

# Standard property profile survey - October 2018

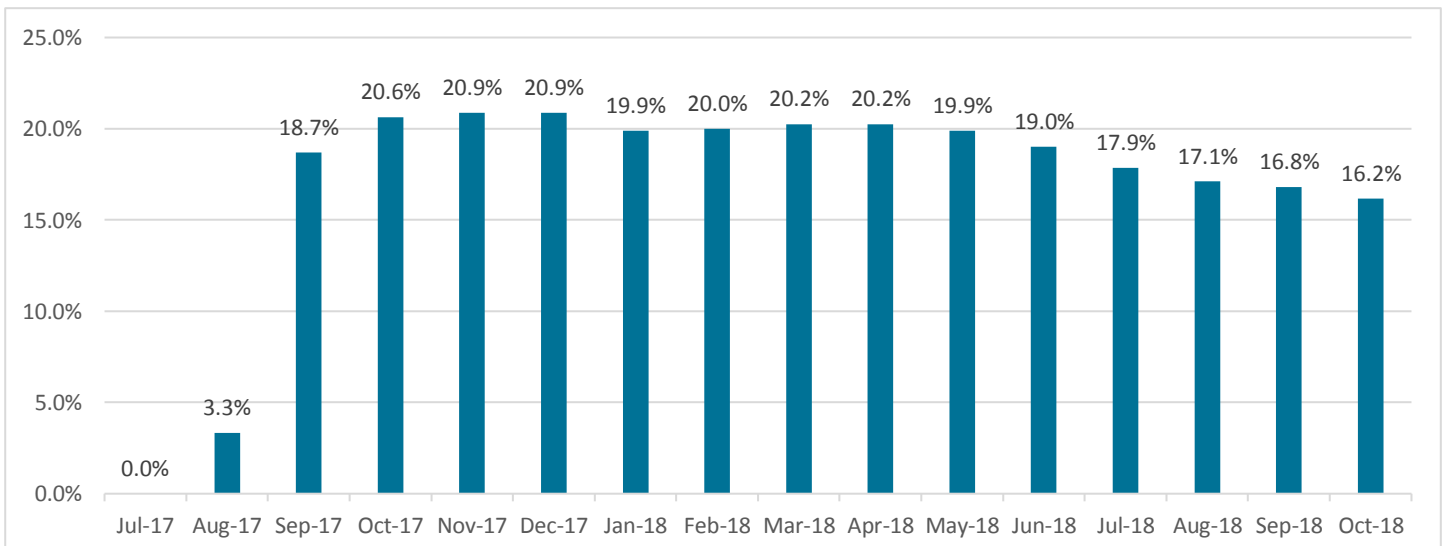
- The average ESL rate fell further to 16.2%.
- Three insurers reduced ESL rates.
- Average ESL rates are now significantly lower than historic levels.
- Average Base Premiums remained almost flat over the month to 1 October 2018 (+\$2). Over the year there was a small increase of 1.1%.
- Average Total Premiums are down \$7 over the month \$47 over the year.
- Significant variations sit behind these Average Base and Total Premium changes.

## ESL

ESL rates for home and contents policies fell further this month, with IAG (NRMA, CGU, Coles), CommInsure and Woolworths reducing rates.

- CommInsure cut ESL rates by three percentage points, down to 15.5%
- IAG reduced ESL rates by a further one percentage point, down to 16.0%. ESL rates were previously cut four percentage points in June 2018. IAG advised the Monitor of their intention to drop rates further in December
- Woolworths ESL rate was cut by two percentage points to 16.0%
- AAI brands continue to have the lowest ESL rate of 14.5%.
- Allianz ESL rates have not changed since reintroduction in August 2017, and at 19% are now three percentage points higher than the market average.

