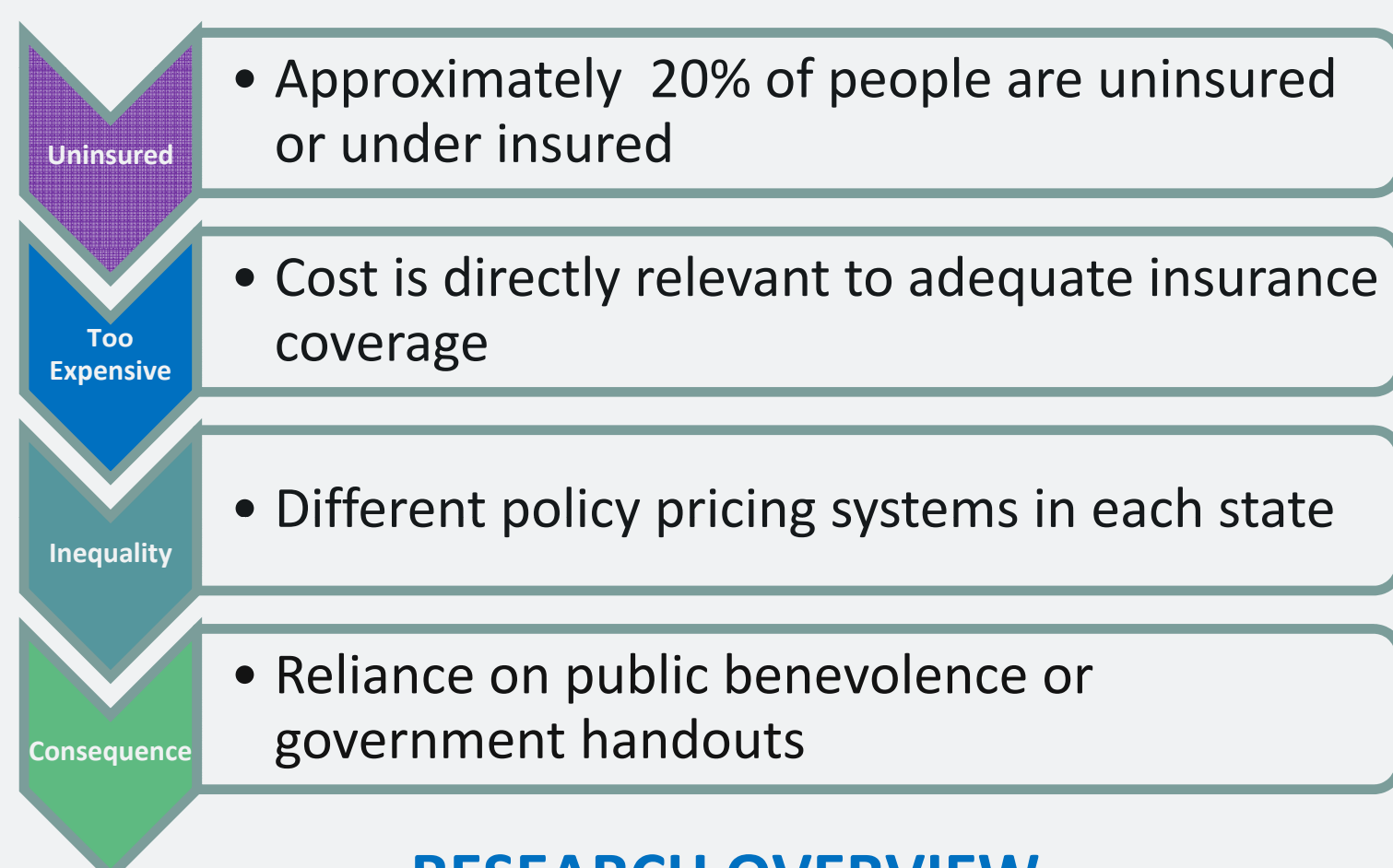# CATASTROPHIC EVENTS, INSURANCE AND SUFFICIENT FUNDING FOR FIRE SERVICES- A LEGAL PERSPECTIVE

