

## ref insurance reveiw

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Hi there, I live in Alice Springs and have done for the most of the last 30 years and have owned a business here for most of that time. I have recently done a major review on my business expenses and on my insurance covers both residential and business. I am not sure if this is of any help to you, but these are my basic results.

The 3 main issues of expenses that are stifling our ability to make consistent and fair profits are as follows and in order of importance

1/ the increasing cost of employing people, the main issues being increasing wage pressure in recent decades and the expectation of ongoing and increasing wage rates, partly related to the mining boom. Including the increasing request for staff to need more time of with pay and maximising their payed entitlements. This alone is costing small business a huge amount each year. The increasing cost of occupational health and safety requirements and human resource management, including the cost of insuring against the possibility of litigation from employees and customers. The overall reduction in quality of trained and experienced people available in the work force adding to lower productivity and more training time required and hence higher running costs. The in-house management time and wage cost monitoring and managing all of the above.

2/ overall insurance cost is our single biggest issue and expense that we cannot seem to avoid, what has clearly come from my review on insurance alone is that, these companies have gradually fractionalised our insurance cover so that they are ever increasing the lines of cover that we require, each year we find that we need to pay extra to maintain what seemed to already be cover in the past. 1e years ago we had a cover called faulty workmanship which would cover an entire event of faulty workmanship. Now we need 2 cover, faulty workmanship and also damages as a result of faulty workmanship, now 2 cover, 2 premium amounts and 2 excess amount for possibly 1 event. They have managed to do this in many areas on cover including home contents, which is now broken into many different covers for different events and a circumstances making it not only hard to select the type of cover we require but also seems to thin out our ability to claim correctly when we need to make a claim.

My review has showed that the company I deal with seem to be priced competitively but, the overall cost of our cover for a small business is increasing at a rate that is way over and above what our other expenses are increasing

Reviewing and comparing insurance cover is almost a task for a highly experienced lawyer and a team of analysts, to work out the "value" eg. what kind of cover for the cost you are paying is almost impossible for the layman, ultimately the cover may receive at a lower price may not be good value as they have many ways of thinning out the cover with exclusions and clauses that, quite simply confuse the heck out of most anyone that would care to read them. We have to trust the word of the agent or broker??

A small business of 6 employees now has total insurance cover reaching almost 100k p.a. and we make minimal claims

Insurance cost to us is a management tool and is by far the most expensive one and the hardest area to control.

As a result of my review I am certainly glad that this is being looked into.

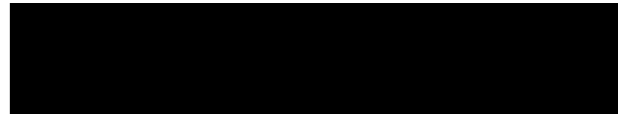
3/ bank charges and interest paid, clearly these can be controlled by reducing debt.

I hope this is of help

Please contact me if you have any further queries



**Alice Springs, 0871  
Northern Territory  
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