**2026**

**THE LEGISLATIVE ASSEMBLY FOR THE AUSTRALIAN CAPITAL TERRITORY**

**ELEVENTH ASSEMBLY**

# STANDING COMMITTEE ON ECONOMICS, INDUSTRY AND RECREATION REPORT NO 2 OF 2025 – Inquiry into insurance costs in the ACT

## GOVERNMENT RESPONSE

**Minister Stephen-Smith**
**Minister for Finance**

**Minister Pettersson**
**Minister for Skills, Training and Industrial Relations**

**February 2026**

# Introduction

The ACT Government welcomes the Report on the Inquiry into Insurance Costs in the ACT (the Inquiry) and thanks the Standing Committee for Economics, Industry and Recreation for its consultative examination of this complex and important issue. The ACT Government acknowledges the contributions of industry representatives, community members and stakeholders who made submissions and attended Inquiry hearings to provide evidence.

Insurance is integral for supporting the resilience of businesses and households in the Territory. It protects against financial loss, promotes stability and encourages economic activity by mitigating risks. Having appropriate insurance cover enables businesses to operate, trade and participate in commerce and contribute to growing the ACT economy.

Insurance costs have increased significantly in recent years, both in Australia and internationally. As a small jurisdiction, insurance providers in the ACT operate in a small market which can be volatile due to factors influencing insurance premiums. Price inflation for vehicles, parts, and repairs, personal injury products and services, the contraction of reinsurance markets and increasing prevalence of large-scale extreme weather events have all placed upward pressure on claim costs and premium prices.

In its Report, the Standing Committee has made 21 recommendations. Some relate to two or more lines of insurance, while others are specific to single lines or products. The Committee's analysis focused on:

- workers compensation insurance
- public liability insurance
- motor vehicle insurance
- strata title insurance.

The Standing Committee report and recommendations provide valuable insights into the cost of insurance and opportunities for improvement. The report highlights opportunities for Government, industry and the community to work together to improve insurance affordability and accessibility.

# Overview of the ACT Government Response

The ACT Government is committed to ensuring that the Territory's policy and regulatory settings support fair, sustainable and competitive insurance markets and acknowledges the Report's 21 recommendations.

Several of the recommendations call on the Government to investigate potential reforms, to determine whether they would reduce costs and if so, to make the indicated change.

The Government's response to nine of these recommendations is reflective of the two-part nature of these recommendations made by the Committee. In responding, the Government has undertaken to investigate the impact of a proposed change as set out in the response below. However, it is noted that any future legislative or major policy reform would need to undergo separate policy considerations, including consultation and Budget processes, before the Government could commit to making the change.

The Government’s response otherwise responds to the remaining recommendations as:

- agrees to one recommendation;
- notes six recommendations; and
- does not agree to five recommendations.

## Government Response to Recommendations

| RECOMMENDATION | GOVERNMENT RESPONSE |
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| **Recommendation 1**<br><br>The Committee recommends that the ACT Government determine whether introducing caps on personal injury claims is likely to reduce premiums and if so, develop legislation to introduce such caps. | **AGREED IN PRINCIPLE**<br><br>The ACT Government will consider and assess whether capping personal injury claims is likely to reduce premiums in the Territory in response to the first part of this recommendation.<br><br>**NOTED**<br><br>The ACT Government notes the views of the Committee in relation to introducing legislative reforms in response to the second part of this recommendation.<br><br>Before the Government commits to any future reforms as a result of the review, proposed reforms would need to undergo separate policy development, including proper stakeholder consultation, regulatory impact analysis and budget processes, to consider the broader policy impact and merits of personal injury capping on premium costs, having regard to social, health and economic impacts on injured people. |
| **Recommendation 2**<br><br>The Committee recommends that the ACT Government explore evidence-based policy options for capping insurance premium increases. | **NOT AGREED**<br><br>The ACT Government does not underwrite workers' compensation, motor accident, strata title or public liability insurance in the ACT. These products are underwritten by commercial insurers.<br><br>The Commonwealth, through the Australian Prudential Regulation Authority, regulates commercial insurance providers, including capital reserve amounts, reinsurance, and other prudential requirements. These requirements are designed to ensure responsible governance and viability of the financial sector and set out factors that commercial insurers must consider when setting premiums.<br><br>In this regulatory environment, capping premium increases would not materially impact the ultimate cost of insurance and, due to the ACT's small size, may have unintended consequences. These could include increased cross-subsidisation between employers and industry sectors, restrictions on insurer price competition, and limiting performance-based pricing, which employers with good safety histories are currently able to draw on to achieve premium price reductions.<br><br>While this recommendation is not agreed, the government will continue to closely monitor the relativities of achieved premiums compared to the actuarially determined suggested reasonable premium rates for workers' compensation insurance in particular. |

