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Review of Fire Service Levy

The Fire Service Levy (FSL) charged by state governments on insurance premiums in NSW, Victoria and Tasmania, will be reviewed as part of the Henry Review of Taxation. Many would say it is about time that these three states join the rest of Australia in getting rid of an unfair tax that encourages underinsurance.

The origins of the FSL can be traced back to 1666, the year of the Great Fire of London. After the Fire, London insurance companies set up their own fire brigades and only went to the aid of those houses that displayed a plaque showing that the building was insured; the rest were left to burn. A similar private system was used in Australia until the mid 19th century when the government set up a public fire service funded by applying a levy to all building insurance premiums.

The system continues today and is fair provided that all buildings are insured, but unfortunately they're not. The FSL has recently risen to a whopping 84% of premium for commercial policies in country areas of Victoria. National Insurance Brokers Association (NIBA) CEO Noel Pettersen¹ says it's impossible to understand how the Victorian Government can justify the rises, given the problems of non-insurance and under-insurance that emerged after the bushfires in February. The FSL in NSW is 36% for business and 19% for home insurance with no exemptions for not for profit organizations². Other FSL rates apply to contents, business interruption and motor insurances.

Is the FSL contributing significantly to under-insurance and is there a more equitable way of funding the fire services? It's a complicated issue that is being hotly debated and can be followed by doing a simple web search.

OH&S and Insurance

Is your organization protected against inadvertent breach of the Occupational Health and Safety (OH&S) Act? An article published in The Third Sector Magazine³ notes that 99% of all organizations surveyed knew that they have a legal obligation to provide a safe workplace but, less than half knew if they had an insurance policy to cover OH&S fines or legal fees in the event of prosecution. Several insurance providers supply insurance products that cover incurred defense costs; NCOSS Community Cover Association Protector Liability is one policy that does.

Check your insurance policy to see if you are covered but remember, no insurance policy will cover you for deliberate breaches of the Act so make sure your organization is fully aware of it's OH&S responsibilities.

¹ www.insuranceNEWS.com.au 17.8.09 **Victoria's fire levy rises again**

² www.insurancecouncil.com.au

³ http://thirdsectormagazine.com.au/news/ohs_risks_for_not-for-profits/001943/