

**PONY CLUB ASSOCIATION OF WESTERN AUSTRALIA, INSURANCE**

*Grievance*

**MR EDWARDS** (Greenough) [9.15 am]: I grieve on behalf of the Pony Club Association of Western Australia. As everybody knows, insurance companies worldwide have tightened up and made it almost impossible for a lot of sporting and youth clubs to fund their premiums, and the Pony Club Association of Western Australia is one of them. I have had a fairly close association with pony clubs. I have been a member of the Moonyoonooka Pony Club for some 20 years and I am a life member. My three children went through the Pony Club Association and thoroughly enjoyed every moment of it, as I did.

The pony club movement started in 1928 and originated in Britain as a scheme to encourage young people to learn to ride. It is now prevalent in 20 countries and has a membership exceeding 100 000 people. Australia has a total membership of 47 000, including riding and non-riding members, with 920 clubs. It commenced in Australia in 1938, and it is very much a youth membership organisation. People can be riding members only if they are under 21 years of age. It is a voluntary organisation, run mostly by mums and dads. Infrastructure can include any items associated with the pony club movement, and money can be spent on horse floats, the necessary vehicles to tow horse floats, farriers, veterinarians, feed and stock feed agents. If the association cannot obtain insurance by 30 June it will close its doors. This will have a dramatic effect. It will also affect other clubs. I am also aware that the Police and Citizens Youth Club is finding support through the Government.

I put it to the Deputy Premier that this is yet another organisation that is suffering. The association was originally paying in the vicinity of \$15 000 a year; it now looks as though it will have to pay public liability insurance of between \$80 000 and \$100 000 a year. This is a significant figure and will impact on all the riding and non-riding members, including the mums and dads supporting their children.

I will provide a bit more background to the pony club movement. It is a structured environment and helps members to enjoy a sport connected with horses. I will put another slant on it. It is very good for children to have responsibilities other than thinking about themselves, and looking after animals provides that. An animal has a brain and a child must learn how to control the animal in a disciplined way. The relationship children form with animals is part of that control. Figuratively speaking, children and horses walk hand in hand. A child derives an enormous amount of pleasure from having a relationship with an animal. Some very successful riders have been produced in this country. Andrew Hoy went from riding in a pony club to become an Olympic gold medallist. On many occasions he represented Australia. There are 69 pony clubs in this State, with some 3 500 members, which is not an insignificant number. The financial benefit to the State is fairly significant too, although I do not have figures for that.

A media release from the Pony Club Association of Western Australia Inc states -

Past Claims Records do not support the violent reactions of Insurers, with National Personal Action Claims since 1998 totalling approximately \$55,000. Six Public Liability Claims were lodged in 1998/1999, and three in the financial year to date. Each of these Public Liability Claims involved damage to Motor Vehicles, and each amounted to approximately \$1000.

Horses are fairly large animals and sometimes they get spooked. If people are silly enough to leave their motor cars in the vicinity of horses, they can expect them to be damaged. The media release further states -

The Claims Record for the Western Australian Pony Club is almost spotless, with the last Personal Accident Claim being made in November 2000 for a sum of \$ 2,012.03 for non Medicare Medical Expenses, and the last Public Liability Claim being made in June 2001 for a sum of \$1,231.00.

The Australian Pony Club Council Inc has provided me with some figures for property damage claims. The claims are all of a similar nature. Firstly, two horses bolted and ran into a motor vehicle and approximately \$1 400 and \$1 200 was paid respectively. Secondly, a horse walked into a motor vehicle and approximately \$1 200 was paid. Thirdly, a horse was spooked and damaged a vehicle and approximately \$1 500 was paid. Those four claims totalled about \$4 500 in damages. The association will suffer if it cannot renew its insurance. I urge the Deputy Premier to give consideration to this matter.

**MR RIPPER** (Belmont - Deputy Premier) [9.22 am]: I thank the member for raising this issue. It is just one example of an important issue that is affecting many businesses and community groups across not only this State, but also the nation. The problem is that insurers have become risk averse and regard pony clubs, for example, as a hazardous risk. Pony clubs usually involve young and inexperienced riders riding relatively unskilled horses. Therefore, unfortunately, the potential for injury to third parties is relatively high. However, on the basis of the information provided by the member, that potential does not seem to have been realised in Western Australian pony clubs in recent years.

