

Manager
Insurance Team
Financial System Division
The Treasury
Langton Crescent
PARKES ACT 2600

30 September 2019

Attn: Manager, Insurance Team
Submission: Reforms to the sale of add-on insurance products

Introduction

iSelect Limited (ABN 48 124 302 932) welcomes the opportunity to make this submission to The Treasury's proposal paper on 'Reforms to the sale of add-on insurance products'.

Please note that while iSelect's services encompass several general insurance products, including car insurance and home & contents insurance, this submission is restricted to our views in relation to the sale of add-on *travel insurance only*.

About iSelect

iSelect is Australia's leading destination for comparison and purchasing across insurance, utilities and personal finance products. Our vision is to make Australians' lives easier by saving them time, effort and money.

Each year, we help Australians to compare and purchase insurance, utilities and personal finance products. While our services are initially provided via our website, where available, customers can choose to speak over the phone with one of our 300+ trained consultants.

We compare and sell a wide range of Australia's brands and our support is provided at no cost to the customer. We are proud to be ASX-listed and, unlike some other comparison sites, we are not owned by an insurance company.

About iSelect's Travel Insurance comparison service

iSelect's travel insurance service is offered through an online-only comparison model. Last financial year, 25,000 customers purchased a travel insurance policy after comparing online via iSelect.

Visitors to the iSelect website are able to save time and effort by comparing a variety of policies offered by our range of travel insurance providers.¹ We currently compare policies from seven different travel insurance brands.

¹ iSelect does not compare all travel insurers or policies in the market. Travel insurance is only available through our website and not all policies are available at all times or in all areas. Not all policies available from our partners are

Initially customers are asked to provide their destination, type of cover (single trip or multi-trip) and their travel dates. This is followed by a series of questions which ask for details of the number of travelers (including their ages) and the purpose of their trip.

Customers are then provided with the option to share information about the type of trip they will be taking and asked about the types of activities they will be participating in (such as snow sports, hiking, cruising, watersports or motorhome).

Following this initial data capture, customers are presented with a selection of policies from our range of policies and travel insurance providers. Customers are able to compare displayed policies based on key features and benefits allowing them to identify whether their preferences are included and the limits which apply.

The above information on iSelect's online travel insurance service is included in this submission, as an example, to demonstrate the level of upfront information our comparison service provides customers. All policies displayed include prominent links to the applicable product disclosure statements. Customers are able to review policies with the ability to select the policy they deem most suited to their own circumstances.

This is in contrast to the 'one-size fits all' approach of many add-on travel insurance products. Notwithstanding this, we reiterate that iSelect only provides general advice under our general insurance AFSL, not personal advice.

Request for Feedback 1

Please provide evidence as to why a particular type of add-on insurance product should reside in a particular tier.

iSelect is of the strong opinion that travel insurance should sit within Tier 2 in all instances.

The reason for this is that despite being comparatively inexpensive compared to other general insurance products, travel insurance products can still be very complex with a wide variety of inclusions/limitations, features and benefit maximums.

It is important consumers are able to navigate the purchase of such a complex product by easily comparing options.

iSelect takes a 'customer-first' approach to the sale of travel insurance policies allowing consumers to compare by the premium cost and key features of the policy along with the Product Disclosure Statement and Financial Services Guide.

The purchase process is customer initiated – customers must voluntarily come to our website and remain in control throughout the process. As a result, our customers have high levels of engagement with the travel insurance purchase process. They are also able to complete the purchase in their own time, without intervention or pressure to buy.

compared by iSelect and due to commercial arrangements and customer circumstances not all policies compared by iSelect will be available to all customers.

iSelect Ltd

ABN: 48 124 302 932

294 Bay Road, Cheltenham Victoria 3192 Australia

Tel: +61 (3) 9276 8000 Fax: +61 (3) 9276 8080

Research shows that a quarter of all Australians experienced an insurable event on their last overseas trip and of those only 42% had adequate insurance without any undeclared medical issues and didn't engage in uninsured risky behaviour.²

These statistics highlight the importance of customers a) taking out travel insurance and b) making sure they have a level of cover appropriate to their circumstances. Most primary product businesses do not provide customers with a sufficient amount of information in regard to their add-on travel insurance products to make an informed decision as to the appropriate level of cover.

In addition, customers taking out add-on travel insurance may be more likely to inadvertently void their policy due to not providing necessary information at the point of purchase or not fully understanding the fine print of their policy.

Request for Feedback 2

Please provide feedback on how this trigger would correspond to your current business practices in selling add-on insurance products.

iSelect strongly supports a deferred sales model for add-on insurance as it minimises the risk of customers unnecessarily overspending on their travel insurance policy and/or potentially underinsuring themselves.

However, iSelect cannot provide feedback on how the trigger would correspond with our current business practices as we currently do not deal in add-on insurance products.

Further Discussion

iSelect thanks The Treasury for its consideration of our submission and welcomes the opportunity to discuss these issues and answer any further questions you might have.

Kind regards,

Mark Pangrazio

Head of Commercial (General & Health Insurance)
(03) 9276 8180 | 0409 133 451
mark.pangrazio@iselect.com.au

² Smart Traveller: <https://smartraveller.gov.au/guide/all-travellers/insurance/Documents/survey-travel-insurance-behaviour-web.pdf>