Insurance Council of Australia

A Safer and Stronger Victoria

Policy recommendations for the next Victorian Government

Acknowledgement of country

The Insurance Council of Australia acknowledges the Traditional Owners of country throughout Australia and their continuing connection to land, culture, sea and community. We recognise the tens of thousands of years of continuous custodianship and placemaking by First Nations peoples and their proud role in our shared future. This report was produced on the lands of the Gadigal people of the Eora Nation, the Wurundjeri Woi-wurrung and Bunurong/Boon Wurrung peoples of the Kulin Nation, and the Jagera and the Turrbal people of Meanjin. We pay our respects to Elders past and present.

About the Insurance Council of Australia

The Insurance Council of Australia is the representative body for the general insurance industry of Australia. Our members represent approximately 90 per cent of total premium income written by private sector general insurers, spanning both insurers and reinsurers.

General insurance has a critical role in the economy, insulating individuals and businesses from the financial impact of loss or damage to their insured assets.

Our work with our members, consumer groups and all levels of government serves to support consumers and communities when they need it most.

We believe an insurable Australia is a resilient Australia – and it's our purpose to be the voice for a resilient Australia.

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Contents

Introduction

Insurance protects Victorian families and businesses, underpinning their ability to recover from loss, damage and disaster. A strong and sustainable insurance sector helps communities recover faster, supports economic resilience, and limits the costs that would otherwise be carried by households, businesses and governments.

The next Victorian Government has a real opportunity to shape the State's future by tackling the pressures that are pushing up the cost of insurance and leaving too many households and businesses exposed.

Nowhere is that pressure clearer, and the need for action more important, then when it comes to crime. Victoria now records higher insurance losses from motor vehicle theft and property crime than any other state or territory. While other jurisdictions have brought these losses down, Victoria has moved in the opposite direction. There are now more cars stolen or broken into in Melbourne in a year than in every other capital city combined. When cars are stolen or homes and businesses broken into, the targeted families and owners wear the disruption and anxiety, but the costs flow back to the whole community through higher premiums. Action to reduce crime would help protect communities and ease one of the drivers of rising insurance costs.

At the same time, Victorians are living with the growing cost of extreme weather. The 2026 bushfires caused significant damage across regional Victoria while around 20,000 homes and 7,000 commercial properties across the State face severe or extreme flood risk.

The affordability of essential cover is also under strain from civil liability settings that have not been meaningfully reformed in almost 25 years. Small businesses, community groups, not-for-profits and healthcare professionals are seeing public liability and professional indemnity premiums climb as claims costs rise and the law falls out of step with today's environment. Modernising these settings would help keep cover available and affordable across the State.

Victorians continue to pay a substantial amount of tax on their insurance premiums. The State charges 10 per cent stamp duty on top of GST, adding around 20 per cent in combined tax to a typical home policy. Victoria has already accepted the case for reform by phasing out duty on business insurance. Households should not be left behind.

In the lead-up to the state election, the Insurance Council of Australia has prepared this suite of recommendations for the next Victorian Government. Each is a practical step to make Victoria safer, more resilient and more affordable to protect.

Insurance is a vital part of the Victorian economy, and the measures in this platform will help keep it strong. We look forward to working with the next Victorian Government to deliver them.

Andrew Hall
CEO and Executive Director

Source: Unsplash. Melbourne 2025.

Combatting crime

Victoria leads the nation in motor vehicle theft and property crime insurance losses, adding to cost-of-living pressures for households and businesses.

Rising crime, rising costs

Motor vehicle theft and property crime are rising in Victoria, and the State now records higher insurance losses for these crimes than any other jurisdiction in Australia.

In addition to being traumatising and disruptive, these crimes drive up costs for households and businesses. When vehicles are stolen, homes are burgled, or businesses suffer theft and damage, families and business owners must deal with the financial and personal disruption that follows. These crimes also contribute to higher insurance claims costs across the community. As a result, Victorian motorists, homeowners and business owners are disproportionately impacted by the financial consequences of crime.

While many factors influence insurance premiums, sustained increases in crime-related losses place additional pressure on insurance affordability. Reducing crime is therefore not only about improving community safety, but also an important way to help address cost-of-living pressures.

Car theft

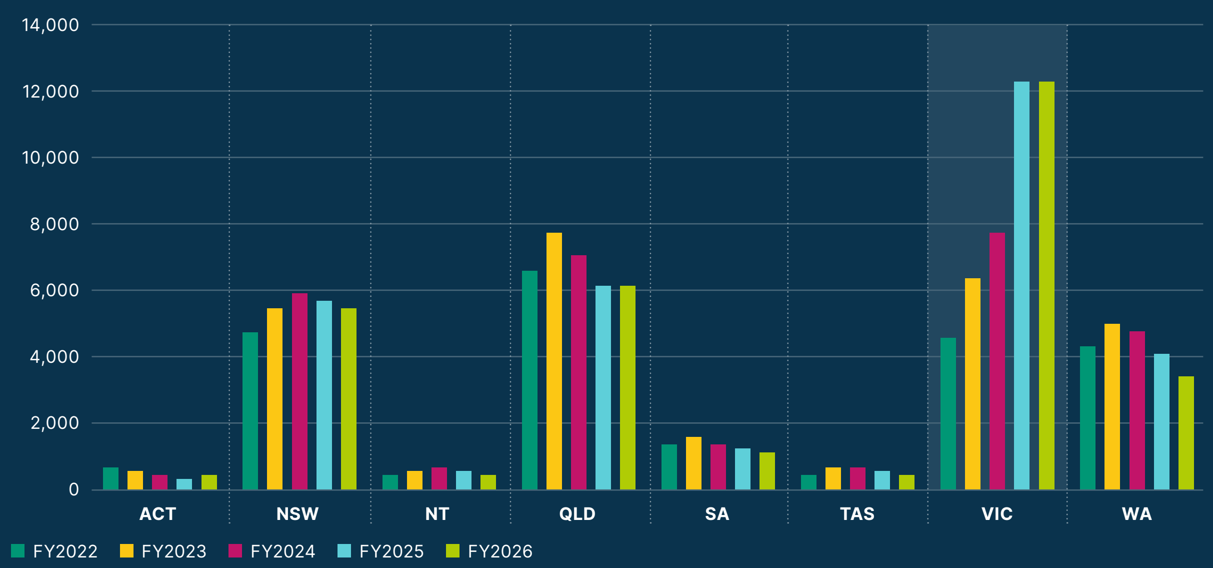
Over recent years, Victoria has emerged as the nation's motor vehicle theft hotspot. In the 12 months to June 2026, a car was stolen or broken into in Victoria every 43 minutes.

