

Submission

09 January 2026

TasInsure Consultation
Department of Premier and Cabinet
GPO Box 123
HOBART TAS 7001

Via email: tasinsure@dpac.tas.gov.au

NIBA Submission: TasInsure Discussion Paper and Preliminary Draft Bill

Dear Sir/Madam,

The National Insurance Brokers Association (NIBA) welcomes the opportunity to provide feedback on the TasInsure Discussion Paper and the Preliminary Draft Bill, both released for consultation on 14 November 2025.

NIBA is the peak body for the insurance broking profession in Australia, representing more than 450 member firms and over 15,000 individual brokers across the country. Our members range from large multinational brokers and national networks to small and medium practices operating in metropolitan and regional communities. NIBA advocates for general insurance brokers and their clients, promoting an industry that operates with integrity, professionalism and strong consumer outcomes.

NIBA recognises the affordability pressures driving this proposal and shares the Government's concern about the growing protection gap—the difference between economic and insured losses—affecting Tasmanian households, businesses and community organisations. Rising insurance costs pose genuine challenges, and NIBA appreciates the Government's intent to address these concerns.

However, NIBA urges the Government to ensure that TasInsure is designed to deliver strong consumer outcomes, address the root causes of premium increases, and avoid unintended

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consequences that could harm the very consumers it aims to protect. In summary, NIBA's key positions are:

- **Consumer Access to Professional Advice:** Neither the Discussion Paper nor the Draft Bill addresses how Tasmanian consumers will access the broking profession. Without this access, consumers will miss out on professional risk advice, claims advocacy, and the informed decision-making that the broking profession delivers.
- **Fire Services Levy Reform:** Abolishing the Fire Services Levy, which adds approximately 28% to business insurance premiums, would provide immediate premium relief and should be prioritised.
- **Workers' Compensation:** NIBA recommends excluding or deferring statutory classes of insurance from TasInsure's initial scope due to the significant complexities associated with these lines.
- **Scheme Design:** NIBA recommends a last-resort model that targets genuine market failures and adheres to Competitive Neutrality Principles.
- **Consumer Protection:** TasInsure must be subject to the same consumer protection frameworks as private insurers, including membership of the Australian Financial Complaints Authority (AFCA).
- **Financial Modelling:** Comprehensive financial modelling should be completed and released before final legislation proceeds.

NIBA's detailed response to the consultation is set out in the attached submission. NIBA welcomes the opportunity to work with the Tasmanian Government to deliver insurance reforms that genuinely benefit Tasmanian consumers. If you have any queries about this submission, please do not hesitate to contact NIBA.

Yours sincerely,



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NIBA SUBMISSION

TasInsure Discussion Paper and Preliminary Draft Bill

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

NIBA advocates for general insurance brokers and their clients, promoting an industry 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 play a critical role in helping households and businesses understand their risks, compare products, secure appropriate cover, and navigate the claims process. Deloitte Access Economics research, commissioned by NIBA, found that the intermediated insurance industry contributed an estimated \$2.6 billion in gross value add to the Australian economy, with broker clients twice as likely to be fully covered for their claims as direct buyers.

Context and Background

NIBA has consistently engaged with the Tasmanian Government on insurance policy issues affecting Tasmanian consumers and businesses. NIBA has previously submitted on:

- [Tasmanian Fire Services Act Review](#) (December 2021)
- [Tasmanian Home Warranty Insurance Review](#) (June 2022)
- [Tasmania Fire and Emergency Service Bill 2023](#) (December 2023)

These submissions have consistently advocated for regulatory frameworks that support consumer access to professional risk advice, address the root causes of insurance affordability challenges, and ensure government intervention is appropriately targeted at genuine market failures.

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NIBA's response to the TasInsure consultation draws on these established positions and our experience with state-based insurance schemes in other jurisdictions, including the NSW Home Building Compensation Fund, NSW workers' compensation arrangements, and the Commonwealth Cyclone Reinsurance Pool.

Detailed Response

1. Consumer Access to the Broking Profession

Tasmanian consumers deserve access to professional risk advice when purchasing insurance. Clients who engage the broking profession receive better advice, better claims experiences, better outcomes, and more appropriate product mixes. Evidence consistently shows that consumers without access to the broking profession receive poorer advice and outcomes—broker clients are twice as likely to be fully covered for their claims compared to direct buyers.