The current situation was bound, at best, to drive premiums higher. In the past, many insurers have underpriced their public liability insurance products. In some cases they are refusing to provide any cover at all. Insurers appear to be desperately trying to replace past losses and satisfy their shareholders. This may explain why the premium increases are so extreme. The phenomenon raises questions about the standard of management within the insurance industry. It appears that there are cycles of falling premiums and falling returns to shareholders followed by rising premiums and rising returns to shareholders in that industry. A further problem complicates that cyclical approach in the insurance industry; that is, large personal injury compensation awards by courts in other States have added to the assessment of risk. Tort reform is a way of providing medium-term relief. We have been active participants in the national ministerial forum that met recently in Melbourne. The Minister for Government Enterprises represented the Government at that forum. The information I am giving to the House is based on the advice that minister gave me.

We must pursue national reforms because premiums are determined on a national basis. For example, we could embark on a process of tort reform in Western Australia to cap and limit the damages payable in personal injury cases. However, if other States fail to follow suit and premiums are still assessed on a national basis, Western Australia might not receive a reduction in premiums because of the influence of the risk posed by the Victorian or New South Wales courts. The issues currently being addressed include: limiting the cost of the general damages component of awards by bringing them into line with other personal injury compensation schemes in Western Australia; legislating to allow for self-assumption of risk by people who choose to engage in inherently risky activities in tourism and sport; applying a cap for the loss of earnings component of awards; restricting advertising of personal injury legal services to limited factual matters; ensuring that the consequences of taking drugs are taken into account as contributory negligence; requiring insurers to contribute to a national data set and to revise their strategic approach to claim managers; requiring all eligible organisations to submit comprehensive risk management plans and to report regularly on achievement against those plans; and, finally, proceeding with tort reform, including tort reform and thresholds and/or caps on general damages and compensation for loss of earnings.

In addition to those matters that have been considered at a national level, we have asked state government departments and agencies to look at the requirements for public liability insurance that they impose on businesses and organisations with which they are engaged in transactions. We might have placed excessive demands for public liability insurance policies on some organisations. In any case, that matter will be examined. Much can be done also in risk management. The risk assessment can be reduced if an organisation has appropriate policies and management strategies in place. If the risk assessment is reduced, that should result in a reduction in the insurance premium.

Some of the reforms about which we have talked will involve amendments to state and federal legislation. A high level of cooperation is occurring between jurisdictions. We hope that insurers will review premium levels when these reforms are introduced, but we must be sceptical enough to realise that we may have to respond to a situation in which reforms do not bring commensurate premium relief. At the Melbourne meeting it was also agreed that the Australian Competition and Consumer Commission would monitor market developments and premium prices on a six-monthly basis over the course of the next two years.

An answer given to a question on notice in the Legislative Council recently on this issue is also very relevant. It states -

As a community, we have to decide whether this risk is acceptable and affordable. Previously, we have been able to transfer the risk to an insurer but recent developments have made this uneconomic and, in many cases, no insurer is prepared to carry the risk.

Logically, the alternatives we have to be prepared to consider must include the community, via the state and Commonwealth Governments, agreeing to bear the cost; removing or reducing the ability for injured parties to recover damages or the amount of those damages; and restricting, regulating, effectively managing or, as a last resort, ceasing activities. It will not be easy to oversee the activities of pony clubs to ensure that strict management plans are adequately and properly implemented. Many parents who were asked to sign a document that absolved a pony club from any liability for negligence should their child be injured would be discouraged from taking part in that activity.

However, we should guard against overreaction. Some behaviour by insurers in recent times is more of a response to a decline in the returns on their investment than it is to any real increase in risk. We must resist the temptation to have governments enter the insurance market in such a non-commercial way as to discourage the re-entry of insurers to the market when the cyclical conditions would otherwise bring them back. The Government cannot ignore the current insurance crisis. We must respond in a practical and responsible way to the needs of sectors in which activities are under threat from the lack of availability of insurance. Our response must be well considered, timely and compassionate. We will bear in mind the needs of the pony clubs as we go through the process.