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| **Recommendation 3**<br><br>The Committee recommends the ACT Government determine whether a statutory cap on legal fees is likely to reduce insurance premiums in the ACT. If yes, the Committee recommends the ACT Government develop legislation to introduce such a cap. | **AGREED IN PRINCIPLE**<br><br>The ACT Government will consider whether a statutory cap on legal fees would reduce insurance premiums in response to the first part of this recommendation.<br><br>**NOTED**<br><br>The ACT Government notes the views of the Committee in relation to introducing legislative reforms in response to the second part of this recommendation. Before the government commits to any future reforms, they would need to undergo separate policy development, including proper stakeholder consultation, regulatory impact analysis and budget processes, to fully understand the broader policy impacts. |
| **Recommendation 4**<br><br>The Committee recommends that the ACT Government amend the regulations around ‘no win no fee’ legal service advertising to require a disclosure that claimants are required to pay disbursements and potentially third-party costs, regardless of the outcome of their claim. | **NOTED**<br><br>The Government will review the impact that restrictions on legal advertising has on premium prices in other jurisdictions, and may have in the ACT, commencing with workers compensation insurance lines, to determine whether such reform would be practicable and effective.<br><br>It would not be appropriate to amend the regulation without first reviewing the proposed reform in consultation with affected stakeholders. |
| **Recommendation 5**<br><br>The Committee recommends that the ACT Government establish an insurance literacy program for small businesses and community organisations. | **NOT AGREED**<br><br>The ACT Government provides a range of programs in addition to those established by the Commonwealth to support small businesses and community organisations, including funding of the Canberra Business Advice and Support Service (CBASS). The CBASS provides businesses with up to four hours of free business advice tailored to their individual needs. Requests to CBASS for dedicated and specific guidance for insurance matters are appropriately referred to qualified insurance professionals.<br><br>In addition, as part of the 2025-26 ACT Budget, $10 million was provided to community organisation to meet the costs associated with their business requirements.<br><br>Insurance brokers are widely utilised by ACT businesses to secure insurance policies. Brokers provide a range of business advisory services as part of their business model. The investment required to establish the service envisaged by the recommendation would not yield a proportionate benefit. |

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| **Recommendation 6**<br><br>The Committee recommends that the ACT Government explore options for providing an insurance comparator website. | **NOT AGREED**<br><br>Establishing an ACT Government comparator website would be a complex and resource-intensive activity that would likely have to be outsourced to obtain the necessary skills and industry expertise.<br><br>In the case of workers' compensation, underwriters exercise considerable discretion in price setting, on consideration of a wide range of individual employer characteristics and other factors. It would not be practicable for a third-party website to reliably identify all relevant factors nor to anticipate how all underwriters would respond to them.<br><br>The ACT Government already provides direct and indirect mechanisms to support insurance rate comparisons, including:<br><br>• for workers compensation, the annual publication of average suggested reasonable premium rates by industry sector, which is publicly available at https://www.act.gov.au/open/act-workers-compensation-scheme-suggested-reasonable-premium-rates<br><br>• for motor vehicle insurances, comparative choice is available at vehicle registration renewals either via telephone or online renewals, with comparative pricing information available at the following websites:<br><br>    ○ https://services.accesscanberra.act.gov.au/s/forms/vehicle-registration-fee-calculator<br><br>    ○ https://www.treasury.act.gov.au/maic/your-mai-insurance/how-mai-insurance-premiums-are-set<br><br>In relation to public liability insurance, there are existing comparator sites. A government-run comparator website would provide limited additional utility or value. |