Analysis of data from Insurance Statistics Australia (ISA) shows Victoria continues to take the unenviable gold medal in both the highest number of motor vehicle theft claims and the highest motor vehicle theft claims costs, topping all other states and territories. In 2025–26, Victorian motor vehicle theft claims reached 12,300. While this was in line with the previous year, every other state recorded a decrease over the same period. In Victoria, these claims cost insurers $244 million, a nine per cent increase on the previous 12 months.

What makes Victoria's experience particularly concerning is the direction of the trend.

In 2023, Queensland recorded higher vehicle theft losses than Victoria. Since then, Queensland has reduced both motor vehicle theft claims and associated claims costs while Victoria has moved in the opposite direction. In the 12 months to June 2026, every other state and territory saw a decline in the number of vehicles stolen or broken into.

Motor Vehicle Theft Claims by State (Five-Year Trend)



Data source: Insurance Statistics Australia. Annual financial year comparisons of total theft or burglary motor insurance claims per state from FY2021–22 (July 2021 to June 2022) through to FY2025–26 (July 2025 to June 2026).

Much of Victoria's growth has been driven by metropolitan areas, which account for the overwhelming majority of vehicle theft claims in the State. However, regional Victoria is not immune, with rates in the regions also increasing each year.

This growing concentration of theft in Victoria is evident when analysing claims over time. In the last five years, Victoria's theft claims and costs have climbed consistently – up 168 per cent since July 2022. In 2024–25, the State recorded its largest annual increase since ISA began collecting this data, a jump of 59 per cent increase in motor theft claims and a 70 per cent jump in incurred costs.

Many Victorians rely on their vehicles for work, education, caring responsibilities and daily life.

When a vehicle is stolen, families lose their means of transport and businesses lose critical assets needed to operate. Beyond the direct cost of replacing or repairing vehicles, theft can also lead to lost productivity, missed work, disruption to business operations and additional expenses.

Everyone pays for theft, through policing, courts and ultimately through insurance premiums. Reducing vehicle theft helps protect individual motorists while also reducing pressure on broader claims costs over time.

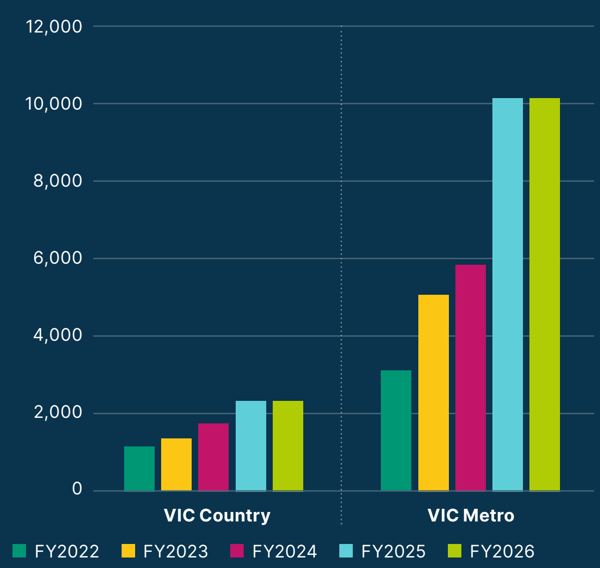
2026 – a worsening trend

Aioi Nissay Dowa Insurance Company Australia (Adica) is a comprehensive motor vehicle insurance provider in Australia with a strategic relationship with Toyota Australia.

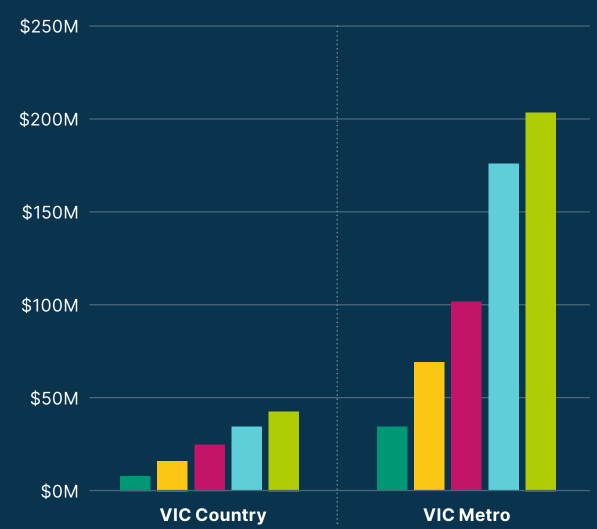
In the six months to June 2026, Adica saw a significant increase in vehicle theft activity in Victoria. Theft claims increased by 28 per cent and costs rose by 26 per cent. By comparison, theft rates in New South Wales fell by 28 per cent over the same period.

Adica estimates that in the first half of 2026, one in four stolen vehicles were not recovered – meaning they were stolen and never relocated. That's up from one in six in the same period the year before – an 88 per cent jump.

Motor Vehicle Theft Claims in Victoria (Five-Year Trend)



Motor Vehicle Theft Claims in Victoria – Cost Incurred (Five-Year Trend)



Data source: Insurance Statistics Australia. Annual financial year comparisons of total theft or burglary motor insurance claims and costs incurred in Victoria, metro and country comparison from FY2021–22 (July 2021 to June 2022) through to FY2025–26 (July 2025 to June 2026).

Property crime

Property crime remains a significant issue for Victorian homeowners, renters and businesses.

Insurance claims arising from theft and burglary continue to cost Victorians millions of dollars each year. Despite fluctuations from year to year, Victoria consistently records the highest number and cost of property theft and burglary insurance claims in Australia.

In the 12 months to June 2026, insurers received 3,900 theft and burglary property claims in Victoria, costing more than $56 million. These losses exceeded those recorded in every other Australian jurisdiction.

For households, property crime results in stolen belongings, property damage and the deep distress that comes with having a sanctuary violated. For businesses, theft and burglary results in lost stock, stolen equipment, damaged premises, and interrupted operations.