NIBA notes with significant concern that neither the Discussion Paper nor the Preliminary Draft Bill addresses how Tasmanian consumers will access the broking profession when purchasing TasInsure products. **This is a critical omission. If TasInsure products are not made available through the broking profession, Tasmanian consumers will miss out on the professional advice, claims advocacy, and informed decision-making support that the broking profession delivers.**

This concern is particularly acute for the client segments TasInsure proposes to serve—small businesses, community organisations, and regional customers. These clients often face complex risk profiles requiring professional assessment. Without access to the broking profession, they will be left to navigate complex insurance decisions without professional guidance, increasing the risk of underinsurance and inappropriate product selection.

NIBA's experience with other state-based schemes demonstrates that when consumers lose access to the broking profession, outcomes deteriorate. NIBA's 2025 submissions to the [NSW Parliament](#) documented how excluding the broking profession from the icare workers' compensation model contributed to deteriorating return-to-work outcomes for injured workers and scheme instability. Conversely, the Cyclone Reinsurance Pool has delivered strong consumer outcomes by ensuring products remain available through the broking profession.

Consumer trust and confidence in insurance depend on professional standards. For consumers to have trust and confidence in TasInsure, anyone providing advice and guidance must meet appropriate professional standards. The broking profession operates under comprehensive regulatory obligations, training requirements under ASIC Regulatory Guide 146, and accountability frameworks, including the Insurance Brokers Code of Practice. If

TasInsure products are distributed through call centres or other channels that do not meet equivalent professional standards, consumer trust will be undermined.

To ensure Tasmanian consumers can access professional advice when purchasing TasInsure products, NIBA recommends that the legislation incorporate the following principles:

- TasInsure products must be made available to consumers through the broking profession
- Fair and commercial remuneration models must be established to ensure the broking profession can continue to serve Tasmanian consumers
- Distribution arrangements must not exclude or disadvantage the broking profession, as this would deny consumers the choice to access professional advice
- Any staff distributing TasInsure products directly must meet equivalent ASIC Tier 1/Tier 2 training and competency standards to ensure consumers receive a consistent quality of advice

2. Fire Services Levy Reform

The Discussion Paper acknowledges the influence of external pricing factors, such as global reinsurance costs, on insurance pricing but does not address the Fire Services Levy. This inefficient state tax significantly increases insurance costs for Tasmanian businesses.

As NIBA has consistently argued in previous submissions to the Tasmanian Government, the most direct and effective way to reduce insurance premiums is to abolish insurance-based levies. NIBA has previously described Tasmania's Fire Services Levy as 'unfair, inefficient and lacking transparency.' The levy adds approximately 28% to business insurance premiums. Together with stamp duty (10%) and GST (10%), these imposts significantly inflate the total cost of insurance.

The Tasmanian Government announced its intention to abolish the Fire Services Levy in 2023, but the reform has stalled. With Tasmania and New South Wales now the only remaining states with insurance-based emergency services funding models, completing this reform would deliver immediate, quantifiable premium reductions without exposing the State to the significant new financial risks of establishing a state-owned insurer.

NIBA strongly urges the Government to prioritise completing Fire Services Levy reform, the most direct mechanism for delivering premium relief. Unlike establishing a state-owned insurer, levy reform would deliver immediate premium reductions with minimal implementation complexity.

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3. Statutory Classes of Insurance

Section 5(1)(e) of the Preliminary Draft Bill explicitly includes 'workers' compensation insurance' as one of the classes of general insurance services to be offered by TasInsure. NIBA urges extreme caution regarding this inclusion and recommends either excluding statutory classes of insurance from TasInsure's mandate entirely or deferring their inclusion until the entity has established operational maturity in less complex product lines.

Workers' compensation schemes present unique challenges that do not apply to other general insurance products:

- Long-tail liabilities spanning decades pose significant actuarial and reserving challenges
- Psychological injury claims have caused significant financial distress in state-based schemes across Australia
- The NSW icare scheme has incurred multi-billion-dollar deficits, highlighting the risks of centralised government models

Critically, effective workers' compensation outcomes depend on employers and injured workers having access to professional support. The broking profession plays a vital role in employer injury management, helping businesses implement return-to-work programs and advocating for fair claims outcomes on behalf of employers and their workers.

