupations. When analysed by business size, loss ratios have generally emerged lower for micro, small and medium business as opposed to large and corporate risks.

5.2.1 Occupation Group

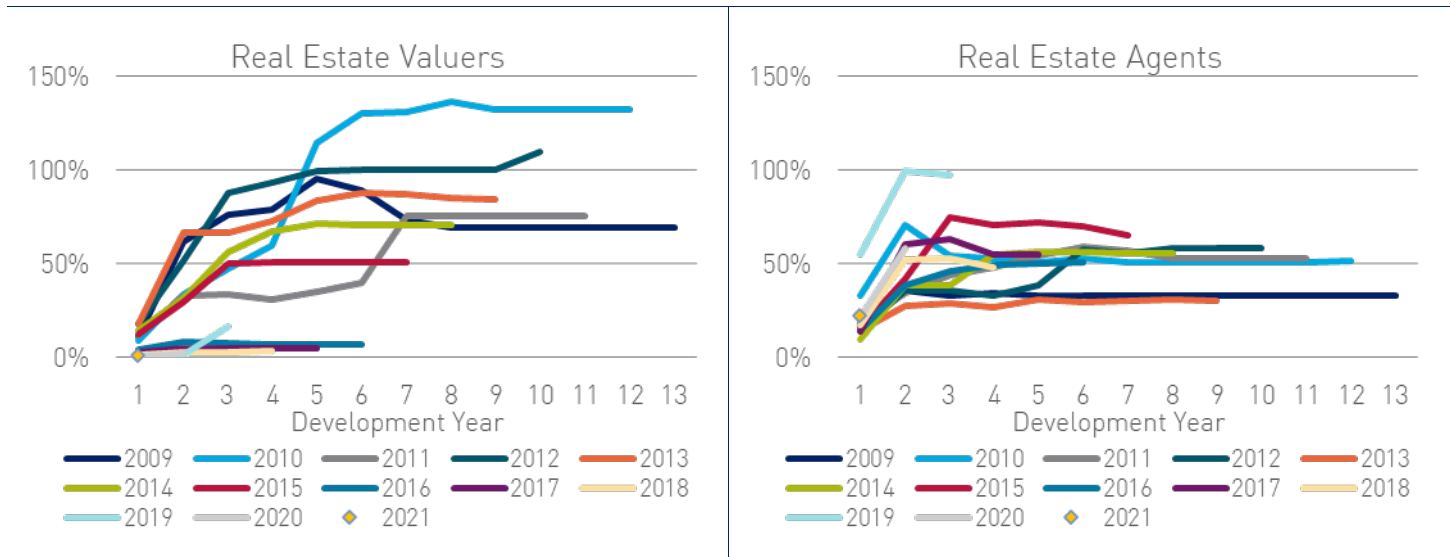
The charts below are for selected occupation subgroups / occupations (organised within their respective occupation groups) which had significant premium or claims cost increases. Occupations with significant premium increases would be expected to see a reduced loss ratio. Occupations with large claim cost increases would expect to see a higher loss ratio.

Figure 5.14 – Professional Indemnity– Insurance - Loss ratios by Underwriting year by Occupation Subgroup



The loss ratio for these occupations is quite variable and has no clear trend.

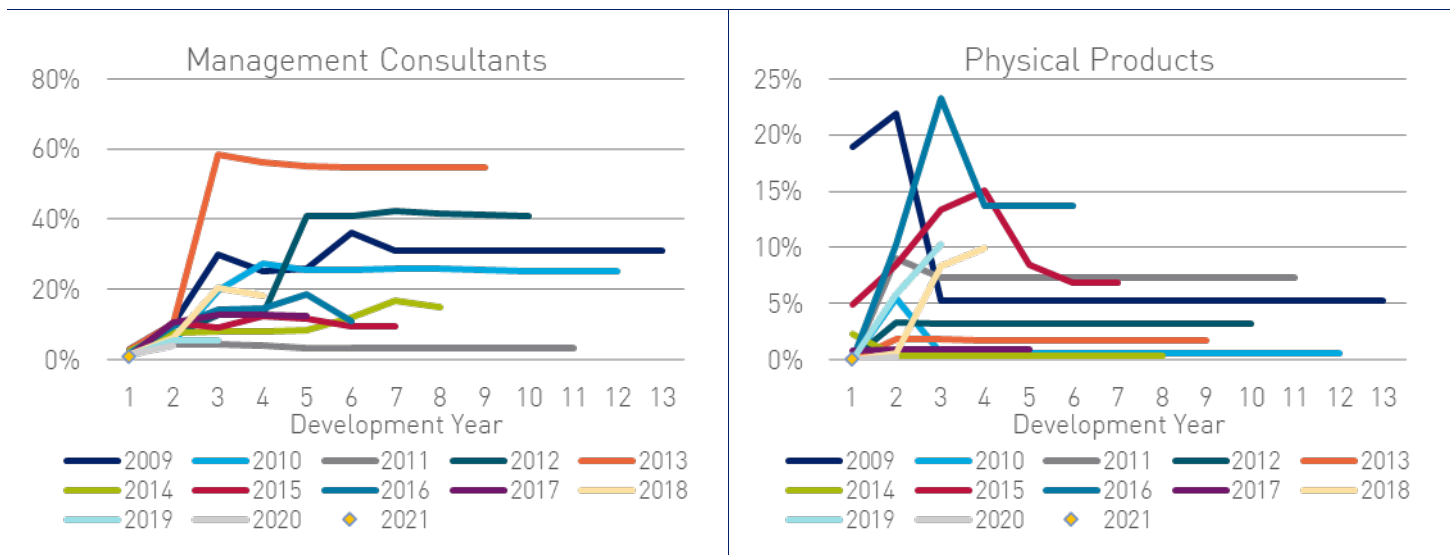
Figure 5.15 – Professional Indemnity– Real Estate - Loss ratios by Underwriting year by Occupation Subgroup

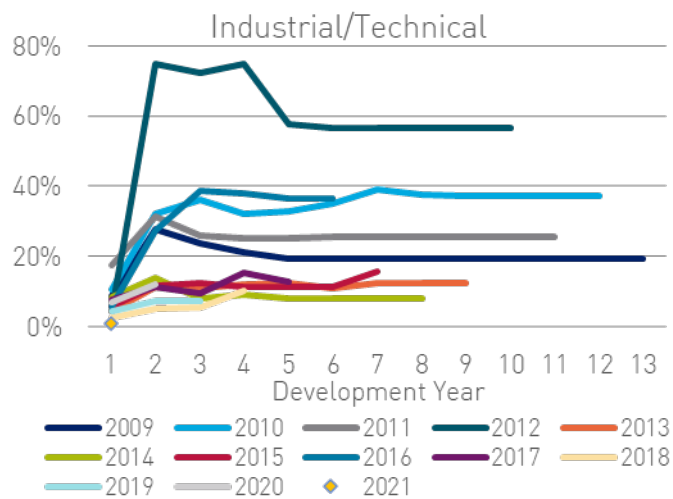
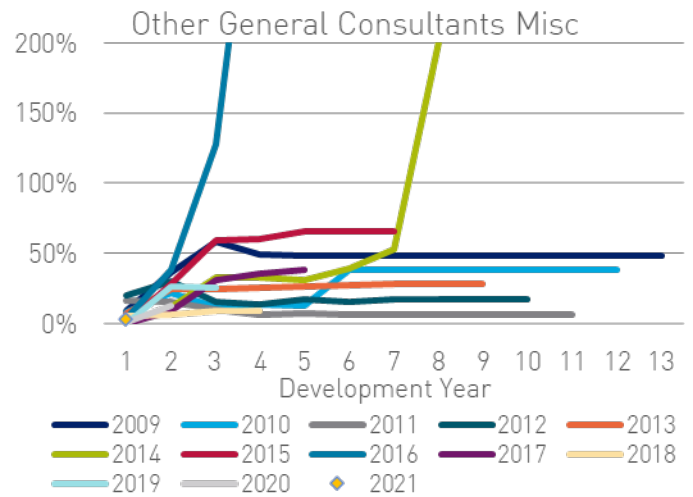
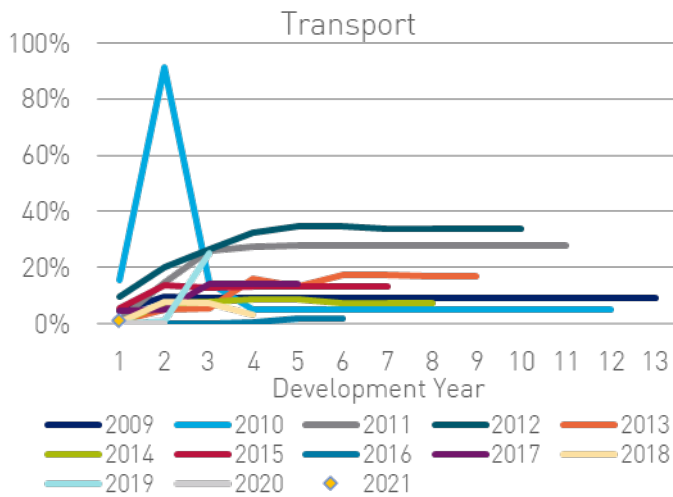


The loss ratio for Real Estate valuers has reduced year on year since 2012 (particularly since 2015) – indicating an improvement in profitability. This is due to a significant reduction in incurred costs since 2016 and also large premium increases that have occurred since 2017.

The loss ratio for Real Estate Agents is emerging higher for the 2015, 2019 and 2020 underwriting years. It is unclear whether this represents a higher loss ratio or merely a change in the pattern of development for underwriting years 2015 and 2020.

