

## NDIR Submission from Terry Mills

In this personal submission I am making observations based on personal experience and, in the context of marketing general insurance products and the legislation, suggestions which may assist in communication and comprehension:

### Cyclones Yasi and Larry

At our home we experienced both cyclones but, with Yasi we were lucky and had no structural damage, just trees down which is not an insurance matter (i.e. no damage to the house).

With Larry we had structural damage to our home and this was insured through APIA (Australian Alliance) and was generally well handled:

### Observations

i) With 'Larry' the appointed loss adjuster was employed by an independent company and he was acting for several insurers and thus was not fully informed on the scope or detail of respective policies. For instance, a tree that had fallen and was resting on part of the house (where the damage had occurred), the assessor/adjuster advised that only the section of the tree that had caused the damage was covered under 'removal of debris' provisions. In effect this meant that only the few meters of the tree actually resting on the house would be removed at insurers expense. Discussion and common sense prevailed after I showed him the policy provisions which clearly cover 'removal of fallen trees or branches where damage to the insured property has occurred'. There was no such limitation on coverage as implied by the assessor/adjuster but had I not highlighted the matter I would have had my legitimate claim discounted; product knowledge is essential.

ii) the assessor/adjuster requested two builders quotes; at that time there were no local builders available to do the work as all those contacted (photos of damage were emailed in a number of cases) advised that they either did not want the work or would not be available for up to three months. Finally the insurers arranged for out of town contractors to come into our area.

Availability of contractors is always a problem and frequently insured parties don't want out of town builders and want to rely on local builders who, when available, charge inflated hourly rates. Most of the delays following 'Yasi' were due to the non availability of competent contractors on a timely basis largely due to the floods in Southern Queensland which had drained the resources of the building industry. Advanced strategic coordination of resources is obviously the solution but not an easy one to solve.

iii) Insurers' claim call centres **must** try to link a claims operative to a particular claimant. There must be a one-on-one relationship not multiple people trying to handle a single claim. For instance, one operative told me to pay the contractor the policy excess and the insurer would pay the balance direct to the contractor; this ultimately occurred. But, another operative told me I hadn't paid the policy excess to them (the insurer) so the claim could not proceed.

### Marketing

Most home insurance products are now sold online or over the phone. Recently I bought four consumer items; a mobile phone, a chainsaw, a child's bike needing assembly and a

general insurance product. With the first three, I received written operating instructions **plus** a DVD explaining the safety and operational features. With the general insurance product I received a policy document which doubled as a product disclosure statement of fifty pages but no DVD. This meets the basic requirements of s35 (2) of the ICA but ignores the spirit of the act in that it doesn't 'clearly inform' the insured of the provisions of the policy; surely a DVD is not too much to ask in this day and age.

As an instance, take the case of Real Insurance who, in the preamble to the policy - page 4 - state that flood is covered but on page 23 state that there is a \$15000 limitation on flood damage; that does not, in my view, meet the provisions of the act to clearly inform the insured of policy provisions.

### The Legislation

Standard Cover was a matter addressed by the ICA under s 34 and 'model' standard cover policy wordings were included in the Regulations - Part II, Division 2 and 3 - with any variation from standard cover needing to be specifically brought to the notice of an intending Insured. This was an attempt to overcome the gap in comprehension and knowledge existing between the insurer and the insured but I would argue that the bracketed words in s 35 (2) have defeated the objects of s 34.

I believe that the act needs to be revisited and the prescribed contracts (Standard Cover policy wordings ) need updating as they are now 27 years old and are outdated. Further, any variation from the standard cover policy specifically highlighted on a separate document to the policy or PDS. It should not be for the intending insured to try divine how the Insurer's policy varies from the prescribed model, the onus should be on the insurer to specifically and expressly highlight variations.