

Insurance Enquiry

From: [REDACTED]
To: Insurance <insurance@accc.gov.au>
Date: Tue, 07 Nov 2017 16:05:58 +1100

Dear Sirs,

I am writing to provide my feedback on my experiences with the Insurance Industry in Tropical North Queensland. My wife and I are Aged Pensioners and rely on our pension for our living expenses. We own a modest home in Trinity Park, a suburb of Cairns. The premiums for our home insurance are very important to us given our limited resources. As a matter of fact, during the past 7 years we have had to curtail our Health Insurance coverage as well as extending further and further our assumed risk to continue to maintain our home insurance protection.

I first insured our present home for an amount of \$200,000 with an excess of \$500 and a premium of \$467 including GST and Stamp Duty.

Following my first year I encountered difficulties with premiums increasing disproportionately to the increase in Coverage amount. Each year I have had to make concessions to my personal assumed risk to try and keep premiums to a level that we can sustain. I have contacted up to seventeen insurers in any one year by both phone and website enquiries searching for competitive quotes for our renewal.

I have had *many* companies advise that they do not provide Home Insurance in our area (these same companies were advertising their Home Insurance benefits on Television). Some of the reasons that I was advised by their Customer Service Representatives ranged from "*Your home is located in a Fire Hazard Area*" (This is extraordinary as we are actually in a built up housing development area) to "*I do not know why we do not provide coverage in your area. It is simply Company Policy*". I was also told by one that it is because we live in a Cyclone Area. However, the last cyclone which crossed in Cairns was in 1999, Cyclone Steve which crossed at Trinity Beach, a Northern Beaches suburb of Cairns. Cyclones since then have ranged from Cooktown in the North of Cairns (about 200 kilometres North of Cairns), Cyclone Larry which crossed at Innisfail, (approximately 90 Kilometres South of Cairns) in 2006, Cyclone Yassi which crossed at Cardwell (about 200 Kilometres South of Cairns) in 2011 and Cyclone Debbie which crossed at Proserpine (approximately 600 Kilometres South of Cairns) in 2017.

During each of those cyclones the property damage has generally been to older houses where the cyclones crossed the coast and which had been built prior to current building standards. The effect of **ALL** cyclones in these areas in the last 20 years have had minimal damage to properties in Cairns. My wife and I have never had a claim or damage during our 20 years living in our own homes in Cairns.

Those companies that did offer home insurance coverage quoted premiums ranging between \$3,000 and \$8,800 (approximately). This year upon receiving my renewal I contacted a broker in Cairns who had recently been running advertisements on television claiming their ability to source the lowest premiums available in Cairns. They advised me that they could not source a lower premium than that which I had sourced.

I accessed the new Government arranged website (www.nqhomeinsurance.gov.au/) which lists those insurers willing to provide coverage in North Queensland. I enquired of two of those insurers and their quotes were very expensive and one insurer insisted on a minimum coverage amount of \$563,000 (My home is valued at about \$425,000 including land).

My current insurance renewal is in a coverage amount of replacement cost of \$293,000 with an excess of \$2,000 and a premium of \$1,387.75 including GST and Stamp Duty.

Thus, in 7 years my Sum Insured covered has increased by 47%..... My Excess has increased by 400%... My Premium has increased by \$920.75 or just under 300%

Had I have retained coverage at an excess of \$500 my premium would be \$1,692.37 (an increase of over 360% over the premium of 7 years ago). That is with RACQ with whom I receive a discount for having multiple policies with them and a further discount for having been a member for just under 50 years.

In order to protect our only real asset, our family home, we have had to struggle to pay the ever increasing premiums each year. As stated above, we have had to cancel our "**Extras Cover**" medical Insurance and increase the excess amount to \$500 for each of us for our Hospital coverage insurance so we could find the money to pay our home insurance premiums.

Sirs, the biggest difficulty is the lack of competition amongst Insurers in this area and their ability to charge excessive premiums or home owners who have limited option other than risk being uninsured. As a comparison to Home Insurance in other states, my son has his home in Sydney which is insured for a replacement in excess of 200% of our sum insured but he pays approximately 70% of our premium.

My wife and I hope that your enquiry can raise sufficient evidence to convince the State and Federal Governments to effect changes which result in more affordable home insurance protection for homeowners in Cairns and North Queensland generally.

Thank you.

Yours Sincerely,