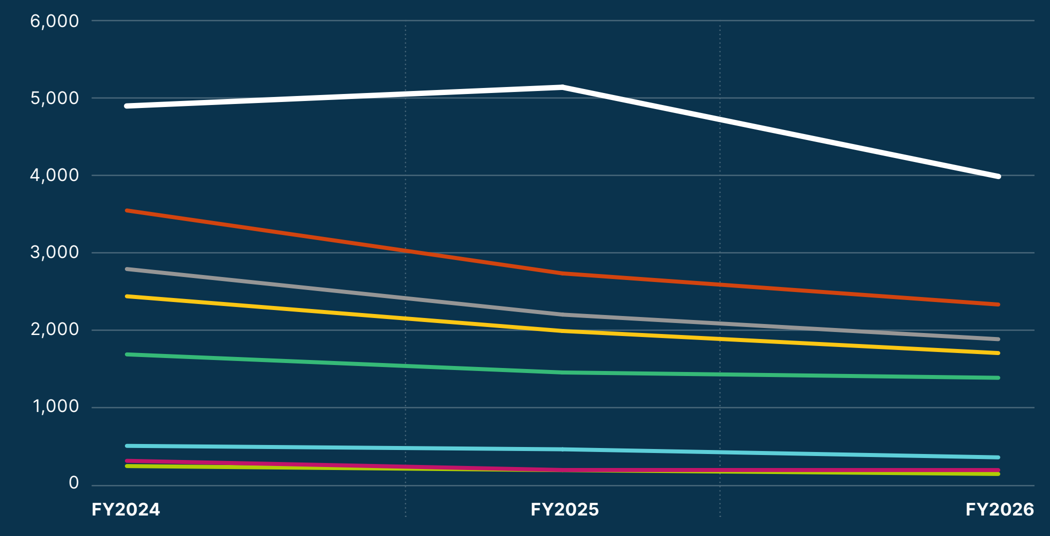
While the total property theft and burglary claims received are much lower than those lodged for vehicle theft and burglary, it reinforces the crime problem evident across the State – topping other jurisdictions with a concentration of claims in metro areas.

Safer communities are more affordable communities

Reducing crime benefits everyone. Fewer break-ins and thefts mean less disrupted households, lower costs for businesses and declining insurance claims. Victorians experience this kind of criminal activity at higher rate than the rest of the nation and while crime will never be eliminated entirely, meaningful reductions can have a positive impact on both community safety and affordability.

As cost-of-living pressures continue to affect Victorians, governments should recognise the connection between crime, insurance claims costs and affordability. Reducing crime is one practical step that can help ease financial pressure on households and businesses while improving safety across the community.

Home Theft or Burglary Claims by State (Three-Year Trend)



Data source: Insurance Statistics Australia. Annual financial year comparisons of total theft or burglary property insurance claims per state from FY2023–24 (July 2023 to June 2024) through to FY2025–26 (July 2025 to June 2026).

Illegal tobacco and organised crime

Victoria's illicit tobacco market has become a significant organised crime issue, driving a rise in arson attacks, property damage and risks to local communities. As criminal networks compete for control of the illegal tobacco trade, retailers, landlords, neighbouring businesses and insurers are increasingly exposed to the consequences.

Insurers are working alongside law enforcement and government agencies through the Insurance Crime Intelligence Network of Australia (ICINA) – a division of the Insurance Council – to identify high-risk premises and disrupt criminal activity. In South Australia and New South Wales, stronger information-sharing arrangements and enforcement powers have enabled insurers to better understand and respond to property-level risks associated with illegal tobacco operations.

Victoria has experienced some of the most visible impacts of tobacco-linked crime, including firebombing and damage to commercial premises. Greater coordination between government, regulators, law enforcement and insurers would help protect businesses and communities while reducing opportunities for organised crime to operate. Insurers need access to verified information about premises involved in illegal tobacco activity so they can accurately assess risk and make informed underwriting decisions.

The next Victorian Government must:

- **Develop and implement a dedicated strategy to reduce motor vehicle theft across Victoria, with a particular focus on crime hotspots and repeat offending.**
- **Increase investment in intelligence-led policing and specialist law enforcement capabilities targeting vehicle theft and organised property crime.**
- **Establish stronger information-sharing arrangements between Victoria Police, government agencies and insurers to identify emerging crime trends and target prevention efforts.**
- **Invest in place-based crime prevention initiatives to help households and businesses reduce the risk of theft, burglary and malicious damage.**
- **Support the adoption of theft prevention technologies and other measures that improve vehicle and property security.**
- **Publicly report progress against crime reduction targets to ensure accountability and transparency.**
- **Establish formal information-sharing arrangements that provide insurers, landlords and relevant stakeholders with verified information about premises linked to illegal tobacco activity.**

Source: Unsplash. Melbourne 2023.

Motor insurance and electric vehicles

Cut the avoidable costs driving up Victorian motor premiums by regulating credit hire, fixing repair workforce shortages and ruling out new EV licensing.

Repair costs adding pressure

Motor insurance premiums have been under increasing pressure over recent years. The average motor claim in Australia grew more than 40 per cent in the five years to 2024, double the rate of inflation, with parts prices climbing 26 per cent over the same period.

Insurance premiums not only reflect risk, but absorb claims costs which have been rising, particularly in Victoria. According to data from Insurance Statistics Australia, in the 12 months to June 2026, the State recorded the highest claims costs in the country with the average collision repair claim costing almost $7,000.

With more complex vehicles comes the need for a more skilled workforce. Labour shortages across the supply chain often means repairs can take longer, leading to inflated claims costs. One result of this is that replacement cars are needed for longer, resulting in an increase in hire costs of almost 70 per cent since 2019. This cost flows through to premiums.

$6,980

Average collision repair claim cost in Victoria – the highest in the country

$1,285

Average Victorian comprehensive motor premium – the nation's second highest

Source: Insurance Statistics Australia. July 2025 – June 2026

An unregulated industry is inflating claims

Credit hire and accident management companies operate largely unregulated, often leaving not-at-fault drivers to pay hefty fees. Not-at-fault drivers can be approached after a crash by one of these companies after their details are obtained through a tow truck company or repair shop. The driver is then promised a 'free' replacement car and that costs will be charged to the at-fault driver or their insurer. They're also often pressured into signing contracts with terms that are never explained. When recovery from the insurer or at-fault driver fails, the driver is pursued for the bill and their car can be held until this is paid.

One Victorian motorist faced an 18-month campaign of legal demands and home-visit pressure over charges they never agreed to, after falling victim to a credit hire company. Claims managed by these companies end up being around three times more costly than those handled directly by insurers. The cost of incidents flows back through to every motorist through higher premiums.

