



14 September 2015

By email: NorthernAustraliaInsurancePremiumsTaskforce@treasury.gov.au

Northern Australia Insurance Premiums Taskforce
The Treasury
Langton Crescent
PARKES ACT 2600

Dear Taskforce members

Submission to Northern Australia Insurance Premiums Taskforce Interim Report

The Consumer Action Law Centre (**Consumer Action**) welcomes the opportunity to comment on the Northern Australia Insurance Premiums Taskforce Interim Report.

About Consumer Action

Consumer Action Law Centre is an independent, not-for profit consumer organisation based in Melbourne. We work to advance fairness in consumer markets, particularly for disadvantaged and vulnerable consumers, through financial counselling, legal advice and representation, and policy work and campaigns. Delivering assistance services to Victorian consumers, we have a national reach through our deep expertise in consumer law and policy and direct knowledge of the consumer experience of modern markets.

Transparency and contestability

Our response is limited to three proposals noted on pages 39 and 40 of the Interim Report relating to transparency and contestability of insurance premiums:

1. require insurers to provide an explanation to policyholders where there has been a significant change in premiums or non-renewal of the policy;
2. change the Terms of Reference of the Financial Services Ombudsman so that it can hear disputes about the level of premiums if there has been an unfavourable change to an insurance policy and adequate reasons have not been provided to the policyholder; and
3. require insurers to provide disclosure on the individual components that make up the overall cost of the premium.

We support each of those proposals. We believe that, if implemented, they will help consumers understand how their insurance premium relates to risk and how they can mitigate those risks and so reduce their premium. The proposals will also give consumers more power to challenge their insurer over price rises that are (or appear to be) unreasonable and shop around, which will increase pressure on insurers to keep premiums as low as possible. These proposals—though far

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from being a complete solution to the problems considered by the Interim Report—seem to us relatively uncomplicated ways to deliver downward pressure on premiums without transferring risk or cost to the Commonwealth.

Our colleagues at Financial Rights Legal Centre (FRLC) have provided a submission which considers these three proposals in more depth. We endorse FRLC's comments on those three proposals.

Please contact David Leermakers on 03 9670 5088 or at david@consumeraction.org.au if you have any questions about this submission.

Yours sincerely

CONSUMER ACTION LAW CENTRE

A handwritten signature in black ink, appearing to be 'DB', written in a cursive style.

Denise Boyd
Director, Policy and Campaigns

A handwritten signature in black ink, appearing to be 'DL', written in a cursive style.

David Leermakers
Senior Policy Officer