



Monday 02 June 2014

Attn: Manager  
Insurance and Superannuation Unit  
Financial System and Services Division  
The Treasury  
Langton Crescent  
PARKES ACT 2600

Dear Sir/Madam

## ADDRESSING THE HIGH COST OF HOME AND STRATA TITLE INSURANCE IN NORTH QUEENSLAND

### INTRODUCTION

LMI Group (*LMI*) welcomes the opportunity to comment on the *Addressing The High Cost Of Home And Strata Title Insurance In North Queensland* Discussion Paper released on Friday 9 May 2014. LMI's submission focusses on *Increasing Consumer Awareness*.

### WHO WE ARE?

#### LMI Group Pty Ltd

Headed by Australia's leading authority on insurance and crisis management, Professor Allan Manning, the **LMI Group** provides loss management, risk assessment and technical assistance to brokers, professional advisers, re-insurers, government departments, corporations and SMEs in both pre- and post-loss situations.

*LMI's vision* is to be recognised as the pre-eminent loss and risk management consultancy in our region.

*LMI's mission* is to provide services to corporate and government for insured and uninsured losses. In addition, we will accept one-off assignments for companies that require specialist advice. We will work closely with the client's advisers and, in particular, their insurance broker, accountants and lawyers.

*LMI's people* are encouraged to continue personal growth in line with the ever-changing world. The quality of our people is paramount, with a mix of experience and qualifications that is unsurpassed. We wish to be the consultancy of first choice amongst professionals in this field. Our business is built on continuing success, where rewards are commensurate with the prosperity of the business as we continue to grow and succeed with our clients.

*LMI's reputation* is our most valuable asset.



Via subscription LMI provide the Insurance industry with 5 web solutions which allow them to:

- compare in excess of 5,000 current insurance policies across 18 product classes (including Strata Title plus compare the all important claims service of insurance companies and underwriting agencies)
- calculate an accurate business interruption sum insured or declared value
- assess risk exposure across 4,000 industries (risk occupations)
- prepare an Industrial Special Risks (ISR) Schedule
- 

These products are namely:

- PolicyComparison <http://www.policycomparison.com>
- ClaimsComparison <http://www.claimscomparison.com>
- BiCalculator <http://www.bicalculator.com>
- RiskCoach <http://www.lmigroup.com/RiskCoach>
- PolicyCoach <http://www.lmigroup.com/policyCoach>

Of particular note for the purposes of this discussion paper is LMI's PolicyComparison web solution as noted on page 13 of the Discussion Paper.

### LMI PolicyComparison

LMI PolicyComparison is a specialist website providing up-to-date comparisons of general insurance policies via an online subscription service.

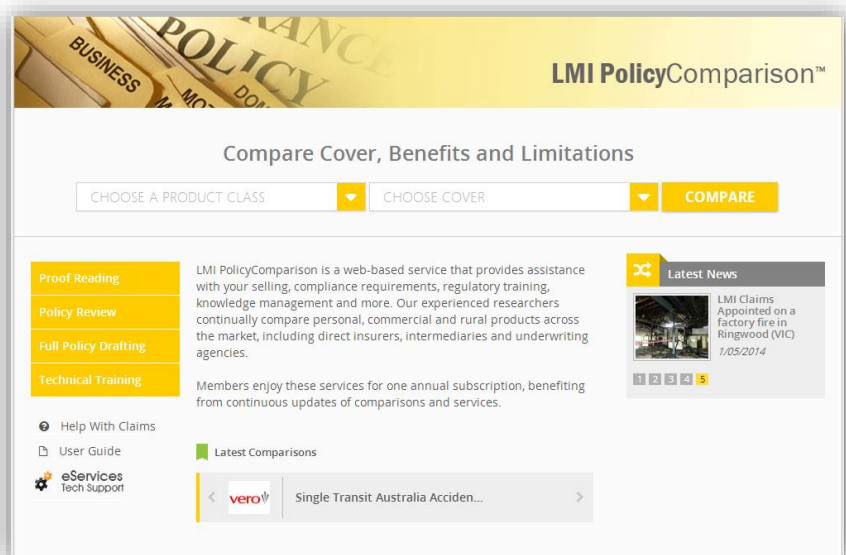
The comparisons contain links to 'Points to Consider', which offers explanations about aspects of policy features and exclusions being compared.

Subscribers can also download a copy of the insurer's wording from our extensive library, or link direct to the insurer's own website.

In 30 seconds, you can have all this information at your fingertips, and the results can be printed. All policies display a currency period, which allows a User to check the wording in force at a particular time

Our experienced researchers continually compare personal, commercial and rural products across the market, including direct insurers, intermediaries and underwriting agencies.

Members enjoy these services for one annual subscription, benefiting from continuous updates of comparisons and services.





PolicyComparison has been offering its web based service since 2003.

