

Response ID ANON-DUXZ-422X-U

Submitted to Northern Australia Insurance Inquiry
Submitted on 2017-11-22 12:25:54

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Do not publish my name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::

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 is incredibly important to use, the cost of living in the Pilbara is higher than elsewhere and work is no longer stable so we need to budget where we can. I have both an investment property in Dampier and my home in Karratha insured. Both properties have incurred significant increases in insurance cost (over 100% each) over the past 2 years. I have tried to get a lower price by changing insurers, however very few insurers cover this area so there is little competition. I also approached the bank directly and they offered a measly \$100 discount on our \$4000 premium, unfortunately not enough to make a difference. Additionally many insurers set minimum insurance limits (usually around \$500,000) this makes it difficult to get appropriate insurance, our primary place of residence cost only \$210,000 but most insurers would require us to take out a policy of at least \$400,000, meaning we are paying for insurance we do not need.

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 is little choice, there are only about 4 insurance companies that cover Karratha (and it is difficult to establish which ones do). Insurers offer policies that are virtually the same so it is very difficult to find a product that suits our needs .

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? :

Flood cover is important as we are in a cyclone region, realistically the actual risk of flood is very low but you wouldn't want to not have the cover if it happened. I could not claim a damaged ceiling once because the insurer did not have a local assessor. I had to arrange my own, they were very unhelpful as I had no idea what I was doing. The person who did the report wrote it in a way that made it look like there was extensive roof damage (there wasn't) the insurer then used this as a reason to deny my claim. I feel very strongly that if you are going to insure an area and require an inspection/report you as the insurer should arrange this. The consumer will not have the contacts or competency to source an appropriate contractor. It places the consumer at a significant disadvantage, requires them

to pay for service they don't receive and increases the chance of a fair and reasonable claim being denied.

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?:

It matters a lot as poor customer service means you have a rubbish product. See my example above. I believe I was treated unfairly, the insurer should clearly disclose that in certain regions customers are required to arrange their own assessments, and the should provide assistance for this (like having a list of approved assessors), or really just do it themselves. We pay very high premiums for service that is not only inadequate but actually devalues the product because we are less likely to be able to make a claim.

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? :

Yes, see above example and also unexplained large increases in premiums, which do not reflect claims history or a justifiable reassessment of risk.

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, many insurers do not provide insurance to the Pilbara region, due to the cyclone activity.

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? :

Price increases are not explained and getting an explanation from the insurer is extremely difficult, there is also no 'right of reply' if you disagree with the reasoning for the increase. All increases should have a clear justification, there should be an avenue to respond and request a re-assessment and an independent body (like an ombudsman) who can take on your case if you feel you are still being unfairly overcharged.

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?:

It is extremely difficulty to find insurers, as most use 'online' applications, often you get most of the way through one before it says you need to contact a real person, only then do they tell you your area is not covered, leading to lots of wasted time and difficulty identifying the insurers that actually want your business.

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?:

No, I thought they were only for people with lots of insurance (like business owners) who could use that as leverage for a cheaper price.

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?:

I don't have additional communication needs so cannot comment.

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?:

N/A for me

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?:

Simple, easy to read inclusions/exclusions with graphics would help to summarise the pages and pages of small text terms and conditions to understand exactly what you are and are not covered for.

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? :

Yes, got quotes from probably 12 insurers although only about 4 actually provided coverage for this area. In one case switched because our premium with the original insurer tripled, the other we didn't because no other quote was competitive (this was more to do with the minimum insurance amounts imposed by the other insurers, only our current insurer allowed us to insure at the actual value of our house.

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?:

We are going to be renovating our house over time, to our knowledge nothing we do will reduce our premium, the house was built to the cyclone spec of the time, has withstood cyclones for 30 odd years and is built to a higher standard than the flimsy new colorbond type homes being put up now. We have never been able to find any reliable information on how renovating our home could positively impact our insurance premiums. Info for building to local conditions is available from our local council, but does not include info on insurance.

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? :

It costs more to pay in smaller amounts throughout the year. We do a lot to make our house safer but it has no impact on the premium (established by playing with the online quote tools to see what would reduce the premium).

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 just have to cut back on other areas, the only other option is to not insure, which we personally will not do (others in town do however run this risk). We don't really have the option of reducing cover on the house insurance, it is expensive no matter what you do, the only thing we could do is reduce/eliminate contents insurance, however ours is fairly minimal anyway.

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.:

Premiums in WA are exorbitantly higher than equivalent regions in QLD (i.e. comparing towns at the same latitude, in QLD with the same cyclone/flood risk). Additionally QLD has had many more actual flood events than WA yet we are charged more, one cannot help but feel our premiums are being used to subsidise other areas or as a 'cash cow'. The risks we are apparently being charged extra for do not reflect the reality of actual weather events over the past several years and the region is at risk of being dangerously under insured as more people are forced to assume all the risk as they cannot afford insurance. Insurers need to be either forced to reduce their premiums back to a reasonable level (about 3 years ago now) OR the government needs to provide a subsidy to offset the difference if they want people to live and invest in the area.