



tasinsure
for Tasmania

Discussion Paper and Preliminary Draft Bill



Tasmanian
Government



1 Introduction

In July 2025, the Tasmanian Government announced it would establish a state-owned general insurance company, TasInsure.

The primary objective of TasInsure is to respond to escalating insurance costs faced by Tasmanian families, small businesses and community groups.

Significant concerns have been raised that insurance premiums are rising due to national and international risk profiles. In many cases, these risk profiles do not reflect Tasmania's actual risk exposure, resulting in disproportionately high premiums in Tasmania.

These insurance market conditions are unsustainable, and pose a significant risk to household budgets, business conditions, and the economy generally. In relation to Tasmania's rural and regional areas in particular, premiums have become so unaffordable that many Tasmanians are unable to insure at all.

These conditions are also heavily impacting key industries that underpin the Tasmanian economy, with sectors such as hospitality and tourism particularly affected by rising insurance costs.

If left unaddressed, rising insurance costs may reduce affordability, undermine business confidence, reduce competitiveness and constrain the State's economic development. In addition, these conditions have the potential to

risk the long-term viability of living, working and investing in our regional communities.

To respond to these challenges, TasInsure will seek to deliver affordable insurance products for Tasmanian households, small businesses, community groups, and other organisations requiring regional and event insurance. It will do so in a way that is disconnected from the risk profiles of other jurisdictions. TasInsure will address the sharply rising insurance premiums in Tasmania by providing a Tasmanian-owned alternative that reinvests financial returns to support long-term affordability for Tasmanian customers.

To achieve this objective, TasInsure will focus on the following key outcomes:

- » **Affordability:** reduce pressure on insurance premiums by supplementing existing insurance options;
- » **Local Ownership:** deliver a Tasmanian-owned entity that reinvests financial returns into the business rather than distributing them to external shareholders; and
- » **Expanded Coverage:** provide a Tasmania-focussed insurance solution to reduce loss of coverage or under-insurance in sectors where premiums have become unaffordable or risk coverage unavailable.



The initial proposal for TasInsure included leveraging the existing Motor Accidents Insurance Board (MAIB) model and structure. The MAIB is proven to have delivered relatively affordable insurance premiums in the Tasmanian context.

Current Actions

The Tasmanian Government is seeking advice from a highly specialised consultant to advise on TasInsure's development, governance, and operating model. This work will involve an analysis of different policy and whole-of-system options, commercial operating arrangements, the degree of integration and separation from the MAIB, and input in relation to implementation planning and timelines. The provision of this advice is critical to ensure that TasInsure delivers on the objective of providing more favourable insurance outcomes for Tasmanians.

The Tasmanian Government is also seeking advice from stakeholders and the broader community in relation to the establishment of TasInsure to ensure the proposed model and framework reflects the needs and expectations of the community.

This discussion paper outlines the broad policy proposal for TasInsure, and key components of its policy architecture. This includes governance, product offering, finance, risk, regulatory, transitional and other implementation components.

In addition, this paper also sets out key considerations and matters requiring consultation which the Tasmanian Government seeks input on.

Policy Proposal and Framework

Insurance is a key part of financial resilience for households, businesses and community groups. If premiums are too high, under-insurance or insurance avoidance may increase financial vulnerability.

The recent increases in insurance premiums in the Tasmanian context are not sustainable. National and international market trends are disproportionately and negatively impacting Tasmanian market conditions. These conditions are creating an environment where many Tasmanian families and businesses are being left to be either underinsured or uninsured.





This presents an unacceptable risk for these families, businesses and the Tasmanian community more generally.

A Tasmanian-based insurer that moderates the effects of external premium pressures may help mitigate those risks. In addition, TasInsure will also provide an opportunity for Tasmanian insurance market conditions to be more responsive to the uniqueness of Tasmanian conditions compared with other insurance markets.

To deliver on the proposed policy objectives and to ensure the long-term success of TasInsure, it is critical that the governance arrangements, regulatory framework and commercial operating model is appropriately formulated.

Accordingly, the operating model and governance framework of TasInsure must be established with regard to its broader architecture. In this context, there are six main areas that require further consideration:

- » Governance and Structure;
- » Product Scope;
- » Financial and Risk Management;
- » Regulatory Context;
- » Implementation Planning; and
- » Stakeholder Engagement and Coordination.