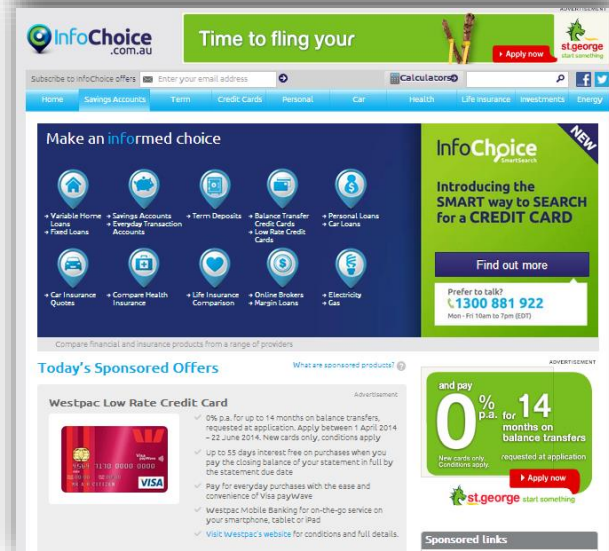
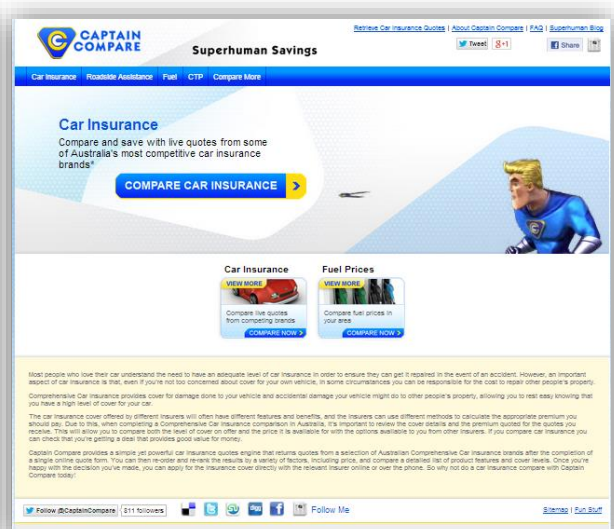
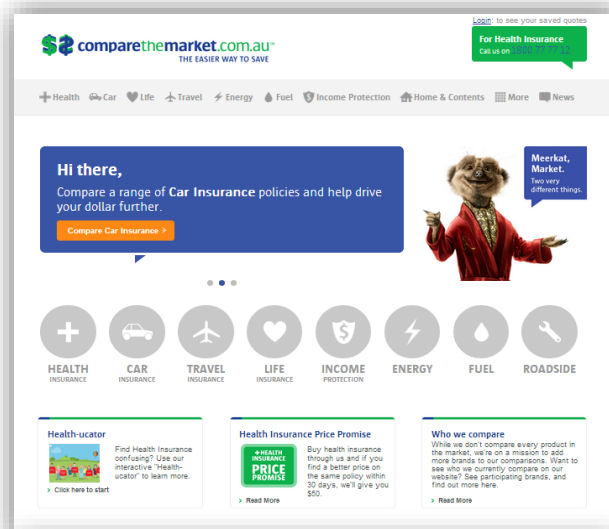
## INCREASING CONSUMER AWARENESS

### Development of an insurance website/aggregator

6. Do existing insurance comparison websites in Australia adequately enable consumers to compare the features of products offered by multiple insurers?

The insurance comparison websites currently offering services in Australia include (but may not be limited to):

1. <http://www.comparethemarket.com.au/>
2. <http://www.captaincompare.com.au/>
3. <http://www.infochoice.com.au/>
4. <http://www.ratecity.com.au/>
5. <http://www.iselect.com.au>





These 5 Comparison sites all offer domestic insurances (Car and some home) arranged by the following 3 Insurers:

**1. Auto & General Insurance Company Limited**

- 1.1. Budget Direct Car Insurance
- 1.2. Virgin Car Insurance
- 1.3. Australia Post Insurance
- 1.4. 1st for Women
- 1.5. ibuyeco
- 1.6. Ozicare
- 1.7. Dodo Insurance
- 1.8. Kudos
- 1.9. Heels n Wheels
- 1.10. Silver Fox

**2. The Hollard Insurance Company Pty Ltd**

- 2.1. Woolworths
- 2.2. Real Insurance
- 2.3. AI Insurance Holdings Pty Limited

Referring back to the 5 insurance comparison websites only <http://www.comparethemarket.com.au/> offer consumers the ability to compare features offered by multiple insurers, Compare the Market are provided with data from LMI's PolicyComparison service as stated on their website, see their declaration below:

*To help you better understand the different options out there, take a look at the data displayed which compares the features and benefits of a wide range of car insurance products. This data was supplied by an independent third party insurance research company, LMI Group Pty Ltd (LMI), and is maintained by them. The comparisons supplied by LMI have been prepared as a guide only, are based on the Policy wording as well as the PDSs for each product, and are not intended to be exhaustive. To find out more about the LMI Group Pty Ltd (LMI), click here. Always read the relevant Policy wording and Product Disclosure Statement before purchasing any insurance product to ensure that it meets your needs. Compare the Market does not accept any liability for the information supplied by LMI.*



**comparethemarket.com.au**  
 THE EASIER WAY TO SAVE

### Compare features

Simply select the Insurance providers you want to compare products for and start comparing features.  
 You can choose up to **12 providers** to compare.

### Compare price

We also compare by price. Get a quote from our participating providers.

[Get a Quote >](#)

#### Brands we compare on price & features

- 1st For Women
- AI Insurance
- Australia Post
- Budget Direct
- Dodo Insurance
- ibuyeco
- Ozicare
- Real Insurance
- Virgin Money
- Woolworths Insurance

#### Brands we compare on features only

<input type="checkbox"/> AAMI	<input type="checkbox"/> GIO	<input type="checkbox"/> Resilium
<input type="checkbox"/> Allianz	<input type="checkbox"/> Just Car Insurance	<input type="checkbox"/> Retirease
<input type="checkbox"/> ANZ	<input type="checkbox"/> NRMA Insurance	<input type="checkbox"/> SGIC
<input type="checkbox"/> APIA	<input type="checkbox"/> Progressive Direct	<input type="checkbox"/> SGIO
<input type="checkbox"/> Australian Seniors Insuran...	<input type="checkbox"/> QBE Insurance	<input type="checkbox"/> Shannons
<input type="checkbox"/> Bingle.com	<input type="checkbox"/> RAA	<input type="checkbox"/> Suncorp
<input type="checkbox"/> Cashback	<input type="checkbox"/> RACQ	<input type="checkbox"/> Vero
<input type="checkbox"/> CGU Insurance Ltd	<input type="checkbox"/> RACT	<input type="checkbox"/> Westpac
<input type="checkbox"/> Coles Insurance	<input type="checkbox"/> RACV	<input type="checkbox"/> Youi Insurance
<input type="checkbox"/> CommInsure	<input type="checkbox"/> RACWA	

