

A photograph of a young man and woman embracing from behind, looking at a modern two-story house. The man is wearing a white polo shirt and dark jeans, and the woman is wearing a light blue dress. The house has a light-colored facade, large windows, and a balcony with a black railing. The scene is set outdoors with some greenery visible in the top right corner.

IPART | Emergency Services Levy
Insurance Monitor

Quarterly Report

April 2025

Acknowledgment of Country

IPART acknowledges the Traditional Custodians of the lands where we work and live. We pay respect to Elders both past and present.

We recognise the unique cultural and spiritual relationship and celebrate the contributions of First Nations peoples.

Tribunal Members

The Tribunal members for this review are:

Carmel Donnelly PSM, Chair
Dr Darryl Biggar
Jonathan Coppel
Sharon Henrick

Enquiries regarding this document should be directed to a staff member:
Caitlin Davies (02) 9019 1931
Matthew Furlan (02) 9113 7727

The Independent Pricing and Regulatory Tribunal

IPART's independence is underpinned by an Act of Parliament. Further information on IPART can be obtained from [IPART's website](#).

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1 About this report

This is the Independent Pricing and Regulatory Tribunal's (IPART) third quarterly report on the performance of our functions as the NSW Emergency Services Levy Insurance Monitor (Insurance Monitor).^a It covers the period from January to March 2025.

Our role as Insurance Monitor is to give the community confidence that insurers will remove the Emergency Services Levy from their insurance premiums as NSW transitions to a new model for funding Fire and Rescue NSW, the NSW State Emergency Service and the NSW Rural Fire Service (together, the NSW emergency services).

More information about our role and links to our previous reports are available on our [website](#).

^a Under section 10 of the *Emergency Services Levy Insurance Monitor Act 2024*, we must provide these reports to the Treasurer every quarter and publish them on our website.

2 Our activities from January to March 2025

2.1 We are designing our approach to monitoring over-collection of the ESL

One of our functions under the *Emergency Services Levy Insurance Monitor Act 2024* (the Act) is to investigate and assess whether insurers over-collect the Emergency Services Levy during the final years of the scheme.¹

An over-collection is when an insurer collects more in Emergency Services Levy from policyholders than the insurer has been asked to contribute to the NSW Government. The Insurance Monitor will encourage insurers to offer refund undertakings under which they will refund any over-collection amounts to the relevant policyholders. If insurers do not offer a refund undertaking acceptable to the Insurance Monitor, the Insurance Monitor may refer the amount to the Chief Commissioner of State Revenue for debt recovery.

This quarter we have engaged with stakeholders, particularly Revenue NSW, seeking information about how ESL contributions are collected. Revenue NSW is the agency responsible for collecting and managing contributions from insurers. We have analysed the scope of collections and contributions of the ESL across the industry and from different insurers.

Next steps

The Insurance Monitor will use information from Revenue NSW and insurers to assess and investigate over-collections of the ESL in the final years of the scheme.

We will prepare draft guidelines on over-collection which will clarify insurers' obligations under the legislation, and that whenever practicable refunds should be issued to customers. We will consult with insurers and any interested stakeholders on the draft guidelines, before publishing final guidelines.

2.2 We are designing our approach to monitoring prohibited conduct in relation to the emergency services funding reform

Another function of the Insurance Monitor under the Act is to investigate prohibited conduct. There are two types of prohibited conduct defined under the Act: price exploitation and false or misleading conduct in relation to the emergency services funding reform.

We are designing monitoring tools that will support this function. These tools include models to detect and analyse changes in insurance premiums. Our complaints handling management system will also be a source of information for monitoring compliance with the Act.

The Insurance Monitor will use information from insurers to inform how we develop our approach to our functions regarding prohibited conduct.

We will prepare guidelines on prohibited conduct that will make clear to insurers how we expect them to comply with the Act.

2.2.1 Price exploitation

Price exploitation is defined under the Act, see Box 1.

Box 1 Price exploitation in the Emergency Services Levy Insurance Monitor Act 2024

Under s 13 of the Act an insurance company engages in **price exploitation** if:

- a. the insurance company issues, or has during the relevant period issued, a regulated contract of insurance, and
- b. the price for the issue of the regulated contract of insurance is unreasonably high, having regard to:
 - i the emergency services funding reform, and
 - ii the emergency services contributions required to be paid by the insurance company, and
 - iii the historical emergency services levy rates charged by the insurance company, and
 - iv the costs of supplying insurance against loss of or damage to property, and
 - v the fees or charges charged by the insurance company, and
 - vi other matters prescribed by the regulations.

Source: *Emergency Services Levy Insurance Monitor Act 2024* s 13.

This quarter we have begun designing our approach to monitoring and investigating price exploitation. We will consult with stakeholders including insurers, customers and other regulators to help inform our approach to identifying price exploitation and enforcing the prohibition.

Inspectors appointed by the Insurance Monitor will have strong investigative powers to obtain relevant information or records, and to question individuals. We may exercise these powers for specified purposes, including to obtain evidence to determine if price exploitation has occurred.²

Next steps

The Insurance Monitor will seek data from the insurance industry about the premiums charged on insurance products that attract the ESL.

We will continue to develop our approach to monitoring and enforcing the prohibition against price exploitation in relation to the reform. We will prepare draft guidelines on price exploitation and consult on them.

2.2.2 False or misleading conduct

False or misleading conduct is defined under the Act, see Box 2.