[NIBA's recent submissions to the NSW Parliament](#) documented how removing employer access to the broking profession under the centralised icare model led to poor claims outcomes and low return-to-work rates—outcomes that harm injured workers and employers alike. If statutory classes are to be included in TasInsure's scope, the legislation must explicitly ensure employers retain access to the broking profession for injury management and claims advocacy.

Furthermore, effective injury management requires collaboration among employers, insurers, and injured workers. If workers' compensation is included, the legislation must ensure appropriate data-sharing arrangements so that professional advisers can assist employers with return-to-work outcomes.

NIBA recommends amending section 5 to either delete subsection (1)(e) or add a new subsection deferring commencement.

4. Scheme Design and Competitive Neutrality

The Discussion Paper states that TasInsure will provide 'a Tasmanian-owned alternative' and will 'supplement existing insurance options.' The current design appears to position TasInsure as a first-resort market competitor, potentially competing with private insurers on price.

NIBA supports government intervention where genuine market failure exists—that is, when insurers have withdrawn capacity entirely, leaving consumers with no option to purchase cover. However, NIBA is concerned that a first-resort model competing on price with private insurers risks:

- Distorting the competitive market and discouraging private sector investment in Tasmania
- Concentrating risk on the Tasmanian Government's balance sheet
- Creating potential cross-subsidisation that obscures the true cost of risk
- Reducing incentives for risk mitigation when premiums are artificially suppressed

NIBA urges the Government to adhere to Competitive Neutrality Principles. If TasInsure operates with government guarantees, capital support, or tax exemptions not available to private insurers, it will create an uneven playing field that crowds out private investment and ultimately reduces consumer choice. The Discussion Paper does not address how TasInsure will ensure competitive neutrality with the private market.

As NIBA noted in its 2022 Home Warranty Insurance submission: 'NIBA supports the introduction of the home warranty insurance scheme as a last resort scheme, as the most effective way to balance the benefit to homeowners with the economic impact of premiums on property prices.'

NIBA recommends that TasInsure's mandate be more clearly directed at market segments facing genuine availability failures, rather than operating as a general-market competitor focused on affordability. The legislation should require adherence to the Competitive Neutrality Principles.

5. Financial Sustainability and Modelling

The Discussion Paper notes that TasInsure 'will require sufficient capital support' and that 'appropriate reinsurance arrangements may need to be proposed and formalised.' Notably, no financial modelling has been released in this consultation.

NIBA notes that the Discussion Paper invites feedback on 'potential unintended consequences associated with the policy proposal'. A key unintended consequence of

inadequate financial planning would be the exposure of Tasmanian taxpayers to significant liabilities in the event of major loss events.

NIBA's experience with state-based schemes in other jurisdictions underscores the financial risks of inadequate planning:

- The NSW Home Building Compensation Fund has accumulated a deficit of more than \$600 million over a 9-year period
- The NSW icare workers' compensation scheme faced multi-billion-dollar deficits over a 4 to 5-year period after structural reform in 2015
- Both schemes ultimately required substantial government intervention and reform

NIBA strongly recommends that the Government release comprehensive financial modelling, including stress-testing under major loss scenarios, before finalising legislation. This should include analysis of reinsurance costs, capital adequacy requirements, and projected claims experience across all proposed product lines.

6. Parliamentary Oversight of Scheme Expansion

Section 39 of the Preliminary Draft Bill allows the Minister, by order, to 'confer onto the Company the administration of a compulsory or government-backed scheme.' While NIBA recognises the need for operational flexibility, this provision creates significant scope for expanding TasInsure's mandate without parliamentary scrutiny.

Given the potential fiscal implications of imposing new compulsory schemes on TasInsure and the significant policy implications of such decisions, NIBA considers that appropriate parliamentary oversight should be maintained.

NIBA recommends amending section 39 to require that any order conferring a compulsory scheme be tabled in Parliament and be subject to disallowance.

7. Consumer Protection and Dispute Resolution

NIBA notes that the Discussion Paper and Preliminary Draft Bill do not address external dispute resolution arrangements for TasInsure customers. This is a significant gap that must be addressed to ensure Tasmanian consumers receive the same protections as those afforded to customers of private insurers.

