

THE 2012 AUSTRALIAN INSURANCE LAW ASSOCIATION CONFERENCE

Opening remarks by the Honourable Peter
Underwood AC, Governor of Tasmania

Hobart

Thursday 1st November 2012

Good morning everyone and welcome to Hobart and the 2012 Australian Insurance Law Association National Conference. I understand that we have delegates here from all parts of Australia and overseas as well. Tasmanians are a hospitable race and I hope that those who have not been to Tasmania before have made, or will make time to have a look around our island State which is always particularly beautiful in the Springtime.

I feel very honoured to have been asked to open this conference. This is the second time that I have been honoured by your Association. The first was in 2004 when I was awarded the Geoff Masel prize for that year. The prize, a fine engraved glass whiskey decanter occupies pride of place on the mantel piece at home and is frequently put to good use! I must say I always felt that I didn't do much to win the prize. Your President asked me to take a discussion paper I had written entitled "Is Ms Donoghue's snail in mortal peril" to each State branch of the Association and there use the paper as a basis to discuss the issues that had arisen following what was called the insurance crisis and the – I thought very hasty and ill-advised – response to the crisis by the State legislatures. It was not a chore, for like Tasmanians, I found that members of your Association are a very hospitable lot and I was wined and dined seriatim in fine style in each capital city in the country.

I regret that I am unable to repay that hospitality by holding a reception at Government House for this conference but October and

November are very busy months in Hobart for conferences and it was simply not possible to fit you in. So I apologise for that but your programme tells me that there will be no shortage of excellent opportunities at this conference for delegates and accompanying persons to meet and socialise together.

Talking about that, I do like the front cover of your programme. The artist, Tom Samek, is well known in Tasmania and his quirky depictions are loved by many and highly sought after and how appropriate is painting of two devils consuming copious quantities of red wine? He seems to know you quite well!!

I notice that Practical Breakout 5 is all about IT fraud. This has got to be one of the biggest problems we face today. I was forcibly struck with this proposition when I was the Chief Justice here and attended a conference at which the then chief of the Federal Police gave us a presentation entitled "Border Protection." But it was not about illegal immigrants or boat people it was about what the Commissioner called our biggest border threat - cyber fraud from overseas.

In February last year the Australian Institute of Criminology published a "Trends and issues paper in crime and criminal justice" with this Foreword;

“Opportunities for criminals to engage in in transnational activities have expanded with globalization and advancements in information and communication technologies.”¹

As part of a 4,000-person/company survey conducted by the Institute, 221 respondents were from the financial and insurance industry and with respect to the findings concerning that sector the Institute reported:

“Australia’s financial and insurance industry ... is one of the largest and highest performing industries in the country, “generating 8.1 percent or A\$81 billion of real gross value added” in the 2008-09 financial year (Austrade 2009: 5). The insurance market is reportedly the twelfth largest in the world and the fourth largest within the Asia Pacific region. (Austrade 2009: 44). The financial and insurance industry is also one of the more sophisticated users of information and communications technology ... , “with almost 100 percent of businesses having internet access” (Austrade 2009: 44). The increasing dependence on [Information and Communication Technology] and the size of the industry, however, expose it to a wide spectrum of financially-motivated cyber-criminal activities.”

¹ No 408. February 2011.

Now the report postulated that in order to mitigate cyber-criminal risk the financial and insurance industry must have a clear understanding of what the author described as “the threat landscape.” However he suspected that the survey data indicated that there was a reluctance to report attacks or even a lack of awareness that there had been an attack.

The report then detailed the most common forms of cyber-criminal activity in the financial and insurance industry and asserted that cyber-crime is becoming increasingly pervasive and sophisticated as well as growing in volume and impact.²

But the thrust of the paper was that although technical solutions can provide effective protection against cyber-attacks without user awareness and education they will not be enough. The author writes that:

“There is also a need for coordinated action by government agencies, industry and community organisation to help ensure the most effective cyber-crime prevention advice is provided to the community” - a recommendation that was apparently made in a recent report on cyber-crime by the House of Representatives Standing Committee on Communications.³

Is the author of the Institute’s report right in his suspicions that the survey data indicated that there may have been a reluctance to

² Supra at p4.

³ 2010, Recommendation 31.

report attacks or even a lack of awareness that there had been an attack? Is this issue of prevention of cyber-fraud an important issue for many people here? Is it right that critical to the defence against these attacks is education? Maybe David Caldwell will discuss this with you in Breakout Session 5, or maybe other speakers will raise it in their presentations for there doesn't seem to be much argument about the fact that the threat is likely to grow and come from outside our jurisdiction.

Maybe Steve Knight might want to send me on another arduous all-State tour of your branches to debate this issue. But maybe it is high time I stopped talking about things that you all know about better than me, and do as I am instructed to do and open this conference.

As I do I again warmly welcome you to Hobart, Tasmania, I hope each of you enjoy your stay here and that you find the conference that I now officially declare open, rewarding, stimulating, interesting and a lot of good fun.