**Figure 1: Average ESL rate (Home and contents)**



**Table 1: Average ESL rates by insurer**

| Company    | Home & contents<br>ESL Rate % | % point change since<br>previous month |
|------------|-------------------------------|--|
| AAMI       | 14.5%                         | 0.0%                                   |
| GIO        | 14.5%                         | 0.0%                                   |
| Suncorp    | 14.5%                         | 0.0%                                   |
| CommInsure | 15.5%                         | -3.0%                                  |
| CGU        | 16.0%                         | -1.0%                                  |
| Coles      | 16.0%                         | -1.0%                                  |
| NRMA       | 16.0%                         | -1.0%                                  |
| Woolworths | 16.0%                         | -2.0%                                  |
| OnePath    | 16.5%                         | 0.0%                                   |
| QBE        | 16.5%                         | 0.0%                                   |
| Westpac    | 17.0%                         | 0.0%                                   |
| Youi       | 18.4%                         | 0.0%                                   |
| Allianz    | 19.0%                         | 0.0%                                   |

The dollar amount of ESL collected compared to last year has fallen for all insurers in the survey, except Allianz. The fall in ESL collected was greatest at GIO, where 40% less ESL is collected this year compared to October 2017. This is principally as a result of the substantial decrease in the ESL rate applied to policies (14.5% this year vs 23% last year).

## Base Premiums

### Across all insurers and locations:

- Month: Average Base Premiums increased by \$2 to \$1,245.
- Year: Average Base Premiums have increased by \$15.

**Table 2: Change in Average Base Premium over time by location**

|                  | Randwick | Concord | Riverview | Bradbury | Hornsby | Hinton  | East Gosford | Canowindra | Medlow Bath | Byron Bay | Wollongong |
|------------------|----------|---------|-----------|----------|---------|---------|--------------|------------|-------------|-----------|------------|
| Location Average | \$1,147  | \$1,061 | \$1,177   | \$1,058  | \$988   | \$2,142 | \$1,263      | \$1,233    | \$1,218     | \$1,372   | \$1,109    |
| \$ month change  | \$5      | \$1     | \$1       | \$0      | \$5     | \$1     | \$0          | \$1        | \$2         | \$1       | \$0        |
| \$ year change   | -\$1     | -\$5    | \$4       | -\$209   | -\$27   | \$412   | \$37         | -\$18      | -\$24       | \$68      | -\$4       |

### Changes to base premiums over the month

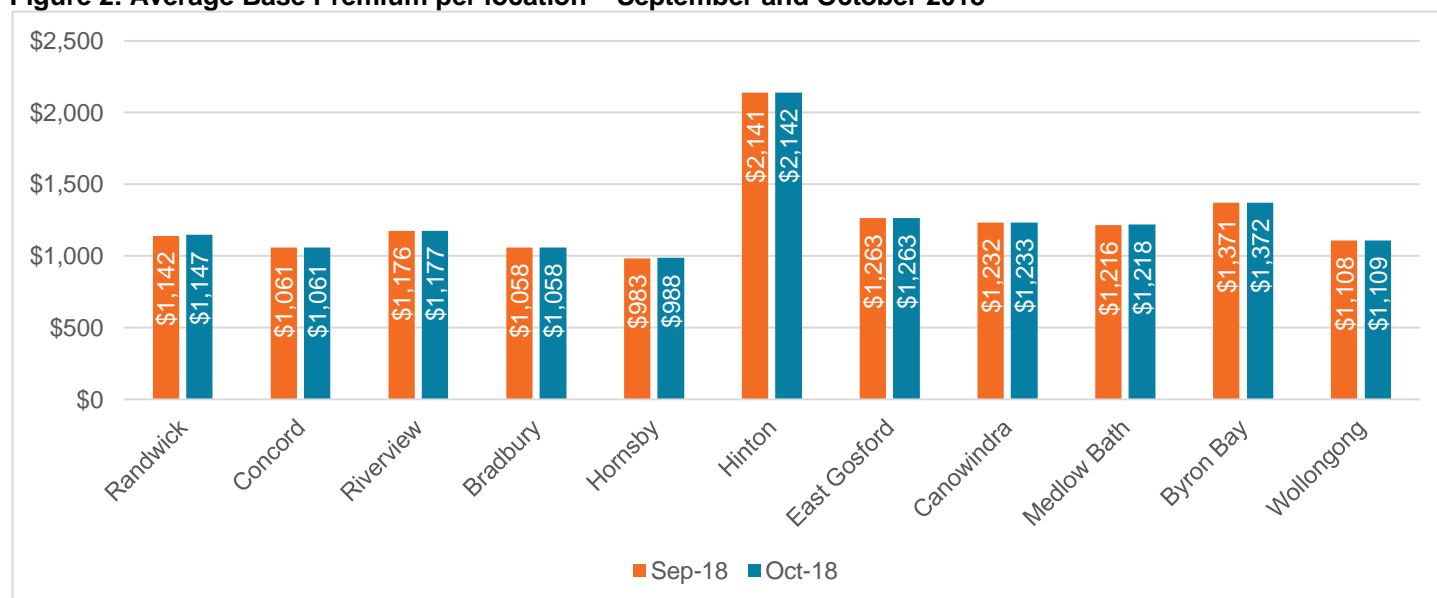
#### Analysis by insurer:

- One Path implemented small increases in base premiums for all locations (up 2.1%).
- QBE adjusted base premiums on the back of more accurate risk-based pricing models, where they are now able to price based on the specific address, rather than the postcode. The premiums were reduced for the contents component.

#### Analysis by location:

- Very little change occurred at the location level this month. Premiums either remained flat or increased by up to \$5.

**Figure 2: Average Base Premium per location – September and October 2018**



**Table 3: Base Premiums charged by insurer per location in the Monitor’s survey, as at 1 October 2018**

| Base Premiums           | Randwick | Concord | Riverview | Bradbury | Hornsby | Hinton  | East Gosford | Cano-windra | Medlow Bath | Byron Bay | Wollongong |
|-------------------------|----------|---------|-----------|----------|---------|---------|--------------|-------------|-------------|-----------|------------|
| AAMI                    | \$1,267  | \$1,203 | \$1,311   | \$990    | \$1,085 | \$927   | \$1,154      | \$761       | \$1,288     | \$1,269   | \$966      |
| Allianz                 | \$950    | \$912   | \$965     | \$994    | \$876   | \$2,211 | \$1,083      | \$844       | \$1,022     | \$887     | \$904      |
| CGU                     | \$1,086  | \$1,099 | \$1,070   | \$997    | \$892   | \$3,542 | \$1,174      | \$998       | \$987       | \$1,574   | \$1,070    |
| Coles                   | \$847    | \$815   | \$904     | \$978    | \$470   | \$1,286 | \$868        | \$1,556     | \$890       | \$1,437   | \$1,323    |
| CommInsure              | \$1,318  | \$1,282 | \$1,300   | \$1,209  | \$1,108 | \$1,811 | \$1,377      | \$1,495     | \$1,176     | \$1,268   | \$1,110    |
| GIO                     | \$1,325  | \$1,003 | \$1,403   | \$1,200  | \$1,174 | \$1,217 | \$1,321      | \$1,257     | \$1,525     | \$1,347   | \$1,191    |
| NRMA                    | \$1,549  | \$1,452 | \$1,672   | \$1,520  | \$1,561 | \$6,451 | \$1,668      | \$1,355     | \$1,791     | \$1,375   | \$1,223    |
| OnePath                 | \$1,273  | \$1,193 | \$1,333   | \$1,092  | \$1,095 | \$2,230 | \$1,457      | \$1,700     | \$1,267     | \$1,444   | \$1,201    |
| QBE                     | \$1,331  | \$1,169 | \$1,335   | \$1,036  | \$1,114 | \$2,420 | \$1,435      | \$1,803     | \$1,273     | \$1,659   | \$1,188    |
| Suncorp                 | \$1,435  | \$1,039 | \$1,429   | \$1,220  | \$1,164 | \$1,319 | \$1,347      | \$1,280     | \$1,706     | \$1,446   | \$1,223    |
| Westpac                 | \$931    | \$1,006 | \$1,009   | \$931    | \$799   | \$1,020 | \$1,072      | \$1,051     | \$997       | \$1,004   | \$917      |
| Woolworths              | \$745    | \$779   | \$768     | \$689    | \$717   | \$1,266 | \$835        | \$889       | \$826       | \$1,210   | \$697      |
| Youi                    | \$855    | \$845   | \$801     | \$902    | \$789   | n/a     | \$1,633      | \$1,035     | \$1,087     | \$1,917   | \$1,398    |
| <b>Location Average</b> | \$1,147  | \$1,061 | \$1,177   | \$1,058  | \$988   | \$2,142 | \$1,263      | \$1,233     | \$1,218     | \$1,372   | \$1,109    |

Base premiums are before ESL, GST and stamp duty.

