

## Response ID ANON-DUXZ-42MT-J

Submitted to Northern Australia Insurance Inquiry  
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## About you

What is your name?

Name:  
Adam Gowlett

What is your email address?

Email:

[REDACTED]

What is your suburb/town and postcode? (Only one is required.)

Suburb/town::

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? :

We moved into a new 2 storey block home in Trinity Park in 2009. Our first years premiums were about \$1200 - bit more than our properties in WA, but a more expensive build.

over the next couple of years, premiums grew in line with WA and then around 2012/13 premiums suddenly exploded. I have email record from 2013 that we started to shop around, from memory AAMI increased our premiums to between \$4000 and \$5000 p/a. The email I have from a broker showed his LOWEST quote as \$9,625 p/a. and that QBE had withdrawn an offer.

Through work we insured a \$6m building with CGU for about \$20,000 p/a. I had received quotes of a similar amount for a \$700,000 home - I tried them. When the lady quoting me gasped, I knew the price would be excessive... it was around \$8000 - that would have been 2013/14. I asked her if she had seen quoted that high for properties that had been affected by the 2010/11 Brisbane floods, to which she replied, "not even half...". Since 2013/14 we have continued to try to get cheaper quotes, but are effectively tied to AAMI as they remain about 50% cheaper than any quote I can obtain.

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)? :

We live in Trinity Park in Cairns.

Online insurance quotes are nearly non-existent. Filling out the forms results in 'we do not provide cover in your region' or 'please contact our office'.

As outlined above, we have regularly sought alternative quotes, only to be tied to the existing insurer as their policy remains about half of others; that is those few that will even provide cover.

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 think our cover is ok. There is lots of debate about what would happen in a cyclone claim if the property was flooded due to storm surge associated with teh cyclone as most insurance does not cover 'rising sea level', and there has been some conjecture if flooding associated with cyclonic activity is rising sea level, or

purely flooding. Much of that might do with tidal influences .

For instance IF Cyclone Yasi hit Cairns at around 1am as was forecast, and IF it brought in a 3m storm surge, it would have been on top of on eof the larges tides of the year. So with swollen drainage systems from intense rainfall, combined with storm surge, on high tides, who determines if that is an act of the storm or an act of the sea?

In 30 years of home ownership, I have never made a claim!

#### 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?:**

I think After Cyclone Larry, Cyclone Yasi and Cyclone Debbie, there has been some reports of insurers being difficult. I think that the attention brought to bear from Larry's recovery has sharpened the general response of the industry.

However, i think we also fail to take opportunity to learn from these events too. For instance, after Debbie, it was a good opportunity to look at impacts and risks associated with rooftop solar installations. Did they impact on roof damage (or minimize it?) did the power being generated cause problems, danger or risks with power outages...

We also change things that affect housing affordability. After Yasi, all new or substantial renovations required garage doors to be cyclone rated to reduce 'airborne debris'. In reality, garage doors provide little debris, and in the past cyclones we have been through, ours and neighbours go out of our way to reinforce and support the doors, using mattresses, parking cars up against them, roping/bolting across frames to stiffen tracks.

#### 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? :**

Only by offering premiums that are outrageous. We feel victimized at \$5k per annum on a newly constructed home built to cyclonic standards, yet that's nothing compared to a labourer living in a \$350,000 home in Tully being offered premiums of \$20-30,000 per annum.

#### 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?:**

Only via the numerous online refusals, or quotes in excess of \$10,000 per annum, which I take is the insurance industry's way of say 'no thanks'.

#### 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? :**

PDS are written to only protect the insurer...too long, too complicated, but at least beginning to be in plain language.

No our insurance has never shown the change in premium year on year.

No it doesn't say how it is calculated, but that doesn't matter as the insurer could make up anything they want - its is not like a customer can challenge it.

It does clearly identify the premium and the taxes.

Stamp duty on insurance is a government rort though - Stamp Duty and GST combine to add \$1000 a year to my premium. -

#### 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?:**

Been there done it all, every year since 2012/13...wasted lots of time and effort.

See earlier comments.

And no, didn't know about the website.

#### 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?:**

Yes, tried numerous brokers... our policy is still about 50% of what they can get.

#### 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?:**

I think most insurers offer interpreter services, certainly the larger ones...after that, no, no insurance company offices in the regions I am aware of.

Mail/phone/ internet could be an issue for highly remote customers, but not in Cairns.

#### 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?:**

CGU provided easy service for a unit complex we constructed through my work and their quote was competitive enough that I rang them for my own personal home, but they were still 2 x more expensive than my current insurer.

I know speaking to people in the strata management field, lack of competition for strata insurance offers is a huge problem.

