

Response ID ANON-DUXZ-42XG-G

Submitted to Northern Australia Insurance Inquiry
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About you

What is your name?

Name:
Raymond Lyon

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 have lived in Mackay as a Home Owner for in excess of 40 years. The price of insurance for house and contents has increased a very large amount over the last 5 - 7 years. prior to that price increases were around the rate of inflation. Each year when I receive the bill I am appalled and have to ring and negotiate with the companies to try to get some relief as I have not made a claim related to flood or cyclone damage. I have had to accept large policy excesses \$2000.00 for both house and contents to get an anywhere near manageable premium leaving me exposed to the first \$4000.00 of any damages claim. I have recently moved to a new (2 year old house designed to cyclone standards) and had the same issue trying to insure this property until I approached one of the bank insurers who offered a policy at less than half of the price of the main insurers.

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 are a number of insurance companies that will quote on my insurance needs but in all cases the new quotes are far above what I have with the original company. However I understand that all of the companies offering insurance in the Mackay Region only have one underwriting company who will accept their risk. As far as I am aware there is little difference in the basic coverage offered because they all ask similar questions.

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 am covered for the cover that I need for my property including Flood Insurance even though my current property is many metres above a 1 in 500 riverine flood level. In Mackay it is not possible to get cover for Tidal Surge.

At my previous address I had an event where a flexible pipe under a vanity burst while we were away from the property. That event was covered but resulted in me having to pay the \$4000.00 excess on a claim that totalled approximately \$15000.

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?:

The reputation and service of insurance companies are very important. The expectation is that insurance is a contract entered into by both parties and if there are any likely disagreement or confusions they should be sorted out in plain language before entering the contract.

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? :

The rate of increase of insurance in Mackay has made coping with insurance costs for many of my friends and colleagues very difficult. There seems to be a general explanation from various companies that the area of Queensland on the coast north of the Tropic of Capricorn is a separate zone for Household Insurance purposes and that premiums must be able to cover the damages costs within that zone.

We are not a separate state to the rest of Queensland and indeed the rest of Australia so I see no reason for this zonal limitations to apply.

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?:

I have sought quotes from a number of insurers who advise that they do not cover properties in Mackay or North Queensland.

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? :

Renewal notices always include the updated price and the updated value of the insurance offered. They do not say how the premium is calculated.

An explanation of why North Queensland is a separate insurance zone and why that applies and whether that applies in all other areas of Australia would be the first step in understanding the insurance process.

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?:

I have used a number of insurance company websites to try to understand what their prices are why I am being charged so much. I have compared the prices generated for my property and its features with the price quotes for similar properties in South East Queensland and find that my property price is up to three times the quotes for properties in south east Queensland.

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 not at this time used a broker simply because there is a brokerage fee which would add to the insurance 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?:

Some insurers have offices in Mackay. Most of my dealings have been with consultants over the Telephone and by and large that seems to be the way they operate.

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?:

This is not an area I can comment on.

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?:

I think most companies use most of the technology currently in general use.

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 have switched insurers approximately 12 months back and have been advised of my insurance price for the next twelve months with minimal increase. I was also contacted by my previous insurer who offered to quote but their price was almost three times as much as my current insurer.

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?:

My current property is designed and constructed to cyclone categories and well above riverine flooding levels as required by Council. My previous property was an older style timber dwelling in a lower area which had had significant improvements made over the years.

However except for my current insurer, all other companies who quoted rated the insurance costs for my current property at or above the cost of my previous older property which was very hard to understand.

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? :

My current house is designed to cyclone standards. My current insurer accepts monthly payment without additional charge.

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?:

When I moved into my current property I carried out extensive investigation into available insurance quotes . Some of the companies required an insured value well in excess of the builders current build price for similar design properties (up to double).

My current insurer accepted current build price plus removal and demolition costs.

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 have previously covered the view that I think it is unfair that North Queensland is considered a separate insurance zone which must stand alone in meeting insurance claims.

I also do not believe companies when they say that their cover is worked out individually for each address and house design.