[Compare Now >](#)

**comparethemarket.com.au**  
 THE EASIER WAY TO SAVE

SELECTED PRODUCTS: NONE NONE NONE [Compare](#) < Prev Next >

Compare Prices From Our Participating Providers

[Get a Quote >](#)

**1st For Women**  
Car Insurance

**AAMI**  
Comprehensive Car I...

**GIO**  
Car Insurance

**GIO**  
Car Insurance (Option...

Type of Policy	1st For Women	AAMI	GIO	GIO
Agreed Value Available	✓	✓	Not stated, amount covered as shown in schedule, - please see page 12 of the PDS	Not stated, amount covered as shown in schedule, - please see page 11 of the PDS
Comprehensive Policy - Loss or Damage to Insured Vehicle	✓	✓	✓	✓
Market Value Available	✓	✗	Not stated, amount covered as shown in schedule, - please see page 12 of the PDS	Not stated, amount covered as shown in schedule, - please see page 11 of the PDS
Named Driver Available	✗	✗	✗	✗
Restricted Drivers Applies	✓	✗	✗	✗
Third Party Property Damage	✓	✗	✓	✓



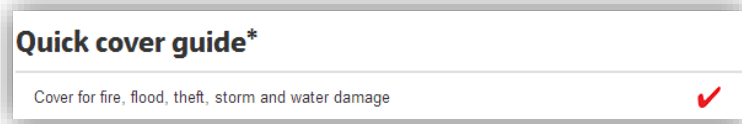
7. *What characteristics should an insurance comparison site have to make it useful for consumers?*

We are aware that the previous Government were looking to introduce a one page “Key Facts Sheet” for Home Building and Home Contents Insurance Policies (KFS).

We understand that a number of issues surrounded the introduction of KFS in that it is already apparent that some policyholders are disengaged and do not read their policy information. By providing a one page comparison we believe that consumers will only become aware of a very brief summary of their Policy and not the detail that it contained with such an important Contract.

It could also become evident that some Insurers could make minor alterations to their Policy that could see them receive more pleasing results.

Taking Flood as an example, reference to Coles Insurance’s website shows that they provide *cover for fire, flood, theft and water damage*.



<http://www.colesinsurance.com.au/home-insurance/building-and-contents-insurance>

However, referring to pages 16 and 17 of their PDS we note cover is not afforded from *Loss or damage caused by water entering your home through an opening that was not created by the storm or flood...*

What is covered	What is not covered
<p><b>Flood and Storm</b></p> <p><b>Flood</b>                      Loss or damage caused by the covering of normally dry land by water that has escaped or been released from the normal confines of:</p> <ul style="list-style-type: none"> <li>• any lake, or any river, creek or other natural watercourse, whether or not altered or modified, or</li> <li>• any reservoir, canal, or dam.</li> </ul>	<p>Loss or damage caused by:</p> <ul style="list-style-type: none"> <li>• water entering your home through an opening that was not created by the storm or flood,</li> <li>• water entering through an opening resulting from poor maintenance or defective workmanship, construction or design,</li> <li>• water entering your home due to building alterations, additions or renovations,</li> <li>• gradual deterioration from rainwater, or</li> <li>• high tide, tidal wave, storm surge, tsunami or other actions of the sea.</li> </ul>

<http://www.colesinsurance.com.au/~media/Files/Insurance/Product-Disclosure-Statements/Coles-home-PDS---240114-.PDF>

During the Brisbane flooding event of 2011 we know that flood waters slowly rose over a period of 3 days. In many instances Flood waters entered homes under doors and/or rising through waste pipes. Losses caused as a result of these examples would fall within the “What is not covered” clause shown above.

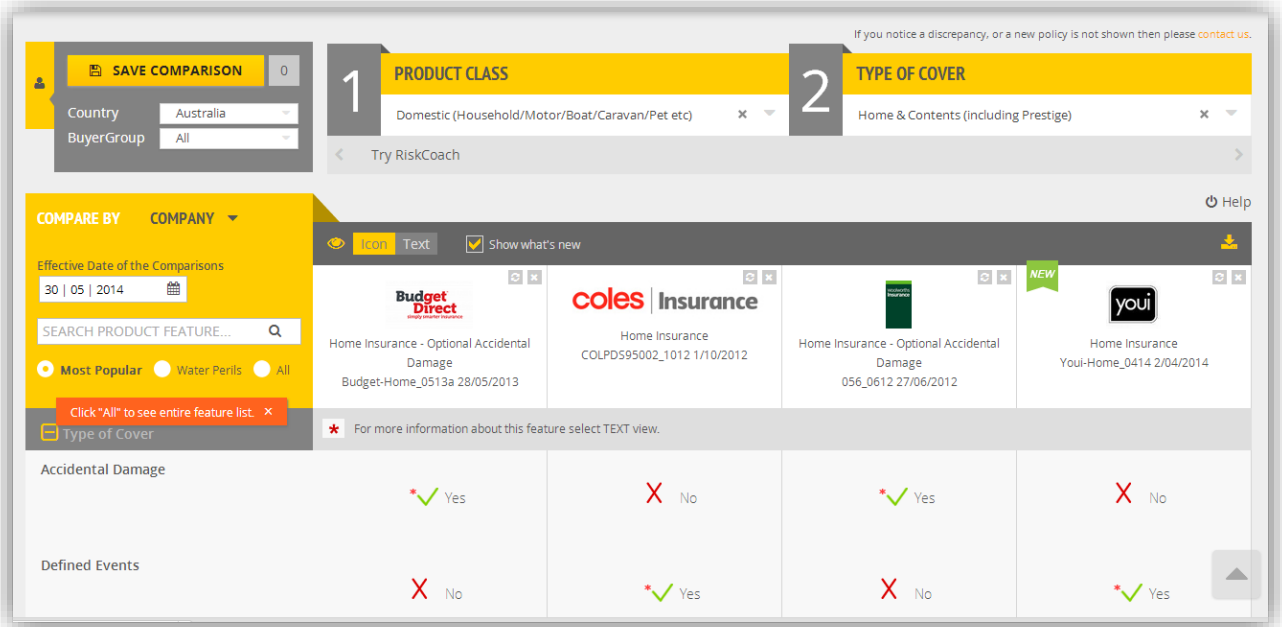
The benefit of a one page KFS would be quickly lost if insurance consumers of Coles Insurance simply relied on the statement that they are *covered for fire, flood, theft and water damage*.