### Changes to base premiums over the year

Year on year average base premium movement is small across all locations (+1.1%), however, there are substantially larger amounts of movement at the individual location or insurer level.

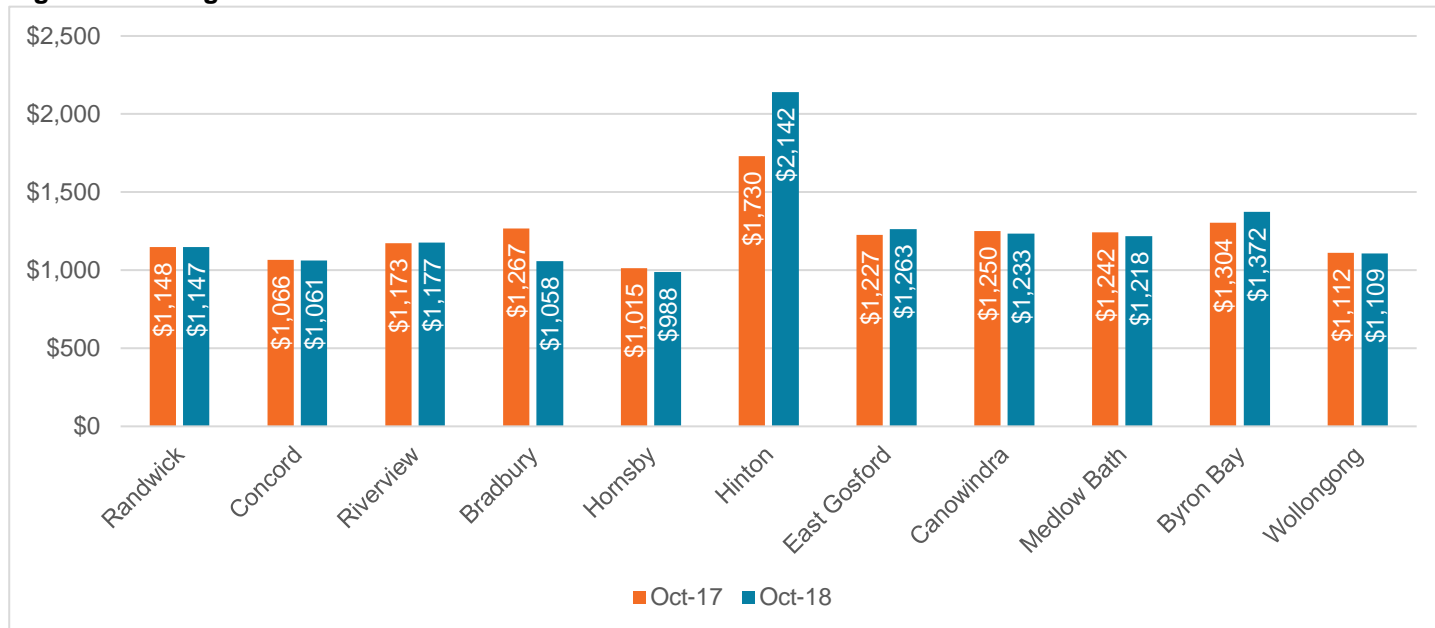
#### Analysis by insurer:

- The largest average base premium increases over the year were implemented by CGU (+\$178), NRMA (+\$263) and Allianz (+\$118). CGU & NRMA premiums were impacted by significant increases in Hinton and more modest increases elsewhere.
- Over the same period, significant decreases in average base premiums occurred at Westpac (-\$176), mostly as a result of an increase in the online discount offered in December 2017 and OnePath (-\$114) principally as a result of the Monitor’s change in reporting criteria.

