

Media Release

November 28, 2013



Understand
Insurance

Underinsured and overexposed - most Australians risk financial hardship through underinsurance

More than four in five Australians are risking their homes and other valuable assets by not having enough insurance, a national survey released today has found.

And a staggering 23 per cent of all homeowners and renters have no contents insurance at all.

The Quantum research of more than 900 Australians, commissioned by peak general insurance industry body the Insurance Council of Australia (ICA), found 83 per cent believed they would be worse off in the event of a crisis because their insurance would leave them significantly out of pocket.

The research is a key plank of **Understand Insurance**, the ICA's national consumer initiative that empowers consumers to make better, more informed decisions by demystifying insurance.

Launching Understand Insurance in Sydney today, ICA chief executive Rob Whelan said the initiative's website (www.understandinsurance.com.au) would guide Australians of all ages through the process of buying general insurance, finding the right policy, ensuring they have enough coverage and making a claim.

"Insurance is not a commodity. It's a promise. It allows people to take control of their lives against life's many uncertainties," Mr Whelan said.

"The Understand Insurance survey reveals far too many Australians don't properly value their assets, and choose their insurance policy based on price rather than the most suitable coverage. They don't understand how insurance works, or they believe they can cover the replacement cost if something goes wrong.

"Understand Insurance slices through industry jargon and 'tech speak', and makes it easier for consumers and businesses to make better decisions about protecting their most valuable assets."

Other key findings of the Understand Insurance survey include:

- Forty per cent of homeowners rely on their own estimates when working out the replacement cost of their homes, and 68 per cent make their own assessment of their contents, rather than seek a professional valuation
- One in four Australians is unsure what is covered by their home and contents insurance policy

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Understand Insurance is an initiative of the Insurance Council Australia

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- Close to half (48 per cent) don't consider exclusions when selecting their building or contents policy
- Forty four per cent admit to not reading their insurance policy in detail
- Thirty nine per cent do not update their insurance when they buy a new asset
- One in 25 homeowners do not have building insurance.

Financial Counselling Australia executive director Fiona Guthrie welcomed the insurance industry taking the lead in helping the community to better understand insurance.

"Making poor decisions about insurance can have devastating consequences, and for some households it can mean the difference between financial oblivion and financial recovery," Ms Guthrie said.

"Understand Insurance provides consumers with a comprehensive and credible source of information. It helps guide them through the insurance process, from understanding their insurance needs through to making a claim.

"Financial counsellors work in community organisations and help people in financial difficulty, and I hope Understand Insurance will have a positive impact on lowering rates of underinsurance and non-insurance in the community."

Mr Whelan said Understand Insurance examined almost all types of general insurance – including home, contents, business, vehicle, travel and pet insurance – and explained how they work and how consumers could get the most out of their purchases.

It also explains what to consider when making a purchase or renewing a product, how to make a claim, and what to do in a dispute with an insurer or broker.

For the full findings of the Understand Insurance survey, visit www.understandinsurance.com.au

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