

2 April 2020

Hon Karen Andrews MP
Minister for Industry, Science and Technology
Parliament House
CANBERRA ACT 2600

Dear Minister

RE: COVID-19 impact on the construction industry and professional indemnity insurance market

I write on behalf of the almost 1,000 Association of Accredited Certifier members in NSW, and the wider building surveyor profession across the country, regarding the impact of COVID-19 on the construction industry and specifically on the professional indemnity insurance market.

We have been liaising with our counterparts in other jurisdictions and it is clear that this is an issue of national significance.

Professional Indemnity Insurance

As we have raised with the Building Ministers Forum previously, and as experienced by our peers in other jurisdictions, the central issue impacting on Accredited Certifiers (building surveyors) is the lack of affordable and compliant professional indemnity insurance policies available.

This situation is only worsening due to the impact of COVID-19 on the construction industry.

Our members are reporting increases in premiums as high as 15 times their previous renewal. As well as this, practitioners are dealing with a significantly reduced workload throughout the COVID-19 period.

It is a requirement for Accredited Certifiers in NSW to hold compliant professional indemnity insurance coverage, and the current situation is conspiring to make this impossible for many who will inevitably leave the industry.

This will not only impact on their livelihoods, but also on the construction industry as a whole and on the community, which relies on a safely built environment.

Reduced services, reduced risk

Accredited Certifiers will all be impacted differently by the pandemic, with some temporarily shutting down their services for a period and others continuing, pending further announcements from both Australian and NSW Governments.

It is therefore reasonable for their professional indemnity insurance premiums to be reduced in line with the reduced risk of not providing services or providing reduced services.

To date, insurance providers, namely Lloyds of London, and local brokers have not been open to such an approach and many renewal deadlines are fast approaching.

Potential policy response

It is therefore requested that the Australian Government takes a leadership role on this issue to ensure that building practitioners are able to secure compliant professional indemnity insurance coverage.

This would ensure that Accredited Certifiers can maintain their accreditation and continue to provide services that will allow the ongoing safe operation of the construction industry, which is vital to the Australian economy and community.

As we have seen with banks deferring small business loan repayments for six months, a similar deferment could be provided by insurers in response to COVID-19.

I note late last year, that the BMF committed to working with the Insurance Council of Australia on the issue of professional indemnity insurance availability. This collaboration could be the avenue in which this issue is addressed as expeditiously as possible.

If you, your Office or Department would like to discuss this matter further, you can contact me on 0431 082 259.

The almost 1,000 AAC members who ensure the safe operation of the construction industry in NSW look forward to your response.

Yours sincerely



Jill Brookfield
Chief Executive Officer