

# Surfing Financial Waves Down Under

*Building on our recent [Construction Canada](#) note, we come next to Australia, another key cog within Lloyd's global underwriting portfolio, with London-centric growth having trebled in the last decade. This time we focus on what to watch in the Financial Lines space, against the backdrop of Australia's mature and ever challenging shareholder and regulatory landscapes.*



**JAMES STERLING**

CLAIMS COUNSEL  
EUCLID FINANCIAL &  
PROFESSIONAL RISKS



**KEITH BETHLEHEM**

PARTNER  
COLIN BIGGERS & PAISLEY

## Shareholder Actions

Lloyd's Insurers have helped shape securities class action jurisprudence through support of their corporate insureds (primarily via Side C entity D&O cover), with notable recent loss and causation wins. In fact, the current score-line (pending two ongoing appeals) for those few matters that have reached trial is 6-0 to defendants, tempering the expectations of those looking to drive up settlement values. Litigation funders may look elsewhere for financial returns, with one new avenue coming from company derivative actions targeting D&Os (i.e. not the entity, making this more of a Side-A non-indemnifiable D&O risk).

Such derivative claims would be premised on tangible financial harm suffered by the company, as opposed to the often intangible losses suffered by a broad shareholder group. An application to commence one such claim (SkyCity, in New South Wales) failed just before the festive break, as the judge could not see past the lead plaintiff's personal (versus company orientated) financial motives.

However, we expect litigation funders will fine-tune their strategy, with more compelling applications something to monitor. And with it, a possible lightening of the load on the company balance sheet and Side-C insurance.

## DPNs

On the subject of Side-A, the Australian Tax Office (ATO) escalated enforcement during 2025, issuing circa 80,000 Director Penalty Notices (DPNs), chasing AUD 5bn+ in unpaid corporate taxes. The ATO is deploying these notices aggressively, meaning heightened personal liability risk. Many Australian D&O policies offer Fines & Penalties or statutory liability cover so may respond to a DPN liability, absent exclusions or "Loss" carve-outs. Insurers should be alive to this and ideally work with brokers up-front to agree the scope of required cover.

## Cyber

2025 saw a surge in cyber-attacks, with a recent survey by CrowdStrike placing Australasia as the third most targeted globally. A new Privacy Act represents a major shift for Australia. Separately, ASIC has commenced a range of cases against financial service providers for lax cyber security protocols.

- First and third-party cyber losses would typically be covered under stand-alone Cyber insurance, such as incident response, business interruption and ransomware costs, plus follow-on regulatory and civil claims.

- FI insurance may cover civil claims alleging wrongful acts in the course of providing financial services, subject to any relevant cyber carve-backs.
- D&O may respond to alleged management failings, such as a failure to purchase adequate Cyber cover or ignoring poor cyber security.

## Private Credit

And finally, as alluded to in our [Private Credit](#) article, Australian regulators are being increasingly proactive within the private credit industry. Recent mid-tier lender collapses have highlighted governance gaps, liquidity pressures and opaque valuation practices. For private credit providers, those who trade with them and all D&Os operating in this sector, heightened regulatory scrutiny may mean some short-term pain for long-term gain. And suggestions of an industry-wide contagion event have potentially dissipated following this extra oversight, with ASIC commenting: "Private credit is good for Australia's economy, borrowers and investors, but only if done well".

## Euclid's Perspective

Australia's evolving risk landscape demands sharp underwriting assessment, clear coverage intent, and close broker collaboration to ensure resilient, flexible Financial Lines solutions. Euclid is ready for the challenge and looks forward to partnering on future risks.