



ASIC

Australian Securities & Investments Commission

**Senate Economics
References Committee
Inquiry into Australia's
general insurance industry
Submission by the Australian
Securities and Investments
Commission**

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Executive summary

- 1 The Australian Securities and Investments Commission (ASIC) is pleased to provide comments to the Senate Economics References Committee Inquiry into Australia's general insurance industry (Inquiry).
- 2 We understand the Inquiry to be interested in reviewing how competition, transparency and product comparability could be increased in the home, strata and car insurance markets in Australia, to maximise consumer outcomes and ensure access to essential insurance cover with appropriate features and at a competitive price.
- 3 We acknowledge the importance of insurance cover in protecting consumers' valuable assets and helping to maintain and protect Australians' living standards. To that end, accessibility, transparency, affordability and competition are important features of a well-functioning market.
- 4 In reviewing the role of comparison services in assisting with comparability and competition on price and features, it is important to recognise and consider the challenges of establishing such a service and the potential unintended consequences. In this regard, we consider the experience of the United Kingdom in this submission.
- 5 We also suggest some alternative options to help increase comparability and competition. These include:
 - (a) prominent display of last year's premium on policy renewal notices;
 - (b) access to comparable claims and disputes data; and
 - (c) increased ability for insurers to provide accessible, user-friendly electronic disclosure.
- 6 In this submission, we comment on the following:
 - (a) competition in the home, strata and car insurance industries (discussed throughout the submission);
 - (b) transparency in Australia's home, strata and car insurance industries (see Section A);
 - (c) independent home, strata and car insurance comparison services on insurance cover costs in other jurisdictions (see Section B);
 - (d) the potential costs and benefits associated with the establishment of an independent home, strata and car insurance comparison service in Australia (see Section C); and
 - (e) legislative and other changes necessary to facilitate an independent home, strata and car insurance comparison service in Australia, including some alternative options for achieving product comparability and competition (see Section D).

- 7 We do not propose to specifically address the first of the Inquiry's terms of reference: the cost of cover compared to wage growth. This is not an issue that consumers have typically raised with ASIC.
- 8 In relation to the second area of inquiry, competition in Australia's home, strata and car insurance industries, we note that competition is not currently part of ASIC's mandate or jurisdiction. Where this is relevant to our regulation of insurance, we have included comments throughout this submission. For example, we comment on the lack of competition in add-on insurance distributed through car dealerships, and make suggestions aimed at improving competition in the home, strata and car insurance industries.
- 9 In relation to competition in these markets generally, the car and home insurance market comprises two main insurers (Insurance Australia Group Limited and AAI Limited trading as Suncorp Insurance) issuing cover under multiple brands, and some smaller and newer entrants (e.g. The Hollard Insurance Company Pty Limited, Auto & General Insurance Company Limited and Youi Pty Limited).
- 10 The newer entrants help increase competition, and the move to online distribution channels also helps price comparability for consumers comparing two or more quotes. In the car and home insurance market, insurers have tended to compete on brand values, reliability and customised cover. Consumers are likely to get a better deal if they shop around rather than if they renew with the same insurer.

Transparency in Australia's home, strata and car insurance industries

- 11 Transparency is essential for an efficiently functioning, competitive market with good consumer outcomes. ASIC has undertaken a broad range of work in recent years to monitor and improve transparency in advertising and in the promotion and distribution of insurance, including in relation to comparison services.
- 12 For example, we have undertaken reviews in the following areas:
 - (a) *Comparison websites operated by commercial entities*—We sought to ensure that these websites provide accurate information and do not mislead consumers.
 - (b) *The sale of home insurance*—This review led to improvements in home insurance disclosures at the point of sale to avoid the risk that consumers would buy insurance that did not meet their needs.
 - (c) *Automatic car insurance renewal practices*—This review led to improvements in disclosure when consumers first purchase their policy to reduce the risk that they would be unaware of their insurance automatically renewing.
 - (d) *No-claims discount schemes for car insurance policies*—We found that insurers failed to clearly disclose how these schemes operate.

- (e) *Add-on insurance sold through car dealerships*—We found that consumers are being sold poor value products of little or no benefit. Our work is ongoing and we are taking action to ensure improvements for consumers, including enforcement and other regulatory action.
- 13 As a result of our reviews and surveillances, changes have been made to improve transparency in comparison websites. We have also issued guidance for comparison websites in [Regulatory Guide 234 Advertising financial products and services \(including credit\): good practice guidance](#) (RG 234).
- 14 Specifically, we have provided guidance that where a comparison website compares different products, promoters should disclose:
- (a) the basis of any ratings or awards attributed;
 - (b) any links to providers of the products that are being compared, including commissions, referral fees, payments for inclusion in comparisons and/or payments for 'featured' products;
 - (c) a warning if not all providers are included in the comparison;
 - (d) that any advertisements included on the website are presented as advertisements, to prevent consumers being misled about the ranking of a product; and
 - (e) a warning that products compared do not compare all features that may be relevant to the consumer.

Other jurisdictions

- 15 ASIC has conducted limited research into overseas comparison services. Independent insurance comparison services exist in other jurisdictions, including in California in the United States (a more limited service based on premium data collected and updated on an annual basis) and in Norway (a more advanced service that aggregates data provided by insurers to disclose price and claims information).
- 16 However, data on the impact or effect of these services is not readily available. It is therefore difficult to comment on how effective these comparison services have been in improving insurance affordability in their respective jurisdictions.
- 17 In relation to commercially operated services, experience in the United Kingdom (UK) suggests that although these websites provide choice for consumers by enabling them to compare products in a simple and accessible way, negative consumer outcomes can also arise.
- 18 Such websites can create an incentive for insurers to reduce policy coverage to ensure that they are price competitive and appear more prominently on results pages that rank insurers according to price. Consumers can therefore end up purchasing cheaper policies that may not provide adequate coverage.

Costs and benefits of a comparison service

- 19 A comprehensive insurance comparison service has the potential to enhance consumer outcomes by facilitating comparability and competition and enhancing consumer choice. However, there are a number of challenges to establishing such a service that need to be addressed to achieve these benefits.
- 20 In this submission, we provide three Australian case studies of insurance comparison websites: private health insurance, compulsory third party insurance in NSW, and North Queensland home insurance. These case studies reveal that comparison websites can help consumers compare on price when the underlying product features are fairly standard. Where product features vary significantly, a comparison website needs to take into account these features, in addition to price.

