

Submission

31 January 2026

Hon Dr Daniel Mulino MP
Assistant Treasurer and Minister for Financial Services
Parliament House
Canberra ACT 2600
Via Email: prebudgetsubmissions@treasury.gov.au

NIBA 2026-27 Pre-Budget Submission

The National Insurance Brokers Association (NIBA) welcomes the opportunity to contribute to the Australian Government's 2026-27 Budget process. NIBA members are at the forefront of helping Australians manage risk, particularly in the face of increasingly severe natural disasters and emerging threats that challenge traditional risk management approaches.

While insurance provides a vital safety net for Australian communities, it is only one part of the solution. A proactive approach to disaster mitigation, focused on long-term investments at both community and household levels, will reduce the impact of natural disasters, enhance resilience, and alleviate the financial pressures that increase insurance premiums and reduce affordability for Australian households and businesses.

This submission outlines five key areas to achieve these outcomes:

- Extending and indexing the Disaster Ready Fund as a rolling ten-year program
- Introducing a national co-funded household mitigation scheme
- Coordinated reform of state and territory insurance taxes and levies
- Establishing a National Emerging Risks Advisory Committee
- Commissioning an audit of cumulative regulatory costs affecting general insurance advice

Together, these measures represent a critical investment in Australia's future, helping to strengthen household and community resilience, improve insurance affordability, and ensure communities and businesses can thrive in the face of growing challenges.

About NIBA

The National Insurance Brokers Association (NIBA) is the peak body for the insurance broking profession in Australia, representing more than 450 member firms and over 15,000 individual brokers

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across the country. Our members range from large multinational brokers and national networks to small and medium-sized practices operating in metropolitan and regional communities.

NIBA advocates for general insurance brokers and their clients, promoting a profession that operates with integrity, professionalism and strong consumer outcomes. Guided by the core pillars of community, representation, and professionalism, NIBA focuses on advocacy, education, and high ethical standards to enhance the standing of brokers and build public trust and confidence in the insurance broking profession.

Insurance brokers represent the interests of insurance purchasers, the policyholders, not those of insurance companies. Brokers place approximately \$41.2 billion in gross written premiums annually, representing 53 per cent of all premiums in the Australian general insurance market. The insurance broking profession contributes an estimated \$2.6 billion in gross value added to the Australian economy.

The Case for Long-Term Disaster Mitigation Investment

As professionals at the frontline of risk management, insurance brokers witness the growing challenges faced by households, businesses, and communities in managing the impacts of increasing natural disasters. Insurance serves as an essential safety net for Australian households, businesses, and communities, offering critical support amid growing challenges from natural disasters and economic pressures.

With premiums predicted to rise to levels that would make one in 25 homes 'effectively uninsurable' within five years, action must be taken to address the key barriers that drive the affordability and accessibility challenges Australians currently face. As NIBA has consistently advocated in previous pre-budget submissions, long-term, indexed funding for disaster mitigation delivers measurable benefits to Australian households and communities. Research demonstrates that every dollar invested in disaster mitigation saves \$13 in avoided recovery costs and reduces the underlying risks that drive insurance affordability pressures.

NIBA commends the Government for establishing the Disaster Ready Fund (DRF) to support disaster mitigation and resilience projects across Australia. This initiative reflects a critical recognition of the need for proactive investments to reduce the impact of natural disasters. However, given the worsening effects of climate change and extreme weather events, investment in disaster resilience must extend beyond the current 2028-29 funding commitment.

The DRF's fixed-term structure creates uncertainty that undermines effective planning for large-scale mitigation projects. States and local governments cannot commit to multi-year resilience works without funding certainty, which limits the scope and ambition of projects that could deliver meaningful protection for Australian communities. Furthermore, without indexation, the current \$200 million annual allocation will erode to approximately \$171 million in real terms by the end of the current funding commitment.

NIBA strongly supports transitioning to a rolling ten-year disaster mitigation funding program. This approach aligns with the Government's goal for the DRF to serve as an enduring fund, giving communities and stakeholders confidence in long-term resilience planning. A longer funding horizon

would enable strategic investments that foster greater security for Australian households and businesses.