Figure 5.16 – Professional Indemnity– General Consultants - Loss ratios by Underwriting year by Occupation Subgroup



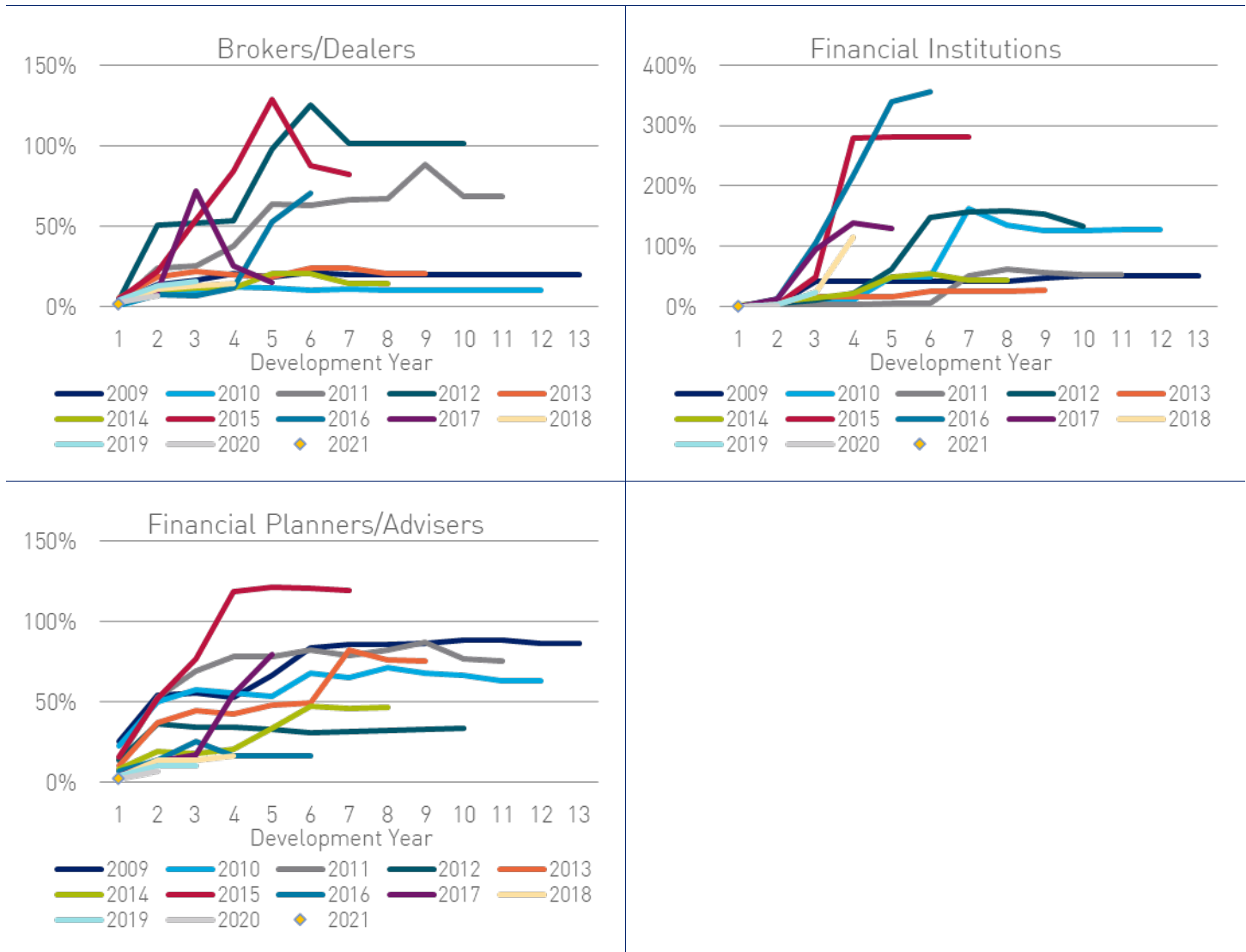


The loss ratio appears higher for Physical Products Consultants in recent years – however it still appears to be very profitable with loss ratios emerging lower than 20%.

The loss ratio appears to be emerging lower for Industrial / technical consultants – below 20% for 2013 to 2020 (excluding 2016). This is driven by a significant increase in premiums since 2018.

There is no clear trend in the loss ratio for the other occupation subgroups.

Figure 5.17 – Professional Indemnity– Financial - Loss ratios by Underwriting year by Occupation Subgroup



The loss ratio for Financial Institutions increased since 2015 due to higher claims costs – and consistently exceeds 100%. This experience is mainly driven by Banks and may be related to claims arising from the Royal Commission into Misconduct in the Banking, Superannuation and Financial Services Industry.

For Financial Planners / Advisers and Brokers/Dealers there is no clear trend in the loss ratio.

For Brokers/Dealers – the loss ratio is quite volatile – with some years at around 20% and others at 75%-100%.

Figure 5.18 – Professional Indemnity– Engineers - Loss ratios by Underwriting year by Occupation Subgroup



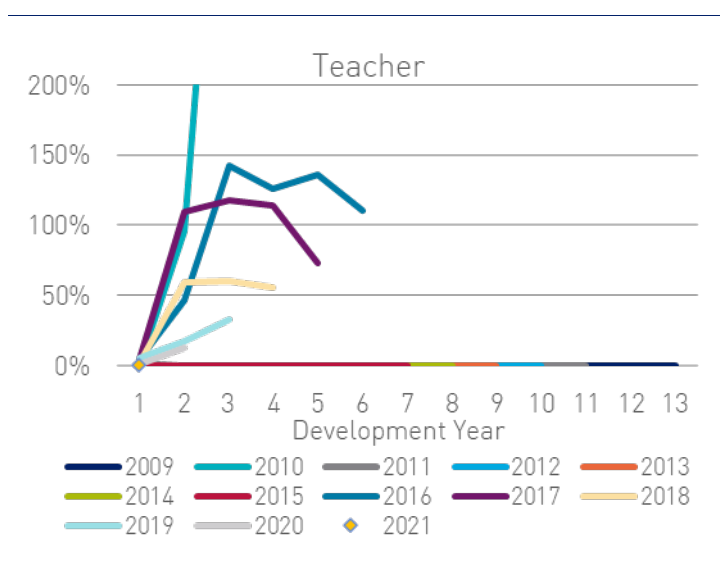
For Design and Construction – the loss ratio increased year on year from 2010 to 2013 and then reduced year on year from 2014 to 2019. The reduction in loss ratio is mainly due to higher premiums.

For Environment/Geology – the loss ratio appears lower in 2016 onwards due to lower incurred costs and higher premiums.

For Engineers – Construction, the loss ratio is higher for 2015 to 2017 and it appears that 2018 to 2020 could also emerge higher.

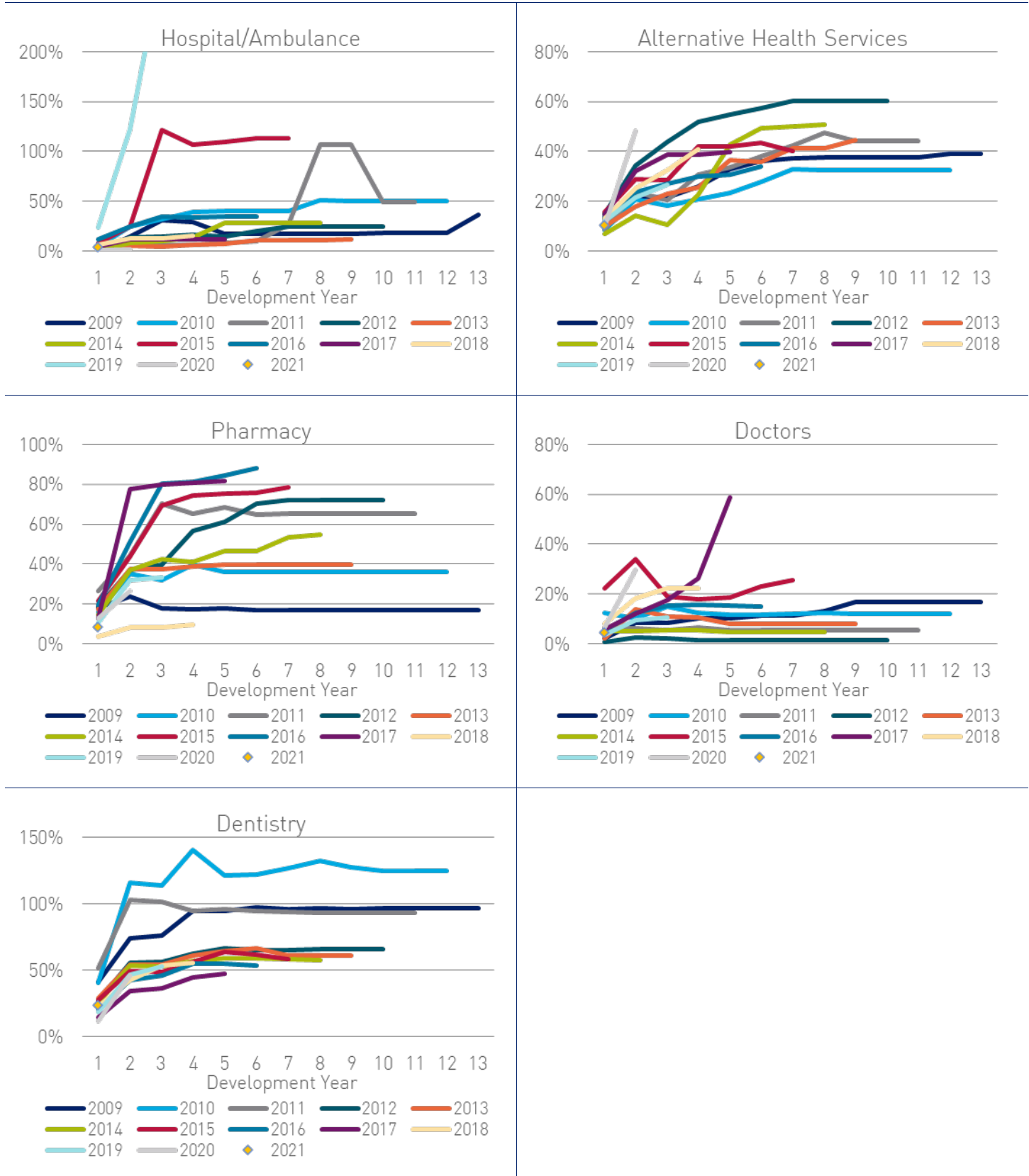
There is no clear trend in loss ratio for Electrical, Project managers and Building Certifiers.