Legislative and other changes

- 21 To achieve the benefits of a full comparison service, legislative and other considerations would need to be addressed. These include:
- (a) enabling real-time access to the quoting systems of a sufficient range of insurers that offer the policies to be compared;
 - (b) seeking agreement from insurers to be bound by the comparison quotes provided by the service;
 - (c) facilitating user-friendly data inputs taking into account the relevant risk factors that vary between insurers;
 - (d) developing standardised or comparable policy terms and risk factors;
 - (e) providing balanced and accessible information about policy features so that consumers do not focus only on price; and
 - (f) ensuring that data is kept secure and confidential to protect insurers' commercially sensitive risk assessment and underwriting policies.
- 22 To this end, the following steps could be undertaken:
- (a) conduct a detailed scoping study to ascertain the costs of establishing and maintaining the comparison service; and
 - (b) consider legislative changes or specific authorisations to allow insurers to work together to standardise policy terms and definitions to enable comparison services to compare like-with-like products.
- 23 Other options to enhance competition and comparability could also be considered. These include:
- (a) prominent display of last year's premium on policy renewal notices;
 - (b) access to comparable claims and disputes data; and
 - (c) increased ability to provide accessible, user-friendly electronic disclosure.

A Transparency in Australia's home, strata and car insurance industries

Key points

This section gives an overview of regulation of comparison services in Australia.

It also discusses recent work undertaken by ASIC that is relevant to the issue including:

- advertising guidelines for comparison websites based on our review of these websites;
- disclosure in insurance (in particular, for home insurance, car insurance automatic renewals, and no-claims discount schemes); and
- the sale of add-on insurance through car dealerships.

Regulatory landscape

Corporations Act

- 24 General insurance products are financial products for the purposes of the *Corporations Act 2001* (Corporations Act). General insurers must be licensed by ASIC in accordance with Ch 7 of the Corporations Act to provide financial services.
- 25 The Corporations Act sets out the general obligations of an Australian financial services (AFS) licensee, including that they:
- (a) provide the financial services covered by the licence efficiently, honestly and fairly; and
 - (b) comply with financial services laws.
- 26 General insurance products are subject to disclosure requirements under the Corporations Act and the *Insurance Contracts Act 1984* (Insurance Contracts Act). Ch 7 of the Corporations Act and associated regulations of the Corporations Regulations 2001 provide the framework for disclosure about financial products, services and advice.
- 27 A tailored Product Disclosure Statement (PDS) regime for general insurance products takes into account all of the information an insurer must provide under the Insurance Contracts Act and the information an insurer would provide through their policy terms and conditions.

- 28 Most insurers state in their PDS words to the effect that the terms and conditions of the PDS and the policy schedule constitute the insurer's contract with the policyholder.

Insurance Contracts Act

- 29 The Insurance Contracts Act regulates the content and operation of insurance contracts. Section 13 contains a statutory 'duty of utmost good faith' between an insured and an insurer:

A contract of insurance is a contract based on the utmost good faith and there is implied in such a contract a provision requiring each party to it to act towards the other party, in respect of any matter arising under or in relation to it, with the utmost good faith.

- 30 The Insurance Contracts Act also restricts an insurer's capacity to rely on non-disclosures, misrepresentations, and policy terms and conditions in certain circumstances when assessing claims.

- 31 The Insurance Contracts Amendment Regulation 2012 (No. 2) prescribes information that must be included in a key facts sheet for home building and contents insurance (Key Facts Sheet).

Insurance Act

- 32 The Australian Prudential Regulation Authority (APRA) regulates prudential standards for deposit-taking institutions, general and life insurers, reinsurers and most members of the superannuation industry.

- 33 APRA supervises general insurers under the *Insurance Act 1973* (Insurance Act). APRA's responsibilities under the Insurance Act include:

- (a) authorising companies to carry on a general insurance business; and
- (b) monitoring authorised general insurers to ensure their continuing compliance with the Insurance Act (in particular, its minimum solvency requirements).

ASIC Act

- 34 The *Australian Securities and Investments Commission Act 2001* (ASIC Act) contains ASIC's consumer protection powers in relation to financial products and services including general insurance, and has prohibitions against misleading or deceptive conduct, unconscionable conduct and false or misleading representations: see Div 2 Pt 2, ASIC Act.

General Insurance Code of Practice

- 35 The General Insurance Code of Practice (Code) is a voluntary self-regulatory industry code developed by the Insurance Council of Australia (ICA). The Code covers most types of general insurance, including car, home and strata insurance. Currently 49 companies have adopted the Code.
- 36 The ICA announced on 17 February 2017 that it will be undertaking a limited industry review of the Code this year. The review is being undertaken in light of recent developments affecting the general insurance industry, including ASIC's reports on add-on insurance, ASIC's proposed new product intervention powers, this Inquiry, and the Senate inquiry into consumer protection: see ICA, 2017 [Review of the General Insurance Code of Practice](#), Terms of Reference.

ASIC guidance for comparison websites

- 37 ASIC's [Regulatory Guide 234](#) *Advertising financial products and services (including credit): Good practice guidance* (RG 234) contains good practice guidance to help promoters of financial services comply with their legal obligations to ensure they do not make false or misleading statements or engage in misleading or deceptive conduct.
- 38 The purpose of the guidance is to assist promoters to comply with their legal obligations, and to help ensure transparency, fairness and reliability of information in the financial services market. RG 234 includes guidance relating to the promotion and provision of financial products through comparison websites: see RG 234.207–RG 234.211.
- 39 In particular, if a comparison website compares different products, promoters should disclose:
- (a) the basis of any ratings or awards attributed (RG 234.207);
 - (b) any links to providers of the products that are being compared, including commissions, referral fees, payments for inclusion in comparisons and/or payments for 'featured' products (RG 234.208);
 - (c) a warning if not all providers are included in the comparison (RG 234.209);
 - (d) that any advertisements included on the website are presented as advertisements, to prevent consumers being misled about the ranking of a product (RG 234.210); and
 - (e) a warning that products compared do not compare all features that may be relevant to the consumer (RG 234.211).