Recommendations

1. NIBA recommends that the Government expand the Disaster Ready Fund to a ten-year rolling program to provide certainty and enable the planning of long-term projects targeting high-risk areas.
2. NIBA recommends that disaster mitigation funding be indexed to keep pace with inflation and maintain its real value over time.

Household-Level Mitigation: Empowering Consumers

While community-level investment is essential for building a more resilient Australia and addressing the underlying risks that contribute to insurance unaffordability, for many communities, such projects will have limited effectiveness in enhancing resilience to natural disasters, particularly in areas frequently impacted by tropical cyclones. In such cases, household-level mitigation efforts offer a practical, impactful alternative that empowers homeowners to take proactive steps to protect their properties.

The rising frequency and intensity of natural disasters underscores the urgent need for individuals and communities to adopt proactive measures to safeguard themselves and their properties from damage. However, the cost of implementing these mitigation measures is often prohibitively high for many homeowners and small businesses, leaving them vulnerable to severe weather events and driving underinsurance and non-insurance rates.

While raising building standards to meet Australia's harsh weather conditions is an effective way to mitigate damage from natural disasters, it fails to address the growing disparity as existing structures increasingly lag behind modern resilience requirements. According to the Bushfire Building Council of Australia, over 90 per cent of building stock in bushfire-prone regions does not comply with current bushfire standards. Without support, this gap in preparedness will exacerbate losses, strain government recovery efforts, and drive up insurance premiums in high-risk areas.

A national household mitigation scheme would empower homeowners to take proactive steps to protect their properties, such as retrofitting homes for cyclone or fire resistance. Similar programs have been successfully implemented both domestically by state governments and internationally. The 'My Safe Florida Home' program, which operated from 2007 to 2009, provided Florida homeowners with free assessments to identify structural vulnerabilities and offered grants to help them retrofit their homes. A 2009 evaluation estimated that the program reduced the 100-year probable maximum loss by at least US\$1.50 per dollar invested in grants.

NIBA proposes a co-funded model with Commonwealth and state government contributions, targeting high-risk postcodes experiencing acute affordability pressures. Eligible works could include roof strengthening, cyclone shutters, bushfire-resistant materials, and flood elevation measures. Critically, any such scheme should mandate premium pass-through mechanisms so that consumers see measurable benefits from their investment in property resilience. NIBA suggests considering a pilot program in Northern Australia, where insurance affordability pressures are most acute and the cyclone reinsurance pool has demonstrated the value of targeted government intervention.

Recommendation

3. NIBA recommends that the Government introduce a national co-funded program, with Commonwealth and state government contributions, to help homeowners implement property-level mitigation measures in high-risk areas.

Addressing Taxation as a Barrier to Affordability

Beyond investment in mitigation, state and territory taxes and levies remain a significant structural barrier to insurance affordability. The compounding effect of stamp duty, emergency services levies, and GST can add up to 70 per cent to insurance premiums, effectively penalising households and businesses that seek to manage their risk responsibly. This contributes directly to rates of underinsurance and non-insurance, with an estimated 26 per cent of small and medium enterprises having no general insurance coverage, rising to 40 per cent for sole traders.

The Productivity Commission has previously recommended that state and territory taxes and levies on general insurance be phased out (Recommendation 14.3). Several jurisdictions have already moved to reform these arrangements, with Victoria phasing out stamp duty and New South Wales reforming its emergency services levy funding model. New South Wales remains the only mainland state to fund fire and emergency services through insurance-based levies, placing an additional cost burden on consumers who purchase insurance while allowing others to benefit from these services without contributing to their funding.

NIBA has consistently advocated for coordinated action to address insurance taxation, recognising that while these taxes are levied at the state level, the Commonwealth is ideally placed to facilitate multi-jurisdictional reform through existing intergovernmental forums. Such reform would align with the Government's broader affordability agenda and reduce barriers to adequate insurance coverage.

Recommendation

4. NIBA recommends that the Treasurer convene discussions with state and territory counterparts to develop a practical roadmap for phasing out distortionary taxes and levies on general insurance products, consistent with Productivity Commission Recommendation 14.3.

Building Resilience to Emerging Risks

In addition to increasing risks from natural perils, Australian communities and businesses face a growing array of emerging risks, including cyber threats, artificial intelligence disruption, and geopolitical instability. These risks are evolving rapidly, and many Australians are largely unprepared despite recognising the significant threats they pose.