Figure 5.19 – Professional Indemnity– Schools and Colleges - Loss ratios by Underwriting year by Occupation Subgroup



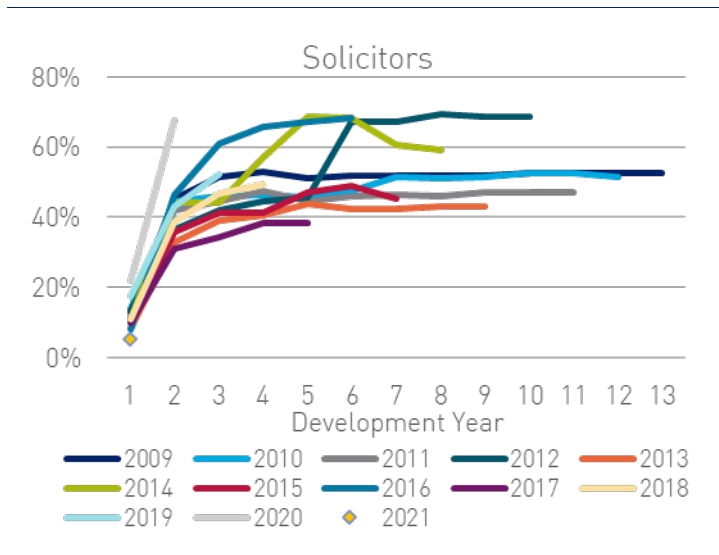
The Teacher loss ratio is higher since 2016 – due to higher claims costs (which were often nil in earlier years). This coincided with a 500% increase in premium volumes. This may be due to a change in the data recorded against this occupation rather than a real change in profitability.

Figure 5.20 – Professional Indemnity– Medical - Loss ratios by Underwriting year by Occupation Subgroup



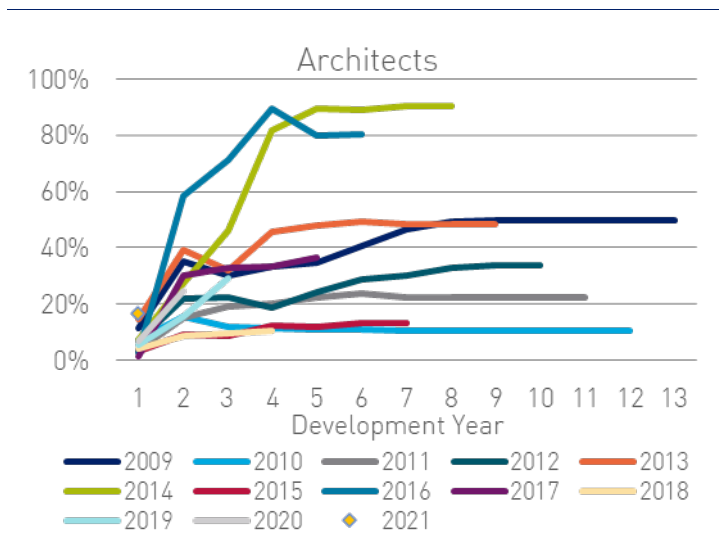
Doctors generally had a higher loss ratio over since 2015 – although the loss ratio is still fairly low. Pharmacy has had higher loss ratios between 2015 and 2017, before improving in the proceeding years. After experiencing high loss ratios (100%+) in 2009, 2010 and 2011; dentistry has improved to between 50% to 70%.

Figure 5.21 – Professional Indemnity- Legal - Loss ratios by Underwriting year by Occupation Subgroup



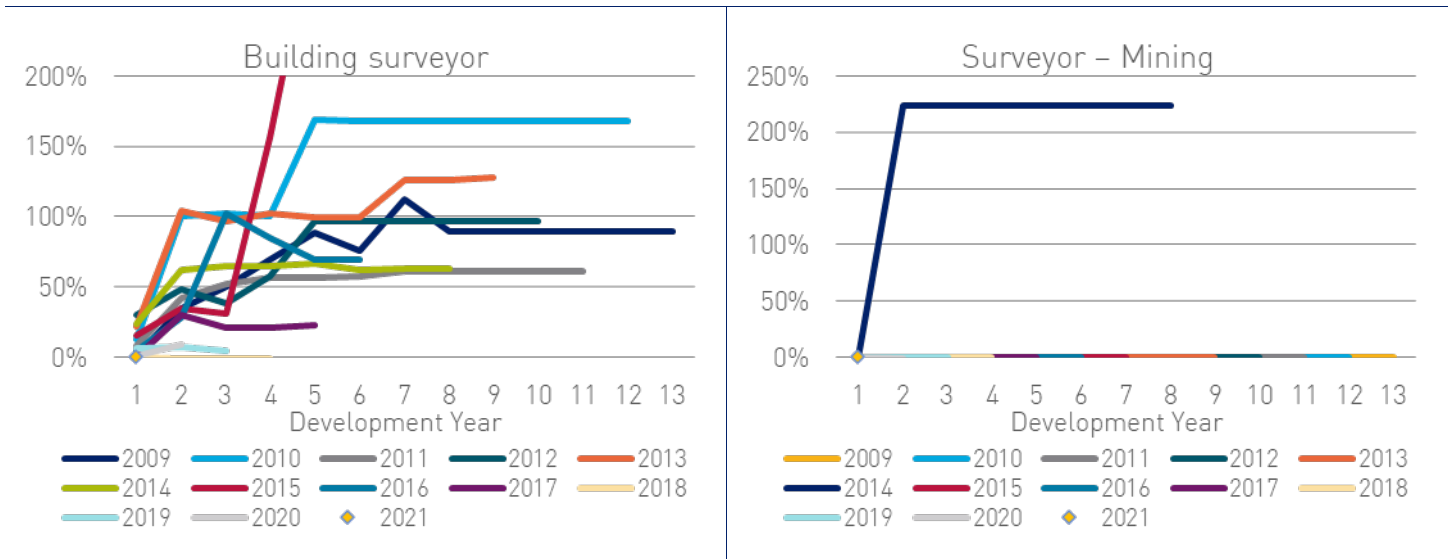
Solicitors may be experiencing a higher loss ratio (as per higher 2016 and 2018-2020 underwriting years).

Figure 5.22 – Professional Indemnity- Architects - Loss ratios by Underwriting year by Occupation Subgroup



There was no clear trend in the loss ratio.

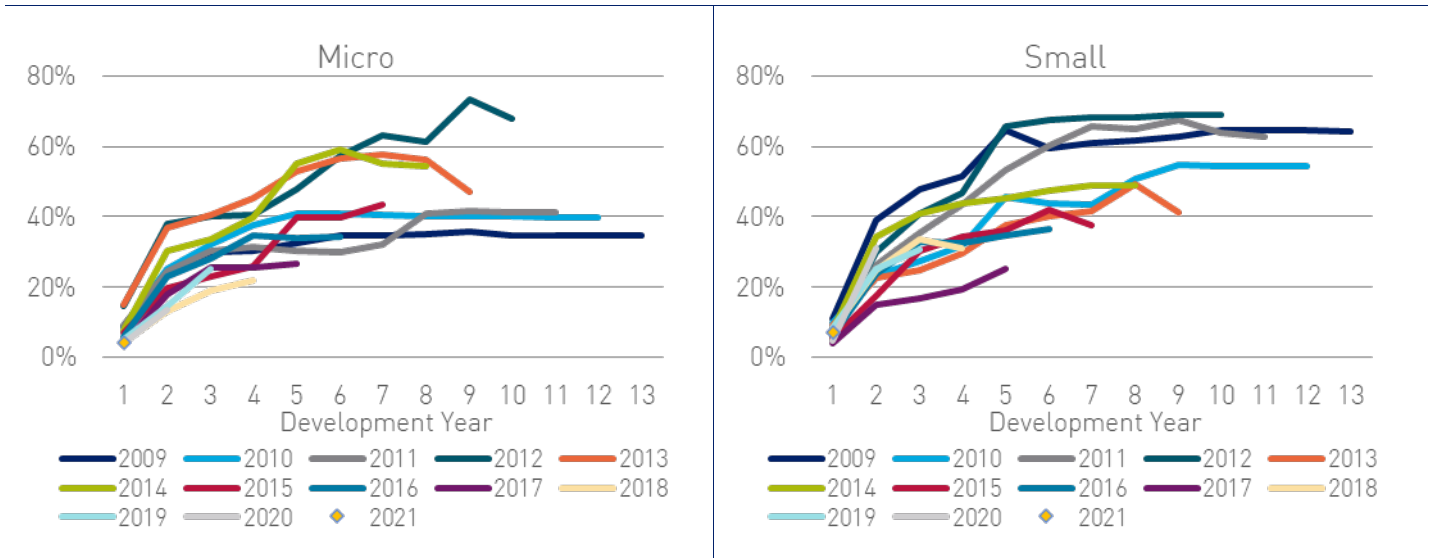
Figure 5.23 – Professional Indemnity– Surveying - Loss ratios by Underwriting year by Occupation