The credit hire and accident management sector faces no licensing, no code of conduct and no limit on charges. Victoria already regulates accident towing through licensing and capped fees. The same model should apply to credit hire and accident management companies.

EV repairs need technicians, not new licences

Proposals under the Victorian Government's Energy Safety Roadmap would require an electric vehicle's high-voltage system to be de-energised by a licensed electrical worker before automotive technicians could begin repairs. However, there is no evidence suggesting the existing safety framework is failing to manage the risks of electric vehicle repairs. The proposed new licensing arrangements would delay repairs, deter workshops from EV work, particularly in regional Victoria, and add cost to every EV claim, working against Victoria's target of half of new car sales being zero-emission by 2030.

The deeper problem is workforce and labour shortages along the supply chain. Only one in four advertised panel beater vacancies is filled, and scarce labour inflates the cost of every repair. Subsidising training and apprenticeships across all motor trades, including for qualified technicians choosing to upskill in high-voltage repair, would grow Victoria's repair capacity.

The next Victorian Government must:

- **Regulate credit hire and accident management companies through licensing, a mandatory code of conduct and caps on hire charges.**
- **Rule out new licensing requirements for electric vehicle repair, including proposals requiring high-voltage systems to be de-energised by licensed electrical workers before repairs can begin.**
- **Expand Victoria's automotive repair workforce by subsidising training and apprenticeships across the motor trades including support for qualified technicians to upskill in high-voltage EV repair.**

Source: iStock. Mechanic, 2023.

Disaster clean-up and recovery

Properly fund and coordinate disaster clean-up and recovery to give disaster-impacted residents assurance their community is safe and help them get back on their feet sooner.

In January 2026, Victoria experienced widespread bushfires that caused significant damage across parts of the State. For affected households, businesses and communities, the clean-up was one of the first and most important steps in recovery. Removing hazardous material and making properties and neighbourhoods safer gives people greater certainty, and supports the transition from emergency response to rebuilding. Coordinated clean-up makes this happen faster and more efficiently. Unfortunately, this was not available to the thousands of Victorians impacted by the January 2026 fires.

Lessons from this event must be translated into practical and actionable policy. Victoria has an opportunity to establish a clear, pre-planned, government-led recovery model that integrates clean-up, insurance, rebuilding and resilience from day one. This would give communities, councils, government agencies, insurers and recovery partners a shared framework for action when disasters occur.

Victorians still recovering from bushfires

The Victorian Government provided an initial $15 million residential recovery package following the January 2026 bushfires which was later expanded with a further $160 million to assist uninsured and underinsured homes and businesses with clean-up, temporary accommodation, financial counselling and other recovery support.

This investment reflects the important role government plays in helping communities recover after disaster,particularly when it comes to clean-up.

However, following the January 2026 fires, the successful precedents of government-led disaster clean-up were abandoned. By limiting government support to the uninsured and underinsured (a category that is extremely difficult to define when there is a total loss), tension was created between those who have access to government support and those who do not. This decision limited the amount of funds available to insured customers to support their recovery and left some properties un-remediated.

Previous experience, including following the 2019–20 Black Summer bushfires and the 2022 floods, has shown that clean-up delivered through a coordinated contractor model can improve the speed, safety and efficiency of recovery. A single approach helps reduce duplication, avoid delays, manage hazardous waste appropriately, and minimise the risk of cross-contamination between sites.

A whole-of-community clean-up model also supports fairness. After a major disaster, neighbours often face the same hazards and disruption regardless of whether they are insured, uninsured or underinsured. Coordinated arrangements help ensure affected properties are remediated safely and consistently, while allowing insurance policy benefits to remain focused on helping customers repair and rebuild.

Before the next disaster hits Victoria, there is a clear opportunity for the Government to establish a standing, centrally coordinated clean-up model that can be activated quickly and applied consistently across impacted communities.

Commit to a Memorandum of Understanding

The Insurance Council, the Victorian Department of Treasury and Finance, and Emergency Recovery Victoria (now Emergency Management Victoria) finalised a comprehensive Memorandum of Understanding (MoU) in August 2025.

The MoU outlines intent related to data sharing, joint planning, and improved collaboration on relief and response decisions to ensure communities receive timely, accurate and consistent support during emergencies.

The response to the bushfires in 2026 was not in line with consultation and coordination aspects of the MoU, and the absence of these aspects has been to the detriment of communities and their recovery.

Source: Timothy Dean/Severe Weather Australia. Mount Lawson, January 2026.

Response and recovery

Emergency response and disaster recovery are closely connected, but they require different capabilities, timeframes and approaches.

Emergency response focuses on immediate safety, command and control, evacuation, and the protection of life and property. Recovery requires a longer-term, community-centred approach that supports clean-up, claims progression, rebuilding, temporary accommodation, mental health, local economic recovery and resilience.

While other jurisdictions have recognised the value of dedicated recovery capability, including through the Queensland Reconstruction Authority and New South Wales Reconstruction Authority, the merger of Victoria's agencies under one resource risks recovery being deprioritised in favour of response. Emergency Management Victoria must not lose sight of the importance of recovery under the merger so the coordination of government, councils, industry and communities after disasters is seamless and consistent.

The next Victorian Government must:

- **Commit to centrally coordinated, State Government-led and funded clean-up arrangements for future bushfires and other major disasters.**
- **Recommit to, and review where necessary, the Memorandum of Understanding with the insurance industry to ensure roles, responsibilities, consultation arrangements and data-sharing processes are clear and practical.**
- **Ensure the merger of Emergency Recovery Victoria and Emergency Management Victoria strengthens Victoria's recovery capability by maintaining dedicated recovery expertise, clear leadership and strong coordination with communities, local government and the insurance industry.**

Resilience investment

Protect homes and communities by establishing a Resilient Homes Program and investing more in community infrastructure.

Victoria's recent extreme weather events highlight the urgent need to improve the resilience of homes. The Victorian bushfires of early 2026 caused significant damage to regional communities across the State, resulting in almost $600 million in insured losses and thousands of insurance claims. Meanwhile, flooding continues to pose a critical threat, with around 20,000 homes and 7,000 commercial properties in Victoria subject to severe or extreme flood risk.

