

## Response ID ANON-DUXZ-42XK-M

Submitted to Northern Australia Insurance Inquiry  
Submitted on 2017-10-27 10:56:21

## About you

What is your name?

Name:

[REDACTED]

I do not want my name to be published.

Do not publish my name

What is your email address?

Email:

[REDACTED]

What is your suburb/town and postcode? (Only one is required.)

Suburb/town::

[REDACTED]

Postcode::

[REDACTED]

If you live in northern Australia, please tick all descriptions that apply to you.

[REDACTED]

What type of residence do you live in?

[REDACTED]

What insurance do you currently have? Please tick all descriptions that apply to you.

[REDACTED]

What is important in your decisions about insurance?

1. How important is the price ('premium') in your decision?

You could also tell us: Did you know about the price of insurance in your town before you moved there? Has price changed a lot? Have you tried to get a lower price? :

Price has become ultra-critical given the exorbitant cost of property insurance in North Queensland. We are now teetering on the point of having to forgo insurance completely due to the huge increases every year. We do the rounds of insurance companies every year trying to get the best price, but some will not even quote now because of the location. The price on our 'landlord's' insurance for our rental property went up by nearly \$400 this year alone - that represented a 16.35% increase on last year alone. This is despite us increasing our excess and devaluing the properties each year for the past couple of years. The insurance on our residential home is now pushing \$4000 per year and is increasing each year at a similar rate to that of the landlord's insurance.

2. How much choice of insurers do you have?

You could also tell us: Where you live, how much choice is there between insurers? Do you think different insurers offer different policies (i.e. is coverage different)? :

There are less and less insurers to get quotes from every year. Some of those who do quote readily admit that their premiums are purposely set extremely high because they really do not want the business. The real choice of insurer is therefore extremely limited, even though quite a few companies claim to offer their product in the area.

We have found that insurance brokers seem to be able to get the cheapest deals available, but you have to be very wary about what is being offered for the reduced price. Quite often, the new product does not cover what the old one did.

3. What are you covered for?

You could also tell us: Can you get the sort of insurance you want? Do you want flood insurance? How confident are you that you know what you are covered for and what limits you have? If you have made a claim, were you covered for what you thought you were?:

We do not need flood insurance, but it came standard in one of our Suncorp policies. We haven't made any claims against our policies, so we don't know how

good our cover actually is.

We find it is extremely difficult to compare what the different companies are offering due to the multitude of little differences in their PDSs. What is most alarming is that every year, the costs soar up whilst the insurance cover being offered in the various policies is being continually downgraded. We have now lifted our excesses to \$1000 for a general claim and \$2000 for a cyclone event, so anything other than something major is not covered by insurance at all.

We can no longer afford the sort of insurance we want to have.

#### **4. How important is customer service and claims handling reputation?**

**You could also tell us: How much does an insurer's reputation matter? How much does customer service matter? Have you seen an insurer behaving in a way that you think is unfair or confusing?:**

Reputation does matter, but it is at the stage that it is preferable to at least have some sort of insurance with an unknown entity rather than having none with the more expensive reputable company.

Nearly every insurer's product is now quite confusing, and as mentioned, it is nearly impossible to make a comparison of the products on offer.

#### **5. Have you seen an insurer behaving in way that you think is unfair or confusing?**

**5. Have you seen an insurer behaving in way that you think is unfair or confusing? :**

Not obviously so - however, the continual changes to their PDSs each year and the pages and pages of fine detail is in itself unfair and confusing. We just feel overwhelmed by the whole process and can't help feeling that we are being covertly ripped off because we most likely have missed some of the fine detail in the 'books' of documentation that describe the various products.

#### **6. Has an insurer told you that they won't insure you or renew your insurance policy? If they have, what were the reasons they gave you?**

**6. Has an insurer told you that they won't insure you or renew your insurance policy? If they have, what were the reasons they gave you?:**

Yes we have been told by some insurers that they do not offer insurance in our area. Others request that you 'call them' rather than provide an on line quote when the postcode is entered into their web page, and when you do, they make it clear that they are not interested in offering a quote. Those that do offer an explanation, mostly say that it is because we live in a cyclone area and the risk is too great for their company.

