

23 Feb 2026

Subject: Letter from ABC Insurance to Councillors of The Law Society of NSW

Dear Councillor

We are writing to each of you to express our deep concern, and the concern of many solicitors who communicate with us, at the Council's aggressive campaign to maintain the Law Society's monopoly for mandatory professional indemnity (PI) insurance for solicitors who only have offices in NSW.

Your anti-competitive conduct risks undermining the integrity of the Law Society itself and bringing the profession into disrepute given the serious conflicts of interest at its heart.

Ever since ABC Insurance announced its intention to provide lower cost and broader PI insurance, the Law Society has put up barriers. These have included strident lobbying of the Attorney General and Department of Communities and Justice and instituting expensive, complex legal proceedings.

It is patently obvious that having more than one insurance provider will benefit your members, including by improving quality and reducing premiums. Systemic risk will also be reduced. Competition has been anticipated for decades and is fundamental to the objectives of the Uniform Law scheme.

The purpose of this letter is not to repeat arguments set out in previous correspondence, rather it is to outline broader concerns arising from the Law Society's fixation with blocking competition that would benefit its members and the people of NSW.

We note, among other things:

- You have created and are maintaining an artificial two-class legal practice market. The majority of NSW solicitors (generally small to mid-size firms) are forced to purchase more costly and inferior PI insurance from the Law Society's wholly owned and controlled subsidiary, when more cost-effective, better insurance is readily available. Your actions are placing the majority of smaller solicitors at a disadvantage.
- More than 50 per cent of the Law Society's annual profits are generated by Lawcover Insurance, and more than 50% of the capital base of the Law Society is tied up in Lawcover Insurance, which represents a structural dependency and a financial incentive for the Council to maintain the Law Society's monopoly. In FY 2025, the Law Society reported a pre-tax profit of \$25,274,000, of which \$14,622,000 was generated by Lawcover Insurance. Furthermore, income from Lawcover Insurance is not disclosed on the 'Funding' page of the Law Society's website, despite references to other much less significant funding sources.
- There is an obvious conflict of interest between the Law Society's regulatory role and its provision of insurance cover to the entities it regulates. This would be not be tolerated in any other profession.
- Naturally, as a regulator of solicitors, the Law Society has ready access to the Department of Communities and Justice and the Attorney General's office. Indeed, the current Secretary of the Department previously served on the board of Lawcover Insurance and was CEO of the Law Society. When in this role he went so far as to describe the relationship between government policy makers and the Law Society as a "partnership" in evidence given to the Productivity Commission. Whilst details continue to come to light of interactions between the Law Society, the Attorney General and the Department and with other insurance providers in the national

market, the information available to date warrants a serious concern about contraventions of competition law and access being leveraged to protect the monopoly. Any such conduct would be of obvious concern to each of you and your members.

- In addition to lobbying, the Law Society has invested hundreds of thousands of dollars in legal proceedings to defend its insurance monopoly. As part of this process, the Law Society replaced its long-standing top-tier legal advisors (King & Wood Mallesons) with Clayton Utz at a time when the then president-elect was a senior partner at Clayton Utz. Litigating this important aspect of legal practice ought not to be the first step taken by a body whose object is to protect and advance the interests of its members.
- A lack of transparency has been central to the Law Society's approach. No information has been made available to members that justifies the course of action and significant investment in maintaining its monopoly position, and why this strategy is in the best interest of lawyers and their clients.
- Public confidence depends on independence, transparency, and an absence of self-interest. Nothing is more damaging than the perception of hypocrisy, particularly in a body whose conduct should be exemplary.
- Our efforts to enter the market have demonstrated that the premiums charged by Lawcover Insurance are significantly greater than the average premium your members would expect to pay if competition is not blocked. Because we are not regulating the profession, our policy provides broader cover, including for disciplinary inquiries.

Not surprisingly, many solicitors share our concerns. Unfortunately, the incompatible set of functions performed by the Law Society places solicitors in an invidious position as it makes it difficult for them to speak out given the perceived risk of criticising a regulator.

We urge the Council of the Law Society to immediately take steps to appropriately eliminate its conflict of interest and end its anti-competitive campaign, to ensure that free and fair competition is allowed to flourish.

We once again repeat our request to meet to discuss this matter.

Yours sincerely,

David Martin

Director



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