



News release

Insurance Council
of Australia

Monday, 3 June 2024

NSW insurance customers bear heavy burden of ESL

New data from the Insurance Council of Australia (ICA) confirms that insurance customers in New South Wales are shouldering a significant financial burden not faced in other states, with an average additional charge of \$305 on home and contents policies to pay the Emergency Services Levy (ESL).

The new data is contained in the ICA's submission to New South Wales Treasury as part of the Government's abolition of the ESL. It shows New South Wales insurance customers will be significantly better off once the Levy is abolished, as announced by the Minns Government.

Analysis of insurers' pricing data shows that the ESL directly adds each year an average \$252 to home and contents policies, \$633 to commercial building and contents policies, and \$922 to commercial building policies.

When factoring in the compounding effect of GST and stamp duty on top of the ESL, this cost rises to \$305 for home and contents policies, \$766 for commercial building and contents policies and \$1,200 for commercial building policies.

Furthermore, the ICA's analysis underscores that the design of the ESL disproportionately burdens those who are least able to afford it and does not fairly reflect the potential need for emergency services.

The Insurance Council has welcomed the Government's announced reform of the tax and the opportunity to engage in the consultation process to remove the ESL on insurance and replace it with fairer funding arrangements.

Quote attributable to Insurance Council of Australia Chief Operating Officer Kylie Macfarlane:

The Insurance Council commends the Minns Government's decision to abolish the ESL and find a fairer way to fund emergency services and a more equitable system for all.

This decision is a major win for insurance affordability in the state.

This latest data highlights just how much this unfair tax is impacting the pockets of policyholders across the state and their ability to obtain appropriate cover.

The removal of the ESL will significantly enhance insurance affordability, encouraging more families and businesses to secure cover for their most valuable assets and be protected when the unexpected occurs.

We commend New South Wales Treasurer Daniel Mookhey for leading the discussion to replace the ESL and we look forward to continued involvement in this important reform.