

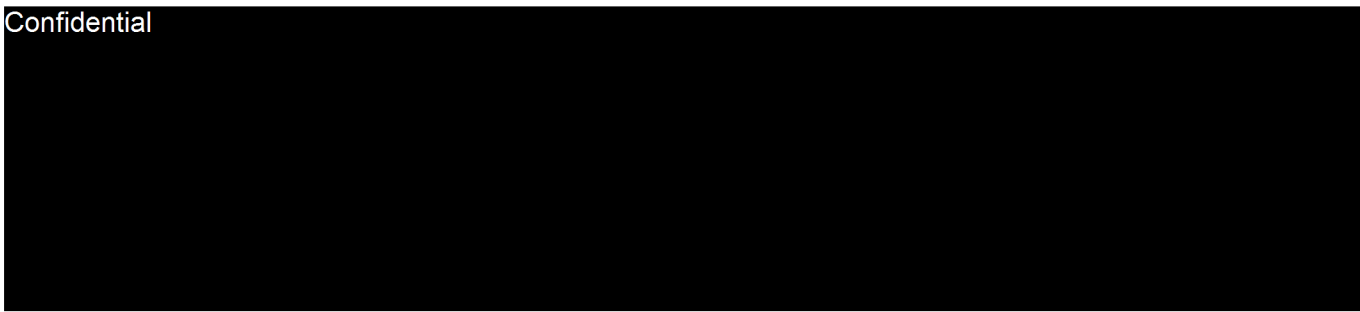
## RE: Domestic retail property and contents insurance for northern Australia [SEC=UNCLASSIFIED]

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**From:** Confidential  
**To:** Insurance <insurance@acc.gov.au>  
**Cc:** Confidential  
**Date:** Fri, 01 Mar 2019 12:21:01 +1100  
**Attachments:** Confidential

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As a client of the industry, with property in Mackay, the following comments relate to my experiences with the insurance industry over the last seven years. The property is a suburban 4 bed, 2 bath, 2 car single story dwelling of block exterior construction built in 2004 to cyclone building codes.

The codes in brackets indicate the ACCC report section to which I expect the comments to apply. Eg (13.1 FA3) = Chapter 13.1 Focus Area 3

### **Insurance History with the Current Insurer (13.1 FA1 & FA3)**

I take assertive action trying to keep the costs of the annual premium under control. My insurance company (Suncorp) attempts to routinely increase the premium by around 18% every year when sent the renewal notice. I always have to call them to negotiate a better deal, involving making concessions to the cover, give them more business etc. Unfortunately, the annual concessions can't be sustained, nor can 18% premium increases.

Attached is a detailed spreadsheet to record this data. The left hand side of the sheet details the proposed premiums excluding GST and cover as advised in the renewal notice. The right hand side details the negotiated premiums for the year. The calculated premium changes as a percentage are the proposed premium over last year's actual premium, as well as the final increase based on last year's actual premium over the negotiated premium. In summary, a routine 16 to 18% increase is negotiated down to 3 to 5% increase.

I am not sure if the insurer, Suncorp, is trying to increase the premiums by about 18%/year up to a level and maintain that level, and then moderate the increase, or would continue these routine increases indefinitely. In which case the premiums over the last 7 years would be approaching \$6000/annum rather than \$2700.

One air conditioner repair claim has been made over this time. It was for a total of \$1800, when the excess was \$500.

I have very little experience with the claims process, so can't comment, as I have never made a significant claim since 1<sup>st</sup> insuring property since 1990.

### **Seeking an Alternative Insurer**

Expect it would have been in 2013 or 2014 when quotes for an alternative insurer were sought. This was a fruitless and disappointing experience, being subjected to questionable marketing/business practices. This has reduced my impression of the insurance industry to a level below that of the used car sales industry.

#### **Youi: (13.3 DR8)**

I had a phone call with a consultant, during which I was asked numerous questions relating to the property, my current insurance arrangements, including premiums over 15 to 20 minutes. At the end of the call, the consultant advised that something had come up and I was put on hold so the matter could be referred to the manager. When the consultant came back to me, I was advised that Youi could not provide insurance due to my location based on the postcode. Not because it was a cyclone zone – it was because they did not have sufficient assessor staff to service the area when claims are made???