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| **Recommendation 7**<br><br>The Committee recommends that the ACT Government consider amending the *Civil Law (Wrongs) Act 2002* to allow proportional liability to be applied to both personal injury claims and claims made under the *Workers Compensation Act 1951*. | **AGREED IN PRINCIPLE**<br><br>The ACT Government will review proportional liability arrangements in relation to workers' compensation under the *Civil Law (Wrongs) Act 2002* in response to the first part of this recommendation.<br><br>**NOTED**<br><br>The ACT Government notes the views of the Committee in relation to introducing legislative reforms in response to the second part of this recommendation. Before the government commits to any future reforms, they would need to undergo separate policy development, including proper stakeholder consultation, regulatory impact analysis and budget processes, to fully understand the broader policy impacts. In particular, having regard to potential social, health and economic impacts on injured people in the context of the nature and objectives of workers' compensation as a no-fault statutory insurance scheme. |
| **Recommendation 8**<br><br>The Committee recommends that the ACT Government consult with relevant stakeholders to develop legislative reform that addresses contributory negligence in insurance claims. | **AGREED IN PRINCIPLE**<br><br>The ACT Government will review existing contributory negligence considerations in the statutory insurance frameworks applying to personal injury claims that it legislates in relation to the first part this recommendation.<br><br>**NOTED**<br><br>The ACT Government notes the views of the Committee in relation to introducing legislative reforms in response to the second part of this recommendation. Before the government commits to any future reforms, they would need to undergo separate policy development, including proper stakeholder consultation, regulatory impact analysis and budget processes, to fully understand the broader policy impacts. |

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| **Recommendation 9**<br><br>The Committee recommends that the ACT Government require insurers to explain the components of premiums to customers, including how risk mitigation measures have been taken into account. | **NOTED**<br><br>It is beyond the legislative power of the ACT Government to require insurers of non-statutory insurance lines to engage with their purchasers in a particular way.<br><br>Risk mitigation measures taken by an insured party are not generally impactful of premium price setting in statutory insurance lines. Rather, it is the frequency, severity and cost of past claims by the individual (and/or the applicable class of individuals) that are more directly determinative.<br><br>Information about how premium funds are spent is publicly available. The annual review of the ACT workers compensation scheme for example describes what proportion of premium collections are used to pay injured workers (including a breakdown of incapacity payments, medical, legal, lump sum damages and other costs), regulatory fees, claim administration costs, profit margins and brokerage. The ACT Government publishes the annual workers compensation scheme review at: https://www.act.gov.au/open/act-workers-compensation-review-of-scheme-performance.<br><br>Similar information about the Motor Accident Injury Scheme appears in MAI quarterly reports available here: https://www.treasury.act.gov.au/maic/scheme-knowledge-centre. |
| **Recommendation 10**<br><br>The Committee recommends that the ACT Government provide additional funding to high-risk community organisations to implement mandatory risk mitigations. | **NOTED**<br><br>The Government has recognised and responded to cost pressures facing community service organisations. The 2025-26 Budget has provided a $10 million funding boost over a two-year period for community organisations.<br><br>Government funding provided to community organisations is considered as part of the Budget process.<br><br>The Government also provides a range of guidance and other tools, including through WorkSafe ACT, to assist industry manage safety risks. |
| **Recommendation 11**<br><br>The Committee recommends that the ACT Government give consideration to aligning the ACT workers' compensation scheme in relation to journey claims with those in other jurisdictions. This should include a | **AGREED IN PRINCIPLE**<br><br>The Government will review journey claim cover arrangements having regard to the approach of other Australian workers' compensation jurisdictions in relation to the first part of this recommendation.<br><br>**NOTED**<br><br>The ACT Government notes the views of the Committee in relation to introducing legislative reforms in |