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The Problem

Uninsured • Approximately 20% of people are uninsured or under insured

Too Expensive • Cost is directly relevant to adequate insurance coverage

Inequality • Different policy pricing systems in each state

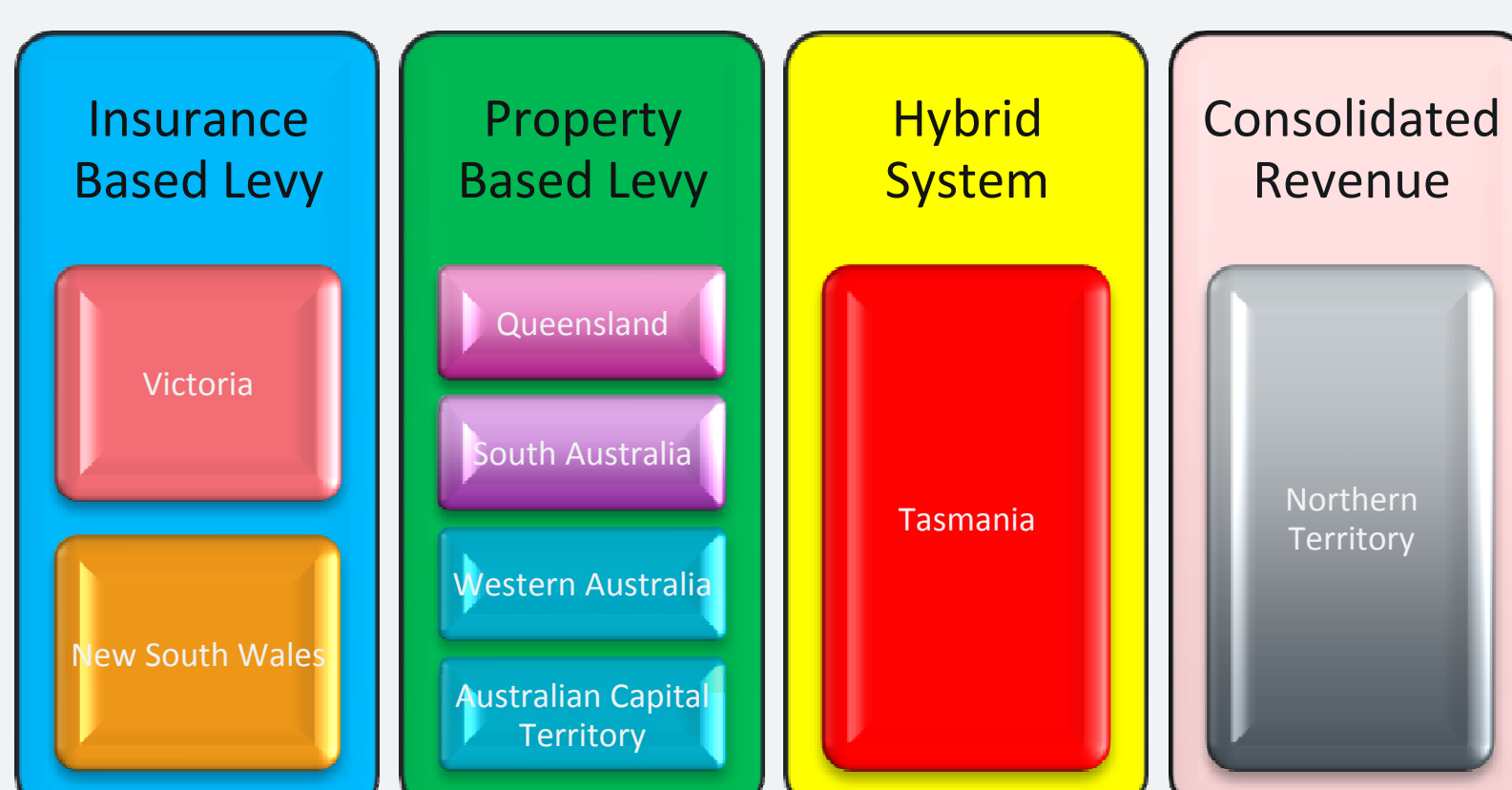**Consequence** • Reliance on public benevolence or government handouts

RESEARCH OVERVIEW

Australia has been subjected to an increasing number of catastrophic weather related events (primarily fires and floods). Black Saturday can be used as an example of a catastrophic fire eventuating in many deaths and widespread devastation. After Black Saturday the problems associated with under insurance and un-insurance have become evident. There are individual and societal implications for this, particularly ramifications for the funding of fire and emergency services.

In Victoria and NSW one of the major impediments to the adequate provision of insurance coverage is cost. The fire services levy and other taxes such as GST and Stamp Duty can escalated the price of a standard policy by up to 123%. In order to fix the problems with insurance the Henry Report recommended the removal of additional taxes on insurance and the Royal Commission has also suggested changing the insurance based fire services levy. The fire services levy in Victoria and NSW is imposed upon insured's and contributes approximately 75% of the funding.

The current legal regulatory system allows for inequity and has prevented transparency and accountability in the way the funds are allocated. Therefore reform is needed to rectify the problem of the cost of insurance which is in some instances prohibitive for many individuals and small businesses.

