

Submission into insurance costs in north queensland

From: Richard Petersen <[REDACTED]>
To: Insurance <insurance@accc.gov.au>
Cc: [REDACTED]
Date: Sat, 30 Dec 2017 12:01:35 +1100

Submission

Mt stepdaughter has given a verbal offer to purchase a property located at [REDACTED] Trinity Park Cairns. The property was built in 2009 of masonry block and steel roof. It is not in a flood zone and the house is about 600mm higher than street level and is located about 2 kilometres from the beach. She made an online enquiry as to insurance cost and got a quote of \$5200. The value of the contract is \$430,000.

My property is worth about \$600,000 and is situated on a hill in Mt Sheridan Cairns. It is of the same construction as the proposed property but is 17 years old as opposed to 8 years old. My insurance premium is \$1280 which includes a \$5000 excess.

Excluding the excess there is still a substantial difference in cost. There should be a higher risk weighting but not by a factor of approximately 4.

Unless she can get reasonable insurance she will avail herself of the cooling off period and back out.

The points I wish to make are-

1. The online quoting system is postcode based with a flood zone tag. **It puts all the houses in the same postcode and flood zone on the same category.** In this age of geospatial systems and sophisticated software it should be street based as well as the usual building construction information. (Blind Freddie knows that the genuine claims in Innisfail, Tully, Whitsundays were predominantly older houses or where the roof wasn't fixed properly) **There is a significant difference in risk weighting between areas in the same postcode.**
2. The behavior of the banks and insurance companies is not in the interests of consumers. If they can get a higher premium than warranted without the consumer questioning they will. **This amounts to unconscionable conduct and gouging.**
3. The real estate legislation should be changed to **require the provision of three insurance quotes to the consumer by the agent.** This achieves at the least 2 objectives – first it protects against misrepresentation by omission of an essential fact and secondly it will provide for more competition between insurance companies and banks.

Thank you

Richard Petersen
[REDACTED]



Virus-free. www.avg.com