

Response ID ANON-DUXZ-42R2-N

Submitted to Northern Australia Insurance Inquiry
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About you

What is your name?

Name:
Stephen Coleman

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? :

I had lived in both my Dampier and Karratha properties for a combined period of twenty four years prior to renting out both properties and relocating to Perth in 2010.

The premium of my two investment properties is very important to me so I do compare prices with other insurance companies each year .

For the last three years my Landlord Building policy has increased by 20 % each year despite the cost of building a house decreasing by 7 % last year which is mainly due to the much lower accommodation prices in the area .

When I complained about this increase I was informed if I was not already an existing customer that I would be paying much more than I am currently .

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)? :

The Dampier and Karratha property are both insured as required by my Bank as a condition of Mortgage .

There is not a lot of choice of insurers that will cover above the 26th parallel .

Elders , SGIO , AAMI and a couple of insurance brokers EBM and Hunter Financial Solutions that I know of.

The Landlord Building policy is a new for old policy that will replace your house with a new one built to the local shire standards (category D cyclone building standard) other types of insurance are for a fixed price to rebuild .

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? :

I decided to go with the only insurer that I know of in Dampier / Karratha that does a New for Old replacement policy should your house be damaged beyond repair as I found this to be a lot less complicated as far as knowing what you are and are not covered for .

I do not require flood insurance as both houses are well above the flood zone .

I have never had to make a insurance claim on the North West houses in the thirty one years that they have been insured . I have done my research on different policies and have asked insurers questions as required .

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?:

Insurer's reputation does mean a lot to me . I have seen on the media how it affects people when insurers behave badly by not paying out for long periods of time and disputing claims .

I am in a position as a volunteer fire fighter to be able to talk with people who have had to make a claim , two of the people that I talked with were with the same insurer as I am with and were very happy with the way they had been treated and also in the time taken for their claim to go through .

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

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Once with a car insurance claim the insurer insisted that I have my car repaired by their repairer a fair distance away from where I lived . I was not happy with the repair work .

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?

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No

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 given in their Policy booklet is quite good although I have had to call in the past for something that I could not understand .

After the first year of my insurer operating in the North West their premium for the New for Old policy doubled in price as I thought it was a typo I rung to be told they did not realise previously of the cost to rebuild a house to the high cyclone standards in my area. Apart from this one instance I have never had a renewal notice explaining why a premium has increased by 20% and when I have rung to inquire I have been told that I should be happy that it had not increased by more with no explanation given as they were not given this information .

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?:

There are not many options available in Karratha or Dampier . The few that do insure in this area insure for between \$6,000 and \$10,000 a year .

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?:

I have used a broker however they were unable to match my current insurer on price or policy .

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 are two insurance brokers in Karratha /Dampier other than that telephone or internet is available .

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?:

I haven't had a need to look into this.

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?:

Not that I know of .

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 compare insurers every year however my current insurer has the best coverage and price , it does not take a lot of effort to compare as there are not a lot of insurers to compare with in our area . I have used a broker in the past however they were unable to match my current insurer perhaps because I have never had to make a claim on my Pilbara houses since first becoming insured in 1986 , however my insurance has been increasing by about 20% a year for the last few years so it may well catch up with the other insurers who are charging between \$6,000 and \$10,000 a year premium .

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?:

Houses in Dampier are built to category D cyclone standard which is the highest possible .

Houses in Karratha or Dampier were not a good investment if purchased in the boom years as house prices have decreased by at least 30% in the last eight years and with so many empty houses available rental prices have decreased by more than two thirds .

The only thing going up is house 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? :

They could explain to us why we are paying so much for our insurance when our houses are built to such a very high standard . I see that houses in areas like Melbourne lose roofs in the wind due to not being fixed to the foundation as ours are now required to be . The last cyclone that caused any sort of significant damage to some houses in Dampier and Karratha was Cyclone Orson 22/04/1989 . It did however do significant damage to many Pannawonica houses and as a learning outcome the building code has improved even more in the Pilbara area .

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?:

I have increased my excess to \$2000.00 to reduce the premium .

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.:

I just can not understand why the cost of house insurance in Karratha / Dampier is ten times more than Perth given the fact that our building code is so much higher and we have not had a significant Cyclone since Orson in 1989 which tracked South/West of Karratha / Dampier .