#### Analysis by location:

- Over the year, the largest changes seen in average base premium per location occurred once again at Hinton (+\$412) as a result of many insurers changing flood ratings for this location and Bradbury, (-\$209), which benefited from the AAI companies (AAMI, GIO and Suncorp) geographical price change, reducing premiums in November 2017
- Changes made to premiums in Hinton over the 12 months to October varied considerably. Some insurers increased premiums by as much as \$2,500 (NRMA), whereas others reduced premiums, with the largest reduction being -\$240 (Westpac). This significant variation once again demonstrates the need for consumers to shop around for quotes when taking out or renewing insurance.

**Figure 3: Average Base Premium – October 2017 and October 2018**



**Table 4: Base Premium \$ change for month and year to 1 October 2018**

|            |       | Randwick | Concord | Riverview | Bradbury | Hornsby | Hinton  | East Gosford | Canowindra | Medlow Bath | Byron Bay | Wollongong |
|------------|-------|----------|---------|-----------|----------|---------|---------|--------------|------------|-------------|-----------|------------|
| AAMI       | Month | \$2      | \$1     | \$2       | \$1      | \$1     | \$1     | \$1          | \$0        | \$1         | \$1       | \$1        |
|            | Year  | \$67     | \$71    | \$80      | -\$474   | \$71    | \$58    | \$72         | \$18       | \$54        | \$97      | \$1        |
| Allianz    | Month | \$0      | \$0     | \$0       | \$0      | \$0     | \$0     | \$0          | \$0        | \$0         | \$0       | \$0        |
|            | Year  | \$80     | \$75    | \$72      | \$87     | \$62    | \$737   | \$63         | \$26       | \$86        | -\$13     | \$25       |
| CGU        | Month | \$0      | \$0     | \$0       | \$0      | \$0     | \$0     | \$0          | \$0        | \$0         | \$0       | \$0        |
|            | Year  | \$40     | \$40    | \$39      | \$37     | \$26    | \$1,555 | \$43         | \$37       | \$49        | \$59      | \$39       |
| Coles      | Month | \$0      | \$0     | \$0       | \$0      | \$0     | \$0     | \$0          | \$0        | \$0         | \$0       | \$0        |
|            | Year  | \$56     | \$65    | \$77      | \$70     | \$40    | \$61    | \$76         | \$140      | \$75        | \$126     | \$113      |
| CommInsure | Month | \$0      | \$0     | \$0       | \$0      | \$0     | \$0     | \$0          | \$0        | \$0         | \$0       | \$0        |
|            | Year  | \$36     | \$28    | \$36      | \$32     | \$30    | -\$5    | \$38         | \$42       | \$32        | \$21      | \$0        |
| GIO        | Month | \$2      | \$1     | \$2       | \$1      | \$1     | \$1     | \$1          | \$1        | \$1         | \$1       | \$1        |
|            | Year  | -\$21    | -\$18   | -\$18     | -\$748   | -\$17   | -\$19   | -\$25        | -\$23      | -\$17       | -\$24     | \$7        |
| NRMA       | Month | \$4      | \$4     | \$4       | \$4      | \$4     | \$5     | \$4          | \$3        | \$5         | \$3       | \$3        |
|            | Year  | \$46     | \$43    | \$49      | \$45     | \$46    | \$2,502 | \$49         | \$40       | -\$1        | \$41      | \$36       |
| OnePath    | Month | \$31     | \$29    | \$32      | \$25     | \$26    | \$28    | \$30         | \$26       | \$29        | \$35      | \$28       |
|            | Year  | -\$109   | -\$148  | -\$40     | -\$233   | -\$257  | \$350   | -\$117       | -\$4       | -\$284      | -\$205    | -\$202     |
| QBE        | Month | \$26     | -\$31   | -\$30     | -\$33    | \$25    | -\$27   | -\$34        | -\$26      | -\$9        | -\$28     | -\$33      |
|            | Year  | \$110    | \$20    | \$91      | -\$202   | -\$61   | -\$146  | -\$62        | -\$348     | \$50        | \$216     | -\$243     |
| Suncorp    | Month | \$2      | \$1     | \$2       | \$1      | \$1     | \$1     | \$1          | \$1        | \$1         | \$1       | \$1        |
|            | Year  | \$173    | \$124   | \$176     | -\$756   | \$142   | \$202   | \$159        | \$232      | \$323       | \$263     | \$23       |
| Westpac    | Month | \$0      | \$0     | \$0       | \$0      | \$0     | \$0     | \$0          | \$0        | \$0         | \$0       | \$0        |
|            | Year  | -\$140   | -\$84   | -\$83     | -\$160   | -\$152  | -\$240  | -\$163       | -\$119     | -\$463      | -\$244    | -\$85      |
| Woolworths | Month | \$2      | \$2     | \$2       | \$2      | \$2     | \$2     | \$2          | \$2        | \$2         | \$3       | \$2        |
|            | Year  | -\$55    | -\$56   | -\$54     | -\$51    | -\$50   | -\$118  | -\$62        | -\$56      | -\$58       | -\$67     | -\$51      |
| Youi       | Month | \$0      | \$0     | \$2       | \$0      | \$0     | \$0     | \$0          | \$0        | \$0         | \$0       | \$0        |
|            | Year  | -        | -       | -         | -        | -       | -       | -            | -          | -           | -         | -          |

