



# Northern Australia Insurance Inquiry Public Forum

Broome, Western Australia  
29 November 2017

This document is not a verbatim record of the forum but a summary of the issues raised by forum attendees.

The views and opinions expressed are those of the attendees and do not reflect the ACCC's views or position on the issues summarised here.

## Venue

29 November 2017 from 5:30pm to 7:00pm  
Oaks Broome  
99 Robinson Street, Broome, WA

## Attendees

*Australian Competition and Consumer Commission*

Delia Rickard (Deputy Chair), ACCC staff.

*Interested parties*

Approximately 25 interested parties attended the forum.

## Introduction

Deputy Chair Delia Rickard welcomed attendees, outlined the purpose of the forum and invited attendees to contribute comments in response to the topics of interest to the Inquiry.

Attendees were informed that the matters discussed at the forum would be recorded and a summary placed on the ACCC's website, but that this summary would not identify or attribute comments to individuals.

## Summary of issues

Participants discussed the following issues during the forum:

### **High and/or rising insurance premiums**

- Several participants provided examples of significant increases in insurance premiums in recent years and participants concurred with the pressure this was putting them under.
- Several participants said there was a lack of transparency as to why premiums had risen or why they had been given a discount when they questioned the insurer about the premium increase.
- Several participants suggested that high quotes indicated insurers do not want to insure in the region but that they didn't want to refuse to provide a quote.
- Participants spoke of the financial hardship caused by the large fall in property values, rising premiums and cost of living pressures in the region.
- One participant commented that their mortgage requires the property to be insured, yet they cannot afford the insurance because it keeps increasing.
- One participant said that due to the decline in property values, some properties are now valued at less than the cost to re-build (and hence, the cost that they have to insure the property against). Consequently, one participant told how they tried to insure their properties at current market values or just to cover their outstanding mortgage, but insurers insisted on basing insurance premiums on what they determined to be the replacement value (which was argued by property owners to be inaccurate).
- Two participants said that building costs are higher in Broome than in Perth or metropolitan areas, one of which suggested that they are approximately 60-80 per cent higher than in metropolitan areas.

- Some participants discussed that houses in Broome are constructed with corrugated iron for reasons including it is thermally efficient, economical to transport and compliant with building standards. It was suggested that insurers did not recognise corrugated iron when providing a quote.
- Participants commented on the push for regional development and the incentive for non-government employees (who may receive remote living allowances) to relocate to far north Western Australia, given the high cost of living on a range of areas including fuel and insurance.

### **Responding to rising insurance premiums**

- In response to rising premiums, many participants said they had increased their excesses, called their insurer and been given a discount, searched for another policy and even decided to not insure.
- Some participants noted the increasing number of people now choosing not to insure their properties because they cannot afford it. One participant questioned what would happen if a cyclone did cause significant damage to Broome and people were uninsured.
- One participant commented that, in their experience, when insurers provide discounts, they do not send out a revised renewal notice with the new (annual) amount. This made it hard to know or remember what they are actually paying.
- Participants shared some of their experiences in 'shopping around', specifically:
  - there was a large range in the quoted insurance premiums provided by insurers
  - there was a difference between the internet and telephone quote
  - there is a lack of insurers willing to offer insurance in the area. One participant said that in their experience they had to go through the process of providing all the required information before an insurer would come back and say they would not insure the property or provide a quote. One broker said they have access to five insurers for home insurance and seven or eight for strata insurance.

### **Comparing Broome to other regions**

- Many participants discussed that Broome has rarely been affected by large scale cyclones, particularly compared to other regions, including the east coast of Australia.
- One participant questioned why Broome is subsidising damage on the east-coast, and another participant said they had been told that the increases occurred just after the Queensland floods. They were concerned insurers were using local premium increases to make up the losses elsewhere.
- Another participant said they had been told that the premiums were increasing a few years ago to cover certain events for people who live within 10 kilometres of the coast.
- One participant suggested the ACCC should compare premiums, frequency of claims and population levels between the north-west and south-west to see how they balance out.

### **Insurance brokers**

- Some participants shared positive experiences of using brokers, who were often able to negotiate and / or search for a good deal.
- A broker in attendance considered that they were able to negotiate lower insurance premiums by talking to insurers to get them and their reinsurers to break up Western Australia rather than just looking at the fact it is above the 26<sup>th</sup> parallel. Another broker

shared their view that the insurers work harder on their reinsurance deals in the eastern states.

- A broker noted that premiums increase with the age of the property, because insurers look at the cyclone ratings from when the property was built. The broker commented that it is important to establish that mitigation has occurred to obtain a lower premium.

### **Other issues**

- One participant questioned why stamp duty is imposed on insurance.
- One participant was concerned that an insurer had engaged in misleading advertising, by advertising on local television despite not supplying insurance in Broome. The participant said that this was in fine print at the bottom of the screen.
- Two participants questioned the source and accuracy of information held by insurers about their property, both providing examples where their insurer held or changed information about the features of their property that the participants said they had not provided this information to their insurer.

### **Conclusion**

Commissioner Rickard closed the forum by inviting participants to email or to phone the ACCC or go onto the ACCC's Consultation Hub if they had further comments to contribute.