

May 2, 2013

ICA welcomes further Victorian FSL details

The Insurance Council of Australia (ICA) welcomes today's announcement of further details on how the reforms to Victoria's fire services levy will apply to properties from July 1, 2013.

The Fire Services Property Levy announcement is another step by the Victorian Government towards implementing the recommendations of the 2009 Victorian Bushfires Royal Commission and abolishing insurer statutory contributions to the fire services.

As of July 1, insurers' responsibility for collecting the levy ends, and local councils will collect funding for the fire services through council rates. Insured property owners will see this change reflected in policies purchased or renewed from this date.

The outgoing fire service levy (FSL) on policies is an inequitable way to financially support Victoria's essential services. Under this system, only those who purchase insurance pay for the fire services, but those services are available to everyone – those who are insured, and those who are not. The FSL also acts as a disincentive for property owners to adequately insure their property and business. Insurers are obliged to continue fulfilling their FSL obligations until July 1.

The Victorian Government has introduced a consumer protection regulator, the Fire Services Levy Monitor, to oversee the transition to the new property-based levy and ensure insurance premiums from July 1 reflect the abolition of the levy.