While Queensland and New South Wales have invested hundreds of millions of dollars in dedicated Resilient Homes programs, Victoria has no equivalent statewide initiative. Disaster mitigation is one of the most cost-effective investments governments can make, with every dollar invested estimated to avoid around $9 to $10 in future recovery costs by limiting damage and reducing the need for rebuilding, emergency assistance and large-scale recovery efforts. These proven programs help reduce risk at the household level and recover quicker from disasters. Victorians should not be left behind when practical solutions already exist to reduce risk at the household level.

Resilient Homes Fund

A Victorian Resilient Homes Program should provide support to households in high-risk areas. Drawing on the successful models established in other states, the program should support a mix of home retrofits, house raising, relocation and voluntary buybacks where risk cannot be feasibly mitigated. These programs have shown strong community demand and demonstrated that targeted investment can permanently reduce exposure to future disasters.

The program should also consider support for existing homes in bushfire-prone areas. Government-backed retrofit measures could help homeowners strengthen their properties against future bushfires and achieve recognised resilience standards, such as through the Resilient Building Council's bushfire assessment framework.

Community Resilience Investment

Flood Defence Fund

Across Australia, there are around 1.2 million properties at risk of flooding, with the greatest flood risk concentrated in 24 east coast river catchments. More than half of these properties fall short of flood resilience measures in contemporary planning requirements and building standards, which increases the level of damage when events occur.

With around 20,000 homes and 7,000 commercial properties in Victoria subject to severe or extreme flood risk, including within the high-risk Goulburn and Yarra catchments, continued investment in resilience and mitigation measures is essential to reducing future damage and protecting communities.

To respond to this threat, the Insurance Council encourages the establishment of a $30.15 billion Flood Defence Fund – funded by the Federal Government alongside the Queensland, New South Wales and Victorian Governments – to significantly strengthen the level of protection for these vulnerable homes and communities against flood.

The Fund is critical to protecting communities in Victorian from extreme flood risk and would focus expenditure on prevention and mitigation rather than post-disaster recovery. The Fund would deliver new flood defence infrastructure, strengthen properties in harm's way, managed relocation and future-proof existing flood mitigation infrastructure.

20,000
homes

7,000
commercial properties

subject to severe or extreme flood risk

Disaster Ready Fund (DRF)

The DRF was established by the Federal Government in response to advocacy by the Insurance Council for a dedicated fund to drive down risk by investing in targeted disaster mitigation projects. Under the DRF, Commonwealth funds are matched by the states.

A number of valuable projects have been funded in Victoria which have reduced disaster risk from floods, bushfires and cyclones, but there exists an opportunity to target investments more strategically to reduce the growing cost of natural disasters by placing a higher priority on hard infrastructure projects covered in DRF Stream One.

In many cases, local governments face challenges in the delivery of risk mitigation projects, either through a lack of capacity, funding constraints or technical capabilities. The next Victorian Government should work proactively with councils to identify, develop and deliver local projects that are most effective in driving down risk.

The next Victorian Government should strategically target their investments in projects that will reduce risk, soften the impacts of natural disasters and put downward pressure on insurance premiums.

The next Victorian Government must:

- **Establish a Victorian Resilient Homes Program to reduce disaster risk for households in high-risk flood and bushfire areas.**
- **Prioritise flood infrastructure funding towards projects that will drive down risk in high-risk catchments a way that will reduce downward pressure on premiums.**
- **Prioritise funding applications towards DRF Stream One "hard infrastructure" to support reducing risk in a way that can moderate insurance premiums.**

Source: AAP. Victorian Floods, November 2022.

Building standards

Design and construct stronger homes by including the principle of resilience in building standards.

Currently, minimum building standards in the National Construction Code (NCC) are designed to preserve life in a catastrophic event – but without the goal of preserving the property itself.

Current requirements relate to safety, health, amenity, accessibility and sustainability, but not building resilience. As a result, homes are not built to withstand the extreme weather events of today, let alone the future, which will lock future generations into greater levels of risk. This means greater cost when natural disasters occur. This is a challenge well known to Victorians, having faced repeated bushfires including the 2019–20 Black Summer and 2026 fires, alongside the 2022 floods across the state's north.

A growing body of evidence

There is growing recognition of the need to strengthen the nation's building codes. The House of Representatives Standing Committee on Economics inquiry into insurers' responses to 2022 flood claims recommended that building codes and planning rules be strengthened and future-proofed to improve the resilience of communities and households. The Committee also noted that this should consider not just current flood risks, but also projected increases in risks based on climate modelling. The Insurance Council's own research supports this position, with economic analysis showing that strengthening the NCC to require that new homes are made more resilient to extreme weather could save an estimated $4 billion a year nationwide.

Achieving a better balance

A balance is needed between tackling Australia's housing shortage and ensuring streamlined construction of new homes. With the Victorian Government committed to building 800,000 new homes over the next decade, it is critical that new dwellings should not lock-in future risk at the expense of community resilience to worsening disasters. Insurers have long advocated for the NCC to be amended to require that new homes are built to stronger standards which make them more resilient to the impacts of bushfires, cyclones and floods.

With updates to the NCC paused until 2029, the Insurance Council encourages the next Victorian Government to examine practical measures to enhance the resilience of the State's future housing stock, including considering the role of future codes and standards. The Insurance Council encourages the Victorian Government to explore the development of 'voluntary standards' as well examining opportunities to strengthen resilience standards at the state level.

The next Victorian Government must:

- **Engage with industry, including the insurance industry, to examine practical measures to enhance the resilience of Australia's future housing stock, including considering the role of future codes and standards.**
- **Use Victoria's state-based building and planning framework to lead the nation on resilience, including exploring the development of voluntary resilience standards.**

Land use planning

Reform Victoria's land use planning so future homes are never built in locations with unacceptable hazard risk.

The most expensive home in Australia is the one that has to be built twice. Every state and territory has too many homes built in wrong locations. Whether it's in or around a floodplain, in a high-risk bushfire area, or along a coastal stretch at risk of severe erosion, Victorians are paying the costs today of past planning decisions.

The floods and bushfires experienced in Victoria in recent years have highlighted the need for policy settings that more precisely, consistently, and deliberately consider the relationship between land use planning and extreme weather risk.

Better land use planning is the most effective tool to mitigate risk in Victoria, where an estimated 20,000 homes and 7,000 commercial properties face severe or extreme flood risk.

The Insurance Council advocates for no development in high-risk zones. Development in medium risk zones should be accompanied by appropriate risk mitigation infrastructure which reduces risk.