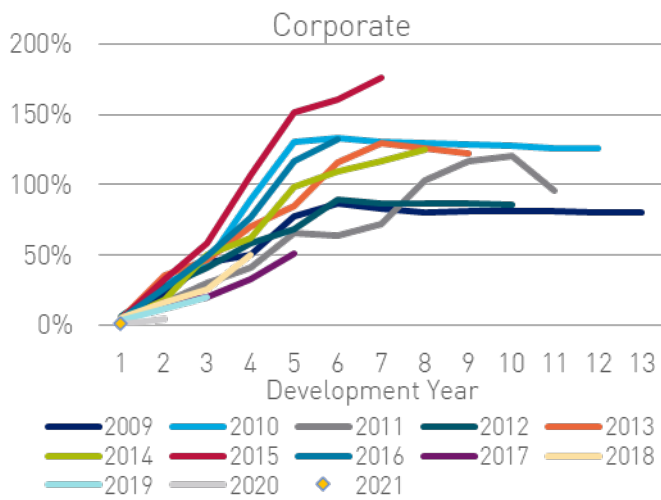
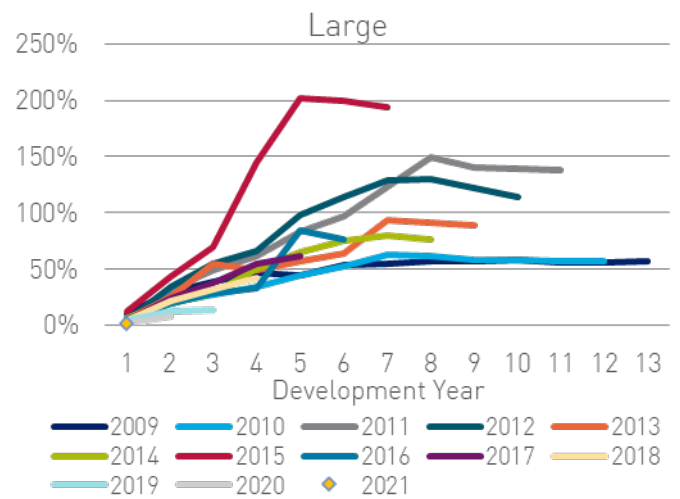
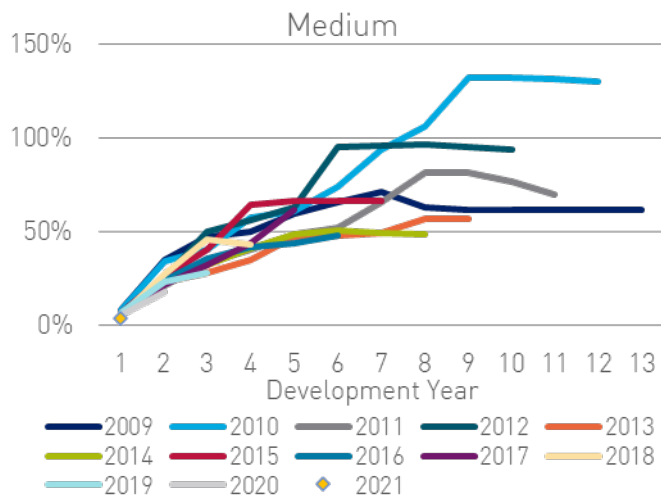


The Building surveyor loss ratio appears lower for 2017 onwards due to a significant reduction in incurred costs coinciding with a very significant increase in premiums.

Business Size

Figure 5.24 – Professional Indemnity –Loss ratios by Underwriting year by Business Size





The loss ratio has generally emerged lower for micro, small and medium business; as opposed to large and corporate risks.

Appendices

Data provided

- Policy dataset (one row for each policy risk)
 - Business Class
 - Policy number
 - Risk number
 - Insurance Product Type
 - Underwriting year
 - Deductible
 - Limit
 - Exposure fields (turnover, number of staff, fees, total assets, other)
 - Industry / occupation code
 - Premium
- Claims dataset (one row for each reporting period snapshot of each claim)
 - Reporting period of snapshot
 - Claim number
 - Policy details (business class, policy number, risk number, insurance product, underwriting year)
 - Accident year
 - Report year
 - Finalisation year
 - Claim status
 - General nature of loss
 - Cause of loss
 - Jurisdiction of claim
 - Litigation status (for Public liability)
 - Severity of loss (for Public liability)
 - Body part affected (for Public liability)
 - Payments (total and by head of damage)
 - Case estimates
 - Incurred costs

Figure 6.2 – Public Liability – Risk count reconciliation to Level 1 Reports by underwriting year

UW Year	NCPD Level 1	Finity Tableau	Percentage Difference
2003	1,744,355	1,723,274	-1%
2004	1,903,186	1,881,414	-1%
2005	2,031,434	2,010,808	-1%
2006	2,108,400	2,083,255	-1%
2007	2,127,263	2,091,223	-2%
2008	2,204,665	2,167,887	-2%
2009	2,365,704	2,324,903	-2%
2010	2,439,345	2,423,404	-1%
2011	2,426,707	2,413,248	-1%
2012	2,476,370	2,463,043	-1%
2013	2,524,037	2,512,538	0%
2014	2,590,320	2,579,660	0%
2015	2,715,108	2,703,552	0%
2016	3,065,813	3,050,467	-1%
2017	3,301,643	3,282,516	-1%
2018	3,518,388	3,504,464	0%
2019	3,063,999	2,972,297	-3%
2020	3,176,744	3,018,531	-5%
2021	3,020,113	2,934,725	-3%
Overall	48,803,594	48,141,209	-1.36%

Figure 6.3 – Public Liability – Gross Written Premium reconciliation to Level 1 Reports by underwriting year

UW Year	NCPD Level 1	Finity Tableau	Percentage Difference
2003	1,827,506	1,827,506	0%
2004	1,794,528	1,794,528	0%
2005	1,731,581	1,731,581	0%
2006	1,675,799	1,675,799	0%
2007	1,598,902	1,598,902	0%
2008	1,666,735	1,666,735	0%
2009	1,739,395	1,739,395	0%
2010	1,741,887	1,741,887	0%
2011	1,820,092	1,820,092	0%
2012	1,823,833	1,823,833	0%
2013	1,850,883	1,850,883	0%
2014	1,853,301	1,853,301	0%
2015	1,871,342	1,871,342	0%
2016	1,936,727	1,936,727	0%
2017	2,246,488	2,246,488	0%
2018	2,429,030	2,429,030	0%
2019	2,709,161	2,709,161	0%
2020	2,912,524	2,912,524	0%
2021	2,854,076	2,854,076	0%
Overall	38,083,790	38,083,790	0.00%

Public Liability – Level 2 Reports

Table 6.1 – Public Liability – Gross Written Premium reconciliation to Level 2 Reports by underwriting year – 2-digit ANZSICs with material differences

Underwriting Year	Agriculture - GWP (\$000's)			Services to Agriculture: Hunting and Trapping- GWP (\$000's)			Forestry and Logging - GWP (\$000's)			Commercial Fishing - GWP (\$000's)			Coal Mining - GWP (\$000's)		
	Level 2 Report	Finity Tableau	Percentage Difference	Level 2 Report	Finity Tableau	Percentage Difference	Level 2 Report	Finity Tableau	Percentage Difference	Level 2 Report	Finity Tableau	Percentage Difference	Level 2 Report	Finity Tableau	Percentage Difference
2003	37,557	68,969	46%	9,858	15,854	38%	2,711	3,373	20%	312	370	16%	5,530	4,130	-34%
2004	78,483	87,844	11%	16,502	18,560	11%	4,452	4,490	1%	1,154	1,203	4%	4,508	4,050	-11%
2005	66,453	72,555	8%	16,607	18,147	8%	3,821	3,935	3%	1,093	1,101	1%	4,639	4,103	-13%
2006	68,598	76,140	10%	14,855	16,048	7%	4,022	4,085	2%	1,131	1,155	2%	4,842	4,202	-15%
2007	66,471	72,839	9%	14,762	15,020	2%	3,525	3,585	2%	1,172	1,173	0%	3,955	3,403	-16%
2008	61,377	74,672	18%	10,756	11,881	9%	3,783	4,067	7%	1,110	1,180	6%	4,805	4,107	-17%
2009	81,827	90,502	10%	6,913	8,267	16%	4,191	4,501	7%	1,053	1,108	5%	4,087	2,786	-47%
2010	85,519	93,681	9%	6,657	8,821	25%	4,378	4,637	6%	959	1,052	9%	4,493	3,876	-16%
2011	87,061	99,126	12%	6,722	8,798	24%	4,051	4,442	9%	1,278	1,394	8%	7,465	6,167	-21%
2012	88,452	110,369	20%	7,096	8,615	18%	3,941	4,389	10%	1,140	1,287	11%	6,595	4,594	-44%
2013	80,579	105,964	24%	6,971	8,850	21%	3,676	3,949	7%	1,079	1,570	31%	14,350	3,980	-261%
2014	91,239	105,331	13%	7,647	9,369	18%	3,464	3,728	7%	984	1,152	15%	6,765	4,553	-49%
2015	91,435	105,691	13%	7,498	9,394	20%	3,510	3,775	7%	915	1,088	16%	6,983	4,926	-42%
2016	90,458	104,949	14%	7,682	9,643	20%	5,442	5,732	5%	714	880	19%	6,528	4,695	-39%
2017	89,953	104,007	14%	9,567	12,002	20%	6,356	6,915	8%	800	1,074	26%	6,681	4,725	-41%
2018	90,772	106,825	15%	9,603	12,762	25%	6,084	6,393	5%	949	1,263	25%	7,114	5,424	-31%
2019	84,015	118,584	29%	8,211	13,864	41%	5,386	8,665	38%	1,394	1,793	22%	16,581	6,233	-166%
2020	74,976	131,236	43%	10,032	16,948	41%	8,392	14,667	43%	1,050	1,465	28%	31,600	7,040	-349%
2021	71,887	134,044	46%	14,630	18,596	21%	7,811	12,317	37%	958	1,214	21%	34,939	6,330	-452%