**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?:  
no

**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? :**

Tried every year for the past 3-4 years... my existing insurer is about 50% cheaper than anyone else.

Tried numerous online offers, tried calling direct, we are MBA/HIA members, they cant help, we are RACQ members, they are far more expensive, tried brokers, they cant compete.

In many cases we can't even get a quote, much less worry about if it compares, if it covers flood or any other specifics.

**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?:**

Yes,

we actually built a new house on a more elevated site and reduced our premiums by more than 50%...but we are still being ripped off. This is a 2017 built single level block home with fully crimsafe covered windows, C2 wind rated roof, cyclonic garage door, about 2m above a 3m storm surge height. Our insurance is still \$2600 a year, compared to \$1300 for our fully furnished 3 bed 2 bath home in WA that is rented out and has additional landlords insurance.

On that basis, insurers consider OUR own house twice as risky as a rental property in Perth. We have never made a claim in 30 years. Yet our risk profile is higher than a tenant skipping out and not paying rent - which we are covered for... I am sorry, I do not see how that is possible. In fact in 2016, our contents cover for our own house (only \$30k) was almost the same as the entire insurance cover on the rental - building, liability, contents and landlords cover... THAT is ridiculous!

**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? :**

What are they doing to make it easier? Well, our existing insurer didn't double our insurance to match other quotes - if that's making it easier?

Monthly payments are an option at a cost...its not much \$5 or so a month.

The rest doesn't affect me so can't answer what other household do.

I suspect and awful lot are simply uninsured.

**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?:**

We did everything we could. Increased our excess to \$5000...go without specific insurance for items such as expensive bikes, jewelry etc.

So compared to living in a capital city we are now far less covered and highly responsible to self insure for incidents such as a break and enter or other theft.

**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 will repeat here that a 2017 built single level block home with fully crimsafe covered windows, C2 wind rated roof, cyclonic garage door, about 2m above a 3m storm surge height has an insurance premium DOUBLE that of a rental property in WA.

Our insurance is still \$2600 a year, compared to \$1300 for our fully furnished 3 bed 2 bath rental home in WA that is rented out and has additional landlords insurance.

On that basis, insurers consider OUR own house in Cairns twice as risky as a rental property in Perth. We have never made a claim in 30 years. Yet our risk profile is higher than a tenant skipping out and not paying rent - which we are covered for... I am sorry, I do not see how that is possible. In fact in 2016, our

contents cover for our own house (only \$30k) was almost the same as the entire insurance cover on the rental - building, liability, contents and landlords cover... THAT is ridiculous!

As for damages from cyclones on modern homes, take a look at the photos from Cyclone Yasi of Port Hinchinbrook. Modern homes with little external damage and boats piled high. Water damage through low lying homes might be an issue, but these homes are far from write offs.

What a lot of insurers probably don't consider is the level most home owners go to to protect their own property when a cyclone is forecast. Unlike the damaging storms around Brisbane and Sydney, when a cyclone is forecast, residents have days of warning to prepare.

When Yasi was forecast to hit Cairns, we had moved all our valuables/essentials/documents to a near new, full masonry block constructed apartment, 10+m above any possible storm/flood. We moved all our furniture up to the second floor of our house only leaving the fridge washer/dryer on the ground. everything that could be moved upstairs was. As a new home built to cyclonic standards we were confident that the walls and roof would stay in tact. With crimsafe screened louvers over 90% of the glazing, we were confident that the house would not be 'penetrated' by airborne debris.

So, in the event of flooding associated with a direct hit by Yasi, the worst likely impact on our property would be some flooring, gyprock, cabinetry and 3 appliances...couldn't be \$50,000. We have a \$5000 excess, and have paid nearly \$20,000 in premiums in the past 3-4 years. The insurance industry is hardly likely to be out of pocket...for every home flooded like this, there will be a dozen in Cairns that will not be affected.

Yet, Brisbane and Sydney continue to make the news every year, at least once or twice, for their sudden violent storms and giant hail stone storms...which cant be prepared for, and cause repeated damage. But Cairns is a greater risk. I simply don't understand it.

It 'feels' like regional North Queensland is actually subsidizing SEQ because the 'risk' can be blamed on cyclones.

What the insurance industry and governments also lack understanding of...and probably the banking sector too, is that many home owners may simply not be insured and if/when we have a direct hit on a major centre, the government is going to be left footing the bill for the cleanup and removal of inhabitable properties, and the banks will be found holding mortgages on vacant lots. It really is in the interests of the banks and government to fix the insurance rort. It impacts the economy in regional Queensland, slows and/or prevents new home buyers entering the market, makes investment less attractive for investors - and the property and construction sectors are one of the biggest employers in the state.