

ABC Insurance to break PI insurance monopoly for NSW solicitors

More than 23,000 NSW solicitors set to have choice of insurer for the first time

13 February 2024. Sydney: The professional indemnity (PI) insurance landscape for lawyers in NSW is set to be disrupted by a new consortium which will enter the market in time for solicitors and law firms to obtain their mandatory insurance cover for the 2024/25 year.

ABC Insurance (ABC) will launch its PI insurance cover for solicitors practicing in NSW. This will introduce an alternative to insuring through the Law Society of NSW, which for decades has been the sole provider of PI insurance for around 80% of the solicitors in NSW through its wholly-owned subsidiary Lawcover Insurance (Lawcover).

ABC is led by prominent business leader and entrepreneur David Sandig, and a number of the senior team-members formerly held senior roles at Lawcover over an extended period. “We’re excited to enter the market and bring choice to solicitors,” Mr Sandig said. “For too long, most of the profession has had no option when it comes to their mandated annual PI insurance requirements.

“That is about to change. We will offer choice, improvements to policy cover and very competitive prices backed by a global mutual insurer which offers financial strength. Together, we will bring industry leading levels of service, innovation and efficiency.”

The insurance policy will be issued by Fortune 100 global insurer Liberty Mutual's APRA-authorized Liberty Specialty Markets (Liberty). For the past three years Liberty has been recognised by Australia’s National Insurance Brokers Association as Australia’s Specialty Insurer of the Year (2023 and 2022) and General Insurer of the Year (2021).

“As one of Australia’s leading professional indemnity insurers, every day Liberty helps protect a very large and diverse range of professionals engaged in knowledge-based industries,” said Marcus Thomas, Head of Casualty and Professional & Financial Risks for Liberty in Asia Pacific.

“We bring 25 years of experience in protecting professionals for alleged negligence, breach of duty, and misleading and deceptive conduct. As Australia’s legal profession benefits from harmonisation brought about by the introduction of the Uniform Law, we’re pleased to put our support behind ABC and help introduce choice into the legal professional indemnity insurance market.”

Given their combined experience, skills and financial strengths, ABC and Liberty are well placed to introduce choice for the first time and bring competitive pricing and additional services to NSW law firms of all sizes.

“Competition will be so much better for the people of NSW,” Mr Sandig added. “Competition creates pricing pressure. Almost every other profession enjoys competition and choice for its PI insurance. For example, barristers can choose from a number of insurance offers, while competition is also a feature of the ACT market.

“Unfortunately, every law firm which practises exclusively in NSW, which is the vast majority, has been obliged to purchase their cover from Lawcover. Only law firms with offices in other states, mainly the very large ones, have enjoyed choice.”

He said it is also clear PI insurance costs in NSW are significantly higher than in other states. “The cost of premiums in NSW, as well as the impact of claims, have been rising alarmingly in recent years,” he commented. “PI Insurance premiums per insured solicitor in NSW are more than double those in Victoria. Among other things, this raises the cost of legal services for the people of NSW.”

Not surprisingly, law firms and solicitors have shown strong support over the years for choice and competition.

Paul Baker, Managing Director of Meridian Lawyers and the solicitor acting for ABC, said: “This is a massive win for solicitors in NSW as well as the community in general. ABC will provide insurance cover options well beyond those the incumbent can provide and the addition of a new player in the market should be welcomed by the profession’s regulator. The system that has been operating needs a disruptor to reduce pressure on pricing and to offer choice of cover.”

ABC has secured written advice from Meridian Lawyers and barristers Mr Bret Walker SC and Dr Sean Baron Levi that ABC’s insurance policy is an “approved insurance policy” for the purpose of Part 4.4 of the Uniform Law. This means that all solicitors covered by the policy distributed by ABC will meet their insurance requirements to renew their practicing certificates.

In addition, dialogue is underway with the Law Society of NSW with a view to confirming that the organisation will treat ABC with competitive neutrality relative to Lawcover. Mr Sandig noted: “Given the Law Society’s prominent role in the profession and important regulatory and member functions, the full support and assistance of the Law Society is anticipated.”

Mr Sandig concluded by saying: “ABC is confident that many solicitors will be pleased when they compare the cost and coverage terms of our insurance. We look forward to making an impact in NSW, and progressively expanding into other states across Australia.”