Areas developed without adequate risk mitigation are disproportionately affected by extreme weather events, leading to increased harm, higher catastrophe losses, and upward pressure on insurance premiums.

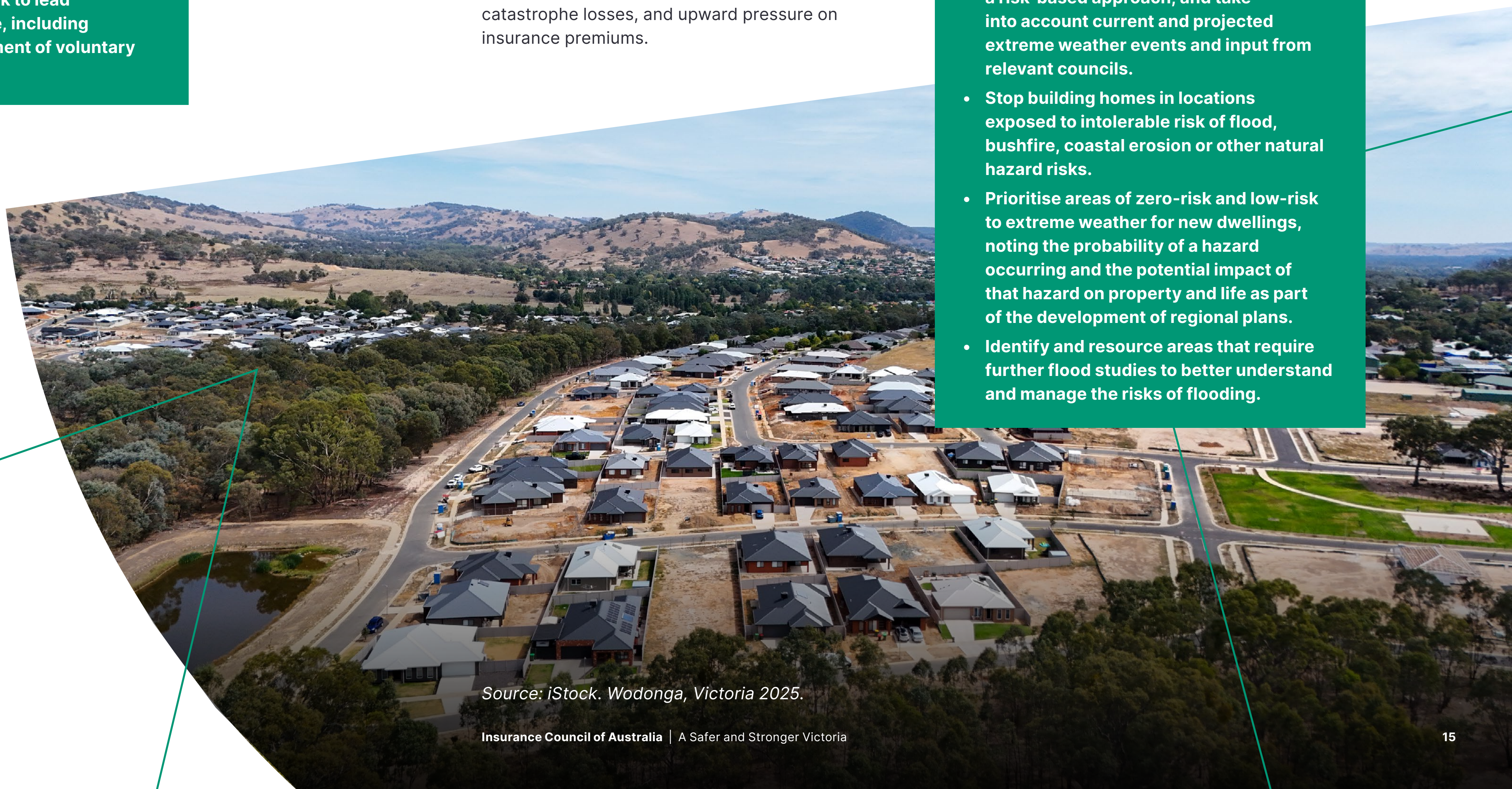
To meet future housing demand, the Victorian Government should prioritise future development in low-risk zones.

Underpinning these policy reforms is the need for a national hazard baseline which outlines current and future hazard risk. This baseline should build a shared, public view. To support this, the Insurance Council encourages the next Victorian Government to resource areas that require further flood studies and share this risk data with state and Federal counterparts.

Through better planning, the next Victorian Government can deliver more well-located homes, reduce future costs, improve insurance outcomes and build communities that remain safe, prosperous and resilient for generations to come.

The next Victorian Government must:

- **Review land use planning to establish a risk-based approach, and take into account current and projected extreme weather events and input from relevant councils.**
- **Stop building homes in locations exposed to intolerable risk of flood, bushfire, coastal erosion or other natural hazard risks.**
- **Prioritise areas of zero-risk and low-risk to extreme weather for new dwellings, noting the probability of a hazard occurring and the potential impact of that hazard on property and life as part of the development of regional plans.**
- **Identify and resource areas that require further flood studies to better understand and manage the risks of flooding.**



Source: iStock. Wodonga, Victoria 2025.

Better data and flood mapping

Fund improved data standards and better flood mapping to better prepare for and respond to disasters.

Victorians are already living with the consequences of flood, bushfire, storm and coastal risks that are becoming more complex and costly. Better data will not remove these hazards, but it is essential to making better decisions about where homes are built, where resilience investment is targeted, and how communities prepare for future disasters.

The Insurance Council has welcomed the Victorian Government's work to improve access to multi-hazard information and practical guidance for households, communities and industry. This should now form part of a nationally consistent approach to hazard data, led by the Commonwealth Government and supported by every state and territory.

A robust national hazard baseline would bring together existing Commonwealth, state and local datasets and make them accessible to governments, industry and the public. This would improve the consistency and quality of climate risk information across Australia, support better land use planning and infrastructure decisions, and give households and businesses a clearer view of the risks they face.

In Victoria, around 20,000 homes and 7,000 commercial properties face severe or extreme flood risk. Insurers rely on accurate and timely flood information to understand risk and help make flood cover as widely available as possible. Where flood information is incomplete, outdated or unavailable, insurers may need to use alternative methods to estimate risk, which can affect the accuracy of pricing.

