News release

Insurance Council of Australia

Tuesday, 8 September 2026

Insurers call on Inquiry to end tax on insurance premiums

Public hearings into the Emergency Services Levy (ESL) begin today, with the Insurance Council of Australia set to tell committee members the tax is pushing up the cost of insurance for New South Wales families and costing the economy half a billion dollars a year on top of the $1.4 billion it collects.

New South Wales families are paying an average of $308 a year in the hidden government tax on their insurance bill, and in flood-hit towns like Lismore a typical household pays around $740.

The levy adds around 18 per cent to the average home insurance premium and 34 per cent for businesses, and every dollar it raises ends up costing the community about $1.30, because the higher the cost of cover the harder it becomes for households to afford the protection they need.

More than 1.1 million households across the State have no contents insurance at all, but making insurance more affordable by removing the levy from insurance would see an estimated 320,000 households take out cover.

Independent modelling by Lateral Economics prepared for the Insurance Council found that most households would be better off under a property-based levy even after the replacement charge is paid, with the average household ahead by around $55 a year.

New South Wales is the only jurisdiction in the country still funding fire trucks and flood rescue through a tax on household insurance premiums, with other states and territories raising the money through property rates or general revenue.

The same modelling found that shifting the levy onto property would cut the economic damage the current system causes by almost 80 per cent and deliver benefits to the New South Wales economy worth between $317 million and $460 million every year.

Small businesses stand to gain the most, with a suburban mechanic currently paying around $12,000 a year in the levy and a family restaurant around $9,300.

The Insurance Council will appear alongside Suncorp, IAG and the National Insurance Brokers Association.

Quotes attributable to ICA CEO Andrew Hall:

> Most people have no idea this tax exists, because it is a state government charge that gets bundled into your premium rather than sent out as a bill with its own name on it.
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> The people copping the worst of it are the ones who can least afford it, because the levy is charged as a percentage of the premium, so the higher your risk the bigger your tax bill, and the families in flood and fire country are already paying the most for cover.
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> This is a question the rest of the country worked out years ago, and there is nothing unique about New South Wales that makes fire trucks harder to fund here than they are in Queensland or Victoria or South Australia.
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> The majority of households across the State come out in front under a fairer system, and so do the small businesses that have been quietly carrying an enormous share of this.

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