

## INQUIRY INTO PERSONAL INJURY COMPENSATION LEGISLATION

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**Date Received:** 11/03/2005

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**Subject:**

**Summary**

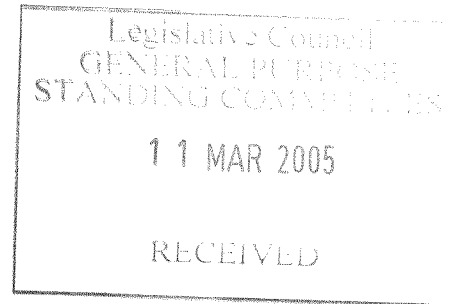


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11<sup>th</sup> March 2005

The Rev the Hon. Gordon Moyes, MLC  
Legislative Council  
Parliament House  
Macquarie Street  
SYDNEY NSW 2000



Dear Rev Moyes

Greetings!

### **INQUIRY INTO PERSONAL INJURY COMPENSATION LEGISLATION**

On receipt of your correspondence dated 28<sup>th</sup> January 2005 regarding personal injury legislation, we invited leaders of the Society throughout NSW/ACT to comment on the matters raised in your inquiry.

#### **Public Liability Insurance**

The Society's insurance premium has increased from \$200,000 to \$600,000 since the collapse of HIH.

At this point in time, the NSW Government's tort law reforms have had no effect on premiums.

With public liability re-insurance companies being located overseas their prime aim is to make profits.

It would appear with this situation that these re-insurers will not reduce rates for some years ahead depending on claims, and with the long tail liability claims especially for children, we do not expect any reductions for many years ahead.

#### **Impact on Society events and activities**

The Society has had to monitor and restrict some activities involving children because of the long tail liability.

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The Society has had to close or alter some of its hostels because of the legal liability risks.

*For example:* a hostel catering for mothers and children could not provide supervision at night due to lack of finance.

The Department of Community Services were unable to provide extra funding.

Because the Society could not meet the requirements of the OH&S Act, which inter alia requires the Society to provide safe premises for people needing shelter from domestic violence, the facility has closed.

**The impact on insurance levels and the availability of cost effective premiums**

I have mentioned the huge increase in liability premiums. The extra cost over the past two years (\$400,000) means that this amount, which should be used to help needy people is being used for insurance, especially liability insurance.

**The impact on employment in rural and regional communities**

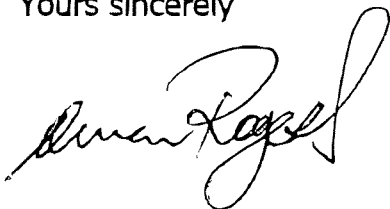
Attached is an extract from the President of our Society in Armidale regarding this matter.

**To sum up**

The ever-increasing costs of insurance for charities and not-for-profit organizations means these organisations have less finance to provide services to people in need.

A business can cover insurance costs by increasing the cost of their products whereas charities and not-for-profit organisations cannot pass on the increased insurance costs. People in need carry the increased cost by receiving reduced help.

Yours sincerely



Owen Rogers  
Chief Executive Officer  
State Council NSW/ACT

Enclosure