



News release

Insurance Council
of Australia

Thursday, 14 May 2026

Tasmanian Gov must focus on root causes of insurance costs

The Insurance Council of Australia (ICA) today said the next stage of the Tasmanian Government's efforts to put downward pressure on insurance costs must focus on addressing the underlying pressures impacting insurance affordability.

The Tasmanian Government today announced it would establish TasInsure as a statutory authority with the aim of lowering insurance costs for Tasmanians.

The ICA has welcomed the Government's commitment to ongoing collaboration with insurers and reinsurers on risk reduction, data and affordability.

However, the underlying drivers of higher insurance costs remain the cost of extreme weather risk, sharply rising building and repair costs, compensation payouts, and the burden of taxes and regulation.

State taxes, the laws and regulations that govern civil liability settings, and the level of investment in risk reduction are within the power of the Tasmanian Government to change without the establishment of a new authority.

- Removing stamp duty from insurance would save Tasmanian households \$161 million this year alone, cutting the cost of home and contents insurance by 10 per cent, while the abolition of the Fire Services Levy would save businesses \$110 million this financial year.
- Civil liability settings, which govern payouts made under public liability cover and other forms of business insurance, have not been comprehensively updated since the early 2000s, leading to higher insurance costs for Tasmanian businesses.
- Independent analysis has found that \$46 million invested in extreme weather risk reduction in Tasmania would return \$940 million in benefits by 2050.

The Government flagged today that it may intervene in the insurance market, however it is unclear how it will do this without establishing a standalone insurer, providing subsidies to target sectors, or mandating insurance pricing, all of which have significant fiscal or market risks.

The ICA looks forward to continued engagement with the Tasmanian Government on the key drivers of insurance affordability.

Quotes attributable to ICA CEO Andrew Hall:

Tasmania has a strong, competitive insurance market, with consumers and businesses across the State able to access cover from a wide range of providers.

The ICA supports a constructive focus on the drivers of insurance affordability, however approaches that seek to artificially drive down insurance prices without addressing the underlying risks have been proven to be costly for taxpayers and only drive up insurance prices.

Sustainable affordability comes from tackling the underlying drivers of insurance costs, investing in resilience, removing unfair taxes on insurance, and modernising civil liability settings.

These areas are key to ensuring long-term sustainable and affordable insurance premiums.

We look forward to seeing further detail on today's announcement and stand ready to work in partnership with the Government on real and sustainable solutions.