



Do you live in northern Australia? Have you felt the pressure of **rising premiums** or had **difficulty getting insurance**? We want you to have **your say** on **home, contents** and **strata insurance** in northern Australia.

The Australian Government has asked the Australian Competition and Consumer Commission (ACCC) to investigate home, contents and strata insurance in northern Australia.

Our inquiry will help to address concerns about insurance affordability, promote more informed and more competitive insurance markets and make a difference for consumers in northern Australia.

The law gives the ACCC power to get information from insurers that other reviews have not been able to get. We will also look more closely at the level of competition between insurers than other reviews have been able to.

If you live in northern Australia, we want to hear your views about:

- what is important in your decisions about insurance,
- how you get information and how easy the information is to understand,
- whether you have switched insurers (and why you have or have not), and
- whether you have taken action to reduce your risks.

Your views are important even if you don't have insurance.

There is a full issues paper on our website covering all the issues that we are investigating.¹ We have made this short version focusing on consumer issues to make it easier for you to have a say. If you would like more detail, please read our full issues paper.

There are 16 questions. The questions are a guide and you can tell us anything that you think might be important. You do not have to respond to all questions.

If you prefer, you can read this paper and then go online and reply directly to an online questionnaire on the ACCC's Consultation Hub: www.accc.gov.au/consultation

This inquiry is a public process, so responses will ordinarily be published on the ACCC website as submissions to the inquiry. You need to clearly tell us if you do not want us to publish your name. We will not publish your responses to Question 18, as we will treat your response to this question as background information only. Further information about the confidentiality arrangements for the inquiry can be found in the full issues paper.

Please email or post us your response by 21 December 2017.

Email: insurance@accc.gov.au

Post: ACCC Northern Australia Insurance Inquiry, GPO Box 520, Melbourne, VIC 3001.

Thank you for taking the time to share your views.

¹ <https://www.accc.gov.au/insurance>

1. What is important in your decisions about insurance?

For many households in northern Australia—where there are higher risks of cyclones, storms and floods—insurance is both an important and expensive decision.

We know that not everyone who wants insurance can afford it, and some people have said it is difficult to get the insurance they want in their area. This is particularly a problem when insurance is required by law for strata properties, or required by a bank as a condition of taking out a mortgage.

Insurance policies are not all the same. Differences in coverage, limits, exclusions, options and discounts can contribute to a lot of variation between policies. It can be an effort to decide what risks you want to insure against, what options you want and what value to insure your property and/or contents for.

Insurers are not all the same either. Customer service and claims-handling reputation could be a really important part of an insurance decision. People that have had to make a claim at a time of disaster or great loss will know how important good customer service is.

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?

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 (ie. is coverage different?)

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?

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?

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

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?

2. How you get information about insurance and how easy it is to understand?

If you do not have a good understanding of your insurance policy and what exactly is included or excluded, you could end up financially devastated if a disaster occurs. Or more simply, you could be missing out on a different policy that offers you better value for money.

Insurance can be difficult to understand. The language can be confusing. While there may be good reasons for contracts to contain lots of detail and technical language, people still need information that they can understand well enough to compare policies and make a good decision about what they need or want to buy.

The needs of all consumers are important, including those who may have difficulty with reading or understanding English, who have a vision or other disability, or who may have limited access to, or experience with, the internet.

There are a lot of ways to receive or find information – product disclosure statements (PDS), key fact sheets, the North Queensland Home Insurance website,² commercial price comparison websites, insurance renewal notices and brokers. A big issue for this inquiry is how well consumers can find the information they need and whether that information is clear and reasonably easy to understand – is the information you get good enough?

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?

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?

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?

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?

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?

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

3. Have you switched insurers?

Taking some time to think about your insurance needs and comparing quotes from different insurers may be able to save you money or help you get better value for the same money. It is good to do this every year because your circumstances and policies can change.

Effective competition relies on consumers being willing to shop around. The threat of you switching to a better or cheaper policy puts pressure on businesses to be innovative, to act fairly and to provide products at reasonable prices.

But switching does take some effort from you. We want to know about why you have or haven't thought about switching, how hard it was, and why you did or didn't switch. In some areas of northern Australia, there may not be a lot of choice for what you want – we want to know about that too.

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? Did you use the North Queensland Home Insurance website? 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?

² <http://nqhomeinsurance.gov.au/>

4. What can households and insurers do to make insurance more affordable?

We are investigating why insurance premiums in northern Australia are high and whether prices are a reasonable reflection of local conditions. Even if premiums are found to be reasonable, there are often things that can be done to make bills feel more manageable.

Reducing the risk and extent of damage (risk mitigation) can help to reduce insurance premiums now and into the future. Risk mitigation is a responsibility shared by residents, property-owners, communities, insurers and governments – for example through research, education, incentives, and owners taking action. We are interested to hear what sort of measures you have taken to reduce the risk of damage to your property – from simple measures to larger retrofits, renovations or new buildings.

Increasing premiums have meant that some households cannot afford the comprehensive insurance that they might want. Some insurers have recognised this and are beginning to offer different sorts of policies to meet gaps in the market. For example, through cheaper policies that just cover essential household items rather than everything, or policies that are very targeted to the individual risk of a household.

Flexible payment options that better match a household's cash flow are another way to help households budget for bills – for example paying in monthly instalments instead of annually. It seems some insurers are charging consumers a lot extra to take this option. Centrepay is widely used in other industries by eligible Centrelink recipients to manage bills, but it is rarely offered by insurers.

14. 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?

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?

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?

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?

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

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

- Which suburb or town do you live in or near?
- Are you an owner-occupier, tenant, landlord?
- Do you live in a house or a unit/apartment?
- Do you have home insurance, contents insurance, strata insurance or none of these?
- Who are you insured with?