- 40 Over the last few years, ASIC has identified an increase in the promotion and availability of financial product comparison websites for consumers. In response, we have focused on ensuring they provide accurate and reliable information and do not mislead consumers.
- 41 From our work in this area, we have identified the following concerns about commercial comparison websites:
- (a) Many do not cover the full market for the relevant product and do not sufficiently disclose this limitation to consumers.
 - (b) Many promote multiple insurance brands that are owned by a single insurer, which can create the impression that a broader range of the market is covered by the comparison than is actually the case.
 - (c) Many seem to over-emphasise the price of the policies being compared, to the exclusion of other relevant considerations.
 - (d) There is a potential for bias if there are ratings or awards attached to different products on the website based on different commissions, paid advertising or other conflicts of interest (e.g. ownership of brands) that are not apparent to consumers.
- 42 In 2011, ASIC undertook a review of comparison websites: see [Media Release \(12-304MR\)](#) *ASIC warns comparison websites* (5 December 2012). Our review identified a number of concerns with some comparison websites, including that some of the websites compared a limited number of brands and/or products from a limited number of providers. In some cases, this was not clearly disclosed, which created the impression that the extent of comparison was much broader than it actually was.
- 43 ASIC's focus on insurance-specific comparison websites found that where the website operators were related to the insurer that issued the insurance brands being compared, there tended to be insufficient disclosure of this to consumers. Comparisons were provided on the basis of price without any warnings that different products may have different features and levels of coverage.
- 44 For example, ASIC's concerns about potentially misleading content on the insurance comparison website operated by JustEzi Pty Ltd (JustEzi) led to the removal of online material: see [Media Release \(13-101MR\)](#) *ASIC concerns lead to insurance comparison website changes* (7 May 2013).
- 45 ASIC's concerns arose from a comparison tool that formulated 'Ezi-Estimates' for car insurance. The estimates ranked insurers by price, from lowest to highest, after the consumer entered certain details.
- 46 ASIC was concerned that JustEzi had not received access to insurers' actual data; rather, the estimates were based on a formulation created by the website operator. We found that the 'Ezi-Estimates' were significantly different to quotes offered by the relevant insurers, and on many occasions the price rankings were inaccurate.

Disclosure in insurance

- 47 ASIC has undertaken work on disclosure in insurance to help ensure that the disclosure provided to consumers is effective, and to identify any areas for improvement.

Home insurance

- 48 ASIC undertook a review of the sale of home building insurance in 2015: see [Report 415](#) *Review of the sale of home insurance* (REP 415). The purpose of this review was to understand the information that consumers are currently receiving about home insurance at the point of sale and encourage insurers to adopt practices that reduce the risk of consumers buying insurance products that do not meet their needs.
- 49 We found that online and telephone sales processes are generally designed around insurers' need to understand certain risk or underwriting criteria about consumers so that they can sell home insurance quickly and efficiently to a consumer, rather than as a way to improve a consumer's understanding of the home insurance they are inquiring about or purchasing. Instead, this is seen by insurers as the role of the PDS and other important policy documents, such as the certificate of insurance.
- 50 At around the same time, ASIC commissioned consumer research into consumer behaviour when purchasing insurance: see [Report 416](#) *Insuring your home: Consumers' experiences buying home insurance* (REP 416). In REP 416, we note the findings of an online survey which asked consumers if they read or looked at the PDS when buying home building insurance.
- 51 This survey found that two in every 10 consumers (20%) who took out new insurance or considered switching read the PDS. However the qualitative research undertaken as part of our review in REP 416 found that 'reading' the PDS generally meant reading selected pages, not all of it.
- 52 The findings in REP 416 suggest that consumers know very little about the details of their home insurance policy. Some consumers did not know that policies differed as they assumed that all home insurance policies were the same. They therefore asked insurers few questions about their policy and did not think it necessary to read the PDS. Unless their insurer specifically told them otherwise, these consumers did not find out that policies can differ in their caps, limits and definitions of covered events.
- 53 In this review, we also found that many consumers want the sales process for the purchase of home insurance to be quick and easy, and therefore may not use this process in a way that helps them to understand the insurance they are buying at the appropriate point in their decision process. Few consumers invested the time required to better understand the home insurance product

offered by using the information and disclosure provided by insurers. Some consumers who did take the extra time to check features of the policy were quite selective in the features that they chose to inquire about.

- 54 The findings in REP 415 and REP 416 highlight the limitations of disclosure. The rationale for relying on disclosure to protect and empower consumers assumes that consumers are rational decision makers who, when given information about a financial product, will be able to read it, and as a result of doing so, understand the product. However, consumer research, psychology and behavioural economics indicate that a consumer's decision making is affected by behavioural biases.
- 55 Consumers' financial decisions also have motivations. Examples include:
- (a) making decisions about insurers and products based on experiences of friends and relatives;
 - (b) relying on what they know rather than what they don't know—that is, some consumers chose to compare premiums over policy features because they did not know that policy features could be useful or even necessary to them in the future; and
 - (c) remaining with their current insurer continue to receive discounts rather than shopping around for competitive alternatives that might better meet their needs.
- 56 These findings highlight the risks of consumers using a tool that facilitates comparison of products only on the basis of price. Clearly it is important for consumers to consider a broader range of factors, including key product features when selecting an insurance product, and any comparison service should be designed to facilitate such a comparison.
- 57 To help improve consumer outcomes, we encourage insurers to develop and test innovative and effective disclosure. We note that the ICA recently released a report on disclosure and look forward to working with insurers on initiatives flowing from that review. We consider that facilitating electronic disclosure in insurance would assist with this work: see paragraphs 121–127.

Note: See ICA, [Consumer research on general insurance product disclosures: Research findings report](#), February 2017.

Car insurance: Automatic renewal

- 58 ASIC also undertook work in relation to car insurers' automatic renewal practices: see [Media release \(15-345MR\)](#) *ASIC drives better disclosure of automatic renewal of car insurance* (19 November 2015). This review addressed the issue of transparency for consumers in automatic renewals, due to the risk of doubling up on insurance cover, and the benefits of shopping around at renewal time.

