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Brokers urge caution on North QLD insurance comparison website

The National Insurance Brokers Association (NIBA) has reiterated the need for consumers to seek professional advice on their insurance needs after the Federal Government confirmed plans to launch an insurance price comparison website for North Queensland residents.

Finance Minister Mathias Cormann says the site, to be set up by March 2015, will allow consumers to compare the performance of insurers' home and contents policies on price, product features and claims handling complaints.

NIBA CEO Dallas Booth said that while he welcomed any initiative that helped explain insurance to the community, he warned consumers against making insurance decisions based solely on the price of policies.

"It will be critically important that the website makes it clear that everyone's risks and insurance needs are different, and more importantly, the terms and conditions of the various insurance policies also differ in important respects," he said.

"Consumers should not make insurance decisions based just on price, and on the assumption that all cover is the same. NIBA will urge the Government to encourage consumers to seek advice from an insurance broker if they are unsure about any aspect of their insurance needs."

The website forms part of a raft of measures aimed at improving the affordability of insurance in the region, which also includes sanctioning insurance brokers to place cover through unauthorised foreign insurers where they offer consumers a better price.

Mr Booth added that the Government's approach to unauthorised foreign insurers would give brokers the flexibility to determine where the best cover for their clients might come from.

"Under the current Insurance Regulations, insurance brokers can place business with an unauthorised foreign insurer if the terms – including price – available from an Australian insurer are substantially less favourable to the insured," he said.

"While it will be important to see the detail of the Government's proposals, consumers can be confident that insurance brokers will only recommend insurance companies – local or foreign – that they have complete confidence in, in relation to the terms and conditions they offer, the prices they charge, and their willingness and ability to pay claims promptly.

"That's another reason why consumers should seek their advice prior to purchasing their cover. It's the only way for consumers to be fully confident that their insurance is adequately covering them for their own individual risks, and that they will be fully looked after if they have to make a claim on the policy."

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NIBA operates a free broker finder service called Need a Broker, which puts business owners and consumers in touch with qualified insurance brokers in their geographic area. The service can be accessed at www.needabroker.com.au or by calling 1300-53-10-73.

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NIBA is a not-for-profit, independent industry association representing 360 firms and more than 2000 individual Qualified Practising Insurance Brokers (QPIBs), who handle almost 90% of the commercial insurance transacted in Australia. Brokers play a major role in insurance distribution, handling around \$17 billion in premiums annually and placing around half of Australia's total insurance business.