Note: Youi began providing quotes to the Monitor from July 2018

## Total Premiums

- Average Total Premiums have not changed much over the month, falling by \$7 to \$1,733.
- Over the year to 1 October, Average Total Premiums fell by just under 2.6% or \$47, due to the reduced ESL rates being charged and the resulting reduction in GST and stamp duty.

**Table 4: Change in Average Total Premiums charged by location to 1 October 2018.**

| Average Total Premiums | Randwick | Concord | Riverview | Bradbury | Hornsby | Hinton  | East Gosford | Cano-windra | Medlow Bath | Byron Bay | Wollongong |
|------------------------|----------|---------|-----------|----------|---------|---------|--------------|-------------|-------------|-----------|------------|
| Location Average       | \$1,596  | \$1,477 | \$1,637   | \$1,473  | \$1,375 | \$2,983 | \$1,760      | \$1,717     | \$1,695     | \$1,911   | \$1,544    |
| Month change           | -\$1     | -\$7    | -\$7      | -\$8     | -\$1    | -\$18   | -\$8         | -\$9        | -\$5        | -\$8      | -\$7       |
| Year change            | -\$66    | -\$65   | -\$61     | -\$365   | -\$94   | \$489   | -\$15        | -\$91       | -\$103      | \$25      | -\$65      |

The basis for providing quotes was updated as of 1 July 2018, which may impact premium comparisons when compared to last year.

### Analysis by location

**Month:** All locations experienced a small drop in Average Total Premiums.

**Year:** Average Total Premiums fell in all but two locations (Hinton and Byron Bay). Bradbury had the greatest reduction in premium, -\$365 compared with last year, impacted geographical price changes made in November 2017 by AAI Ltd. brands which resulted in Bradbury premiums dropping between -35% to -43% across their brands.

Hinton continues to be impacted by changes made by a number of insurers to their flood risk rating of this location over the last 12 months, with the biggest change occurring in November 2017

### Analysis by insurer:

**Month:** The Average Total Premium fell by \$7 over the month, however, at the individual insurer location level there was greater variation.

- Four insurers increased premiums: OnePath (+\$40), AAMI, GIO & Suncorp (+\$2)
- Six insurers cut premiums: CommInsure (-\$47), QBE (-\$26), NRMA (-\$18), Woolworths (-\$18), CGU (-\$16), Coles (-\$12)
- Three insurers maintained rates at the same level as the previous month: Allianz, Westpac & Youi

**Year:** The change in Average Total Premiums since last year was -\$47, however, this also masks considerable differences between insurers.