The existing LMI PolicyComparison site provides a User with two views:



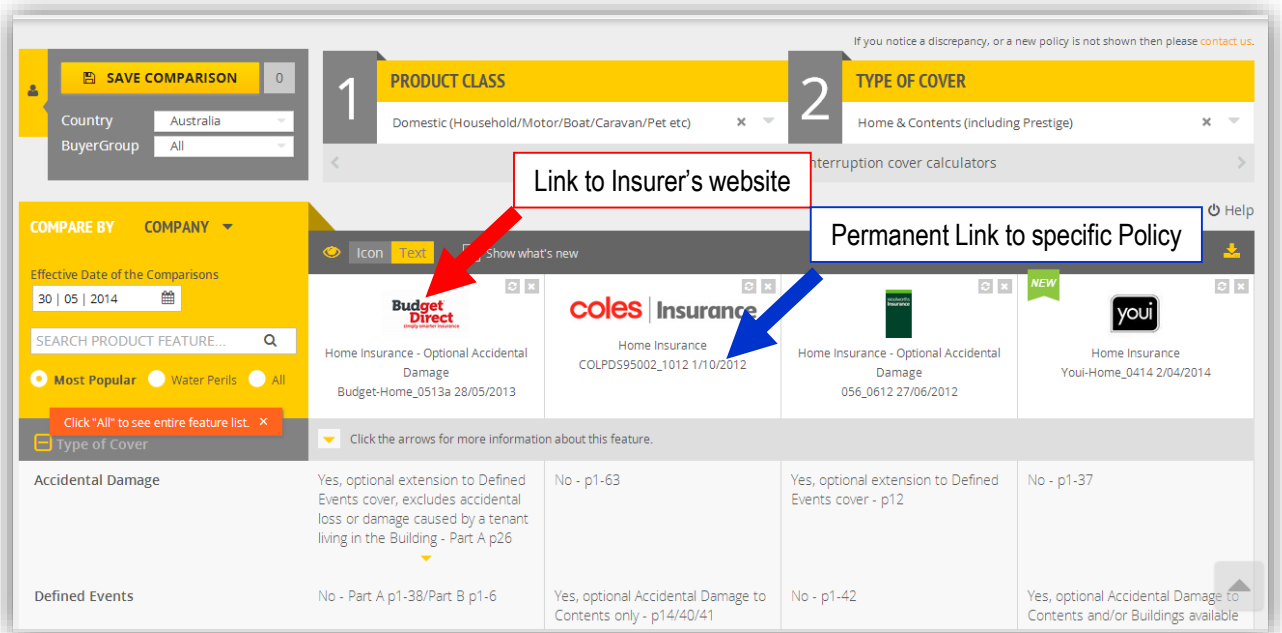
**ICON VIEW:**

As its name suggests, this view provides a User with a graphical (quick) view of what is and is not covered based on a predefined template (question set):



**TEXT VIEW**

As this name suggests, this view provides a User with a written response that has been created by a professional insurance researcher:

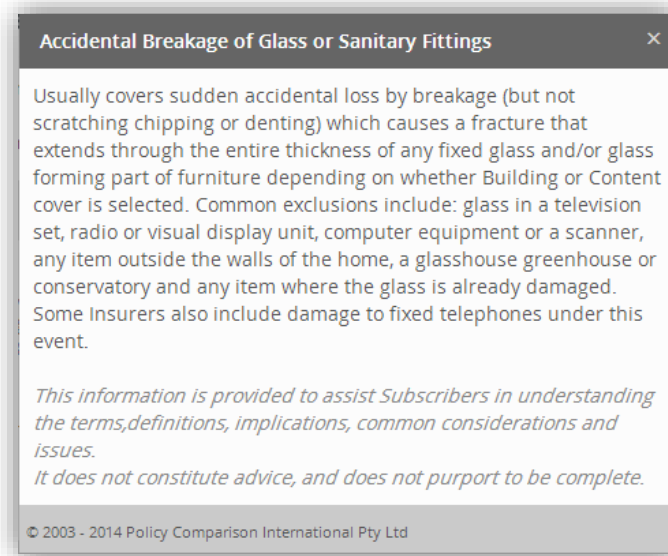


The Text View also includes the specific page (or pages) where each topic (question set) is found in the relative insurance policy.

Links are also provided to the Insurers website and the specific Product Disclosure Statement (PDS). The link to the PDS is a permanent link within LMI's Policy Library so the Policy can always be located. This is unlike a link from an insurer's website which will only access the current Policy.



What is also beneficial to a User are LMI's "**Points to Consider**", which provide a User with a description of what each topic (question set) is about, The following is an example of the Point to Consider for "**Accidental Breakage of Glass or Sanitary Fittings**", a defined event covered by most Home Building or Home Content insurance policies.



We believe that some of the known **tricks, trips and pitfalls** of insurance should be included an insurance comparison site to make it useful for consumers.