The Australian Financial Complaints Authority (AFCA) provides free, independent external dispute resolution for consumers of financial services, including general insurance. AFCA membership is mandatory for all AFSL holders, including private insurers. Government

schemes have at times sought to bypass AFCA in favour of internal administrative tribunals, leaving consumers without access to independent review.

NIBA submits that TasInsure must be subject to the same consumer protection frameworks as private insurers, including membership of AFCA. Tasmanian consumers should not be denied access to free, independent external dispute resolution merely because their insurer is state-owned.

The legislation should explicitly require TasInsure to be a member of AFCA or an equivalent external dispute resolution scheme approved by ASIC. It should not permit internal administrative processes to substitute for independent external review.

8. Disaster Resilience and Mitigation

NIBA welcomes the inclusion of 'disaster resilience and recovery' among TasInsure's principal objectives in section 8(c) of the Preliminary Draft Bill. This recognises that sustainable insurance affordability requires addressing underlying risk, not merely cross-subsidising premiums.

As NIBA has consistently advocated in pre-budget submissions and before the Senate Committee on Australia's Disaster Resilience, investment in mitigation delivers significant returns: every dollar invested in disaster mitigation saves multiple dollars in post-disaster recovery costs.

NIBA recommends that the Government complement TasInsure with concrete commitments to disaster mitigation investment. Programs such as household-level retrofitting grants, modelled on successful initiatives like the 'My Safe Florida Home' program in the United States, would directly reduce underlying risk and support sustainable premium affordability. Returns from TasInsure operations could fund these initiatives, creating a virtuous cycle of risk reduction and premium sustainability.

Recommendations

NIBA makes the following key recommendations:

- 1. NIBA recommends amending the legislation to ensure Tasmanian consumers can access the broking profession when purchasing TasInsure products.**

TasInsure products must be made available through the broking profession, with fair and commercial remuneration models to support continued service to Tasmanian consumers. Any staff distributing products directly must meet ASIC Tier 1/Tier 2 training and competency standards to ensure consumers receive consistent quality of advice.

2. **NIBA strongly urges the Government to prioritise completing the Fire Services Levy reform** as the most direct way to deliver immediate premium relief, without the complexity and risk of establishing a new state-owned insurer.
3. **NIBA recommends excluding statutory classes of insurance from TasInsure's initial scope, or, at a minimum, deferring their inclusion** until the entity has established operational maturity. If workers' compensation is included, employers must retain access to the broking profession for injury management support, and appropriate data-sharing arrangements must be established to support return-to-work outcomes.
4. **NIBA recommends that TasInsure be designed as a last-resort scheme** targeting genuine market failures, while adhering to Competitive Neutrality Principles to avoid crowding out private investment.
5. **NIBA recommends that the Government release comprehensive financial modelling** before finalising legislation, including stress-testing under major-loss scenarios and analysis of reinsurance costs and capital adequacy requirements.
6. **NIBA recommends amending section 39 to require parliamentary oversight of Ministerial orders** conferring compulsory or government-backed schemes on TasInsure, through tabling and disallowance provisions.
7. **NIBA recommends that TasInsure be required to be a member of AFCA** to ensure Tasmanian consumers have access to free, independent external dispute resolution.
8. **NIBA recommends that the Government complement TasInsure with concrete disaster mitigation investment commitments**, including household-level retrofitting programs to address underlying risk and support sustainable premium affordability.

Conclusion

NIBA recognises the genuine challenges Tasmanian households, businesses and community organisations face in accessing affordable insurance. We share the Government's concern about the growing protection gap and the impacts of rising premiums and underinsurance on Tasmanian communities.

However, NIBA urges the Government to ensure that TasInsure is designed to address the root causes of affordability pressures, to ensure consumers can access the broking profession for professional advice and claims support, to maintain competitive neutrality with

the private market, and to avoid concentrating risk on the Tasmanian Government's balance sheet without adequate financial planning.

NIBA welcomes the opportunity to work with the Government to achieve insurance reforms that genuinely benefit Tasmanian consumers. If you have any queries about this submission, please do not hesitate to contact NIBA.

— *END OF SUBMISSION* —

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