Key Policy Architecture Area	Description
Governance and Structure	<p>The following represent key components of the proposed governance and structure of TasInsure:</p> <ul style="list-style-type: none"> ▪ The policy basis for TasInsure included its establishment as a State-owned entity. The ultimate operating structure will depend, and be selected, on the basis on the model that delivers greatest alignment with the policy objectives of TasInsure consistent with the Tasmanian Government's requirements in terms of risk tolerance and exposure to the State and Taxpayers. ▪ The initial proposal is that the existing MAIB balance sheet will be leveraged to deliver TasInsure through the utilisation of its existing commercial and operating infrastructure. The degree of integration or separation from the MAIB will be key component of the governance policy architecture. ▪ TasInsure will be owned by the Tasmanian Government on behalf of the Tasmanian people. ▪ To deliver on its policy objectives, TasInsure will be composed of an independent board of directors with insurance/financial expertise (and subject to the same pipeline of reforms to GBE's and State-Owned Companies (SOC's) that the Tasmanian Government is currently progressing), with clear mandates and performance metrics supported by transparent reporting to Parliament and public. ▪ TasInsure will operate consistently with any legal or regulatory requirements. ▪ Financial returns are expected to be reinvested into TasInsure to keep premiums low, rather than being distributed externally.

Key Policy Architecture Area	Description
Product scope	<p>The expected scope of TasInsure includes:</p> <ul style="list-style-type: none"> ▪ Products are targeted to include: home and contents insurance; small business insurance; community groups and event insurance (including public liability insurance); regional insurance (including potentially farms or regional dwelling risks) and workers' compensation insurance. ▪ The policy proposal is based on coverage being limited to include Tasmanian businesses and Tasmanian families including Tasmanian households, small to medium enterprises (SMEs), community groups, event organisers, and regional and remote areas where cover is currently limited or premiums exceptionally high. ▪ Policy pricing will be targeted at lowering insurance premiums for policy holders. ▪ Policies will be targeted at making insurance affordable and available to those that may have limited ability to obtain adequate insurance, supported by simplified processes for community and events organisations.
Financial and Risk Management	<p>The operating arrangements of TasInsure must be supported by strong and robust financial and risk management frameworks that safeguard viability, risk management and affordability:</p> <ul style="list-style-type: none"> ▪ TasInsure will require sufficient capital support, with the MAIB model intended to be leveraged for this purpose. ▪ Appropriate reinsurance arrangements may need to be proposed and formalised. ▪ Premiums are to be set to reflect Tasmanian-specific risk exposures but aim for affordability by leveraging Tasmanian conditions to maintain affordability and commercial sustainability. ▪ Appropriate pooling and diversification measures will need to be considered. ▪ Capital strengthening will be balanced with the need for the reinvestment of financial returns to strengthen the balance sheet to drive down premiums.
Regulatory Context	<p>The design and establishment of the operating framework of TasInsure must be established together with a consideration of:</p> <ul style="list-style-type: none"> ▪ Relevant regulatory and compliance requirements in the context of Federal and other applicable State-based legislation (this includes any applicable Federal competition law or prudential requirements). ▪ The insurance pricing market and its influences, and the impact that exogenous policies (emergency management, building codes, mitigation incentives, and climate adaptation, for example) has on this market. ▪ Compliance with other, broader regulatory frameworks and codes, as required.



Key Policy Architecture Area	Description
Implementation Planning	<p>The implementation of the TasInsure proposal must be appropriately adapted and accord to realistic and achievable timeframes for implementation:</p> <ul style="list-style-type: none"> ▪ The implementation model may require separate phases: including establishment, product launches, scaling up, capital strengthening and performance monitoring. ▪ A phased approach for the roll-out for policies may be required – with organisations or areas where underinsurance or uninsurance presents an unacceptable risk being targeted in the first instance.
Stakeholder Engagement and Coordination	<p>The implementation of TasInsure will involve collaboration and engagement with a range of stakeholders:</p> <ul style="list-style-type: none"> ▪ Organisations, bodies and other groups interested in developing a solution should be engaged with as a matter of priority to help deliver the solution that TasInsure aims to provide. ▪ Local Governments and community organisations will need to be engaged and consulted, particularly in relation to resilience opportunities. ▪ Industry groups, SMEs and other similar organisations and bodies may be consulted to provide input in relation to insurance products and requirements as well as risk-mitigation measures and opportunities. ▪ The Federal regulatory context, to the extent it applies, will also need to be managed through engagement with relevant regulatory bodies and other authorities. ▪ Engagement with existing market participants (local, international and reinsurance) will also be undertaken, as required. ▪ Coordination with relevant State agencies will be required, especially those involved in disaster mitigation, resilience incentives and program planning, community education as well as broader State-based financial management.