ASIC's Money Smart website ([www.moneysmart.gov.au](http://www.moneysmart.gov.au)) includes "Teaching Resources", which provides financial literacy education resources for teacher and parent use.

We are strong believers in educating consumers and as such we believe that insurance should be taught as part of the school curriculum.

As an example Professor Allan Manning has written a book designed specifically for children, outlines the basics of general insurance, how insurance came about, and talks to children at their own level to help them to understand why insurance is so important.



Other Publications written by Professor Manning include:

- It May Happen to Me! – (a guide to general insurance)
- Mannings Guide to Interruption Insurance (eBook)
- Mannings Guide to Contract Reviews (eBook)
- Mannings Six Principles of General Insurance
- Business Interruption Insurance & Claims
- Understanding the ISR Policy Volumes 1, 2 & 3
- It Will Never Happen To Me!

Professor Allan Manning is also the Course Director in the Master of Insurance Law and Practice program at Victoria University.





## Other Publications:



### Mannings Guide to Interruption Insurance

An introductory guide to business interruption insurance setting out the importance of the coverage; what businesses should consider the cover; how to set the sum insured; how long to insure for; optional additional benefits and answers to frequently asked questions.



### Mannings Guide to Contract Reviews

Seeing so many small and medium business owners and managers get themselves into real financial difficulty by entering into contracts prompted me to write this Guide. The root cause was that the business owner was, focusing solely on the perceived benefit and not appreciating the liabilities and other consequences of what they were signing. It is the aim of this Guide to explain the major issues that should be considered when signing any contract, large or small.



### What's Insurance?

This illustrated book, designed specifically for children, outlines the basics of general insurance, how insurance came about, and talks to children at their own level to help them to understand why insurance is so important. In addition to being an important educational tool for use in the schoolroom, for members of the insurance industry, 'What's Insurance' provides you with a fun and educational book to guide your own children and grandchildren the important work that you undertake each and every day.



### It May Happen to Me!

This Guide explains how and why insurance came into being and why it is still so relevant to home and business owners today. Besides explaining what is covered, the Guide looks at the often more important issue of what is not covered by policies. Most importantly, the Guide provides practical advice on the key issues, so that you, your family and your business will not only survive a crisis, but thrive!



### Mannings Six Principles of General Insurance

Revision Questions

Dr Manning takes you on a guided tour of the fundamental principles of insurance, exploring the rich history of one of the world's oldest industries. This Guide explains how each principle is interpreted and, where appropriate, how and when it has changed over time.



### Business Interruption Insurance & Claims

Revision Questions

A Practical Guide to Business Interruption Insurance for Business Managers, Insurance Brokers and Agents. Any business represents a valuable asset. How to insure this is not taught in any business or commerce degree, and yet getting it wrong can destroy years of hard work and astute business decisions.



### Understanding the ISR Policy Volumes 1, 2 & 3

A Comprehensive Guide on the cover afforded by the Industrial Special Risks Policy for Insurance Brokers and Advisors, Underwriters and Claims Officers, Loss Adjusters, and Risk Managers: Volumes 1, 2 & 3. This is by far and away the most comprehensive guide to the ISR wordings ever produced.



### It Will Never Happen To Me!

The Strategic Management of Crises in Business. Over 50% of businesses that suffer a major insured loss fail within 2 years of the event. Of those that survive, 25% change their insurance adviser. As an industry, we need to do things better. This book examines why some businesses are able to, like the mythical phoenix, rise from the ashes and survive the crisis, and yet others fail.



8. *If insurers were required to provide information to enable simple price and features comparison for insurance products, what would be the compliance costs to business?*

LMI are not able to comment on the compliance cost to business but can state that it has successfully provided its PolicyComparison service via subscription to the insurance industry without a direct compliance cost.

#### **WEBSITE TO PROVIDE INDICATIVE OR SAMPLE PRICES**

In regard to your second option to develop a website that would enable provision of indicative or sample quotes based on basic information supplied by consumers, who would need to be redirected to individual insurers to obtain an individual quote and complete their purchase, we advise that you have correctly indicated that this is a service currently available in the US ([www.Helpinsure.com](http://www.Helpinsure.com)).

9. *Are there any impediments to adopting an insurance comparison website model that provides indicative or sample quotes to potential customers to either the home or strata title insurance markets in North Queensland?*

10. *Would participation in an insurance comparison website that provides indicative or sample quotes to potential customers result in compliance costs for business?*

We have discussed with staff of Texas Department of Insurance (TDI) in detail the offering they provide their insurance consumers via [www.Helpinsure.com](http://www.Helpinsure.com) and understand that their site received 45,000 hits in August 2013 and 34,000 in September 2013. We understand that these numbers are considered good and are historically typical of the numbers of hits on their search pages for auto and homeowner sample rates, and the display pages.

As identified in COMMISSIONER'S BULLETIN #B-0010-13 (April 19,2013)

<http://www.tdi.texas.gov/bulletins/2013/cc9.html>

*Property and casualty insurers who are currently writing new personal auto or residential property business and meet one of the following criteria will be required to submit information:*

- *The insurer is in one of the top 25 national groups and has more than \$1 million in direct written premium in Texas.*
- *The insurer is in one of the top 25 national groups, has more than \$1 million in direct written premium in Texas, and issues and processes business through a non-affiliated company, for example, a county mutual.*

*All other P&C insurers have the option to report the requested information and TDI strongly encourages your participation.*

Data is provided to TDI by way of a comma-delimited txt file for 405 possible scenarios and up to 300 ZIP codes. This could result in approximately 120,000 plus strings of data and based on the model utilised by TDI we would consider that the administration costs could be exorbitant.