Insurance Based Levy	Property Based Levy	Hybrid System	Consolidated Revenue
Victoria	Queensland	Tasmania	Northern Territory
New South Wales	South Australia		
	Western Australia		
	Australian Capital Territory		

QUESTIONS- LEGAL REGULATORY SYSTEMS AND FIRE SERVICES FUNDING

• Would using an alternative to the commercial based system of insurance coverage in Australia in fact promote more effective coverage of risks thus minimising the problems of under insurance?

QUESTIONS – DISPROPORTIONATELY HIGH LEVELS OF UNDER INSURANCE AND UN-INSURANCE

• To what extent is un-insurance and under insurance a problem?

• What are the problems within the legal regulatory system that contribute to a low insurance uptake?

• What is the cost of not having insurance for the individual and for society in the event of fire?

• Do people understand the importance of obtaining insurance?

QUESTIONS- OVERLAP: INSURANCE AND FUNDING

• How can communities be educated about the links between insurance and funding for fire services?

• What are the most efficient risk minimisation strategies?

• What are the societal implications for those who do not have insurance and rely upon public benevolence or government handouts?
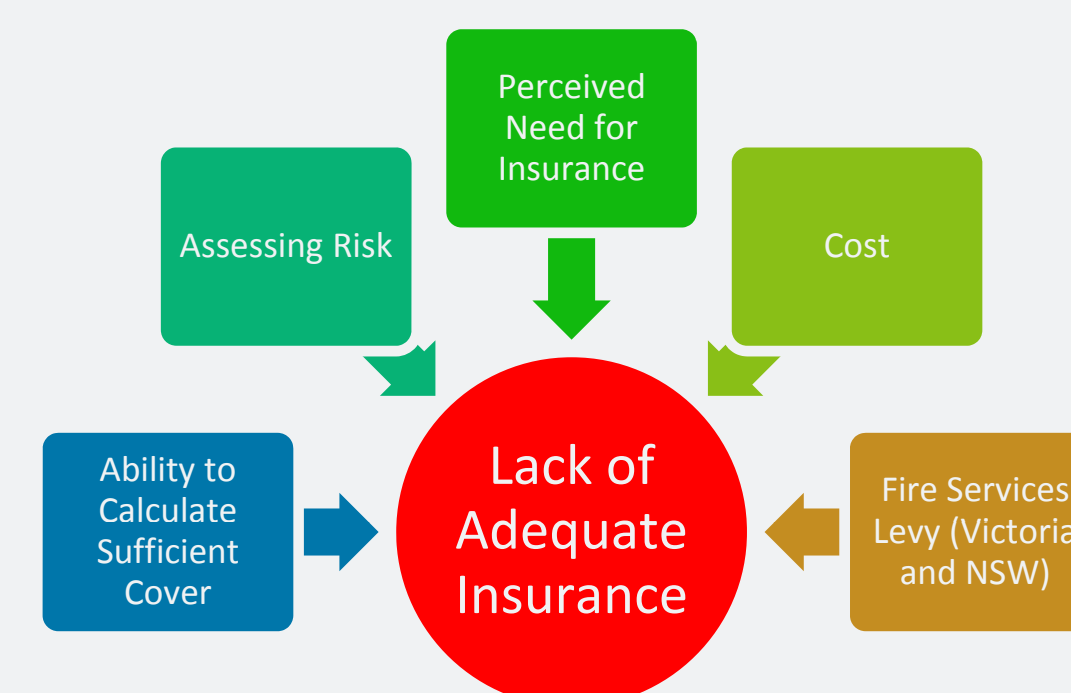
RESEARCH METHODOLOGY

This research will look into the legal regulatory system of both insurance schemes and the funding of fire services initially through an analysis of the current law (legislation, regulation and case law).

In assessing the current fire services funding arrangements and suggesting improvements I seek to work in consultation with fire and emergency services organisations. I will be discussing the viability of their current systems and working towards a system of greater accountability and transparency.

I seek to consult with members of the community to assess their understanding of risk. Through public consultation I also seek to gauge public understanding of insurance pricing and the perceived need for insurance.

Assessing Risk → Perceived Need for Insurance → Cost → Ability to Calculate Sufficient Cover → **Lack of Adequate Insurance** ← Fire Services Levy (Victoria and NSW)

PHD THESIS- OBJECTIVES

My thesis will explore the practical impediments to the provision of affordable insurance. In doing so the overlap with fire and emergency services funding will be examined to develop a system with greater equity, transparency and accountability.

Through exploring the current regulatory system the thesis seeks to explore ways to increase insurance levels thus mitigating losses to individuals and society resulting from catastrophic events (primarily fires).

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