

Good morning,

I have just finished a phone call to Westpac Insurance re my annual inquiry and battle re the premium.

This year's premium on the house increased by 31.4%. Reasons given are:

- Increased Building and Repair Costs
- More prone to flooding.

Attached is a detailed spreadsheet for the Westpac premiums on our home since 2009.

The insurance is a continuing rip-off and the proof is the premiums and the profits of the insurers increasing well above the market.

The information gained during my phone call to Westpac Insurance:

- Westpac's Recommendations to Reduce the Premium Cost:
 - Reduce the amount of the Cover
 - Increase the Excess Amount
 - Change to a lower quality policy.

(Increasing the Excess Amount from say \$500 to \$1,000 has a low risk for the insured; decreases the premium by \$476.00. However, reducing the amount of the cover and the quality of the policy will have severe adverse impacts on the insured in the case of a home being destroyed. My assessment is that Westpac, and no doubt other insurers, are seeking to reduce their exposure to markets they consider 'small and risky'. Also, gouges on premiums and produces much higher profits.)

- Reason for Increase in Premium Amount of 31.4%:
 - **Higher Building and Repair Costs:** Unable to provide any information or stats on the increase other than their claim that the costs have increased.
 - **Higher Flood Risk:** Stated that the Flood Risk for our home has increased from Low/Medium to High. When I inquired as to how this assessment was done and when it was done, I was advised that there is no information available as to when, how or by whom the assessment was done. The 'fact' stated is that the Flood Risk has been increased.

(I pointed out that last year (2014/15 Cover Year) I was advised that the 38% increase in premium was due to a higher Flood Risk as the property had changed from a 'Post Code' assessment to an 'Exact Location' assessment. If it was an 'Exact Location' assessment in 2014 for Flood Risk and that assessment was 'Low/Medium' how can it increase to 'High' in 2015 when there has been no flooding events? The property has not changed location.)

The bad news is that there is still one flood risk assessment above 'HIGH'. Our property is now the 2nd highest assessment. Any bets that it will increase to the next level in 2016? Our property has never flooded.

SUGGESTIONS:

- ✓ A Permanent Committee needs to force Insurers to evidence their claimed reasons for premium increases; ie Building / Repair cost increases: Who, how and when as to the 'Flood Risk' assessment.
- ✓ With 'ON-LINE' quotes, every insurer can check the competitors' pricing. All insurers adjust up. This is Market Collusion. If the insurers phoned each other, it would be illegal. It must be illegal for insurers to check each other's premiums on line. Insurers must be required to provide a statement that no staff etc have ever checked a competitor's insurance premiums on-line.
- ✓ The Government needs to establish an Insurance Panel; inclusion on the Panel by Tender and Application. Government to cover say Top 20% when a natural disaster (declared) occurs. The way we are going, many more home owners will be uninsured and underinsured when the next disaster happens. The government will have to step in and this will cost far more than a 'Top 20% Cover'. If you wish I can provide some more information on a Top 20% Cover structure.

You can pass on this email and my attachment to anyone who may find it of assistance.

Regards,

Barry.

Barry Lowe

WESTPAC HOME INSURANCE PREMIUMS - ANALYSIS FOR PROPERTY IN KIRWAN, TOWNSVILLE. (NB: Insured is ex-staff and receives a Premium Discount)									
Premium Year	Amount of Cover	Increase in Cover		Amount of Premium	Premium Increase		Amt Excess	Reason Given for Premium Increase	NOTES
		\$	%		\$	%			
Sept 2009/10	\$594,500.00	\$0.00	0.0%	\$987.72	\$0.00	0.0%	\$100.00	None Given	
Sept 2010/11	\$630,200.00	\$35,700.00	6.0%	\$1,218.28	\$230.56	23.3%	\$100.00	None Given	
Sept 2011/12	\$668,100.00	\$37,900.00	6.0%	\$1,768.98	\$550.70	45.2%	\$100.00	None Given. By phone - Increased Flood Risk. Cyclone Yasi Feb 2011	
Sept 2012/13	\$714,900.00	\$46,800.00	7.0%	\$2,343.41	\$574.43	32.5%	\$100.00	By Phone: Increased Risk, Insurance Claims and Costs	
Sept 2013/14	\$765,000.00	\$50,100.00	7.0%	\$2,974.99	\$631.58	27.0%	\$100.00	Phone Call: Amount of Cover and amount of Premium increase yearly.	
Sept 2014/15	\$818,600.00	\$53,600.00	7.0%	\$4,119.76	\$1,144.77	38.5%	\$100.00	Change from Post Code to Exact Location. Increased Risk. Changed Weather Patterns.	Premium reduced by \$1,201.06 by increasing Excess from \$100 to \$500.
				\$2,918.70	-\$56.29	-1.9%	\$500.00		
Sept 2015/16	\$876,000.00	\$57,400.00	7.0%	\$3,836.01	\$917.31	31.4%	\$500.00	Increasing building and Repair Costs. More prone to Flooding.	
Total Increases 2009 to 2015		\$281,500.00	47.4%		\$2,848.29	288.4%			