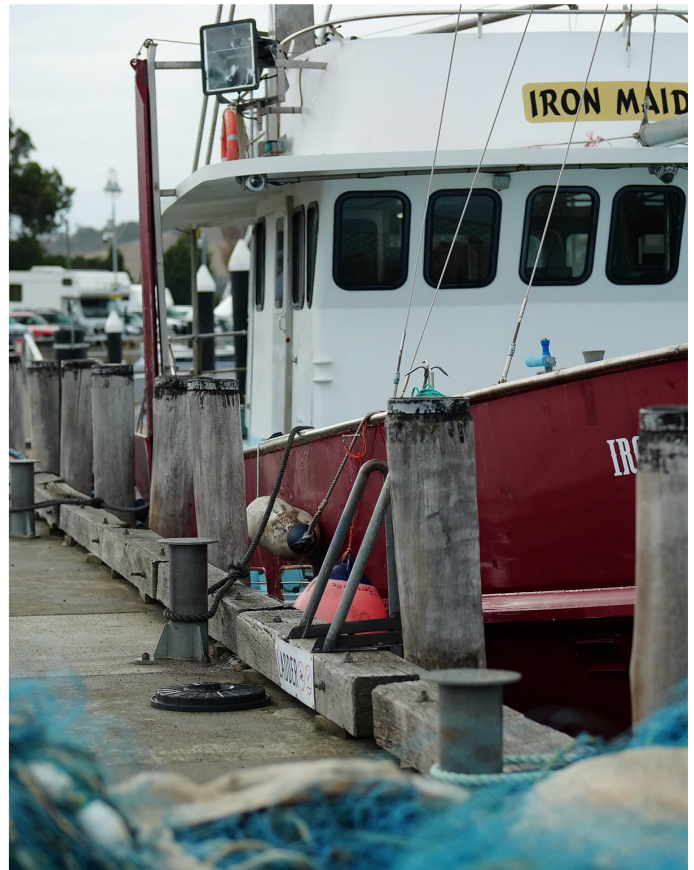
2 Draft Legislation

As part of the development of TasInsure and the associated policy basis, the Tasmanian Government with the assistance of the Office of Parliamentary Counsel has prepared a Preliminary Draft Bill which serves as preliminary legislation for the establishment of TasInsure. A copy of the Preliminary Draft Bill is annexed to this paper.

The Preliminary Draft Bill represents an initial legislative framework to guide the discussion phase of the consultation process. It will be refined following the initial discussion phase outlined in this paper and through the advice provided by the appointed consultant.

In particular, it is anticipated that the Preliminary Draft Bill will require changes to include matters in relation to:

- » Corporate Structure: the proposed structure of TasInsure, and the degree of connection or separation from the MAIB (it is expected that substantial amendments may be required depending on the ultimate model adopted);
- » Policy Scope: the classes, types and scope of the general insurance services offered by TasInsure; and
- » Regulatory Oversight and Reporting: clarification in relation to Ministerial responsibilities, accountability mechanisms and other reporting and management requirements.



The Preliminary Draft Bill is intended to serve as the baseline legislative model for the establishment of TasInsure. It provides a foundation upon which further refinement can occur through consultation, targeted feedback, and detailed policy and legislative analysis.

Following feedback from stakeholders during the discussion phase, the Government will prepare and release an updated version of the Bill for targeted consultation with stakeholders and the broader community.

3 Key Policy Issues and Questions for Consultation

On the basis of the key matters outlined above, the Tasmanian Government is seeking specific input in relation to the following matters:

- » Individual experiences in relation to rising insurance premiums and the associated impacts on households, businesses, or events.
- » Sectors, regions or activities where insurance affordability or availability is currently constrained (or withdrawn).
- » The impact of external (and non-Tasmanian) market dynamics or conditions on the Tasmanian insurance market.
- » Views in relation to the proposed model, framework or structure of TasInsure, including considerations around scope, mandate and product offering.
- » The design and components of the implementation plan including phasing-in arrangements, prioritisation of product offerings and target customers and groups.
- » Potential partnerships or delivery models that may support TasInsure and its objectives, including local councils and community organisations.

- » Other proposals, programs or policies that may deliver improved insurance outcomes for Tasmanians (including resilience building opportunities).
- » Opportunities to leverage existing Tasmanian frameworks and models to deliver improved insurance outcomes (for example, coordination with the MAIB).
- » Preferences for customer engagement, experience and service delivery models.
- » Potential unintended consequences associated with the policy proposal.
- » Feedback on the key policy architecture matters in this paper.
- » Any other feedback or evidence that may assist in the feasibility, design, management or regulatory framework development of TasInsure.



4 Next Steps

The TasInsure proposal represents a bold policy intervention by the Tasmanian Government to address growing insurance cost pressures in the State. It offers the potential for more affordable, locally-based insurance cover for households, small businesses, and community organisations.

Delivering this ambitious policy proposal and the key matters identified in this paper will require careful design, the development of robust governance arrangements, and well-considered and managed risk mitigation strategies.

The next steps in relation to TasInsure will leverage extensive consultation, design options, and feedback through:

- » extensive stakeholder consultation and engagement; and
- » legislative design and consultation phases.

Feedback in relation to the proposal and the matters identified can be provided by email to the following: tasinsure@dpac.tas.gov.au

Feedback on the Discussion Paper and Preliminary Draft Bill will close on 9 January 2026.





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