



NSW Emergency Services Levy Price Comparison Changes: Q&A's

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What is the Emergency Services Levy?

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. Insurers are required to contribute about three-quarters of the total fire and emergency services budget each financial year.

What has changed?

The Emergency Services Levy Insurance Monitor (ESL Insurance Monitor) has published a new price comparison order under Section 30 of the *Emergency Services Levy Insurance Monitor Act 2016*, requiring year-on-year price comparisons to be shown on NSW renewal invitations and reminders for specified classes of business – including strata. This is a positive move, simplifying how policyholders are presented with price information.

When is this effective?

The new price comparison order applies from 1 July 2019. Updated versions of Strata Community Insurance's comparative premium information will be provided with renewal documents after that date.

How will owners be able to see the breakdown of insurance costs?

Strata Community Insurance customers in NSW have already been receiving comparative premium information with their insurance renewal documentation for some time. As from 1 July 2019, the information provided will be amended slightly, to be delivered in a format designed to comply with the new obligations. The change will provide greater transparency and simplicity for owners in terms of the information set out with their renewals.

How will the levy contributions effect the total cost of insurance?

The Insurance Council of Australia (ICA) CEO Rob Whelan has recently stated that "From July 1, NSW households will typically be paying more than 50% in taxes on insurance (GST, plus 9% stamp duty, plus the ESL) on renewals and new policies." <https://www.insurancenews.com.au/daily/nsw-budget-ica-issues-warning-on-rising-insurance-taxes>

While welcoming much of the NSW budget for "solid operating surpluses, fiscal responsibility and strong infrastructure spending", Whelan has warned against "continued over-reliance on both the Emergency Services Levy (ESL) and stamp duties", and noted that "Revenue from insurance stamp duties and the ESL will soar by 5.4% a year over the next four years, reaping \$8.6 billion, compared with annual inflation of 1.3%."

Strata Community Insurance supports the ICA in its call for an "all-of-government approach to removing unfair taxes and levies on insurance and ensuring fairer taxation models are designed and implemented."

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.

Where can owners access further information?

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>.