With that having been said, we are aware that Intermediary based Insurers provide data via Ebix Australia’s quoting platform, namely Sunrise Exchange that allows an insurance broker to obtain an indicative or sample price. This system allows a broker to click-through to an Insurance Company’s website to complete the transaction and bind cover.

Aggregators in the UK, US and Australia are also currently performing this so we believe that advance in technology could allow more seamless swapping of data between an Aggregator and Insurer via a web solution.

**Example of TDI data set:**

Field	PROFILE: MaritalStatus; Gender; Age; Limits; UseOfVehicle; CreditScore; DrivingRecord	MaritalStatus	Gender	Age	Limits	UseOfVehicle	CreditScore	DrivingRecord
1	TDI Number							
2	MGA Number							
3	File Type (A=Auto)							
4	File Subtype (C=Car or T=Truck)							
5	Effective Date							
6	ZIP Code							
7	County Code							
8	single; male; 18; 30/60/25; 10K/pleasure; below average; 1 accident	single	male	18	30/60/25	10K/pleasure	below average	1 accident
9	single; male; 18; 30/60/25; 10K/pleasure; below average; 1 speeding	single	male	18	30/60/25	10K/pleasure	below average	1 speeding
10	single; male; 18; 30/60/25; 10K/pleasure; below average; no violations	single	male	18	30/60/25	10K/pleasure	below average	no violations
11	single; male; 18; 30/60/25; 10K/pleasure; average; 1 accident	single	male	18	30/60/25	10K/pleasure	average	1 accident
12	single; male; 18; 30/60/25; 10K/pleasure; average; 1 speeding	single	male	18	30/60/25	10K/pleasure	average	1 speeding
13	single; male; 18; 30/60/25; 10K/pleasure; average; no violations	single	male	18	30/60/25	10K/pleasure	average	no violations
14	single; male; 18; 30/60/25; 10K/pleasure; above average; 1 accident	single	male	18	30/60/25	10K/pleasure	above average	1 accident
15	single; male; 18; 30/60/25; 10K/pleasure; above average; 1 speeding	single	male	18	30/60/25	10K/pleasure	above average	1 speeding
16	single; male; 18; 30/60/25; 10K/pleasure; above average; no violations	single	male	18	30/60/25	10K/pleasure	above average	no violations
17	single; male; 18; 30/60/25; 18K/work; below average; 1 accident	single	male	18	30/60/25	18K/work	below average	1 accident
18	single; male; 18; 30/60/25; 18K/work; below average; 1 speeding	single	male	18	30/60/25	18K/work	below average	1 speeding

[http://www.tdi.texas.gov/bulletins/2013/documents/TDI\\_Helpinsure .xlsx](http://www.tdi.texas.gov/bulletins/2013/documents/TDI_Helpinsure .xlsx)

11. *Would the creation of an insurance comparison website that provides indicative or sample quotes and other policy information to consumers be effective in enhancing transparency in insurance markets in North Queensland?*

As correctly identified by Peter Martin (Australian Government Actuary) in his “**Report On Investigation Into Strata Title Insurance Price Rises In North Queensland**” dated 03 October 2012, the main contributing factors to the steep price increases include:

- *historical under-pricing*
- *the role of reinsurance – in particular, the recent trend for insurers to allocate the cost of reinsurance to particular insurance policies on a risk-weighted basis rather than by simple apportionment*
- *recent losses caused by natural disasters*

<http://www.aga.gov.au/publications/Strata Title Insurance Price Rises/HTML/rep-pm-final-07.asp>

No insurance comparison website can assist consumers in appreciating factors such as those identified in the above mentioned report, which have been the cause of the very steep increases in price over the past several years.

What the creation of an insurance comparison website can do is be effective in enhancing transparency in insurance products sold not only in North Queensland but in Australia as a whole.



## LIVE QUOTE AGGREGATOR

### 12. What are the risks, if any, associated with live quote aggregator websites?

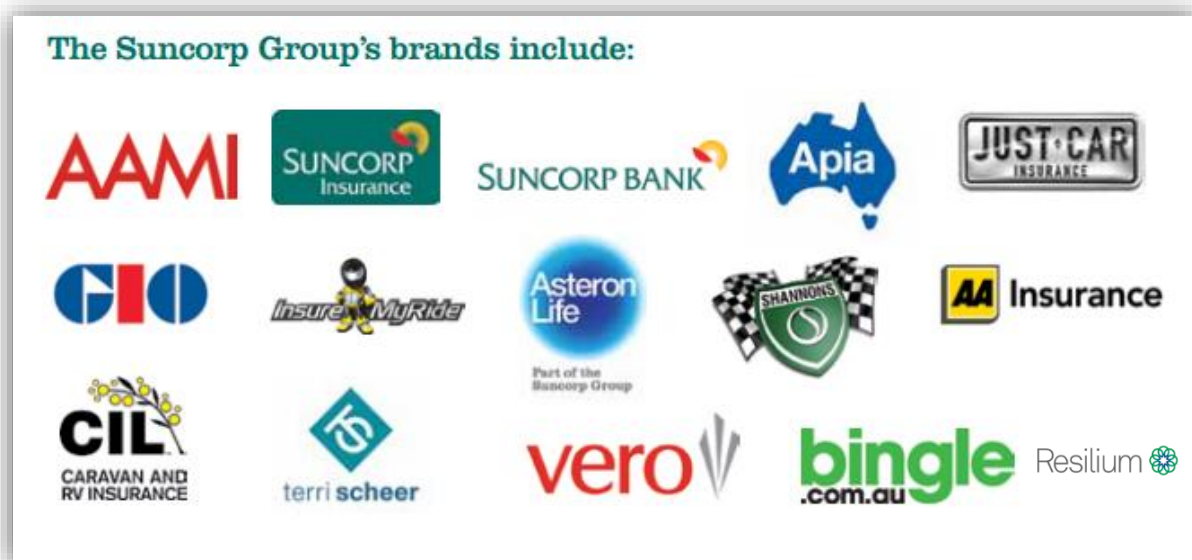
The biggest risk in developing an aggregator is Insurer participation. In an article recently published by insuranceNEWS.com.au a senior industry executive is quoted as saying:

*“They’re trying to get us to use shareholders’ money to set up an aggregator site,” he told insuranceNEWS.com.au. “They know it won’t work in north Queensland. The only way they’d get us on it would be by legislating.”*

<http://www.insurancenews.com.au/regulatory-government/insurers-stymied-over-government-access-executives-say>

It is commonly understood that Insurance Australia Group and Suncorp along with their subsidiary companies control approximately 70% of the private motor and home and contents insurance markets thereby creating for all intents and purposes a virtual duopoly.