Underwriting Year	Oil and Gas Extraction - GWP (\$000's)			Metal Ore Mining - GWP (\$000's)			Other Mining - GWP (\$000's)			Services to Mining - GWP (\$000's)			Food, Beverage and Tobacco Manufacturing - GWP (\$000's)		
	Level 2 Report	Finity Tableau	Percentage Difference	Level 2 Report	Finity Tableau	Percentage Difference	Level 2 Report	Finity Tableau	Percentage Difference	Level 2 Report	Finity Tableau	Percentage Difference	Level 2 Report	Finity Tableau	Percentage Difference
2003	24,126	689	-3402%	13,958	12,834	-9%	4,057	3,879	-5%	9,657	4,955	-95%	49,375	43,381	-14%
2004	8,101	1,576	-414%	12,765	12,567	-2%	3,496	3,458	-1%	8,396	6,602	-27%	48,802	46,746	-4%
2005	3,112	558	-457%	13,508	13,342	-1%	4,049	4,019	-1%	6,902	5,294	-30%	44,564	43,023	-4%
2006	5,442	1,931	-182%	18,689	18,379	-2%	3,781	3,740	-1%	8,852	6,476	-37%	39,674	38,481	-3%
2007	8,005	5,073	-58%	24,770	24,522	-1%	3,654	3,552	-3%	9,872	7,881	-25%	34,895	34,637	-1%
2008	12,531	4,700	-167%	18,625	17,904	-4%	4,422	4,266	-4%	20,111	17,723	-13%	35,426	34,300	-3%
2009	10,545	6,128	-41%	19,481	19,092	-2%	5,490	4,406	-25%	23,933	20,998	-14%	37,070	35,713	-4%
2010	9,021	6,381	-41%	23,169	22,824	-2%	8,931	6,125	-46%	17,779	15,282	-16%	37,197	35,031	-6%
2011	10,844	5,202	-108%	16,701	16,049	-4%	9,323	6,991	-33%	22,157	20,482	-8%	38,539	36,470	-6%
2012	16,670	5,460	-205%	9,074	7,787	-17%	8,579	6,752	-27%	19,457	18,522	-5%	42,050	40,549	-4%
2013	15,281	4,133	-270%	8,382	7,178	-17%	7,798	6,631	-18%	20,735	20,119	-3%	39,445	37,587	-5%
2014	13,986	4,834	-189%	8,764	7,803	-12%	6,009	5,271	-14%	23,321	22,731	-3%	38,531	36,820	-5%
2015	14,642	5,207	-181%	11,335	10,390	-9%	6,907	6,218	-11%	20,796	20,151	-3%	40,956	39,070	-5%
2016	14,136	4,495	-214%	11,099	10,189	-9%	7,622	6,954	-10%	19,173	18,240	-5%	41,792	39,848	-5%
2017	13,601	4,512	-201%	10,566	9,705	-9%	8,338	7,631	-9%	16,752	15,762	-6%	45,988	43,571	-6%
2018	15,392	5,689	-171%	14,283	13,214	-8%	10,669	8,392	-27%	14,174	13,321	-6%	51,643	48,508	-6%
2019	25,993	8,257	-215%	12,963	11,835	-10%	12,883	10,458	-23%	18,941	16,975	-12%	52,356	46,841	-12%
2020	32,783	9,584	-242%	15,609	14,269	-9%	13,632	10,097	-35%	23,486	20,944	-12%	55,869	49,222	-14%
2021	33,120	8,592	-285%	19,259	17,819	-8%	16,902	12,949	-31%	20,638	17,554	-18%	53,497	49,594	-8%

Figure 6.5 – Professional Indemnity – Risk count reconciliation to Level 1 Reports by underwriting year

Risk counts			
UW Year	NCPD Level 1	Finity Tableau	Percentage Difference
2003	212,865	211,429	-1%
2004	248,534	246,602	-1%
2005	257,103	254,962	-1%
2006	279,475	277,867	-1%
2007	306,990	303,864	-1%
2008	350,921	346,594	-1%
2009	412,718	406,940	-1%
2010	435,669	426,777	-2%
2011	493,957	484,495	-2%
2012	533,489	525,893	-1%
2013	558,158	550,993	-1%
2014	607,934	604,481	-1%
2015	670,446	663,479	-1%
2016	737,495	729,684	-1%
2017	798,136	788,648	-1%
2018	872,178	862,109	-1%
2019	874,448	855,317	-2%
2020	908,928	887,155	-2%
2021	836,971	827,106	-1%
Overall	10,396,415	10,254,395	-1.37%

Figure 6.6 – Professional Indemnity – Gross Written Premium reconciliation to Level 1 Reports by underwriting year

UW Year	NCPD Level 1	Finity Tableau	Percentage Difference
2003	991,626	991,626	0%
2004	1,211,727	1,211,727	0%
2005	1,192,561	1,192,561	0%
2006	1,136,456	1,136,456	0%
2007	1,157,436	1,157,436	0%
2008	1,270,441	1,270,441	0%
2009	1,300,866	1,300,866	0%
2010	1,308,124	1,308,124	0%
2011	1,377,438	1,377,438	0%
2012	1,393,747	1,393,747	0%
2013	1,421,991	1,421,991	0%
2014	1,436,682	1,436,682	0%
2015	1,458,326	1,458,326	0%
2016	1,482,710	1,482,710	0%
2017	1,813,417	1,813,417	0%
2018	1,976,242	1,976,242	0%
2019	2,236,631	2,236,631	0%
2020	2,617,126	2,617,126	0%
2021	2,726,744	2,726,744	0%
Overall	29,510,291	29,510,291	0.00%

Data definitions

Size of business Definition

Table 6.3 details the size bandings we have applied to the available exposure variables (turnover, number of staff and professional fees). Turnover is prioritised such that any risk with multiple complete exposure metrics applies the size banding according to the turnover. For any risks without turnover, the smaller size bandings are prioritised where the professional fees or number of staff variables are available.

We have assumed that any risk where the staff is zero (and not unknown) is a sole trader, and therefore falls into the micro size band. We analysed the average premium and premium distribution of risks with zero staff and recognised they were similar in distribution to the micro size risks defined on turnover. This is consistent with our sole trader assumption.

Table 6.3 – Size definitions by Exposure metric

Size Band	Variables
Micro	Turnover > \$2 & Turnover <= \$500k Staff >= 0 & Staff <= 4 Fees >= \$2 & Fees <= \$500k
Small	Turnover > \$500k & Turnover <= \$2m Staff >= 5 & Staff <= 9 Fees > \$500k & Fees <= \$2m
Medium	Turnover > \$2m & Turnover <= \$20m Staff >= 10 & Staff <= 49 Fees > \$2m & Fees <= \$20m
Large	Turnover > \$20m & Turnover <= \$150m Staff >= 50 & Staff <= 199 Fees > \$20m & Fees <= \$150m
Corporate	Turnover > \$150m Staff >= 200 Fees > \$150m

Claim Size Definition

Table 6.4 – Claim size definitions

Claim Size	PL - Incurred to date (\$)	PI - Incurred to date (\$)
Nil	\$0	\$0
Small	Greater than \$0 & less than or equal to \$500k	Greater than \$0 & less than or equal to \$1m
Large	Greater than \$500,000	Greater than \$1,000,000

Occupation Subgrouping (for Professional Indemnity)

Table 6.5 – Professional Indemnity – Occupation to Occupation subgroup mapping

Occupation Division	Occupation Subgroup	Occupation
Agricultural & Horticultural	Agricultural Consultants	Agricultural Consultancy Aquaculture Consultants Export Livestock Veterinary Consultant Farm & Agricultural Consultant Farm Management Advisory Service Horticultural Consultancy
	Other Agricultural Misc	Agronomy Animal Breeders Artificial Breeding Services Bloodstock Agency Mortgage Originator Primary Production Organisation Stock & Station Agency Valuer – real estate Wool Broking
	Veterinarians	Veterinary Laboratories Veterinary Surgeon Livestock Veterinary Surgeons Bloodstock Veterinary Surgeons- Equine Veterinary Surgeons- Greyhound Veterinary Surgeons-Small/Pets
Architects	Architects	Architects
	Other Architects Misc	Architectural Draughtspersons Interior Designers & Fit out Consultant Landscape Architecture Plumbing Consultants Town Planning
Defamation – Miscellaneous	Defamation Misc	Film Producer Journalist Publishers Radio Broadcasters Televisions Broadcasters
Engineering	Chemical Engineers/Scientists	Chemical Scientist Engineer – biomedical Engineer – chemical Petrochem,Chemical,Natural Gas,Env Con
	Design and Construction	Building Certifiers Building Consultants Building Designer Building Inspector – Victorian Building Act activities only Building Inspectors

Occupation Division	Occupation Subgroup	Occupation
		Construction Management
	Electrical	Electrical Inspectors Engineer – electrical Engineer – electronic Engineer – telecommunications Power & Energy Engineering
	Engineers – Construction	Engineer – civil Engineer – structural Engineering Draftspersons Foundation & Structural Engineer
Engineering	Environment/Geology	Engineer – agricultural Engineer – environmental Engineer – geological Engineer – geo-technical – soil testing Engineer – mining / minerals processing Environmental Auditor
	Heating/Ventilation/Air-Con	Engineer – Refrigeration Heating/Ventilation/Air-Con
	Hydro/Marine/Fluids	Building Hydraulic Design Engineer Engineer – harbour Engineer – hydraulic Engineer – marine Hydro Electric Engineering
	Mechanics/Materials	Concrete Testing & Investigation Engineer – Mechanical Engineer – Metallurgical Materials Handling, Process Engineer Non Destructive Testing Consul
	Other Engineering Misc	Engineer – acoustic Engineer – aeronautical Engineer – Traffic Town Planners
	Project Managers	Project Managers
	Safety/Inspection	Engineer – fire protection / safety Pre-purchase Inspection Services Safety Engineering
	Waste Management	Drainage Sewerage & Water Supplies Engineer – water treatment / sewage Waste Management Consultants
Financial	Accounting Services	Accountancy – Audit Accountancy – Insolv & Aquis Accountancy – Management Service Accountancy – Other Accountancy – Taxation Bookkeeping Taxation Agency
Financial	Brokers/Dealers	Business Brokers

Occupation Division	Occupation Subgroup	Occupation
		Commodity & Futures Broking Finance Broking Futures Broker/Dealer Licenced Security Dealer Mortgage Broker Mortgage Manager Mortgage Originator Stock & Share Broking
	Financial Planners/Advisers	Finance Adviser Financial Counsellors Financial Planners Financial Planning Consultancy
	Investment/Fund/Trustee Management	Credit Management Services Custodian Debt Collection & Mercantile Agents Fund Manager Investment Consultancy Managed Investment Scheme Superannuation fund administrator Superannuation Trustee Trustee & Executor Company Trustee Services
	IT Services	Computer Consultants Computer Programmer Computer Service Bureau Computer Systems Auditor Hardware Engineering/Sec/Sales IT Business Systems IT Education & training Web Design
	Other Financial Misc	Franchisor
	Financial Institutions	Bank Building Society Clearing House Credit Union Friendly Society Insurance Company Merchant Bank
	Other Financial Advisers	Actuarial Financial Risk Management
General Consultants	Environment	Air Pollution Consultancy Environment & Pollution Consultancy Forestry Services & Consultancy Marine Consultancy Meteorological Consultancy Natural Resource Consultancy