- 59 Following this review, insurers agreed to better inform consumers about their car insurance renewal when consumers first purchased their car insurance to reduce the risk of consumers being unaware of their insurance automatically renewing. This included updating telephone sales scripts and having clearer and more prominent messaging on their websites.
- 60 This review highlighted that consumers were not always clearly informed by insurers when first purchasing the policy that it would automatically renew unless the consumer advised otherwise. In most cases, consumers were only informed about the automatic renewal practice in the PDS and renewal notice. This review also confirms our advice to consumers to shop around when insurance is due for renewal to ensure the cover selected is appropriate, both in terms of price and features.

Car insurance: No-claims discount schemes

- 61 As part of our ongoing work reviewing disclosure and transparency in the general insurance market, ASIC also undertook a review of no-claims discount schemes for car insurance policies in 2015 and found that they do not operate in the way consumers might reasonably expect: see [Report 424](#) *Review of no-claims discount schemes* (REP 424).
- 62 In particular, insurers did not clearly disclose whether claims affected the underlying premium independently of any effect on the no-claims discount rating. ASIC is currently conducting a health check of the industry to see how insurers have responded to the recommendations in our review.

The sale of add-on insurance through car dealerships

- 63 In 2016 ASIC reviewed the sale of add-on insurance policies through car dealerships and found that the market is failing consumers. The findings of our review were released in a series of reports, which are attached to this submission with accompanying media releases:
- (a) [Report 470](#) *Buying add-on insurance in car yards: Why it can be hard to say no* (REP 470);
 - (b) [Report 471](#) *The sale of life insurance through car dealers: Taking consumers for a ride* (REP 471); and
 - (c) [Report 492](#) *A market that is failing consumers: The sale of add-on insurance through car dealers* (REP 492).
- 64 ASIC reviewed five add-on insurance products that are commonly sold by car dealers:
- (a) *Consumer credit insurance (CCI)*—This insures a consumer's capacity to make repayments under a credit contract, including insurance against sickness, injury, disability, death or unemployment of the consumer.

- (b) *Loan termination insurance or 'walkaway' insurance*—This is similar to CCI, but is more restrictive as the main benefit is payable only if the consumer returns the car to the dealer, which means the insurance does not help the consumer keep the car if they become disabled or sick.
- (c) *GAP insurance*—This provides cover for the difference between what a consumer owes on their car loan and the market value paid out under their comprehensive car insurance, if they write off their car.
- (d) *Tyre and rim insurance*—This provides cover for the cost of repairing or replacing tyres and rims if they are damaged as a result of blowouts, punctures or other road damage.
- (e) *Mechanical breakdown insurance*—This is often referred to as an 'extended warranty'. This typically covers the cost of repairing or replacing parts of the car as a result of mechanical failures after the manufacturer's or dealer's warranty has expired.

65 The reports outlined ASIC's findings that consumers are being sold expensive, poor value products that give consumers very little to no benefit, in a sales environment with pressure selling, high commissions and conflicts of interest.

66 Additionally, the reports demonstrated how a lack of transparency in the sales environment hinders a consumer's ability to make informed decisions, and can result in a market failure.

67 For add-on insurance sold through car dealerships, this market failure is associated with a form of 'reverse competition', where insurers compete on the remuneration paid to car dealers in commissions to buy access to distribution channels, which increases the cost to consumers and decreases consumer-driven competition.

68 If a consumer could easily access information about the cost of a range of similar products, this would encourage insurers to compete on price and quality of product.

69 However, selling insurance through the car dealer distribution channel reduces this transparency. This is because consumers are typically unaware of the cost of or value provided by add-on insurance products. Coupled with the high-pressure sales tactics often used, the ability of consumers to make an informed decision or take action to drive down prices is reduced.

70 In ASIC's view, a range of changes are required to resolve transparency issues in this channel. In REP 470, we found that most consumers who had bought add-on insurance through a car dealer had 'given little if any consideration to insurance before entering the dealership'. They are therefore unlikely to have researched product choices, compared options, or even read available disclosure materials before entering into the insurance contract.

71 In a sales environment such as this, it is likely that a significant change to the sales process needs to occur for consumers to be able to make a genuinely informed decision.

72 In the United Kingdom, a deferred sales mechanism has been introduced so that certain add-on insurance products cannot be sold at the point of sale of the underlying products (i.e. the car and the car finance). Rather, consumers are provided with the relevant disclosures at the point of sale and only contacted after they leave. This allows time for the consumer to consider whether they need the products being offered, and to compare the products and prices offered by other insurers.

Note: See Competition Commission (now located at National Archives UK), [*Market investigation into payment protection insurance*](#), p. 9 (PDF, 2.56 MB).

73 ASIC's work in the car dealer add-on insurance market is ongoing, and we are taking action to ensure improvements for consumers, including consideration of enforcement and other regulatory action.

B The effect in other jurisdictions of independent home, strata and car insurance comparison services on insurance cover costs

Key points

This section looks at some examples of comparison services in overseas jurisdictions based on a limited review undertaken by ASIC in response to the call for submissions to this Inquiry.

Our review has allowed us to summarise how these services appear to operate. However, we do not have the necessary data to comment on the effect of these services on insurance cover costs.

Independent general insurance comparison services

- 74 We are aware of a number of comparison services operated by private companies and government departments overseas. Some of these include services in the United Kingdom, Italy, Norway and the United States (California).
- 75 The summaries below indicate how we understand the services are operated. However, we do not have the necessary data to comment on the effectiveness of these services.

United Kingdom

- 76 In the United Kingdom, the use of comparison services has been increasing steadily over the last 10 years and a large volume of purchases for core general insurance products such as home and car insurance are now made through comparison websites. Up to 17 million motor vehicle and home insurance policies are bought every year through comparison websites, and they also cover travel, pet and health insurance.

Note: See GfK, [Financial research survey](#), June 2013.

- 77 Consumers use the websites to conduct research and to conclude purchases. Consumer research carried out in 2014 illustrates that for home insurance, 33% of consumers surveyed used a comparison website for research, and 19% purchased or arranged cover through a comparison website. Other research suggests 68% of UK consumers purchasing car insurance use comparison websites.

Note: See Mintel, [Web aggregators in financial services](#), June 2014 and Deloitte, [Insurance disrupted: General insurance in a digital world](#), 2014 (PDF, 1 MB).

78 The services are provided by private companies, with four dominant players in the insurance market and a number of smaller operators. Some comparison websites that are active in the insurance space are owned by insurance companies.