The Victorian Government can play an important enabling role by working with councils, catchment management authorities and relevant agencies to improve the quality and flow of flood studies and modelling into the National Flood Information Database (NFID), a source of information used by insurers to assess flood risk at an individual household level.

Data investment will unlock

- Better land use planning
- More resilient homes and communities
- Improved disaster response and recovery

The next Victorian Government must:

- **Resource councils and catchment management authorities to update flood studies and share accurate, timely flood modelling with relevant state and national datasets.**
- **Make Victorian hazard information easier for households, businesses and communities to access and understand, so people can make better-informed decisions about risk.**
- **Use the best available hazard data to guide land use planning, resilience investment, emergency management and infrastructure decisions across the state.**
- **Work with the Commonwealth Government and Australian Climate Service to support a nationally consistent, publicly accessible hazard baseline covering flood, bushfire, storm and coastal risk.**
- **Support the provision of current flood information into the National Flood Information Database (NFID) to improve understanding of flood risk and support more accurate premium pricing.**

Government contracts

Remove unnecessary and onerous insurance requirements from government contracts.

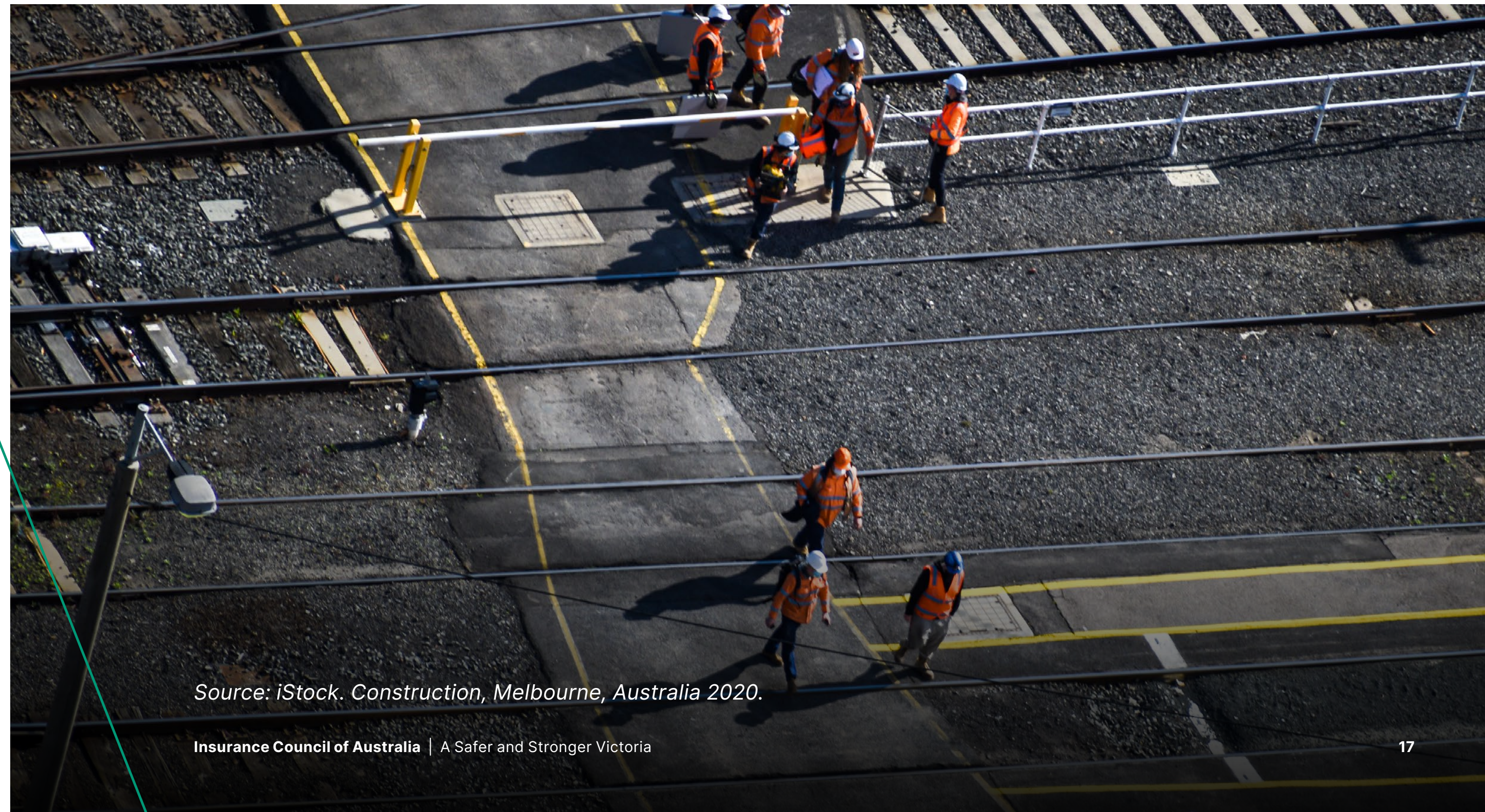
Professional indemnity insurance has experienced a prolonged hard market since 2017, with high loss ratios and higher claims costs driving significant premium increases, reduced capacity, more restricted coverage terms and higher excesses. Conditions have since softened; however engineers and other building professionals remain particularly vulnerable and continue to face difficulty sourcing cover.

For engineering and construction sector professionals, these challenges are exacerbated by onerous and often unnecessary professional indemnity insurance requirements contained within government contracts. These can require businesses to obtain levels of cover unavailable in the market or are above what is necessary for the work being undertaken.

Victorian Government agencies routinely require professionals to contract out of proportionate liability under the *Wrongs Act 1958*, requiring small business professionals to assume liability for other parties' negligence. Because professional indemnity policies commonly exclude liability assumed under contract, this transfers risk that cannot be insured. Unlike Queensland, which expressly prohibits contracting out of proportionate liability, the Victorian legislation is silent – a gap the next Government should close.

The next Victorian Government must:

- **Review government agency procurement guidelines to ensure insurance requirements contained in government contracts are reasonable, proportionate to the work undertaken, and take into account the cost and availability of insurance in the market.**
- **Amend the *Wrongs Act 1958* to expressly prohibit contracting out of proportionate liability, aligning Victoria with Queensland.**



Source: iStock. Construction, Melbourne, Australia 2020.

Civil liability

Modernise civil liability laws left untouched for almost 25 years, so public liability cover stays affordable for Victorian small businesses, community groups, not-for-profits and healthcare professionals.