#### **How you get information about insurance and how easy it is to understand?**

#### **7. What information does your insurer give you and how useful is it?**

**You could also tell us: Does your renewal notice say if price has changed and the reason? Does it say how premiums are calculated? What could insurers do to make it easier to understand their products? :**

The information provided by insurers is minimal at best. They do not indicate that the price has increased, and offer no reasons for the staggering quantum of these increases - or how the increased premium was calculated. It seems that they charge what ever they think they can get away with. Our landlords insurance went up by 16.35% this year, and when I phoned Suncorp to query the extent of the increase, their representative noted that we had been long time customers with quite a few Suncorp policies, and immediately dropped the nearly \$400 increase to just over \$100 without us having to even argue the point. When I asked him why the increase was so large in the first place, he responded that it was because of Cyclone Debbie. I told him that Cyclone Debbie had not impacted our area in the slightest and that his assertion was therefore flawed - he then refused to respond further.

There really needs to be a standard insurance table developed, where all insurers are made to tick a list of regulated standard benefits that they are prepared to offer. This would help greatly with the comparison of policies against price. It is too confusing now for the average reasonable person and this makes it open to 'fine print' omissions that easily missed by the buyer.

#### **8. Where else do you see or look for information?**

**You could also tell us: How much effort is it to look for better or cheaper policies? What sort of advertising do you see? Have you used websites, tools or calculators? If you live in Queensland, have you heard about or used the North Queensland Home Insurance website? What did you think about it?:**

We did not know about the North Queensland Home Insurance Website.

It takes us up to a week of phoning around to put together quotes for the renewal. Even then they are all offering slightly different things. Having to go through the property description with every potential insurer, and then decide upon what variation of their costs/values/excesses gives the best comparison data takes a lot of time.

We haven't seen much advertising for home and contents insurance at all in North Queensland - plenty of car insurance ads etc. but virtually nothing for houses.

We do use websites for many quotes, but often end up becoming completely confused with what is really being covered. The best option for us so far has been to use insurance brokers to run the comparisons for us, but this often leads to the offerings of downgraded conditions to achieve competitive prices - you really need to be careful and troll through the voluminous PDSs to ensure that you are not downgrading the cover provided.

#### **9. Have you used, or thought about using, a broker? Why or why not?**

**You could also tell us: Did it make it easier for you to get a policy that you were more confident suited your needs?:**

As mentioned, we have used at least two brokers. It does make it somewhat easier, but you need to be aware that they will often provide lower prices at the cost of the level of cover provided. Quite often, we have eventually beaten their best quote, but it has taken a lot of time and effort to do so.

We have just retired so we have a little bit of time to spend on chasing quotes now - when we were working, we had to just take pot luck that we were getting the best value for money with our insurances.

#### **10. Is there information to meet the needs of all consumers?**

**You could also tell us: Who can you ask if you need help understanding insurance? Is there information for people who are unable to read or write or use a language other than English? Do insurers have an office in your area or do they visit? Is mail, phone or internet access an issue in remote areas?:**

There is no one to ask about understanding insurance. I strongly suspect that there are a lot of people like me out there handing over hard earned money for something they will never have any hope of fully understanding. The complexity of the system is the insurers greatest asset, and is a source of confusion and frustration to the consumer at all levels.

How older people, or those who struggle with English or general literacy can manage not to get ripped off by this systemic legal obfuscation of fine print data is a real concern.

Most insurers do not have offices in our area. Suncorp does, which is one of the reasons why they are quite popular in this area. There are no real communication problems in the area unless electrical supplies are lost during some sort of event - this is when the NBN becomes a real problem because all land lines are also lost now.

#### **11. What special information do owners or managers of strata units need?**

**You could also tell us: How difficult is it to get clear and useful information about strata insurance? How transparent is the information provided to strata unit owners?:**

We have no knowledge of strata insurance issues.