Occupation Division	Occupation Subgroup	Occupation
		Oceanographic Consultancy Odour pollution Consultancy Water Conservation Consultancy Water Pollution Consultancy
General Consultants	Events Management	Convention Coordinator Event Managers & Co-Ordinators
	Human Resource Consultants	Human Resource Consulting Personnel Consultancy
	Humanities	Criminologist Economist Industrial Relations Consultant Sociologist
	Industrial/Technical	Corrosion Consultancy Inspection & Testing Services Materials Handling Consultancy Materials Testing Consultancy Pest Control Consultancy Quality Assurance Consultant Research Industry & Scientific Solar Energy Consultancy Technical Consultancy
	Management Consultants	Management Consultancy
	Marketing and Public Relations	Communication (PR) Consultancy Market Research Consultancy Marketing Consultancy Public Relations Consultancy
	Other General Consultants Misc	Migration Consultancy Security Consultancy Telecommunication Consultants Translator / Interpreter
	Physical Products	Food Consultant Textile Consultancy Wine Industry Consultancy
	Transport	Air Cargo Consultancy Aviation Consultancy Transportation Consultancy
	Travel/Tourism	Tour Operator Tourism Consultancy Travel Agency &/or Consultancy
Insurance	Loss Control/Assessors	Insurance Assessors & Loss Adjusters Loss Assessor Loss Control & Management Control
	Other Insurance Misc	Insurance Investigation Insurance Surveyor Risk Management Consultants
	Insurance Agents/Authorised Representatives	Authorised Representatives (general insurance products)

Occupation Division	Occupation Subgroup	Occupation
		Authorised Representatives (life insurance products) Insurance Agency Life Assurance Agents Underwriting Agent
	Insurance Brokers	Insurance Broking
Legal & Para Legal	Barristers	Barristers
	Other Legal & Para Legal Misc	Conveyancing Services Justice of the Peace Land Broking Legal Costing Services Marriage Celebrant Process Servers Share Registry Title Searching
	Solicitors	Solicitors
	Trademarks/Patents	Patent & Trade Mark Attorney Patent Attorneys Trademark Development &/or Investment
Local Government	Local Government Misc	Govt. Advisory Organization Local Government Authority Municipal / Shire Councils
Medical & Paramedical	Allied Health Services	Allergy and asthma consultant Audiologist Audiometrist Chiropodists Diagnostic radiology Dietician Nutrition Optometrist Physiotherapy Podiatry Sonographer Speech Pathologists Speech therapist Sports medicine Therapeutic Masseur Therapeutic radiology
	Alternative Health Services	Acupuncturists Alternative health services Chiropractics Naturopaths Osteopathy
Medical & Paramedical	Dentistry	Dentistry – oral surgery Dentistry -other Oral surgery—medical

Occupation Division	Occupation Subgroup	Occupation
	Doctors	Anaesthetics – general Anaesthetics-intensive care Cardiology Cardio-thoracic surgery Clinical genetics Clinical haematology Clinical immunology Colorectal surgery Cosmetic surgery Dermatology Diagnostic radiology – Practitioner Ear, nose and throat (ENT) Emergency medicine Endocrinology Endoscopy Facio-Maxillary surgery Gastroenterology General and internal medicine General practice – no procedure General Practice – procedural General Surgery Geriatrics Gynaecology only Intensive care Medical oncology Neonatology Neurology Neurosurgery Nuclear Medicine Obstetrics & Gynaecology Obstetrics only Occupational medicine OHS Practitioner Ophthalmology Orthopaedic surgery Other hospital-based medical practitioner Paediatric medicine Paediatric surgery Pathology Plastic surgery Rehabilitation medicine Renal medicine Respiratory medicine Rheumatology Spinal surgery Thoracic medicine Urology

Occupation Division	Occupation Subgroup	Occupation
		Vascular surgery
Medical & Paramedical	Hospital/Ambulance	Hospital Paramedical and ambulance staff
	Nursing/Midwifery	Midwifery Nursing -general Nursing—nurse practitioner
	Pharmacy	Clinical pharmacology Pharmacy
	Psychologist Occupations	Drug and alcohol counselling Psychiatry Psychology
	Public Health	Hygiene consultant Infectious diseases Public health/preventive medicine
	Supported Accommodation/Care	Child Care Centre Hostel Nursing Home Respite Care Services Retirement Village
	Miscellaneous occupations	Advertising Agency
Art/Design		Graphic design Photographer / Cameraman Product & Industrial Design
Associations		Association – Community Association – Disability Association – Environmental Association – Professional Association – Sporting Association – Trade Association – Welfare
Beauty Therapy		Beauty Therapy
Community/Family/Religious Organisation		Community Advice Centres Family Welfare Organization Funeral Directing Marriage, Family, Personal Councillor Religious Organisation
Miscellaneous occupations		Freight/Logistics
	Marine/Watercraft	Boat & Yacht Broking Boat & Yacht Designing Cargo & Marine Surveying Marine Engineers

Occupation Division	Occupation Subgroup	Occupation
		Marine Surveying Naval Architecture Ship & Boat Chandelling
	Other Miscellaneous Occupations	Anthropologist Archaeology Diving Services Investigators Mediation & Arbitration Research & Development Corp Secretariat Services Sports Coach Technical Writers Telephone Answering / telemarketing Trade Union Writers Consultant &/or Service
Real Estate	Other Real Estate Misc	Auctioneering Electrical Contracting Hotel & Motel Broking Valuer – fine art
	Property Managers/Consultants	Body Corporate Management Services Motel Management Consultancy Property & Inspection Reports Property Consultants Property Management Services Strata Title Management
	Real Estate Agents	Real Estate Agency- Commercial Real Estate Agency- Domestic Real Estate Agency- Hotels Real Estate Agency- Industrial
	Real Estate Valuers	Real Estate Agent & Valuations
Schools & Colleges	Education Consultants	Education Consultancy Training & Development Consultants
	Other Schools/Colleges Misc	Ballet School & Dance Tuition Scuba Diving Instruction – COMMERCIAL Scuba Diving Instructor – recreational
	Schools/Universities	Kindergartens Primary Schools Private School Secondary Schools/Colleges Universities
	Teacher	Teacher
Surveying	Surveying Miscellaneous	Building Surveyor Cartographer Cost Estimators Land Surveyors Surveyor – Engineering

Occupation Division	Occupation Subgroup	Occupation
		Surveyor – Mining
		Surveyor – quantity
		Surveyors – Cargo and/or Marine
		Surveyors – Hydrographic

Nature of Loss Grouping

Table 6.6 – Nature of Loss Grouping by Nature of Loss

Nature of Loss Grouping	Nature of Loss Description
Bodily Injury	Bodily injury or death
	Both bodily injury and financial loss
	Both property damage and bodily injury
	Property damage, bodily injury and financial loss
Financial Loss	Both property damage and financial loss
	Financial loss only (no physical damage or bodily injury)
Property Damage	Property damage only

Cause of Loss Grouping

Table 6.7 – Public Liability – Cause of Loss Grouping by cause of Loss

Cause of Loss Grouping	Cause of Loss
Abuse/ Molestation	Abuse/molestation
Custody	Care/custody/control
Fall	Fall including from height and slip & fall
Faulty	Faulty product/faulty workmanship
Fire	Fire including welding
Water	Water
Worker	Worker to worker injury
Other Non- Financial Loss	Other non financial loss i.e. losses with no tangible value attached such as 'Pain and Suffering'
Impact	Impact or damage by object/vehicle/person, including physical assault/trapped by machinery or equipment
Other Causes	Animal bite/attack/impact Asbestos/Dust Diseases Catastrophy, e.g. Cyclone, earthquake Collapse of building/structure/subsidence/landslide/weakening and or removal of supports/rusting/oxidation/discoloration including concrete cancer Defamation/slander Discrimination/harassment Electrocution Environmental contamination or pollution/spray/drift/other contamination/exposure to or contact with substance/ Not mould or asbestos Equipment breakdown and accidental breakage Explosion and/or vibration/exposure to sudden or long-term sound or noise/excavation/drilling damage Failed or injurious treatment by practitioner or consultant, or negligent advice Lease liabilities Lifting, carrying or putting down objects/machinery use/repetitive or overuse injury Mould Other financial loss i.e. losses that are tangible

Table 6.8 – Professional Indemnity - Cause of Loss Grouping by cause of loss

Cause of Loss Grouping	Cause of Loss
Abuse/Harrassment	Assault /abuse / mistreatment Defamation Harassment / discrimination Sexual harassment Unfair dismissal
Advice	Advice Misleading and/or deceptive advice/conduct (specifically section(s) of Federal Trade Practices Act, state Fair Trading Acts and the like)
Documentation/ Administration	Documentation/ administration Loss of documents
Financial Misconduct	Breach of confidentiality Breach of intellectual property rights Breach of trust / fiduciary duties Conflict of interest Fraud & dishonesty. Fidelity Improper trading / collusive practices /unconscionable conduct Insolvency
Legal Expense Coverage	Legal expense coverage (disciplinary enquiries, investigations, inquests and the like)
Medical	Anaesthetic Blood Products Diagnosis Medication Treatment
Other Causes	Consent (incl. no valid consent, failure to warn, acting against patient’s wishes) Design / specification Faulty and/or inadequate / inappropriate / inaccurate / contaminated equipment and/or premises Other Procedural Project management Services other than specified above Testing
Supervision/ Inspection	Supervision / inspection

Data output

Refer to Excel spreadsheet.