### Suncorp Group

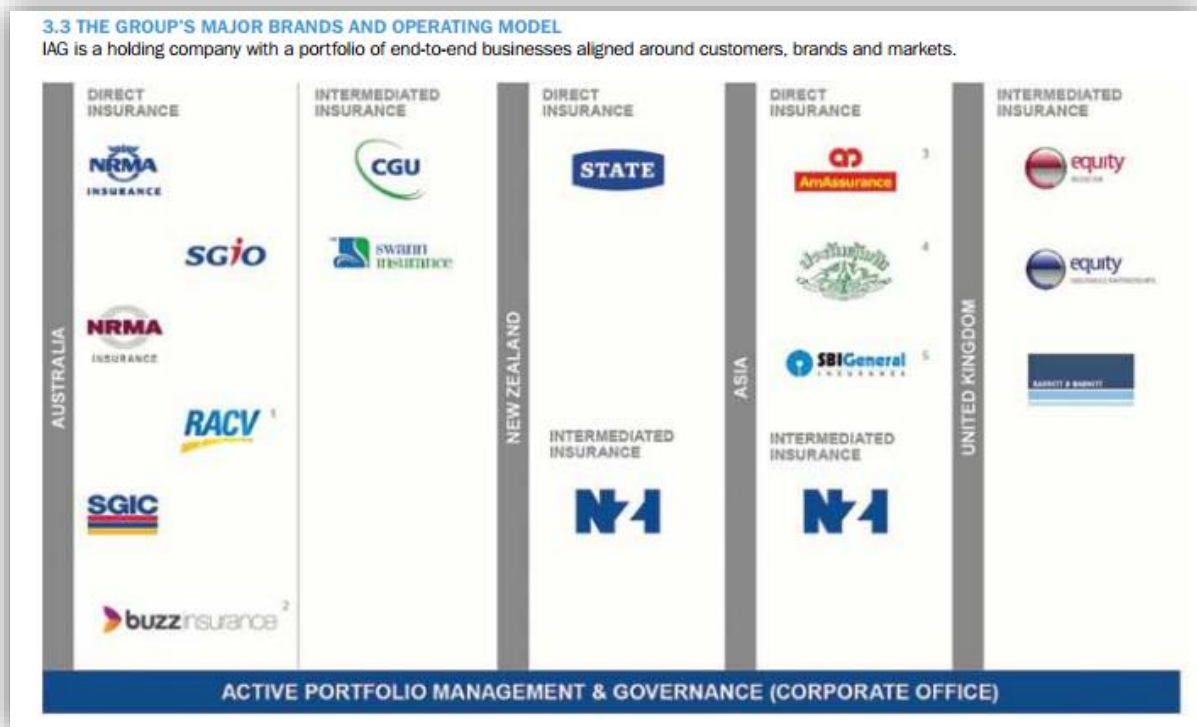


*Many Brands—customers in Australia and New Zealand rely on the Suncorp Group’s portfolio of financial services brands including AA Insurance, AAMI, Apia, Asteron Life, Bingle Insurance, CIL Insurance, GIO, Guardian Advice, InsureMyRide, Just Car Insurance, Resilium, Shannons, Suncorp Bank, Suncorp Insurance, Terri Scheer and Vero Insurance.*

[www.suncorpgroup.com.au/announcements-pdf/517071](http://www.suncorpgroup.com.au/announcements-pdf/517071)



**Insurance Australia Group**



*The Group offers personal and commercial insurance products under some of the most well known brands in its markets including NRMA Insurance, SGIO, SGIC, CGU and Swann Insurance in Australia; and State and NZI in New Zealand.*

[http://www.iag.com.au/cpsoffer/media/IAG\\_CPS\\_Offer\\_Lodgement.pdf](http://www.iag.com.au/cpsoffer/media/IAG_CPS_Offer_Lodgement.pdf)

Without the participation of these two major Insurers in an aggregator, if the participation in a comparison site or aggregator (be it indicative or live) was voluntary, then we believe it would be predestined for failure.

It is also noted that IAG have since acquired the WFI and Lumley insurance brands from Wesfamers and as such will be the underwriters of Coles Insurance under a 10 year licencing agreement.

*13. What design features should be incorporated into any live quote aggregator to minimise the risks?*

As previously mentioned we believe that the main risk in the success of an indicative or live quote aggregator is participation by Insurers and as such there are no design features that could be incorporated to minimise risk of failure other than, an equal or greater emphasis on protection i.e. Product features and benefits rather than price alone.

*14. What would be the compliance costs associated with insurers participating in a live quote aggregator website?*

In terms of direct compliance costs we are unable to comment but to say we believe that technology is such that data can be easily transferred between web services once the architecture is put in place. As such we believe that there could be considerable initial costs to set up but more conservative ongoing maintenance costs.

It should be noted that one of the obvious reasons an aggregators is developed is to earn a commission on the successful placement of an insurance product.