#### **12. Have you seen examples of tools, technology or information in other industries that should be used to make insurance easier to understand?**

**Have you seen examples of tools, technology or information in other industries that should be used to make insurance easier to understand?:**

Yes. As an engineer, the use of standardised performance and quality measures is common practice in all of industry. How can you qualitatively compare anything unless it is being measured against a known and universally accepted industry standard?

The insurance industry needs to be provided with a regulated set of standard insurance descriptors that they must either 'tick' or 'not tick'. This would permit easy comparison of their numerous and widely variable products by consumers.

There also needs to be more competition from other players - often it is found that many of the current player's policy offers are actually underwritten by a common large insurance provider. This critically flawed market model needs to be addressed urgently, because it does not provide for fair and equitable insurance options for people in the cyclone prone regional areas.

#### **Have you switched insurers?**

#### **13. Have you considered switching insurance in recent years? Did you go ahead and switch? Why or why not? Please tell us about your experience.**

**You could also tell us: Did you consider switching policies with the same insurer, to a different insurer, or both? How did you find and compare policies? How many quotes did you compare? Was it a lot of effort? How does the use of standard definitions, such as for 'flood', make it easier to compare? Was your focus on price or coverage or both? Did you use a broker to help you? :**

I have answered most of this question in previous responses. We never used to change insurers, but now we get quotes from multiple companies every time a renewal comes up, and we change companies if we can get a better deal.

Finding policies that mirror the one you are setting as a comparator is nearly impossible, and then the following comparison process becomes a confusing and risky process due to the fine print traps in every PDS. This all takes a lot of effort and is a source of extreme frustration. (See the previous comments re some of the potential pitfalls of using Brokers.)

#### **What can households and insurers do to make insurance more affordable?**

#### **14. Have you considered renovating or altering your home, or building a new home to, to reduce the risk of storm or cyclone damage? Did you go ahead?**

**You could also tell us: How did you find out about building for your local conditions? How did you decide that it was a 'worthwhile' investment? If you made any alterations, did this have any impact on your insurance premium? Has it already, or will it, save you money in the long run?:**

Both of our houses are of modern brick/concrete construction with very high cyclone resistance ratings. Even the windows are rated to 220km/hr plus. The only thing that I would consider as a possible improvement initiative would be to get cyclone shutters installed on windows facing the south and east sides, where the most destructive cyclonic winds come from. This would greatly reduce the incidence of impact damage to these windows by flying debris. It may marginally reduce our insurance premium, but this would not be the principal driver for this work - safety would be.

#### **15. What are insurers doing to make it easier and could they do more?**

**You could also tell us: Would your premium be lower if you made your house or belongings safer? Can you pay fortnightly or monthly and how much extra does it cost to do so? Does your insurer offer Centrepay to eligible customers? Have you seen new or different policies to target particular consumers, such as tenants, households on a low income, or people with only a small amount to insure? :**

Insurers are not doing anything to assist home owners in cyclone prone regional areas of North Queensland. It is incredible that the multitude of storm and flood prone houses in places like Brisbane (that have a much higher incidence of destructive weather events) receive much lower premiums than people living in North Queensland.

Perhaps more regular payment cycles would help some home owners find the money for their insurance bill, but as far as I know, this option is already available in the current system.

#### **16. What are you doing to manage the cost of insurance?**

**You could also tell us: Have rising premiums motivated you to spend more effort looking for better policy options? Have you, or would you, reduce your level of coverage to save? Who else can you get help from?:**

We have been forced to increase our excesses and reduce our level of cover in each of the past three years so that we can afford the current premiums. We have also changed insurers on a couple of occasions.

Now that we have retired and our income is fixed, the only option left open to us is to get rid of house insurance all together. There is no more 'fat' in our budget, and no additional help to source.

#### **Other issues**

#### **17. If you have a view or experience to share that you haven't already covered in another question, please tell us about it. (Optional)**

**If you have a view or experience to share that you haven't already covered in another question, please tell us about it.:**

Not really. Quite a few of our friends have already dropped all household insurance cover because they can no longer afford it. One couple who have done so spent a particularly stressful time watching the path of Cyclone Debbie. Their only chance of effecting any repairs that may have been if they received any damage would have been to draw down on their superannuation.