Submission to the National Disaster Insurance Review by -

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There are many disasters that can damage us or our property. Some are much less likely than others. Location of properties has a large bearing on the likelihood and extent of damage.

Many people have difficulties reading or understanding insurance policy wording despite their attempt at simplification. The people who may have trouble paying 'up front' for the full cover are sometimes inclined to drop some optional covers to reduce the premium. A disaster befalls them and they blame the Insurer for not covering them for a risk they themselves did not cover for through intent or misunderstanding.

Insurance Companies must base their charges on paying all claims, costs and providing reserves and profits over the longer term. The more risks they are exposed to the higher the premium must be.

Under people pressure governments are inclined to have a simple 'all risks covered' policy. This must cost more heading towards making insurance unaffordable to more and more. It will be unfair to force those who understand the policy document to pay for cover they do not want or need. Insurance companies must have a system whereby premiums can be quickly simply and reliably calculated by the consultant so it must not be too complicated or too many variables.

Water damage is a common issue and the main topic in Queensland at present. A house on an inland river needs flood insurance whereas one on the ocean frontage is exposed to ocean flooding with no chance of river flood. Neither wishes to cover for the impossible event.

I think most insurance companies already explain what is not covered quite well but there will always be those who are intimidated by 'all those words' and not read or understand the explanations of what is not covered. They should be urged to seek explanations from independent persons.

The three main issues are –

Freedom of choice of company and cover
Protection of those unable to protect themselves and
Flexible, affordable policies that only provide cover wanted and needed.