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| requirement that there must be a real and substantial connection between employment and the accident in which the injury arose, and that the incident is not otherwise covered by the Motor Accident Insurance Scheme. | response to the second part of this recommendation.<br><br>Before the Government commits to any future reforms, proposed reforms would need to undergo separate policy development, including proper stakeholder consultation, regulatory impact analysis and budget processes, to consider the broader policy impacts of proposed reforms. In particular, having regard to the potential impact of any proposed change on the services and supports able to be accessed by injured workers and the performance of the Motor Accident Insurance scheme. |
| **Recommendation 12**<br><br>The Committee recommends that the ACT Government consider subsidising the workers' compensation premiums for insurance policies that cover apprentices. | **AGREED IN PRINCIPLE**<br><br>The Government will investigate the viability of workers compensation premium subsidisation mechanisms for apprentices in relation to the first part of this recommendation.<br><br>**NOTED**<br><br>The ACT Government notes the views of the Committee in relation to proposing the subsidisation of workers compensation premium costs associated with apprentices in response to the second part of this recommendation.<br><br>Before the Government commits to any future reforms, proposed reforms would need to undergo separate policy development, including proper stakeholder consultation, regulatory impact analysis and budget processes, to consider the broader policy impacts of proposed reforms. |

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| **Recommendation 13**<br><br>The Committee recommends that the ACT Government consider introducing alternative dispute resolution mechanisms to help resolve workers' compensation claims. | **AGREED IN PRINCIPLE**<br><br>The ACT Government notes that the private sector workers compensation scheme has alternative dispute resolution mechanisms in place, including conciliation and arbitration.<br><br>Relevantly, conciliation is available where a worker and their employer agree to participate and is held with the purpose of reaching an agreement about matters in issue arising from a claim.<br><br>In response to the first part of this recommendation, the Government will explore possible measures to strengthen access to alternative dispute resolution mechanisms to support the resolution of workers' compensation claims balanced against human rights principles of ensuring that rights to access to the courts are maintained.<br><br>**NOTED**<br><br>The ACT Government notes the views of the Committee in relation to introducing reforms in response to the second part of this recommendation.<br><br>Before the Government commits to any future reforms, proposed reforms would need to undergo separate policy development, including proper stakeholder consultation, regulatory impact analysis and budget processes, to consider the broader policy impacts of proposed reforms. |
| **Recommendation 14**<br><br>The Committee recommends that the ACT Government review the application of the statute of limitations for workers' compensation claims. | **NOTED**<br><br>The ACT's current framework for statute of limitations for workers compensation claims is consistent with other Australian jurisdictions. Late claims are allowed with permission from the Magistrates Court.<br><br>Some work-related injury and diseases have delayed development between exposure and appearance of symptoms. For example, exposure to certain materials such as silica or asbestos may take 10 to 40 years for symptoms to appear after initial exposure.<br><br>Statutory limitation periods for making claims must be appropriate and balanced to ensure all stakeholders are not disadvantaged.<br><br>As such, the ACT Government notes the Committee's recommendation but concludes that no action should be taken. |