Victoria's civil liability framework was last meaningfully recalibrated after the 2002 Review of the Law of Negligence, known as the Ipp Review, which was commissioned in response to public liability premiums reaching unsustainable levels, and which stabilised the market and improved insurer appetite to write cover.

More than two decades later, expansive judicial decisions, a more litigious society, active plaintiff lawyers and rising claims costs – particularly around psychological injuries – have gradually eroded those reforms. The framework that once balanced fair compensation with a sustainable market no longer reflects today's claims environment with premiums climbing steeply as a result.

Businesses priced out of cover

Public liability insurance is the safety net that lets businesses, not-for-profits and community organisations open their doors and serve the public. As claims have become more complex, costly and drawn out, affordability pressure has become acute.

Nationally, the average cost of public liability cover has risen by up to 60 per cent since 2019, outpacing inflation and outstripping any improvement in underlying risk. The strain falls hardest on the higher-exposure sectors Victorians value – live music venues, festival operators, caravan parks and amusement venues – with some live music venues seeing annual premiums climb from around $15,000 to more than $150,000.

These are costs borne not just by operators but by the Victorians who value and rely on them, and by the communities where a cancelled festival or closed venue leaves a lasting gap.

Medical indemnity under similar pressure

The same settings shape medical indemnity insurance which underpins the availability of doctors and affordability of healthcare, particularly in high-risk specialties and regional areas. When claims costs and legal uncertainty rise, so do premiums, and cover in specialty areas comes under pressure. Nowhere in Australia is that pressure more acute than in Victoria.

The Insurance Council's analysis of APRA's National Claims and Policies Database shows that Victoria's private medical indemnity market claims costs have equalled or exceeded premiums in four of the five years to 2024, averaging 108 per cent compared to a national average of 85 per cent. The average payment per finalised Victorian claim has more than tripled from $29,000 in 2010 to $95,000 in 2024 and now sits well above the national average of $69,000. Premiums have followed, nearly doubling from $75 million a year in 2010 to $142 million in 2024.

These costs are ultimately passed through to hospitals, practitioners and patients, while the growing threat of litigation encourages the practice of defensive medicine that adds cost without improving care. Reform that stabilises civil liability settings supports affordable medical indemnity and, with it, patient access to care.

The time for reform is now

Civil liability reform has a proven record of restoring affordability and availability. The post-Ipp reforms did exactly that, but Victoria's settings have not kept pace with today's claims environment.

Without action, premiums will continue to rise, cover will remain under pressure, and more businesses, community organisations and healthcare providers will struggle to operate. The next Victorian Government should modernise the *Wrongs Act* to restore balance, improve affordability and keep essential cover available across the state.

The next Victorian Government must:

- **Commit to a comprehensive review and reform of the *Wrongs Act 1958*.**
- **Introduce pre-litigation procedures that encourage early resolution of liability claims.**
- **Regulate legal expenses to ensure injured people have a higher proportion of payouts flowing to them.**
- **Recalibrate thresholds for psychological injury, so compensation reflects genuine, lasting harm.**
- **Review parameters for nervous shock claims for appropriately related parties.**
- **Modernise dangerous recreational activity provisions and review limitation periods so the settings reflect today's claims environment.**
- **Legislate to curb claim farming and keep public liability cover affordable and available for small businesses, not-for-profits and community organisations.**

Source: Unsplash. Degraves Street, Melbourne, Australia 2023.

Tax reform

Reduce the cost of insurance by abolishing the stamp duty charge on insurance, which adds 10 per cent to the cost of insuring a family home, small business and motor vehicle.

Victoria charges a 10 per cent duty on general insurance premiums, applied on top of GST, meaning that it's a tax on a tax. In 2025–26, the Victorian Government collected $2.3 billion via stamp duty on insurance products – the largest state stamp duty collection in the country and nearly $600 million more than New South Wales. For a typical household, state and federal taxes together add around 20 per cent to the cost of home and contents cover. The duty applies across home, contents and motor policies, including in compulsory third-party insurance.

Successive reviews, including the Henry Tax Review, have identified taxes on insurance as among the least efficient in the Federation, because they penalise households and businesses for protecting themselves. The Victorian Government's own 2023–24 Budget acknowledged that insurance taxes distort decision-making, lead to under and non-insurance, and cost the State economy more than $100 million every year.

What taxes add to a standard $2,000 home insurance premium in Victoria:

Component	Amount	Running total
Base Premium	$2,000	**$2,000**
GST (10%)	$200	**$2,200**
Stamp Duty (10%, applied on top of GST)	$220	**$2,420**

Total tax on the policy: $420 (21%)

Complete the reform already underway

Victoria has already accepted the case for removing this tax. In 2023, the Government legislated to phase out duty on business insurance, cutting the rate by one percentage point each year until it is abolished in 2033 – a reform its own Budget estimated would save a typical business around $3,200 over the decade.

Households were left out. A business insuring its premises in 2026 pays seven per cent duty while the family insuring the home next door still pays the full 10 per cent, on top of GST. Extending the legislated phase-out to household policies would complete the reform the Government has already begun. The ACT abolished insurance duty years ago, and Victoria removed emergency services funding from insurance in 2013, proving the case that this reform is possible.

Underinsurance costs every Victorian

Recent fire and flood events have shown what underinsurance means in practice. When households can't rebuild, the recovery costs shift to government and the community. As worsening extreme weather puts pressure on premiums, a 10 per cent state tax compounds the affordability challenge and widens the protection gap. Removing this tax is the single most direct action the Victorian Government can take to reduce the cost of insurance for every household and business.

The next Victorian Government must:

- **Abolish stamp duty on home and contents insurance by extending to Victorian households the relief already being delivered to businesses.**
- **Accelerate the abolition of duty on business insurance, completing the phase-out well ahead of 2033.**

Source: Pexels. Melbourne, Australia.

Insurance Council of Australia

The Insurance Council of Australia is the representative body for the general insurance industry of Australia. Our members represent approximately 90 per cent of total premium income written by private sector general insurers, spanning both insurers and reinsurers.

General insurance has a critical role in the economy, insulating individuals and businesses from the financial impact of loss or damage to their insured assets.

Our work with our members, consumer groups and all levels of government serves to support consumers and communities when they need it most.

We believe an insurable Australia is a resilient Australia – and it's our purpose to be the voice for a resilient Australia.

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Source: Getty Images. Melbourne 2023.