Box 2 False or misleading conduct in the Emergency Services Levy Insurance Monitor Act 2024

Under s 14 of the Act, a person engages in **false or misleading conduct** in relation to the emergency services funding reform if the person engages in conduct, trade or commerce, that—

- falsely represents, whether expressly or impliedly, the effect, or likely effect, of the emergency services funding reform, or
- misleads or deceives, or is likely to mislead or deceive, a person about the effect or likely effect of the emergency services funding reform.

Source: *Emergency Services Levy Insurance Monitor Act 2024* s 14.

This quarter we have begun designing our approach to monitoring and investigating false or misleading conduct in relation to the reform. We will consult with stakeholders including insurers, customers and other regulators to help inform our approach to identifying false or misleading conduct and enforcing the prohibition.

The Insurance Monitor will monitor communication from insurers, including communication to the public in the form of advertisements, web publications and other media. The Insurance Monitor may also collect information about, and investigate communications between, insurers and individual policyholders. We will collect information through our complaint handling function and from other sources. The Insurance Monitor may require representations about the effect or likely effect of the emergency services funding reform to be substantiated.³

Inspectors appointed by the Insurance Monitor will have strong investigative powers to obtain relevant information or records, and to question individuals. We may exercise these powers for specified purposes, including to determine if false or misleading conduct has occurred.⁴

Next steps

The Insurance Monitor will seek records and information from insurers including communications to the public in the form of advertisements, web publications and other media, and communications between insurers and policyholders.

We will continue to develop our approach to monitoring and investigating false or misleading conduct in relation to the reform. We will prepare draft guidelines on false or misleading conduct and consult on them.

2.3 We are designing a compliance monitoring, investigations and enforcement strategy and operating model

In this quarter, we began designing a compliance monitoring, investigation and enforcement strategy which considers industry dynamics and our powers under the Act, as well as an operating model for undertaking investigations and enforcement actions.

The strategy will guide how we monitor insurers' compliance with their obligations under the Act, investigate any suspected instances of non-compliance, and take action to enforce compliance. The strategy will inform the inputs that will trigger an investigation, and the evidence required to establish compliance.

We are committed to designing our investigations and enforcement operating model effectively so that the NSW Government and the public can be confident in the Insurance Monitor's capacity to regulate the changes to the Emergency Services Levy effectively.

Next steps

We will continue to develop our investigation and enforcement strategy and operating model. We will consult with other regulators to help inform the design of our practices and operating models.

3 Stakeholder engagement, communication and education this quarter

3.1 Stakeholder engagement

3.1.1 Engagement with insurance customers

One of our functions under the Act is to provide information, advice and guidance on the emergency services funding reform and prohibited conduct.⁵ We are committed to providing timely and helpful information so insurance policyholders can be confident that insurers will remove the Emergency Services Levy from their insurance premiums as NSW transitions to a new emergency services funding model. Empowering and protecting customers through our decisions is one of IPART's strategic priorities.

As we develop our approach to all our functions, we are considering the perspectives and interests of insurance customers. We are identifying areas of our work program where we will particularly seek customer input.

Our [website](#) is a key tool for communicating with and informing the community. Our website includes general information about the Emergency Services Levy and the [Government's reform proposal](#). Our website also includes information about the Act, IPART's role and email contact details, and Frequently Asked Questions.

3.1.2 Engagement with the NSW Government and co-regulators

We have continued to regularly engage with the central government agencies leading the reform, including NSW Treasury and Revenue NSW, to inform the policy settings for our Insurance Monitor role. We have also consulted with other State and Federal regulators to inform the design of our practices and operating models.

3.1.3 Industry stakeholders

Over the first quarter of 2025, we have been working to establish connections with stakeholders and providing an overview of our functions. The Insurance Monitor values opportunities to meet with industry stakeholders and hear their perspectives. We are open to hearing from any industry stakeholders who would like more information about the Insurance Monitor's role and expectations for insurers throughout IPART's appointment as Insurance Monitor.

This quarter, officers from the Insurance Monitor secretariat:

- Had our first meeting with representatives of the Insurance Council of Australia, the representative body of the general insurance industry. We outlined how we will deliver each of our Insurance Monitor functions and set expectations about how the Insurance Monitor will be seeking information from insurers and hold them to account.

- Presented to the Insurance Council of Australia Emergency Services Levy Working Group, which is made up of representatives from insurers. We outlined the Insurance Monitor's functions and foreshadowed the areas of our work where we will consult with the industry.
- Met with Insurance Australia Group Limited, the insurance company which currently is the largest contributor towards the Emergency Services Levy. We outlined our functions and role during the Emergency Services Levy reform.

Next steps

We will consult with stakeholders, including customer advocacy groups and industry representatives, on our work, including the methods the Insurance Monitor will use to fulfill its functions. We want to hear from customer groups so that we understand their perspectives and needs.

Once the Government announces more information about the reform and its start date, we will make available channels for customers to send us enquiries and submit complaints about insurer conduct and pricing. These will include our website and other channels including an Insurance Monitor hotline and email address. Receiving and dealing with complaints about prohibited conduct is one of our functions as Insurance Monitor and will be a key way in which we obtain information to hold insurers to account.

¹ *Emergency Services Levy Insurance Monitor Act 2024 s 31(1)(a).*

² *Emergency Services Levy Insurance Monitor Act 2024 s 62.*

³ *Emergency Services Levy Insurance Monitor Act 2024 s 21(1).*

⁴ *Emergency Services Levy Insurance Monitor Act 2024 s 62.*

⁵ *Emergency Services Levy Insurance Monitor Act 2024 s 7(a).*

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