- Year on year, Average Total Premiums fell at seven insurers surveyed: AAMI (-\$98), CommInsure (-\$79), GIO (-\$253), QBE (-\$135), OnePath (-\$222), Westpac (-\$302) and Woolworths (-\$130).
  - The falls at OnePath and Woolworths are largely due to the change in the basis of the Monitor's data request (from July 2018), with the increases made this month at OnePath only offsetting a small portion of the decrease.
  - QBE revised peril rating and Westpac updated its risk modelling and claim cost models in late 2017.
  - ESL rate decreases have occurred at all companies (excl. Allianz) over the year, contributing to the fall in Total Premiums.
- Average Total Premiums increased at five insurers: Allianz (+\$169), CGU (+\$214) Coles (+\$85) and NRMA (+\$315) and Suncorp (+\$7).
  - NRMA and CGU made significant premium increases in one location during the year (Hinton).

- Allianz's premiums were impacted by the changes in the Monitor's data request from July 2018, while Coles had an error in its ratings engine, which when corrected (July 2018), increased premiums.

**Table 5: Annual Total Premiums by location and insurer**

| Average Total premiums | Randwick | Concord | Riverview | Bradbury | Hornsby | Hinton  | East Gosford | Cano-windra | Medlow Bath | Byron Bay | Wollongong |
|------------------------|----------|---------|-----------|----------|---------|---------|--------------|-------------|-------------|-----------|------------|
| OnePath                | \$1,778  | \$1,667 | \$1,862   | \$1,525  | \$1,529 | \$3,115 | \$2,035      | \$2,374     | \$1,770     | \$2,017   | \$1,678    |
| CommInsure             | \$1,825  | \$1,776 | \$1,800   | \$1,674  | \$1,535 | \$2,508 | \$1,907      | \$2,071     | \$1,629     | \$1,756   | \$1,537    |
| AAMI                   | \$1,740  | \$1,652 | \$1,800   | \$1,359  | \$1,490 | \$1,273 | \$1,584      | \$1,045     | \$1,769     | \$1,742   | \$1,326    |
| NRMA                   | \$2,155  | \$2,019 | \$2,325   | \$2,114  | \$2,172 | \$8,972 | \$2,319      | \$1,884     | \$2,491     | \$1,913   | \$1,701    |
| Allianz                | \$1,355  | \$1,302 | \$1,377   | \$1,418  | \$1,251 | \$3,154 | \$1,545      | \$1,204     | \$1,457     | \$1,265   | \$1,289    |
| QBE                    | \$1,859  | \$1,633 | \$1,864   | \$1,447  | \$1,555 | \$3,380 | \$2,004      | \$2,518     | \$1,779     | \$2,317   | \$1,659    |
| CGU                    | \$1,510  | \$1,529 | \$1,488   | \$1,386  | \$1,240 | \$4,926 | \$1,633      | \$1,388     | \$1,373     | \$2,189   | \$1,488    |
| Suncorp                | \$1,970  | \$1,426 | \$1,962   | \$1,675  | \$1,598 | \$1,811 | \$1,850      | \$1,757     | \$2,343     | \$1,984   | \$1,680    |
| Coles                  | \$1,178  | \$1,133 | \$1,258   | \$1,361  | \$654   | \$1,789 | \$1,207      | \$2,165     | \$1,237     | \$1,998   | \$1,840    |
| Woolworths             | \$1,036  | \$1,083 | \$1,068   | \$958    | \$997   | \$1,761 | \$1,162      | \$1,237     | \$1,149     | \$1,683   | \$969      |
| GIO                    | \$1,819  | \$1,377 | \$1,927   | \$1,648  | \$1,612 | \$1,670 | \$1,813      | \$1,725     | \$2,093     | \$1,850   | \$1,635    |
| Westpac                | \$1,307  | \$1,411 | \$1,416   | \$1,306  | \$1,120 | \$1,430 | \$1,504      | \$1,475     | \$1,398     | \$1,408   | \$1,286    |
| Youi                   | \$1,213  | \$1,199 | \$1,138   | \$1,279  | \$1,120 |         | \$2,316      | \$1,473     | \$1,544     | \$2,719   | \$1,982    |
| Location Average       | \$1,596  | \$1,477 | \$1,637   | \$1,473  | \$1,375 | \$2,983 | \$1,760      | \$1,717     | \$1,695     | \$1,911   | \$1,544    |

Note: Youi began providing quotes to the Monitor from July 2018

The large variation in Average Total Premiums and the range of changes occurring at different locations or insurers highlights the importance of consumers obtaining a number of quotes when taking out or renewing insurance policies in order to obtain the best value policy for their needs.