Being very annoyed, I rang Youi the next day and requested to talk to a manager. My annoyance was expressed to the manager that my address was provided at the start of the consultation, and it should have been at that time that the consultation should have been stopped, NOT after they had obtained all my personal details and my arrangements including company, premiums and cover with my current insurer. I basically got an apologetic fob off, that they would look into it???

#### **Budget (13.3 DR8)**

Went and submitted an online appraisal on the company website. Again I submitted a mass of data on my current insurance business. Only to be sent a “Sorry, can’t provide cover for this postcode” immediately after the send box was clicked. The address of the property is one of the 1<sup>st</sup> details entered, and it was at this time that the process should have been halted.

#### **RACQ (13.1 FA1)**

No business practice complaints, however the quote was exceedingly expensive over the current policy. Maybe this was their way of avoiding doing business with me???. My cars were insured with RACQ at this time.

#### **Stamp Duty (13.2 R1)**

I can’t comprehend the application of stamp duty to owner occupied house and contents insurance. When it is becoming more difficult for the community to afford insurance, there are more properties without insurance, and the community and the State governments have to ultimately provide increasingly more support for uninsured assets, particularly after weather events. Additionally, increasing premiums also increase the stamp duty, compounding the cost to the insurer – but not the revenue to the State.

It is suggested that stamp duty be abolished on owner occupied residential properties. It is unjust that the State benefit financially from people who are doing their best to independently support themselves should a disaster strike, whether it be an individual property loss, or that a broad scale weather event.

(13.3 DR8) The insurance industry definitely needs to be investigated and monitored more closely. It needs to be brought under control for any immoral and possibly illegal practices. The industry regulator (APRA) should take on a higher profile role of regulation and informing the public of its activities and report corrective actions taken upon the industry. This could be to simply check insurer’s databases and files to see the type of data it keeps on its clients, current and past, and those who have sought to do business with them. Whether this data is secure, objective, morally recorded for legitimate and fair business purposes etc, and not discriminate or black list a person or entity for circumstantial or unfounded subjective reasons.

(13.1 FA1) There seems to be pressure applied to insurers to pay out claims for flood damage,

where this does not seem to have been covered. It is supported that insurers can refuse flood cover when the designated address is in a flood prone area of a specified frequency. Flood cover of known flood risk areas will cost the industry significant costs in claims, which can only be passed on in premiums for the wider community. It is suggested that a separate funding/insurance system be set aside to cover risks of assets in historically flood prone areas, where this risk can be covered by a non-commercially structured entity, or underwrite cover if provided by a commercial insurer.

Thank you for the opportunity to provide comments and ideas to this very relevant and timely inquiry. It is hoped that the outcomes will facilitate a viable insurance industry and affordable premiums for properties in the north of Australia.

I am happy to provide further comment or clarification by contacting either email address if required.

Regards

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### HOUSE INSURANCE ANALYSIS

DATE	HOUSE						ORIGINAL				TOTAL	% change over last year	U.I. (RING)	SPEC. ITEMS	EXCESS (cont)
	PREMIUM	% CHANGE	STAMP	% CHANGE	HOME	% CHANGE	VALUE	% CHANGE	PREMIUM	% CHANGE					
20/01/2013	2174		183.93		375000		86200				2174.0		4000	4500	500
21/01/2014	2516	15.7	207.78	13.0	412600	10.0	90500	5.0			2516.0		4000	4500	500
20/01/2015	3055	21.4	254.87	22.7	453900	10.0	95000	5.0			3055.0		4500	4500	500
20/01/2016	1822	23.8	245.39	20.8	499300	10.0	99800	5.1	577.4	22.5	3008.0	22.3	4500	4500	500
20/01/2017	1719	18.1	242	18.0	449000	4.4	99800	5.1	595.0	17.8	2906.0	17.7	4500	4500	500
20/01/2018	1726	18.4	170.96	-16.6	462400	7.5	99800	5.1	608.0	18.1	2930.7	18.0	4500	0	500
20/01/2019	1784	17.5	176	16.6	473000	10.0	99800	5.1	596.0	16.2	2969.5	16.0	4500	0	600
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