



Emergency Services Levy Price Comparison Changes New South Wales

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NSW Emergency Services Levy Price Comparison Changes

The NSW Government requires insurers to help fund fire and emergency services in the State, and determines how much each insurer must pay. These amounts are recovered through the collection of an Emergency Services Levy (ESL), charged by insurers as part of the insurance premium on certain classes of insurance, including strata.

Effective 1 July 2019, new obligations commence in NSW requiring the provision of year-on-year price comparisons with insurance renewal communications for specified classes of insurance – including strata. Required information includes comparative expiring versus renewal premium; details of applicable levies, taxes and duties; and details of fees charged by insurance intermediaries.

What does this mean for customers?

Strata Community Insurance customers in NSW have already been receiving comparative premium information with their insurance renewal documentation for some time.

As of 1 July 2019, the information provided will be amended slightly, to be delivered in a format designed to comply with the new obligations.

This approach of having separate line costs provides enhanced transparency for consumers, in assisting them to better understand the various components contributing to the total cost of insurance.

Intermediary Fees

The Strata Community Insurance comparative premium information includes a line item for 'Agency Fee and GST'. This reflects the administration fee(s) charged by Strata Community Insurance only. Where an insurance broker has been engaged, the figures do not include any fees charged by them. It is the responsibility of the insurance broker to include any intermediary fees in customers' renewal documentation.

What action is required?

Strata Community Insurance will issue the premium comparison with customers' renewal documentation automatically. Where an insurance broker is engaged, any intermediary fees must be included by them in customers' renewal documentation.

Additional information on ESL

The NSW Government has planned to increase ESL contributions by 39% between 2018-19 and 2020-21 NSW Budget 2019-20 Budget Statement. This increase will serve to cover the costs associated with funding new workers compensation reforms and enhanced capabilities for the Rural Fire Service. Strata policyholders should expect to see an increase to ESL on their insurance premiums as these government cost increases are passed on, and together with their strata managers should be budgeting for such increases for upcoming insurance renewal periods.

The NSW Government recently abandoned a transition towards a more equitable approach of funding fire and emergency services via a property-based levy collected through council rates, opting to maintain the existing approach of collecting ESL from those who purchase insurance policies. Strata Community Insurance supports the Insurance Council of Australia's lobbying efforts with the NSW Government to address this archaic and inequitable approach to funding our essential emergency services.

Support Material

Please view the Question & Answers to assist with common owner enquiries.

For any questions, please contact your local [Strata Community Insurance](#) office. Information is also available from the NSW ESL Monitor via their website: <https://www.eslinsurancemonitor.nsw.gov.au>.

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