

HPE CM: Norther Australia Insurance Inquiry- Submission

From: Confidential
To: Insurance <insurance@acc.gov.au>
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Dear Sir/Madam please find my humble submissions to your draft recommendations
 To start with- I read the detailed 268 page ACCC NAil Nov-18 report and may have got lost a bit. But I could not clearly identify the clear "Purpose" of the ACCC inquiry into insurance products to consumers in Northern Australia !

Previous community insurance reviews have frequently had the word "Market Failure" espoused by our local politicians, would it not be wise to focus this ACCC purpose to the question, Is there a market failure in Insurance Products in Northern Australia.?

Of the 13 Draft Recommendations, I make the following comments

- * Draft Recommendation-5
- * The proposed 28 days' notice, amendment, should be expanded to 60 days, as Australia Post in Northern Australia is becoming less reliable for timely postal delivery, and Insurance Premium notices try to minimise the evaluation time customers can have to analyse, question and compare their renewal notices.. There should be administration penalty for insurers who post out late renewal notices.
- * Draft Recommendation-9
- * I agree Strata managers (SMs) should be prohibited totally from being involved in any insurance payments process, what role do SMs serve being involved in reinsurance discussion?, How do SMs they add any customer value for no work done?, what responsibilities to SMs incur on behalf of the paying customer?
- * Insurance Commissions here are money for no service and should be abolished totally as SMs commissions distort the true market of risk insurance purpose.
- * SMs do not take commissions for other goods and service requested by the body corporate, eg Fire inspection and maintenance services. Lift contracts etc..
- * Draft Recommendation-12
- * Clearly stated mitigation discounts- If customer has house on a hill side in non flooding area (validated by recent 1 in 500 year rain event in Townsville) and insurer was historically selling a "flood" Insurance product imbedded in home, insurance policy. By removing Flood insurance mitigates not only the risk, but the customer is paying for something that cannot occur, so insurer is selling a non applicable product and should retract the product and reduce the premium and disclose the discount per this draft recommendation, as Risk has been reduced and empirically validated.
- * Draft Recommendation-13
- * This recommendation needs to go further to improve mutual risk mitigation for customer and insurer.
- * That the Insurer disclose all insurance claims for say, last ten years for the post code area, that then enables customers to peruse and identify the high risk or high frequency failures based on public transparent validated data and then make informed decisions of best corrective actions to minimise home insurance damage risks. Thus working with insurer collaboratively.
- * Insurers to provide all claims data per post code area to research bodies (such as JCU university) to enable detailed analysis and development of housing insurance risk profiles in Northern Australia. The insurance community have this detailed information, obvious at claims and renewal conversations at a claim specific level, this data was paid for by the

customers, and guarded by the Insurance community, and should be collaboratively shared with our research, local council, government and domestic insurance consequences organisations. Collectively reducing the risk profile of home insurance in Northern Australia.

Final comment.

- * Insurers ask customers for disclosure, should not a mutual request be placed that Insurers themselves disclose all claims and all premiums per post code in Northern Australia, to enable and share and truly work in "good faith" spirit to collaborate the public financed claims data. This then becomes the input evidence and fact to form a Risk Mitigation data base for the public domain for collaboration for all participants. At present the entire Insurance Premiums and Claim disclosures are vague and not audited / verified by third party. So TRUST is the only connection customers have with the insurers advice and direction in mitigating home insurance risks.
- * This Mitigation data base could then become foundation to why all insurance policies for homes in NA, require full replacement value. When flood and Cyclone damage deliver much less damage than fire and earthquake. And truly how many houses/homes have been totally destroyed beyond full replacement value,. So customers are paying for risk coverage that is of low potential, and could be verified by a full transparent disclosure of the claims data base by post code. For all of NA.

It is good that the ACCC is having a good look at the behaviours of the NA Insurance Industry. I trust the problem is identified, and that a customer focused insurance solution is proposed.

Please do not publish my name as fear Insurance retribution.

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