

Address insurance affordability and access

Increasing climate-related disasters and cost of living pressures are making insurance affordability and access critical issues. People without these – particularly First Nations, culturally and linguistically diverse or living low incomes – face heightened financial disadvantage, placing additional strain on government services and the

broader economy. Improving insurance affordability and access is a core component of economic resilience and social equity. While insurance is regulated federally, there are key levers available for NSW to lead in developing fairer, more inclusive insurance systems that protect all citizens, especially the most vulnerable.

Key recommendations

1 Pilot affordable insurance models for low income households

Action

Partner with industry and community organisations to trial affordable insurance products, including microinsurance schemes, direct subsidies, concessions and bundled policies through social housing providers.

Impact

Insurance is essential to financial recovery following disasters. However, many low income households in NSW remain uninsured due to

Half the people living on a low income **do not have any contents insurance**.

SACOSS Protecting the Basics: Insurance access for people on low incomes at risk from climate emergencies, February 2022



1 in 10 home-owning households living on a low income **have no home insurance**.

SACOSS Protecting the Basics: Insurance access for people on low incomes at risk from climate emergencies, February 2022

cost. Drawing from South Australian initiatives, including the SACOSS-backed feasibility study into not-for-profit models, NSW can lead in trialling equitable, affordable insurance solutions targeted at vulnerable cohorts.

2 Commission research into non-insurance and underinsurance

Action

Fund detailed research to map insurance coverage gaps across NSW and identify at-risk populations.



32% of people who settled a home insurance claim said that **their insurance was not enough** to cover the costs.

Choice *Weathering the Storm: Insurance in a Changing Climate*, August 2023



1 in 8 households experience **home insurance affordability stress.**

Actuaries Institute of Australia media release *Nearly one in eight households now facing home insurance affordability stress*, 14 August 2023

Impact

Data on underinsurance is limited. Yet evidence from CHOICE and post-disaster casework shows a concerning mismatch between perceived and actual coverage. Without reliable data, policy responses remain reactive and fragmented. Targeted research will support informed policy design and future-proof the state's emergency recovery systems.

3 Implement an independent oversight of emergency services levy reform

Action

Ensure full implementation of the Emergency Services Levy (ESL) reform and appoint an independent pricing monitor to enforce insurer compliance.

Impact

The ESL has inflated NSW insurance premiums by up to 18% for households and 30% for businesses. While its repeal in 2023 was a crucial step, lessons from Victoria show that insurers may not pass on savings. A pricing monitor will protect consumers and guarantee real affordability gains.

4 Deliver targeted insurance education programs

Action

Fund statewide consumer education initiatives, with a focus on low income and high risk communities.

Impact

Insurance literacy remains low. Consumers often misunderstand coverage and risk, leading to costly underinsurance. Effective education through partnerships with community legal centres, libraries and other place-based services will empower consumers to make informed choices.

28%
increase

Median home insurance **premium increase** over the last year.

Actuaries Institute of Australia media release *Nearly one in eight households now facing home insurance affordability stress*, 14 August 2023

50%
increase

Median **increase for high risk properties**, paying the highest premiums.

About the NSW Financial Inclusion Network | financialinclusionnetwork.com.au

The NSW Financial Inclusion Network formed in 2015 as a policy think tank, engaging the community sector and government to build a more financially inclusive future for NSW. It is funded by NSW Fair Trading and facilitated by Northern Rivers Community Gateway.

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This document and its recommendations have been developed in consultation with NSW Financial Inclusion Network members, and are therefore based on the particular expertise of those organisations.