Whilst we do not purport to have any knowledge of commissions earned by aggregators a look at Compare the Markets Financial Services Guide identifies that they are either making a Fee in the order of “up to \$250 (plus GST)” or a Commission of “up to 27%”.

**HOW ARE WE PAID?**

CTM and AGS may receive a fee or commission for each Product issued in respect of, or attributable to, the financial service provided by CTM as follows:

Product	CTM Fee	AGS Commission
Car Insurance	Up to \$250 (plus GST) from the relevant provider	Up to 27% of the Car Insurance Product premium (excluding any fees or government taxes and charges)

<https://secure.comparethemarket.com.au/ctm/legal/FSG.pdf>

Again, making an assumption, we believe these amounts reflect a one-off payment as opposed to ongoing trailing commissions received by Brokers and Authorised Representatives.

If Treasury charged Insurers participating in their aggregator a nominal fee or commission for the successful placement of a Policy then we believe that the cost to Treasury could be essentially cost neutral.

*15. Are there any impediments to adopting a live quote aggregator model to either the home or strata title insurance markets in North Queensland?*

Reiterating what we have already stated, we believe the biggest impediment will be participation. If it was not mandatory to participate then the compliance cost of those that want to insure property in North Queensland could be such that they too decide to withdraw from this market, which would be inappropriate unintended consequence.

*16. What measures, if any, would be required to ensure that an adequate number of insurers participated in a live quote aggregator site.*

Without changes in legislation to make it mandatory to participate we believe that participation will be limited.

**FOR ALL OPTIONS:**

*17. Are there any confidentiality and privacy implications that need to be considered in implementing an insurance comparison website?*

The aggregator would be gathering personal information and as such it would be subject to all laws involving Privacy.



18. Are there other website options (apart from the consumer information model, indicative or sample quote model, and live quote aggregator model) that would be more appropriate to address the issues identified in this paper?

No.

## ONLINE COMPARISON OPTIONS AND STRATA TITLE

19. Should an insurance comparison site include a comparison of strata insurance property products?

If a policy can be rated without a site inspection then an aggregator model can be built.

However, there are obviously much more complexities that would need to be considered.

20. How can the additional complexities of strata title property insurance be overcome?

The aggregator would require the completion of a considerable question set.

With that having been said a Google search for Strata Proposal Forms identified that some of Australia's leading Strata Insurers have proposal forms (application section) of between 2 and 7 pages.



21. Could an insurance price or features comparison website be effective in smaller markets like that for strata title property insurance in North Queensland?

Allowing insurance consumers to compare features and price is only one part of what a web solution should offer. We previously mentioned the benefit of the education program including but not limited to a detailed comparison of features and benefits.



## NATIONAL OR REGIONALLY SPECIFIC SOLUTION

22. *What are the implications of providing any aggregator for home and contents, and potentially strata title insurance;*

22.1. *nationally; or*

22.2. *only for North Queensland or other regions acutely affected by affordability problems?*

Any offering must be well planned and considered taking in to consideration all stakeholder's requirements.

To simply offer a home and contents and potentially a strata title insurance price/feature comparison web site in North Queensland would be cost prohibitive and only reduce the already limited market.

Why should other regions (Victorian Bushfire area, Central Queensland flooding areas etc) be excluded?

Why should insurance consumers throughout Australia be excluded?

## FACILITATING A SITE

23. *If an insurance comparison website is to be facilitated by government, should it be attached to ASIC or ACCC, another agency, or under contract with a private operator? Would there be any difference in the cost of compliance for business in each of these cases?*

ASIC are already facilitating the [www.moneySMART.gov.au](http://www.moneySMART.gov.au) website and as such would be one possible solution. However, LMI Group is already maintaining two comparison websites, one providing a general insurance features and benefits website and the other comparing the claims service of Insurers. The sites employs highly skilled, insurance educated professionals.

As demonstrated above LMI's PolicyComparison website is already fully functional and is being used by the majority of insurance professionals (Brokers, Authorised Representatives, Insurers and an Aggregator) throughout Australia and New Zealand for nearly 11 years.

LMI would be willing to provide a costed proposal to provide a consumer based policy comparison site based on Home and Contents and Strata Title insurances as a cost effective and solution that can be rapidly deployed should the government wish to pursue the concept.





## CLOSING

LMI Group welcomes the Government's objectives of providing insurance consumers with tools to better understand insurance, and hopes the introduction of an aggregator, comparison website or a place for consumer education will help achieve this aim.

While supporting the introduction of an aggregator (comparison website), LMI encourages the Government to fully consider the concerns of the insurance industry in general, especially those surrounding commoditisation, and ensuring the web solution does not simply focus on price, but highlights the differences in cover afforded.

This is a role traditionally filled by a professional insurance Broker, in that based on a consumer specific needs analysis a professional Broker would seek out quotations from a number of insurers and provide their Client with options based on Price **and** Policy features.

Any aggregator (comparison website) must still encourage a consumer to seek out assistance from a professional Broker if they believe their needs are not fully met or require more tailored assistance.

It should be also noted that the cover afforded by a 'Direct' insurer's Policy is still seen to be lesser in terms of the scope of related benefits provided by an "Intermediary" insurer's Policy. But we clarify this statement by saying that the quality of an insurance Policy can only be tested at the time of a claim. It would be futile for an insurance consumer to purchase a higher quality Policy providing limits of \$20,000 per item on jewellery when the most expensive item they own is worth \$1,000.

This is a benefit of dealing with a professional Broker who can perform a Client specific needs analysis and we trust that any ultimate solution would make these considerations.

If you have any questions or comments regarding this submission please contact me on 03 9835 9900 or [allan.manning@LMIGroup.com](mailto:allan.manning@LMIGroup.com).

Yours sincerely

A handwritten signature in black ink that reads "Allan Manning".

### LMI Group Pty Ltd

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### PRIVACY

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