**Table 6: Annual Total Premiums Range**

| Average Total premiums | Randwick | Concord | Riverview | Bradbury | Hornsby | Hinton  | East Gosford | Cano-windra | Medlow Bath | Byron Bay | Wollongong |
|------------------------|----------|---------|-----------|----------|---------|---------|--------------|-------------|-------------|-----------|------------|
| Minimum                | \$1,036  | \$1,083 | \$1,068   | \$958    | \$654   | \$1,273 | \$1,162      | \$1,045     | \$1,149     | \$1,265   | \$969      |
| Location Average       | \$1,596  | \$1,477 | \$1,637   | \$1,473  | \$1,375 | \$2,983 | \$1,760      | \$1,717     | \$1,695     | \$1,911   | \$1,544    |
| Maximum                | \$2,155  | \$2,019 | \$2,325   | \$2,114  | \$2,172 | \$8,972 | \$2,319      | \$2,518     | \$2,491     | \$2,719   | \$1,982    |
| Max. multiple of Min.  | 2.1      | 1.9     | 2.2       | 2.2      | 3.3     | 7.1     | 2.0          | 2.4         | 2.2         | 2.1       | 2.0        |

## Ranking of insurers total premium prices

On average across the survey of 11 locations, the following was found:



Cheapest

**Woolworths, Westpac,  
Allianz and Coles**



Mid

**AAMI, CGU, Youi, GIO,  
OnePath**



Most Expensive

**CommInsure, Suncorp  
QBE, NRMA**

**Table 7: Total Premium prices by location**

| Location     | Cheapest |         |         |         | Mid     |        |         |         |         | Most expensive |        |         |      |
|--------------|----------|---------|---------|---------|---------|--------|---------|---------|---------|----------------|--------|---------|------|
| Randwick     | W'worth  | Coles   | Youi    | W'pac   | Allianz | CGU    | OnePath | AAMI    | GIO     | QBE            | CBA    | S'corp  | NRMA |
| Concord      | W'worth  | Coles   | Youi    | Allianz | GIO     | W'pac  | S'corp  | CGU     | OnePath | AAMI           | QBE    | CBA     | NRMA |
| Riverview    | W'worth  | Youi    | Coles   | Allianz | W'pac   | CGU    | AAMI    | OnePath | CBA     | QBE            | GIO    | S'corp  | NRMA |
| Bradbury     | W'worth  | Youi    | W'pac   | AAMI    | Coles   | CGU    | Allianz | OnePath | QBE     | GIO            | S'corp | CBA     | NRMA |
| Hornsby      | Coles    | W'worth | Youi    | W'pac   | Allianz | CGU    | AAMI    | OnePath | QBE     | CBA            | S'corp | GIO     | NRMA |
| Hinton       | AAMI     | W'pac   | GIO     | W'worth | Coles   | S'corp | CBA     | OnePath | Allianz | QBE            | CGU    | NRMA    |      |
| East Gosford | W'worth  | Coles   | W'pac   | Allianz | AAMI    | CGU    | GIO     | S'corp  | CBA     | OnePath        | QBE    | Youi    | NRMA |
| Canowindra   | AAMI     | Allianz | W'worth | CGU     | Youi    | W'pac  | GIO     | S'corp  | NRMA    | CBA            | Coles  | OnePath | QBE  |
| Medlow Bath  | W'worth  | Coles   | CGU     | W'pac   | Allianz | Youi   | CBA     | OnePath | AAMI    | QBE            | GIO    | S'corp  | NRMA |
| Byron Bay    | Allianz  | W'pac   | W'worth | AAMI    | CBA     | GIO    | NRMA    | OnePath | S'corp  | Coles          | CGU    | QBE     | Youi |
| Wollongong   | W'worth  | W'pac   | Allianz | AAMI    | CGU     | CBA    | GIO     | OnePath | S'corp  | QBE            | NRMA   | Coles   | Youi |