Note: The 'Big Four' consumer websites are moneysupermarket.com, gocompare.com, comparethemarket.com and confused.com. A study found that 85% of consumers who had used a price comparison website in the last two years (for any product, not just insurance) reported using one or more of the Big Four: see Consumer Futures, [Price comparison websites: Consumer perceptions and experiences](#), July 2013 (PDF, 3.3 MB).

79 There are no price comparison portals covering general insurance products provided by government bodies in the UK.

80 Business models vary, but comparison websites are generally paid through commission on a 'pay per click' model. A 2015 review of car insurance by the UK Competition and Markets Authority (CMA) also noted the existence of price agreements between comparison websites and insurers, some of which have now been banned.

Note: See CMA, [Private motor insurance \(PMI\) market investigation—Final report](#), September 2014 (PDF, 3.3 MB).

81 Comparison websites are considered to be engaging in the regulated activity of 'insurance mediation' and, unless they are exempt, must be authorised and are regulated by the UK Financial Conduct Authority (FCA). Comparison websites must comply with the rules that apply to firms conducting insurance mediation, as well as the 'principles for businesses'.

Note: 'Insurance mediation' is defined as a regulated activity under the Financial Service and Markets Act 2000 (Regulated Activities) Order (SI 2001/544).

82 These principles include that a firm must pay due regard to the:

- (a) the interests of its clients and treat them fairly (Principle 6); and
- (b) the information needs of its clients and communicate information to them in a way which is clear, fair and not misleading (Principle 7).

83 A thematic review of price comparison websites in general insurance conducted by the FCA in 2014 found that consumers valued the service offered and trusted the companies. In its review, the FCA noted that:

[Comparison websites] are generally regarded by consumers, product providers, trade bodies and other regulators as helping to provide choice for consumers by enabling them to compare products in a simple and accessible way. However, there are risks that comparison websites may not provide appropriate information to allow consumers to make informed decisions, and to make clear their role and the nature of the service they provide. There is also a concern that consumers' focus on headline price and brand when using [comparison websites] could distract from crucial product features such as policy coverage and terms.

Note: See FCA, [Thematic review of price comparison websites in the general insurance sector](#), July 2014.

- 84 Both this review and the FCA's 2014 market study of general insurance add-on products found that these firms can sometimes fail to provide consumers with appropriate and timely information to make an informed decision about the products they are buying. This can increase the risk that consumers fail to buy the right cover for their needs, and potentially make a purchase decision simply based on price.

Note: See also FCA, [*General insurance add-ons: Final report—Confirmed findings of the market study*](#), July 2014.

- 85 There is no public data on the impact of comparison websites on general insurance prices in the United Kingdom. They are generally regarded as having significantly increased consumer price sensitivity, and as such contributed to greater price competition. As the Association of British Insurers (ABI) noted in its response to the FCA's 2014 thematic review:

One of the consequences of [price comparison websites] in the market has been to refocus competition between insurance policies on price. While this can be helpful for consumers, it does limit the attention paid by consumers to the terms and conditions of the product, and carries the risk that it creates an incentive for some policies to be 'slimmed' down to ensure they appear in the top positions on the results page.

Note: See ABI, [*The ABI's response to the FCA's review of price comparison websites*](#), March 2014 (PDF, 1.69 KB).

- 86 While commercial price comparison websites in the United Kingdom have generated some price competition, there is also evidence that in some cases, comparison websites have led to what the UK Regulators Network described as the 'hollowing out' of cover. This is the situation where insurers reduce cover to compete with cheaper products.

Note: See UK Regulators Network, [*Price comparison websites*](#), Final report, 27 September 2016 (PDF, 4.33 KB).

Other jurisdictions

- 87 Table 1 gives an overview of comparison services operated in Italy, Norway and the United States (California).

Table 1: International comparison services

| Country | Comparison service and regulation |
|-------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Italy | <p>Italy's comparison website, Tuo Preventivatore, provides users with information about car liability insurance. The website was established on 11 June 2009 by the Ministry of Economic Development through the Italian Insurance Supervisory Authority. The tool provides a 'wide and quick overview on the prices of the Motor TPL available on the market.' Consumers then have to contact insurance companies directly, although the estimates are binding for 60 days.</p> <p>Note: See Istituto per la vigilanza sulle assicurazioni—Ministero dello sviluppo economico, Tu preventivatore and European Insurance and Occupational Pensions Authority (EIOPA), Report on good practices on comparison websites, 30 January 2014, p. 22 (PDF, 561 KB).</p> |
| Norway | <p>Norway's comparison website, Finansportalen, was established in 2008 by the Consumer Council of Norway. It covers financial services, banking, savings and insurance. The insurance section of the website includes home, car and other types of insurance.</p> <p>On the website, users enter data by responding to prompts. The information is then sent to all companies offering the service in question. Those companies respond to the specific request with a price. Finansportalen collects all of the responses and then presents them to the user.</p> <p>Note: See Consumer Council of Norway, Finansportalen and EIOPA, Report on good practices on comparison websites, 30 January 2014, p. 23 (PDF, 561 KB).</p> |
| United States (California) | <p>The California Department of Insurance (CDI) operates a website where consumers can compare annual premiums for automobile, homeowners, long-term care, Medicare supplement, and workers' compensation insurance. Other states have similar websites.</p> <p>By law, California surveys licensed insurers in the state every year, asking for their annual premiums for various lines of personal insurance. CDI is required to publish this information online. In May 2015, California began presenting rate information through the use of an online comparison tool.</p> <p>The <i>automobile</i> insurance comparison tool asks users to insert certain information (e.g. coverage type, location, marital status, years licensed, mileage, driving record, and vehicle). The options for each prompt are limited and in the form of drop-down boxes. The user is asked to choose the option that most resembles their situation. The tool uses a set of hypothetical risks for various zip (post) codes, which are selected based on the number of registered vehicles in each area. The comparison tool returns annual premiums for the hypothetical situation that is closest to the information the user provides.</p> <p>The <i>homeowner's</i> insurance tool is very similar. It prompts users to answer questions through drop-down boxes concerning their location, type of desired coverage, home age, and amount of coverage. The tool also returns annual premiums based on hypothetical situations.</p> <p>California's comparison website is relatively new; data is not available to compare insurance rates and premiums before and after the introduction of the website. The latest available information on rates comes from 2012 and 2013, before the website was announced.</p> <p>In 2013, California homeowners paid an average premium of US\$966, ranking 26th highest in the United States. In preceding years, California's annual premiums had been falling relatively to the rest of the United States, going from the 10th highest in 2008, to the 16th in 2010, ending at its 2013 position of 26th.</p> <p>Note: See CDI, New online tool helps consumers shop for home and renter insurance, Press release, 6 May 2015 Compare, 2016 Automobile insurance comparison tool and 2016 Homeowners insurance comparison tool (including information on these websites about CDI's role). See also Texas Department of Insurance, Help Insure.com and Florida Office of Insurance Regulation, Choices. For statistics on premiums paid by homeowners in California, see Insurance Information Institute, Archived tables homeowners and renters insurance. For legislative references, see CA Ins. Code § 12959, CA Ins. Code § 10234.6, CA Ins. Code § 10192.20.</p> |

