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Dear Mr Ratchford

**Response to Questions on Notice:
Select Committee on the Response to Major Flooding across New South Wales in 2022**

Please find below responses from the Insurance Council of Australia to questions taken on notice at the abovementioned Committee's hearings on 14 June 2022. Our apologies for the delay in responding.

Q1. The Hon. CATHERINE CUSACK: I would appreciate it if we could get a breakdown by postcode of the claims, if that's possible. How many have been accepted? How many have been rejected? How many are still under consideration?

A: As of 29 July 2022, there are approximately 90,000 claims under management across New South Wales as a result of the February-March 2022 floods. Approximately 36 per cent of these have been finalised, meaning more than \$900 million has already been paid to New South Wales insurance customers. Claims not yet finalised are at various stages of management by insurers, including assessment, preparation of scopes of work, engagement of contractors, and property repair and remedy.

As of 29 July 2022, the top ten impacted postcodes in New South Wales are:

Postcode	Total claims	Total claims closed	Closed %
2480	5896	2504	42%
2484	2169	914	42%
2478	1998	753	38%
2747	1579	831	53%
2487	1567	929	59%
2483	1563	635	41%
2482	1460	626	43%
2170	1405	453	32%
2756	1260	511	41%
2472	1225	579	47%

Q2 & Q3 The Hon. CATHERINE CUSACK: Referring back to your opening statement, Mr Jones, you said that 30 per cent to 40 per cent of premiums in New South Wales could be going into levies and taxes. Again, on notice, is it possible for you to unpack that a little bit more for us and give us the State-by-State comparison?

Emergency Services Levy (ESL) is applied on insurance customers in New South Wales, which is the only mainland state in Australia to impose this tax on insurance. Tasmania is the only other jurisdiction to impose an emergency services levy on insurance customers, and the Tasmanian State Government is in the process of abolishing the tax.

New South Wales the highest taxing state for insurance customers. Aside from the Australian Capital Territory, all jurisdictions apply stamp duty in the range of 5 to 11 per cent.

Emergency services levies and stamp duties on insurance are retrograde taxes that have been shown by numerous inquiries to discourage adequate cover.

The rate of ESL on policies is not fixed but fluctuates continuously, making ESL expensive to administer. Taxes are imposed cumulatively with ESL first added to the premium, GST then levied on the ESL and premium, and finally stamp duty imposed on GST, ESL and the premium.

On a \$2,000 home and contents policy in New South Wales the customer currently pays \$483 in state taxes, almost 25 per cent on top of the cost of the premium.

Insurance Premium =	\$2,000
+ ESL =	\$260 (Premium + 18%)
+ GST =	\$226 (Premium + ESL + 10%)
+ Stamp duty =	\$223.74 (Premium + ESL + GST + 9%)
Total Payable =	\$2,709.74

I trust these responses are useful for the work of the Committee, who we thank for the opportunity to appear and provide responses to questions taken on notice.

Regards

Mathew Jones
General Manager – Public Affairs