

Response to Insurance Enquiry by ACCC

From: Les Forster [REDACTED]
To: Insurance <insurance@acc.gov.au>
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Thank you for the opportunity to provide answers to your questions. It is my most fervent hope that your enquiry results in much more reasonable – and affordable – insurance premiums.

It has always amazed me that a big capital city such as Brisbane experiences many more devastating events than we do, here in Cairns (the so-called Cyclone Alley). Why do insurers not raise insurance premiums to the level of the actual, demonstrated risk? For me, the answer is because there are more customers in the capital city and their complaints would be most embarrassing.

The other reason is that, each time such an event occurs, it is OUR premiums that are increased to subsidise those in the capital city. I'm certain that this happens because our premiums simply continue to rise after destructive events in Brisbane. Our voices are much fewer and more remote so, in short, we don't matter. We are captives in a system that does not properly assess insurance risk in every city and town.

I know that your enquiry is only looking at Northern Australia and that Brisbane is well below the line you've drawn, but I believe it lies at the heart of this whole rip-off.

Thank you for taking the time to read my response. Should you wish any further information, or clarification, I will be only too glad to provide whatever details I can. I was unable to attend the seminar in Cairns, due to work commitments – and work is even more important to me, in terms of meeting my obligations to property and contents insurance.

Les Forster

THE QUESTIONS AND ANSWERS

How important is the price in your decision?

It's important, but the actual events covered by the insurance makes it hard to strike a fair balance. Almost every insurer provides for flood but not all include actions of the sea in the accepted causes. It can be a minefield for those of us in coastal tropical areas such as Cairns, where the risk of flood, from "actions of the sea" is higher than that of rising river levels.

How much choice of insurers do you have?

Very little choice, when looking at what they cover and what they don't cover. I've had to change a couple of times but think that, at last, I have a reliable insurer that won't leave me in the lurch, if I ever need to make a claim.

What are you covered for?

My Contents Insurance covers everything that can be expected in a tropical, coastal location. I'm pretty sure that most insurers – certainly all the insurers I've dealt with over the years – provide flood cover. I don't really need it but, as the property is shown on Council maps as being prone to flooding, I'm forced to have it. I'm not aware of any actual flood event in the past 30-50 years but I figure that, should I be able to cancel it, a flood will come (Murphy's Law).

How important is customer service and claims handling reputation?

A good reputation for these services is essential and I certainly rely on the insurer to be up to the mark if I ever have to make a claim. I've not yet had reason to do so, which is why I have to trust their reputation.

Have you seen an insurer behaving in a way you think is unfair or confusing?

One of the largest insurance companies, Suncorp, uses wording that really seems to set out to be confusing. This is the case in finding the events they will or won't cover and makes it hard to trust them at all.

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?

No, not on my Contents Insurance. The Body Corporate had to look for an alternative, some years ago, when the insurer we were using simply withdrew from the market in this part of the country (tropical far North Queensland). The same company continued to peddle its wares in the southern part of the State, so I believe they were "cherry picking" the safest and largest markets.

What information does your insurer give you and how useful is it?

My current insurer has given me all the information I need and it's been as much a relief as it is useful. Still, the premiums probably could be a bit more reasonable.

Where else do you see or look for information?

I've thought about using the services of iSelect to work out where I might get a better deal on Contents Insurance. I used them when looking into health insurance costs and they found a better deal for me, but mucked up the start date for the changeover from my previous insurer. Took me a while to get that straightened out directly with the new insurer so I'm not sure I want to go through iSelect again.

Have you used, or thought about using, a broker? Why or why not?

Not for my Contents Insurance but the Body Corporate has been using a broker ever since our previous insurer withdrew from this market.

Is there information to meet the needs of all consumers?

Hard question to answer on behalf of all consumers. Speaking for myself, I found it to be a real minefield until my latest change of insurer for Contents Insurance. I believe that all relevant and necessary information was provided to me, without all the “gobbledegook” that other insurers seem to relish.

What special information do owners or managers of strata units need?

I’ve referred this whole questionnaire to the Body Corporate Committee because I’ve not been on the committee since about 2013. About the only thing that occurs to me right now is the history of actual flood events in this part of Cairns.

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

Yes, I believe the concept of “iSelect” is, generally speaking, a good one, but think they take it to an extreme which could imply that they favour certain insurers over others. Not that I can prove it, though.

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

Only as detailed above – came to the conclusion that I couldn’t trust Suncorp for the coverage that I believe to be most important. Researched many options and have been very happy, so far, with RACQ.

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

No. This block of strata title units has withstood everything that nature can throw at it so I’m confident that it will continue to do so, with just normal maintenance and timely repair whenever necessary. That’s been the case so far, though it has added to the increase in Body Corporate levies over the years – not as much, I hasten to add, as the property insurance premium has risen since Cyclone Yasi, in 2011! A cyclone that mostly missed Cairns and caused very little damage in and around the local area.

What are insurers doing to make it easier and could they do more?

Yes, they should look at the actual risk applicable to each city and town, rather than a grouping by postcode for their own convenience – and our inconvenience. This is cruel and most unfair.

What are you doing to manage the cost of insurance?

Changed insurer. Not that I saved much money in the process, but at least I now know that I’m covered for all the events that are most likely in this part of the country.

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

Can’t think of anything, off-hand.

Please tell us briefly about yourself so we can better understand your responses :

(a) Which suburb or town do you live in?

[REDACTED]

(b) Are you an owner-occupier, tenant, landlord?

[REDACTED]

(c) Do you live in a house or unit?

[REDACTED]

(d) Do you have home insurance, contents, strata or none of these?

[REDACTED]

(e) Who are you insured with?

[REDACTED]