C The costs and benefits associated with the establishment of an independent home, strata and car insurance comparison service in Australia

Key points

This section discusses the possible benefits of an independent insurance comparison service, such as the potential to enhance consumer outcomes by facilitating comparability, competition and consumer choice.

There are also challenges to consider for the potential benefits to be realised. For example, balanced and accessible information about policy features would help enable consumers to make an informed decision about cover not based on price alone.

Potential benefits of comparison services

- 88 Consumers value comparison services as a means to shop around for products; this facilitates competition and consumer choice. Comparison services may also be useful in allowing new entrants to the market to highlight their product offerings.
- 89 Some financial products are inherently more suited than others to effective comparison through a comparison service. The utility and consumer benefit of the comparison will depend among other things on the complexity of the features of the particular product.
- 90 It is easier to ensure that comparison services are effective for products that have fewer key variables or where price is in fact the best determinant of choice—for example, credit cards or compulsory third party (CTP) green slip insurance, where the terms are largely standardised—and that allow information about price to be easily weighed against other features that consumers may value.
- 91 Conversely, where products are more complex with a wide range of interconnected features, such as with home, car and strata insurance, care needs to be taken that comparison sites do not over-simplify the decision-making process due to inadequate information.

Examples of independent comparison services in Australia

- 92 The following case studies are examples of independent comparison services in Australia relating to private health insurance, CTP insurance in NSW and North Queensland home insurance.

Private health insurance

- 93 The [Private Health Insurance Ombudsman \(PHIO\) comparison tool](#) provides comparisons of health insurance cover. Although we cannot comment on the effectiveness of this website, we have noted some features of this tool, and some key differences between health insurance and the home, strata and car insurance markets.

Case study 1: PHIO comparison tool

Data behind the comparisons

The data for the PHIO comparison tool is derived from a one-page summary that private health insurers are required to produce based on the act under which they are registered, the *Private Health Insurance Act 2007*.

In contrast, the mandatory Key Facts Sheet for home building and home contents insurance is not designed for price comparison purposes as it is only a summary of the main features of a policy and does not include information about premiums. This would not be practical given that premiums take into account a consumer's individual circumstances and insured property features.

Standardised policy definitions

The health insurance industry uses largely standardised definitions for key policy terms. It also uses significantly fewer variables than home, strata and car insurance, in that generally a consumer provides their date of birth and type of cover required (e.g. public hospital or private hospital, and optional extras cover) to receive a quote.

Significantly more information is required about circumstances and risks in the case of quotes for home, strata and car insurance, and there are no standard questions as insurers weigh risk differently.

Regulation of premiums

Health insurance premiums are regulated annually and any increases in premiums are subject to a government approval process.

Home, strata and car insurers set their own premiums and there is no government approval required for increases to premiums.

Compulsory third party insurance

- 94 The NSW Government State Insurance Regulatory Authority (SIRA) regulates CTP insurance in NSW and provides a '[green slip calculator](#)' for consumers to compare green slip prices (for vehicles up to 4.5 tonnes).

Case study 2: CTP insurance comparison tool

Data behind the comparisons

The [CTP insurance comparison tool](#) requires consumers to provide some basic information about, among other things, the vehicle and its use. After these details are entered, the comparison service provides 'an estimate of Green Slip prices for all currently licensed Green Slip insurers [six at present] for the most common vehicle types and circumstances'.

Limited variation in cover

The focus of this comparison service is on price because, in NSW, [CTP insurance](#) is prescribed by legislation and it is therefore identical between insurers apart from some insurers offering additional coverage such as limited at-fault driver protection.

This differs from home, strata and comprehensive car insurance where the nature and level of cover can vary between insurers.

Regulation of premiums

CTP in NSW is also subject to [SIRA reviews](#) of price changes proposed by insurers and it has 'some power to reject them if they are not in keeping with the Green Slip price setting rules', including that they are 'excessive'.

Home insurance

- 95 On 9 May 2014, the Government released a discussion paper '[Addressing the high cost of home and strata title insurance in North Queensland](#)'. The discussion paper raised options to address the affordability of home building insurance and home contents insurance in North Queensland.
- 96 On 23 October 2014, the Government announced a comparison website to help consumers to compare home building and home contents insurance for properties located in North Queensland ([NQHI website](#)).
- 97 The NQHI website was specific to North Queensland because of the susceptibility of North Queensland (compared to other regions in Australia) to more damaging weather events that more significantly impact on home insurance premiums, as noted by the Australian Government Actuary in its [Report on home and contents insurance prices in North Queensland](#) in 2014.
- 98 ASIC was subsequently tasked with establishing the NQHI website according to the Government's requirements, and it was launched on 31 March 2015.

Case study 3: NQHI website

Rationale and scope of the website

The rationale for the [NQHI website](#) was to provide an indication of the range of home insurance estimates available to consumers located in North Queensland. North Queensland is an area where many insurers may restrict or not provide home insurance for certain locations and for particular risk characteristics due to the high risk of natural disasters (e.g. flood, fire, storm and cyclone).

Given the design features requested by Government, the website operates to provide:

- indicative price range estimates based on assumed risk profiles (rather than live quotes based on a consumer's individual circumstances and linked to insurers' databases); and
- a summary of policy features, rather than a full description of product features, conditions, exclusions benefits, caps, and limits.