Additional Public Liability Tables

Finalised Cost Tables

Table 6.9 – Public Liability – Bodily Injury - Claims experience by finalisation year

Finalisation Year	Number of Claims			Average Claim Size (\$000)			Finalised Cost (\$m)		
	Nils	Small	Large	Small	Large	Total	Small	Large	Total
2009	54%	45%	1%	56	1,193	42	291	199	491
2010	50%	49%	1%	59	1,126	43	314	157	471
2011	54%	45%	1%	59	1,045	40	295	150	445
2012	51%	47%	2%	62	1,017	45	333	177	510
2013	51%	47%	2%	65	906	45	336	166	501
2014	51%	47%	2%	65	1,310	52	335	237	572
2015	50%	48%	2%	69	1,037	51	351	185	535
2016	49%	49%	2%	70	1,140	59	361	259	620
2017	49%	49%	2%	71	1,030	57	336	215	552
2018	44%	54%	2%	72	1,212	68	338	253	591
2019	38%	59%	3%	78	1,003	76	360	241	601
2020	36%	61%	3%	83	1,055	83	368	238	606
2021	40%	56%	4%	85	1,037	86	323	254	577

Table 6.10 – Public Liability – Property Damage - Claims experience by finalisation year

Finalisation Year	Number of Claims			Average Claim Size (\$000)			Finalised Cost (\$m)		
	Nils	Small	Large	Small	Large	Total	Small	Large	Total
2009	21%	78%	0%	8	2,154	9	143	47	191
2010	21%	79%	0%	8	1,694	9	140	71	211
2011	22%	77%	0%	9	1,372	9	150	45	195
2012	23%	77%	0%	10	1,165	9	156	31	187
2013	23%	76%	0%	11	1,238	12	160	77	236
2014	23%	77%	0%	11	3,204	19	168	205	373
2015	21%	78%	0%	11	1,472	12	171	77	248
2016	22%	78%	0%	11	1,775	13	194	101	295
2017	24%	76%	0%	12	1,850	14	206	109	315
2018	24%	76%	0%	12	1,584	14	215	106	321
2019	19%	80%	0%	14	1,529	16	248	110	358
2020	20%	80%	0%	13	1,306	13	217	57	274
2021	20%	80%	0%	15	2,182	22	237	194	431

Table 6.11 – Public Liability – Financial Loss - Claims experience by finalisation year

Finalisation Year	Proportion of Claim Counts			Average Claim Size (\$000)			Finalised Cost (\$m)		
	Nils	Small	Large	Small	Large	Total	Small	Large	Total
2009	43%	53%	4%	37	3,738	158	7	49	55
2010	40%	59%	2%	23	1,348	34	7	11	18
2011	41%	57%	2%	26	2,134	49	10	23	34
2012	45%	54%	1%	19	1,255	19	9	8	16
2013	33%	66%	1%	19	1,775	32	12	18	29
2014	37%	62%	1%	25	2,878	36	16	20	36
2015	41%	57%	1%	26	2,331	41	11	19	29
2016	44%	55%	1%	27	1,506	34	11	14	24
2017	37%	62%	1%	20	1,189	19	11	6	17
2018	33%	66%	1%	20	1,738	28	13	14	27
2019	40%	60%	1%	29	4,394	41	12	18	30
2020	43%	56%	1%	30	2,155	48	8	15	23
2021	36%	62%	2%	35	1,786	59	10	18	28

Industry Premium Movement Tables

Table 6.12 – Public Liability – Financial and Insurance – risk counts and average premium

Growth from 2015 to 2021				
ANZSIC 4 Digit Industry	2021 Average GWP	Risk Count	Average Premium	GWP
Services to Finance and Investment n.e.c.	5,058	962%	203%	3122%
General Insurance	1,151	21%	72%	108%
Financial Asset Broking Services	664	-45%	207%	68%
Services to Insurance	15,296	-46%	4680%	2478%

Table 6.13 – Public Liability – Transport and Storage – risk counts and average premium

Growth from 2015 to 2021				
ANZSIC 4 Digit Industry	2021 Average GWP	Risk Count	Average Premium	GWP
Road Freight Transport	980	-33%	58%	6%
Travel Agency Services	905	-20%	10%	-12%
Storage n.e.c.	1,539	-18%	60%	31%
Taxi and Other Road Passenger Transport	540	-57%	55%	-34%
Short Distance Bus Transport (Including Tramway)	1,139	-10%	10%	-1%
Road Freight Forwarding	1,905	2%	31%	33%
Transport n.e.c.	3,624	-36%	253%	124%

Table 6.14 – Public Liability – Construction – risk counts and average premium

Growth from 2015 to 2021				
ANZSIC 4 Digit Industry	2021 Average GWP	Risk Count	Average Premium	GWP
Electrical Services	662	-11%	20%	7%
Carpentry Services	362	-18%	9%	-10%
Plumbing Services	1,084	-24%	71%	29%
Residential Building Construction n.e.c.	3,554	55%	96%	205%
Construction Services n.e.c.	1,635	-14%	47%	26%
Site Preparation Services	1,442	-12%	31%	15%
Painting and Decorating Services	360	-35%	4%	-32%
Tiling and Carpeting Services	350	-3%	11%	7%
Landscaping Services	513	-10%	16%	4%
House Construction	1,600	-35%	19%	-23%
Non-Residential Building Construction	5,355	10%	46%	60%
Concreting Services	868	-26%	27%	-7%
Plastering and Ceiling Services	407	-15%	4%	-12%
Air Conditioning and Heating Services	1,159	27%	9%	38%
Bricklaying Services	354	-39%	12%	-31%
Roofing Services	942	-3%	68%	63%

Table 6.15 – Public Liability – Retail Trade – risk counts and average premium

Growth from 2015 to 2021				
ANZSIC 4 Digit Industry	2021 Average GWP	Risk Count	Average Premium	GWP
Household Equipment Repair Services n.e.c.	569	746%	162%	2117%
Retailing n.e.c.	402	-15%	72%	47%
Automotive Repair and Services n.e.c.	1,014	-16%	58%	32%
Takeaway Food Retailing	464	30%	39%	80%
Clothing Retailing	397	30%	32%	73%
Garden Equipment Retailing	607	120%	59%	250%
Smash Repairing	846	112%	18%	152%
Domestic Appliance Retailing	606	126%	17%	165%
Pharmaceutical, Cosmetic and Toiletry Retailing	322	-14%	66%	43%
Specialised Food Retailing n.e.c.	558	20%	38%	66%
Recorded Music Retailing	499	557%	-4%	530%
Newspaper, Book and Stationery Retailing	467	40%	49%	109%
Photographic Equipment Retailing	107	2354%	-59%	895%
Supermarket and Grocery Stores	1,609	-10%	64%	47%
Household Equipment Repair Services (Electrical)	424	0%	11%	12%
Domestic Hardware and Houseware Retailing	832	-50%	113%	7%

Table 6.16 – Public Liability – Mining – risk counts and average premium

Growth from 2015 to 2021					
ANZSIC 4 Digit Industry	2021 Average GWP	Risk Count	Average Premium	GWP	
Other Mining Services	18,644	31%	-34%	-14%	
Mineral Exploration Services	4,740	-32%	89%	29%	
Gravel and Sand Quarrying	3,971	-30%	11%	-22%	
Construction Material Mining n.e.c.	15,253	9%	197%	225%	
Oil and Gas Extraction	23,933	135%	-30%	65%	
Mineral Exploration (Own Account)	4,251	-40%	142%	44%	
Gold Ore Mining	24,416	25%	46%	83%	
Metal Ore Mining n.e.c.	43,458	79%	97%	253%	
Mining n.e.c.	23,787	52%	66%	153%	
Iron Ore Mining	26,313	13%	16%	31%	
Black Coal Mining	66,140	-36%	79%	15%	

Table 6.17 – Public Liability – Government Administration and Defence – risk counts and average premium

Growth from 2015 to 2021					
ANZSIC 4 Digit Industry	2021 Average GWP	Risk Count	Average Premium	GWP	
Central Government Administration	1,094	609%	-74%	88%	
State Government Administration	26,754	950%	-50%	423%	
Local Government Administration	21,638	-73%	136%	-37%	

Table 6.18 – Public Liability – Electricity Gas and Water Supply – risk counts and average premium

Growth from 2015 to 2021					
ANZSIC 4 Digit Industry	2021 Average GWP	Risk Count	Average Premium	GWP	
Electricity Supply	23,391	197%	-18%	145%	
Water Supply	14,974	56%	-3%	52%	
Sewerage and Drainage Services	8,149	93%	3%	99%	
Gas Supply	43,240	13%	147%	179%	

Table 6.19 – Public Liability – Health and Community Services – risk counts and average premium

Growth from 2015 to 2021					
ANZSIC 4 Digit Industry	2021 Average GWP	Risk Count	Average Premium	GWP	
Health Services n.e.c.	128	199%	-6%	181%	
Dental Services	90	11%	-8%	2%	
Chiropractic Services	93	51%	0%	51%	
Child Care Services	364	7%	5%	12%	
Physiotherapy Services	54	29%	10%	43%	
General Practice Medical Services	299	-9%	25%	13%	
Veterinary Services	126	91%	-45%	6%	
Specialist Medical Services	414	45%	29%	86%	

Industry Bodily Injury Claims Tables

Table 6.20 – Public Liability – Bodily Injury – Construction incurred experience

ANZSIC 4 Digit Industry	Industry Proportion of Dollar Movement	Cause of Loss - Drivers
Non-Residential Building Construction	43.8%	WTW, Fall
House Construction	21.7%	WTW, Fall
Site Preparation Services	19.4%	Impact
Carpentry Services	13.8%	WTW, Impact
Non-Building Construction n.e.c.	6.4%	Fall, Impact
Residential Building Construction n.e.c.	5.9%	WTW
Air Conditioning and Heating Services	4.7%	Fall
Tiling and Carpeting Services	2.3%	
Roofing Services	1.9%	
Glazing Services	1.5%	

Table 6.21 – Public Liability – Bodily Injury – Agriculture, forestry and fishing incurred experience

ANZSIC 4 Digit Industry	Industry Proportion of Dollar Movement	Cause of Loss - Drivers
Vegetable Growing	85.6%	Fall
Cut Flower and Flower Seed Growing	10.0%	Fall
Sheep Farming	8.7%	Impact
Beef Cattle Farming	5.5%	WTW, impact
Sugar Cane Growing	5.4%	Fall, impact
Fruit Growing n.e.c.	5.1%	Impact
Poultry Farming (Meat)	4.7%	
Plant Nurseries	4.5%	
Cotton Growing	3.4%	
Dairy Cattle Farming	3.1%	

Table 6.22 – Public Liability – Bodily Injury – Accommodation, cafes and restaurants incurred experience

ANZSIC 4 Digit Industry	Industry Proportion of Dollar Movement	Cause of Loss - Drivers
Cafes and Restaurants	63.5%	Other (discrimination, environmental/substance)
Accommodation	28.1%	Fall
Pubs, Taverns and Bars	10.5%	Impact
Clubs (Hospitality)	-2.1%	

Table 6.23 – Public Liability – Bodily Injury – Retail trade incurred experience

ANZSIC 4 Digit Industry	Industry Proportion of Dollar Movement	Cause of Loss - Drivers
Retailing n.e.c.	31.5%	Other (lifting, discrimination), impact
Household Equipment Repair Services n.e.c.	24.3%	Fall
Domestic Appliance Retailing	13.6%	Fall, impact
Smash Repairing	10.5%	Fall
Household Equipment Repair Services (Electrical)	9.2%	Other (electrocution, faulty)
Automotive Repair and Services n.e.c.	8.8%	Impact, WTW
Automotive Fuel Retailing	8.3%	
Toy and Game Retailing	5.5%	
Garden Equipment Retailing	4.6%	
Sport and Camping Equipment Retailing	4.4%	