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| **Recommendation 15**<br><br>The Committee recommends that the ACT Government examine models to facilitate insurance pooling for like organisations. | **AGREED IN PRINCIPLE**<br><br>The Government recognises the benefit community organisations provide to the Territory and agrees to investigate and consider insurance pooling models that would realise premium cost reductions in relation to workers compensation insurance premiums for all participants. This work would need to consider possible and unintended impacts on the wider workers compensation market in the ACT noting its small size.<br><br>**NOTED**<br><br>The ACT Government notes the views of the Committee in relation to introducing reforms in response to the second part of this recommendation.<br><br>Before the Government commits to any future reforms, proposed reforms would need to undergo separate policy development, including proper stakeholder consultation, regulatory impact analysis and budget processes, to consider the broader policy impacts of proposed reforms.<br><br>The ACT Government does not underwrite or regulate public liability insurance. |
| **Recommendation 16**<br><br>The Committee recommends that the ACT Government examine policy options that enable insurance pooling for organisations using its facilities. | **AGREED IN PRINCIPLE**<br><br>The Government recognises the benefit community organisations provide to the Territory and agrees to investigate and consider insurance pooling models that would realise premium cost reductions for all participants when using government owned facilities.<br><br>**NOTED**<br><br>The ACT Government notes the views of the Committee in relation to introducing reforms in response to the second part of this recommendation.<br><br>Before the Government commits to any future reforms, proposed reforms would need to undergo separate policy development, including proper stakeholder consultation, regulatory impact analysis and budget processes, to consider the broader policy impacts of proposed reforms. |

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| **Recommendation 17**<br><br>The Committee recommends that the ACT Government review the impact of public liability requirements for community groups using government facilities and implement policy responses to reduce the requirements. | **NOTED**<br><br>Public liability insurance requirements are assessed and set on a case-by-case basis. Risk assessments are undertaken to ensure that public liability coverage is sufficient but not excessive.<br><br>A policy that modifies this approach, to reduce the degree of cover to a level below the one indicated by risk assessment, would inappropriately transfer risk to the Territory. |
| **Recommendation 18**<br><br>The Committee recommends that the ACT Government revisit its $20 million public liability requirement and consider more appropriate levels of cover on a case-by-case basis, with a view to reducing the requirement where applicable. | **AGREED – EXISTING GOVERNMENT POLICY**<br><br>Insurance requirements in ACT Government contracts or agreements are assessed on a case-by-case basis. Relevantly, there is no blanket requirement for entities engaging with the Territory to hold $20 million in public liability insurance cover.<br><br>The government will continue to raise government contract manager awareness of procurement policy, and the processes for assessing risk, in relation to public liability insurance. |
| **Recommendation 19**<br><br>The Committee recommends that the ACT Government takes the high price of public liability insurance into account when allocating funding grants to community organisations. | **NOTED**<br><br>The Government recognises the important role of community organisations in the community and notes concerns raised about increasing costs and broader economic pressures in relation to service delivery beyond just increasing public liability insurance costs.<br><br>Government funding provided to community organisations is considered as part of the Budget process. |
| **Recommendation 20**<br><br>The Committee recommends that the ACT Government introduce an insurance pricing model to equalise the pricing for taxis and rideshare vehicles. | **NOT AGREED**<br><br>The current pricing model (introduced in 2015) allows premium rates to be set based on the differential experience/risk of the taxi and rideshare classes of vehicle.<br><br>Initiatives to equalise the price would undermine risk-based pricing and introduce cross-subsidisation, where a ‘safer’ class of vehicle would pay more in order for the higher risk vehicles to pay less. This would be counter to existing incentives to improve safe driving efforts and achieve Vision Zero.<br><br>Efforts in Queensland to equalise premium prices for taxis and rideshare vehicles for motor accident insurance have been monitored closely, and are not considered appropriate for implementation in the |

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| | ACT, as they have caused inappropriate degrees of cross-subsidisation. |
| **Recommendation 21**<br><br>The Committee recommends that the ACT Government update its data collection systems for motor vehicle collisions to reflect changes in technology that improve safety. | **NOT AGREED**<br><br>Matters such as changes in mileage, safety features, new technologies, and driver training may lower the frequency and/or average cost of personal injury claims. These are automatically captured in the injury data that insurers must report to the Motor Accident Injuries (MAI) Commission.<br><br>ACT accident data has been provided to the ACT Taxi Association by the MAI Commission, along with NSW data for comparison, in an effort to assist the taxi industry to understand the factors contributing to higher premiums. |