In particular, the website gives prominence to comparing the main features of insurance policies sold in suburbs in North Queensland so that consumers are able to identify policy(ies) that meet their needs. For many consumers, especially in high risk areas, the cheapest policy will not necessarily be the best option.

Data behind the comparisons

The NQHI website contains information on insurance policy features and indicative premium quotes relating to a sample of houses in 195 'locations' in North Queensland encompassing nearly 800 suburbs and towns. The website allows consumers to enter their property location and select insurance type (building or contents) and the sum insured amount to obtain *indicative* premiums for the participating insurers. The website emphasises that consumers should contact insurers for actual quotes specific to their circumstances and should consider policy features to decide which policy best suits their needs, and not focus on premiums alone.

To develop the NQHI website, ASIC contracted an independent actuarial consulting firm to collect the data on premiums and policy features. Most of the data on premiums is obtained by 'data scraping' the insurers' websites at certain times of the day, as agreed with the participating insurers.

Ongoing update

The NQHI website has been and continues to be regularly updated based on price and features monitoring conducted by the actuarial consulting firm. Thus far, it has been updated 17 times. The most recent update was completed on 3 February 2017.

Website usage

For the period 31 March 2015 to 31 December 2016, the website had 13,356 sessions.

Key criteria for an effective comparison service

- 99 As noted in Section A, our regulatory experience in reviewing comparison websites highlights that for consumers to derive adequate benefits from such a website and not be misled, the following criteria are relevant:
- (a) A comparison website should cover all, or at least a substantial portion, of the relevant market;
 - (b) It should avoid, or at least manage any conflicts of interest, such as clearly disclosing sponsored or promoted links, the basis for any awards or ratings, and any relationship between the website and the product provider(s);
 - (c) It should provide clear, accurate and up-to-date information;
 - (d) It should explain how the ratings work; and
 - (e) It should provide information about relevant product features other than price, and be easy to use and widely promoted.

D Legislative and other changes necessary to facilitate an independent home, strata and car insurance comparison service in Australia

Key points

This section sets out the legislative and other changes needed to facilitate an independent home, strata and car insurance comparison service in Australia that would provide the potential benefits of comparability and competition.

It also considers other potential measures that could improve consumer outcomes, including:

- prominent display of last year's premium on policy renewal notices;
- access to comparable claims data; and
- increased ability to provide accessible, user-friendly electronic disclosure.

Legislative and other considerations

- 100 To facilitate the provision of live, reliable data by a suitably wide range of insurers, a new model for collection and publication of data would need to be developed.
- 101 Under this model, the comparison service operator would need to be able to extract information in real time from insurers' quoting systems and display the results in a meaningful way so that consumers can compare products and make informed purchasing decisions. To do this, the following issues would need to be considered and addressed.

Access to data

- 102 Without broad industry agreement, legislative change would be necessary to allow the independent operator of the service to compel all insurers to provide information about their product offerings and to agree to comparisons of their products being publicly displayed to consumers. This would include detailed information about matters that affect an insurer's risk and underwriting assessment. As noted in Case Study 1, participation in the PHIO comparison tool is mandated through legislation.

Binding quotes

- 103 It would be necessary to ensure that any quotes provided by the comparison service are certain enough to be honoured by all insurers with penalties or remedies applying where quotes are not honoured, as well as coverage by internal and external dispute resolution for aggrieved consumers to seek redress.

Complex consumer data collection

- 104 Given the many factors that are involved in how insurers assess and underwrite risk, the comparison service would need to ask consumers for all relevant information that each insurer would normally ask for before a quote can be provided. The variations could be difficult to merge into one input form, creating the risk of the service not being user friendly.

Standard policy terms and risk factors

- 105 Insurers would need to work on developing consistent definitions of relevant aspects of cover, and work with governments and local councils to standardise risk factors, particularly for natural disaster risk mapping information (e.g. bushfire and flood risk). This would help ensure that product offerings can be readily compared. Due to competition issues, legislative intervention would be necessary to enable this to occur.

Accessible information about policy features

- 106 Consumers would need access to information about policy features, so that they do not make a decision about cover based on price alone.

Technological requirements

- 107 Insurers would need systems to enable live extraction to provide information in real time to the comparison service operator.

Privacy and confidentiality

- 108 The comparison service operator would need to have access not only to information about consumers and their properties, but also to insurers' quotes. The operator would need to have systems in place to keep consumer information secure and to protect insurers' commercially sensitive risk assessment and underwriting policy.

Alternative options to increase competition and comparability

Prominent display of last year's premium on policy renewal notices

109 We consider that one way to encourage competition and comparability of car, strata and home insurance would be to include last year's premium in the renewal notice. This would enable transparent price comparisons to be made by consumers, and any unexplained significant price increase should prompt consumers to shop around for alternative policies that may better suit their needs.

110 The focus on renewal notices is supported by the recent disclosure research commissioned by the ICA, which found that:

The renewal letter was the most commonly relied on source of information pre-purchase for car and home insurance policies and was almost always the highest rated information source.

Note: See ICA, [Consumer research on general insurance product disclosures: Research findings report](#), February 2017, p. 34 (PDF, 8 MB).

111 Although we are aware of one insurer that has recently commenced displaying last year's premium on renewal notices, legislative change would be required to compel all insurers to do this.

112 Further support for this strategy can be found in the UK experience. In December 2015, the FCA consulted on a number of proposed changes to renewal notices, including displaying last year's premium on the notice. It found that there was 'broad support in principle' for it. This proposal was based on randomised controlled trial testing by the FCA in 2014 of the reaction of over 300,000 UK consumers to information provided at renewal.

Note: See FCA, *Increasing transparency and engagement at renewal in general insurance markets—Feedback on CP15/41 and final rules and guidance*, [Policy Statement PS16/21](#), para 1.15 (PDF, 332 KB).

113 In a 2015 press release, the FCA noted:

The inclusion of last year's premium on renewal notices had the greatest impact, prompting between 11% and 18% more people to either switch provider or negotiate a lower premium when prices sharply increase.

Note: See FCA, [FCA to require insurance firms to publish details of last year's premium](#), Press release, 3 December 2015.

114 With some amendments to its original proposal, the FCA's renewal changes will come into force in the United Kingdom from 1 April 2017.