Table 6.24 – Public Liability – Bodily Injury – Wholesale trade incurred experience

ANZSIC 4 Digit Industry	Industry Proportion of Dollar Movement	Cause of Loss - Drivers
Building Supplies Wholesaling n.e.c.	85.7%	Other (Dust diseases, environmental/substance)
Meat Wholesaling	13.5%	WTW, impact
Metal and Mineral Wholesaling	10.0%	Fall, Impact
Clothing Wholesaling	5.9%	
Machinery and Equipment Wholesaling n.e.c.	5.8%	
Farm Produce and Supplies Wholesaling n.e.c.	5.6%	
Professional Equipment Wholesaling	5.0%	
Jewellery and Watch Wholesaling	3.8%	
Household Appliance Wholesaling	3.4%	
Petroleum Product Wholesaling	3.3%	

Table 6.25 – Public Liability – Bodily Injury – Mining incurred experience

ANZSIC 4 Digit Industry	Industry Proportion of Dollar Movement	Cause of Loss - Drivers
Black Coal Mining	75.6%	Impact, Fall
Gravel and Sand Quarrying	16.2%	Other (collapse of building, animal impact)
Metal Ore Mining n.e.c.	15.8%	Impact
Other Mining Services	14.2%	WTW
Silver-Lead-Zinc Ore Mining	5.4%	WTW

Industry Property Damage Claims Tables

Table 6.26 – Public Liability – Property Damage – Construction incurred experience

ANZSIC 4 Digit Industry	Industry Proportion of Dollar Movement	Cause of Loss - Drivers
Non-Residential Building Construction	34.6%	Fire
Construction Services n.e.c.	24.0%	Fire, Other (environment, explosion)
Plumbing Services	18.4%	Faulty
Residential Building Construction n.e.c.	16.5%	Other (other financial loss), water
Air Conditioning and Heating Services	10.8%	Faulty, Water
Site Preparation Services	7.0%	Impact
Carpentry Services	6.3%	Fire
Landscaping Services	5.3%	Fire
Roofing Services	5.1%	
Concreting Services	2.4%	

Table 6.27 – Public Liability – Property Damage – Finance and insurance incurred experience

ANZSIC 4 Digit Industry	Industry Proportion of Dollar Movement	Cause of Loss - Drivers
Services to Finance and Investment n.e.c.	97.5%	Other non-financial loss
Services to Insurance	2.3%	
Financial Asset Broking Services	-0.1%	
Central Bank	0.1%	
Health Insurance	0.3%	
Life Insurance	0.0%	
Superannuation Funds	0.0%	
Building Societies	0.0%	
Deposit Taking Financiers n.e.c.	0.0%	

Table 6.28 – Public Liability – Property Damage – Retail trade incurred experience

ANZSIC 4 Digit Industry	Industry Proportion of Dollar Movement	Cause of Loss - Drivers
Garden Equipment Retailing	19.2%	Faulty
Retailing n.e.c.	10.8%	Impact, Faulty
Smash Repairing	10.6%	Other (care/custody/control), Impact, Faulty
Toy and Game Retailing	10.2%	Faulty
Newspaper, Book and Stationery Retailing	9.0%	Faulty, Impact, Other (environmental/substance)
Domestic Appliance Retailing	7.6%	Faulty, Impact
Clothing Retailing	4.6%	Impact
Automotive Electrical Services	4.0%	Faulty, Impact
Tyre Retailing	3.8%	Other (care/custody/control, environmental/substance), Impact
Household Equipment Repair Services n.e.c.	3.4%	Water

Table 6.29 – Public Liability – Property Damage – Wholesale trade incurred experience

ANZSIC 4 Digit Industry	Industry Proportion of Dollar Movement	Cause of Loss - Drivers
Farm Produce and Supplies Wholesaling n.e.c.	70.9%	Faulty
Timber Wholesaling	42.5%	Faulty, Water
Car Wholesaling	6.5%	Faulty
Machinery and Equipment Wholesaling n.e.c.	4.4%	Faulty
Petroleum Product Wholesaling	4.0%	
Motor Vehicle New Part Dealing	1.7%	
Metal and Mineral Wholesaling	1.5%	
Wholesaling n.e.c.	1.4%	
Grocery Wholesaling n.e.c.	1.3%	
Household Appliance Wholesaling	1.0%	

Table 6.30 – Public Liability – Property Damage – Agriculture, forestry and fishing incurred experience

ANZSIC 4 Digit Industry	Industry Proportion of Dollar Movement	Cause of Loss - Drivers
Services to Agriculture n.e.c.	69.0%	Other non-financial loss, Other (environmental/substance)
Vegetable Growing	53.0%	Other (animal bite, environmental/substance)
Livestock Farming n.e.c.	4.0%	
Beef Cattle Farming	2.6%	
Grain Growing	1.9%	
Crop and Plant Growing n.e.c.	1.7%	
Services to Forestry	1.6%	
Cotton Growing	1.6%	
Forestry	0.9%	
Fruit Growing n.e.c.	0.9%	

Additional Professional Indemnity Tables

Occupation Subgroup Premium Movement Tables

Table 6.31 – Professional Indemnity – Insurance – risk counts and average premium by occupation subgroups

Occupation Subgroup	Growth from 2015 to 2021			
	2021 Average GWP	Risk Count	Average Premium	GWP
Insurance Agents/Authorised Representatives	17,555	-3%	124%	118%
Insurance Brokers	145,924	-31%	532%	334%
Loss Control/Assessors	2,617	-28%	8%	-23%
Other Insurance Misc	2,575	21%	-46%	-35%

Table 6.32 – Professional Indemnity – Real Estate – risk counts and average premium by occupation subgroups

Growth from 2015 to 2021					
Occupation Subgroup	2021 Average				
	GWP	Risk Count	Average Premium	GWP	
Real Estate Valuers	10,116	95%		75%	240%
Real Estate Agents	3,259	89%		10%	107%
Property Managers/Consultants	5,506	-83%		277%	-36%
Other Real Estate Misc	2,312	25%		53%	92%

Table 6.33 – Professional Indemnity – General Consultants – risk counts and average premium by occupation subgroups

Growth from 2015 to 2021					
Occupation Subgroup	2021 Average				
	GWP	Risk Count	Average Premium	GWP	
Management Consultants	4,549	-3%		193%	185%
Industrial/Technical	4,731	7%		103%	117%
Human Resource Consultants	2,575	68%		-15%	43%
Other General Consultants Misc	2,123	70%		-16%	43%
Environment	2,286	184%		-33%	91%
Transport	5,482	3%		147%	154%
Marketing and Public Relations	1,771	-1%		-17%	-18%
Travel/Tourism	2,046	-38%		62%	1%
Physical Products	6,162	80%		211%	459%

Table 6.34 – Professional Indemnity – Financial – risk counts and average premium by occupation subgroups

Growth from 2015 to 2021					
Occupation Subgroup	2021 Average				
	GWP	Risk Count	Average Premium	GWP	
Accounting Services	2,563	15%		50%	72%
IT Services	4,067	17%		60%	87%
Financial Planners/Advisers	3,733	-52%		43%	-31%
Brokers/Dealers	5,448	62%		67%	170%
Investment/Fund/Trustee Management	7,059	59%		2%	62%
Financial Institutions	35,075	45%		47%	112%

Table 6.35 – Professional Indemnity – Engineering – risk counts and average premium by occupation subgroups

Growth from 2015 to 2021					
Occupation Subgroup	2021 Average				
	GWP	Risk Count	Average Premium	GWP	
Design and Construction	14,087	147%	30%	221%	
Project Managers	3,373	22%	-14%	6%	
Engineers - Construction	12,087	109%	17%	144%	
Mechanics/Materials	6,183	39%	-40%	16%	
Electrical	8,091	-12%	128%	101%	
Environment/Geology	16,618	85%	98%	266%	

Table 6.36 – Professional Indemnity – Schools – risk counts and average premium by occupation subgroups

Growth from 2015 to 2021					
Occupation Subgroup	2021 Average				
	GWP	Risk Count	Average Premium	GWP	
Teacher	77	20478%	-94%	1193%	
Education Consultants	3,134	-16%	136%	97%	
Schools/Universities	7,050	11%	28%	41%	

Occupation Subgroup Claim Movement Tables

Table 6.377 – Professional Indemnity - Engineering incurred experience

Occupation Subgroup	Industry Proportion of Dollar Movement
Engineers - Construction	56.2%
Design and Construction	39.8%
Project Managers	9.7%
Hydro/Marine/Fluids	1.1%
Safety/Inspection	0.8%
Electrical	0.2%
Chemical Engineers/Scientists	0.2%

Table 6.38 – Professional Indemnity – Financial incurred experience

Occupation Subgroup	Industry Proportion of Dollar Movement
Financial Institutions	117.7%
Brokers/Dealers	33.7%
Financial Planners/Advisers	16.3%
Other Financial Advisers	0.7%

Table 6.39 – Professional Indemnity – Legal and Para Legal incurred experience

Occupation Subgroup	Industry Proportion of Dollar Movement
Solicitors	106.9%
Trademarks/Patents	2.5%

Table 6.39 – Professional Indemnity – Medical and Paramedical incurred experience

Occupation Subgroup	Industry Proportion of Dollar Movement
Hospital/Ambulance	29.5%
Alternative Health Services	17.5%
Pharmacy	15.5%
Doctors	12.0%
Dentistry	11.8%
Allied Health Services	9.1%
Supported Accommodation/Care	5.9%
Nursing/Midwifery	1.1%

Table 6.40 – Professional Indemnity – General Consultants incurred experience

Occupation Subgroup	Industry Proportion of Dollar Movement
Management Consultants	40.4%
Transport	15.7%
Other General Consultants Misc	14.2%
Industrial/Technical	12.1%
Marketing and Public Relations	5.7%
Human Resource Consultants	5.5%
Physical Products	3.2%
Environment	2.3%
Travel/Tourism	1.9%
Events Management	0.1%
Humanities	-1.1%



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