

# The ESL – Budget increase

**Insurance companies are required to contribute to the funding of the NSW fire and emergency services. Insurers generally reclaim this amount from their customers by charging an Emergency Services Levy (ESL), which is added to the cost of your property insurance policy.**

The amount of ESL you pay depends on your insurer's required contribution to the total budget for the fire and emergency services.

## How much do insurers contribute?

Funding of the fire and emergency services budget is split three ways: insurers contribute 73.7%, local councils 11.7% and the NSW Government 14.6%.

In the financial year 2018-2019 insurance companies contributed \$780 million to help fund Fire & Rescue NSW, NSW Rural Fire Service and NSW State Emergency Services. In 2019-20 the contribution amount will increase by 15% to \$897 million.

## Increase in budget

The budget increase is principally to meet the changes in workers compensation legislation, which is designed to assist NSW firefighters.

Firefighters (including volunteers) diagnosed with some types of cancer, and who meet the minimum qualifying periods of service, will automatically be presumed to have developed their cancer because of their firefighting work, making it easier for them to claim compensation. Similar legislation has been introduced in many other jurisdictions across Australia and around the world.

The funding requirement for 2020-21 is still highly uncertain and will depend on the level of claims coming through. For more information see: [Changes to the emergency services levy](#)

## How much ESL should I pay?

As your insurer's contribution requirement to the Government is rising, there may be a corresponding rise in the ESL rate your insurer charges you.

Each insurer sets an ESL rate at a level which will allow it to reclaim an amount similar to the contribution it must make to the Government. It has been general practice for insurers to vary their ESL rates during the year, to help manage the total ESL they collect. As such, the financial impact may differ for policyholders renewing at different times of the year.

Neither the NSW Government nor the Insurance Monitor sets the rate of ESL that insurers charge on insurance policies.

From 1 July 2019, the Monitor requires insurers to provide better information to assist consumers at renewal. Household and motor insurance documents must show the components of the premium, including the ESL, for the current year as well as the previous year.

Policyholders are encouraged to check policy details, question insurers about increases, and seek other quotes if concerned. Different insurers may offer significantly different prices for similar levels of cover.

The Monitor will be scrutinising insurers' application of the ESL increases to ensure that they do not use these budget changes as an opportunity to increase base premiums or charge unreasonably high premiums.

Any insurer who is found to have over-collected ESL for the 2017-18 and 2018-19 years combined, must repay the excess to policyholders.

## The Insurance Monitor's role

The Insurance Monitor's has a range of functions to ensure consumers are protected during the period of ESL reform. Insurers must not mislead policyholders or charge unreasonably high prices on property insurance policies.

The Monitor has published Guidelines outlining expectations of insurer conduct. Fines of up to \$10 million apply to those who are found to have contravened these prohibitions.

If you have concerns about your premium or ESL charge seek clarification from your insurer. If you would like the Insurance Monitor to inquire further, please lodge your complaint on the Insurance Monitor's website ([www.eslinsurancemonitor.nsw.gov.au](http://www.eslinsurancemonitor.nsw.gov.au)) or call the Monitor's hotline: 1300 607 723.

The Insurance Monitor will be in place until 30 June 2020.