Access to comparable claims and disputes data

- 115 In a review undertaken by ASIC into car insurance claims in 2011, we observed that the intrinsic value of an insurance product is in the ability to make a successful claim when an insured event occurs: see [Report 245](#) *Review of general insurance claims handling and internal dispute resolution procedures* (REP 245).
- 116 The report made a number of recommendations, including that insurers should record both declined and withdrawn claims. Further, making such claims data publicly available is helpful for consumers in comparing insurers and making purchasing decisions.
- 117 One way to make this data available is to publish information about claims and disputes in a more readily accessible and transparent way. At present, high-level disputes information is published by the Financial Ombudsman Service (FOS) in the form of comparative tables. FOS also produces an annual report that reviews compliance by insurers with the General Insurance Code of Practice.
- 118 The General Insurance Code Governance Committee also publishes industry data each year. This includes the number of policies issued, the number of claims lodged, withdrawn and declined claims rates, as well as internal disputes data. This data is published at an industry and product line level, and in some areas is indicative only due to inconsistencies in data collection across industry.
- 119 These publications are not readily accessible to consumers in a way that would assist them to make comparisons and purchasing decisions. It is therefore worth exploring legislative, Code and other changes required for these publications to be made more readily accessible and published in a more user-friendly format, as well as considering publishing more granular additional information not currently reported on (e.g. the duration of claims and disputes handling by insurer and product line).
- 120 In the life insurance industry, as a result of ASIC's claims handling review in [Report 498](#) *Life insurance claims: An industry review* (REP 498), we are now working on a joint initiative with APRA to report on claims information, including claims and disputes handling timeframes as well as claims and disputes outcomes.

Increased ability to provide accessible, user-friendly electronic disclosure

- 121 Increasing an insurer's ability to provide accessible, user-friendly electronic disclosure can assist with consumer understanding and facilitate comparability between products.
- 122 ASIC has worked over a number of years to reduce regulatory barriers to digital disclosure. Our view, broadly, is that the use of technology to deliver

disclosure, including in more innovative forms, can have benefits for both consumers and providers.

- 123 Providers can use technology to present disclosure in ways that are more engaging and informative for consumers than traditional or printed disclosure documents, and deliver this information to consumers in faster and more convenient ways. There may also be potential cost savings for providers in delivering disclosures electronically.
- 124 In July 2015, ASIC made two new legislative instruments to remove barriers to electronic disclosure in the Corporations Act. We also published an updated version of [Regulatory Guide 221](#) *Facilitating digital financial services disclosures* (RG 221), which contains our views on how the disclosure obligations work.
- 125 RG 221 states that, in most cases, it will be clear from the context that a client has provided or nominated their electronic address for the purpose of receiving disclosure, and no higher standard of consent is required to send this information to an electronic address compared to non-electronic methods. The new guide also sets out our good practice guidance on digital disclosure.
- 126 Provisions in the Insurance Contracts Act and *Electronic Transactions Act 1999* may prevent some insurers from relying on aspects of the relief we provided for electronic disclosure in 2015 under these instruments. ASIC does not have powers to address these issues; legislative change would be required. Amendments to further facilitate electronic disclosure would result in further cost savings for providers while preserving choice for consumers.
- 127 ASIC will continue to work with industry in consultation with Treasury to address these issues.

Key terms

| Term | Meaning in this document |
|---------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| ABI | Association of British Insurers |
| accidental damage cover | Cover for unintentional events that can cause damage to a home building or its contents. |
| add-on insurance | General insurance policies that are 'added on' to the sale of a primary product, most commonly with the purchase of a motor vehicle. |
| APRA | The Australian Prudential Regulation Authority |
| ASIC | The Australian Securities and Investments Commission is the corporate, markets and financial services regulator. We ensure financial markets are fair and transparent, supported by confident and informed investors and consumers. We also enforce the law, including the Insurance Contracts Act. ASIC's consumer website is MoneySmart |
| ASIC Act | <i>Australian Securities and Investments Commission Act 2001</i> |
| CDI | California Department of Insurance |
| Code | General Insurance Code of Practice |
| Corporations Act | <i>Corporations Act 2001</i> , including regulations made for the purposes of that Act |
| CTP insurance | Compulsory third party insurance |
| EIOPA | European Insurance and Occupational Pensions Authority |
| FCA | Financial Conduct Authority (UK) |
| FOS | Financial Ombudsman Service |
| fusion cover (also known as motor fusion burnout) | Fusion cover could cover the cost of repairing or replacing an electric motor damaged by being burnt out or by the fusing of electric motors |
| Key Facts Sheet | A two-page document, required by the Insurance Contracts Regulations, summarising key information about a home building and/or home contents policy |
| home building insurance | Insurance that covers (whether or not the insurance is limited or restricted in any way) destruction of or damage to a home building |
| home contents insurance | Insurance that covers (whether or not the insurance is limited or restricted in any way) loss of or damage to the contents of a residential building |

| Term | Meaning in this document |
|------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| home insurance | Home building insurance or home contents insurance. |
| Inquiry | The Senate Economics References Committee Inquiry into Australia's general insurance industry. |
| Insurance Act | <i>Insurance Act 1973</i> |
| insurance brand | The name of a business that distributes insurance on behalf an insurer. One insurer can have multiple insurance brands through which it sells insurance. |
| Insurance Contracts Act | <i>Insurance Contracts Act 1984</i> |
| Insurance Contracts Regulations | Insurance Contracts Regulations 1985 |
| insurer | An insurance company authorised to conduct new or renewal insurance business in Australia by APRA |
| NQHI website | The North Queensland home insurance comparison website that ASIC currently operates at the request of the Government since 31 March 2017 and until 30 June 2018. The website can be accessed at www.nqhomeinsurance.gov.au |
| policy | The insurance contract |
| Product Disclosure Statement (PDS) | A document that must be given to a retail client in relation to the offer or issue of a financial product in accordance with Div 2 of Pt 7.9 of the Corporations Act Note: See s761A for the exact definition. |
| REP 470 (for example) | An ASIC report (in this example numbered 470) |
| RG 183 (for example) | An ASIC regulatory guide (in this example numbered 183) |
| s761A (for example) | A section of the Corporations Act, unless otherwise specified (in this example numbered 761A) |