Research indicates that 67 per cent of businesses expect to be impacted by cyber incidents, yet only 20 per cent of small and medium enterprises have standalone cyber insurance policies. Even among larger businesses, coverage rates remain inadequate, with estimates suggesting only 35 to 70 per cent have appropriate cyber protection. This protection gap leaves Australian businesses and consumers exposed to risks they may not fully understand or have the tools to effectively mitigate.

Existing risk management frameworks were not designed for the pace and complexity of these novel threat categories. Regulatory and policy settings are not keeping pace with risk evolution, creating uncertainty for businesses and consumers seeking to protect themselves against emerging threats.

To address these challenges, NIBA proposes establishing a National Emerging Risks Advisory Committee to provide coordinated, expert guidance on emerging risks and appropriate mitigation measures. Such a committee could be housed within Treasury or Home Affairs, with membership drawn from relevant government agencies, industry bodies including NIBA and the Insurance Council of Australia, the Actuaries Institute, and small business representatives.

The Committee should prioritise cyber risk as its initial focus, given the current protection gap, and publish annual risk assessments and recommendations to guide consumers, businesses, and policymakers. Information and guidance should be shared with state and local governments where appropriate, ensuring a coordinated and informed approach to risk management across all levels of government. The Committee could also examine barriers to innovative insurance products, including parametric insurance, that could help consumers manage climate-related and emerging risks more effectively.

Recommendation

5. NIBA recommends that the Government establish a National Emerging Risks Advisory Committee to provide coordinated advice on emerging risks and appropriate mitigation measures, with an initial focus on cyber threats.

Ensuring Regulatory Settings Support Access to Advice

Since the Financial Services Royal Commission, the regulatory burden on the insurance broking profession has continued to grow significantly. While many of the Royal Commission reforms have been implemented, the anticipated reduction in regulatory pressure has not materialised. Instead, successive regulatory changes have added layers of compliance with minimal corresponding relief to offset these burdens.

While individual regulatory reforms may have merit, the cumulative effect of continuous change since 2019 has significantly increased compliance costs for advisers. These costs are ultimately borne by consumers, either through higher fees or reduced access to professional advice. Research demonstrates that 40 per cent of clients are underinsured before engaging a broker¹, and that clients who use brokers are twice as likely to be fully covered for their claims. Any reduction in access to professional advice, therefore, has direct consequences for consumer protection.

NIBA believes there is value in taking stock of the cumulative regulatory changes affecting general insurance advice since the Royal Commission. An independent audit, conducted by Treasury or the Productivity Commission, would provide an evidence base for ensuring regulatory settings achieve their intended consumer protection objectives without creating unnecessary barriers to advice.

¹ Ready or Reacting, NIBA, 2025, <https://niba.com.au/ready-or-reacting-report>

Such an audit should assess whether regulatory objectives are being achieved, identify evidence of over-regulation, duplication, or unintended consequences, and examine the practical impacts on the availability and affordability of advice, with a specific focus on small and medium-sized enterprises and regional client access.

Recommendation

6. NIBA recommends that the Government commission the Treasury or the Productivity Commission to audit the cumulative regulatory cost burden on general insurance advice since 2018, with a view to identifying opportunities to streamline and reduce compliance costs without compromising consumer protection.

Conclusion

The recommendations outlined in this submission represent practical, evidence-based measures that would deliver meaningful benefits to Australian households, businesses, and communities. These recommendations build on positions NIBA has advanced over successive Budget cycles, reflecting the profession's sustained commitment to improving insurance affordability and access for all Australians.

By investing in long-term disaster mitigation, empowering homeowners to protect their properties, addressing the tax burden on insurance products, responding to emerging risks, and ensuring regulatory settings support access to professional advice, the Government can help build a more resilient Australia where households and businesses can confidently manage their risks.

NIBA welcomes the opportunity to work with the Government to achieve these critical reforms and create a more resilient future for all Australians. Should you have any queries in relation to this submission or wish to discuss any of the matters raised, please do not hesitate to contact Ben Marshan, Policy and Advocacy, at bmarshan@niba.com.au.

Yours sincerely,



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