

Standard property profile survey – July 2018

The average ESL rate in July 2018 was 17.9% compared with zero in July 2017 (when ESL had been removed from premiums by insurers in anticipation of reform, now deferred). Policyholders renewing in July therefore faced a large price increase from the previous year.

Two insurers reduced ESL rates this month: The Insurance Group Australia (including NRMA, CGU and Coles) decreased ESL from 21.0% to 17.0%, and Woolworths, also decreased ESL rates, from 20% to 18%.

Average base premiums remained flat over the month to July 2018, and decreased a small amount (0.1%) over the 12 months.

Average Total Premiums over this period have increased 17.6%, principally as a result of the reintroduction of ESL.

ESL

ESL rates have fallen from the previous month. Two companies implemented rate reductions, with the Insurance Australia Group (IAG, which includes NRMA, CGU, Coles) decreasing ESL rates from 21.0% to 17.0%. Woolworths also reduced ESL rates from 20% to 18%, which was their first change in ESL rates since reintroduction last year. Westpac is now charging the highest ESL rate of 21%.

Figure 1: Average ESL rate

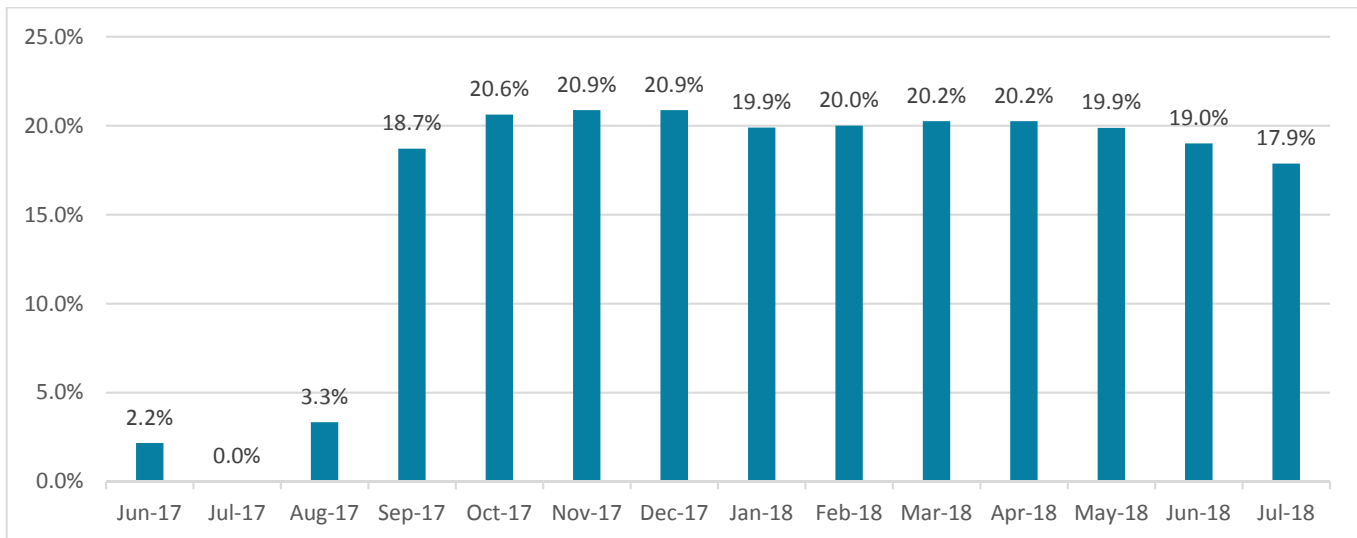


Table 1: Average ESL rates by insurer, 1 July 2018

Company	ESL Rate %	% Change since previous month
Suncorp	15.5%	-1.0%
GIO	15.5%	-1.1%
AAMI	15.5%	5.8%
Coles	17.0%	-14.4%
NRMA	17.0%	-18.9%
CGU	17.0%	-17.5%
Woolworths	18.0%	-21.1%
Youi	18.3%	-
CommInsure	18.5%	0.0%
Allianz	19.0%	12.5%
QBE	20.0%	0.0%
OnePath	20.0%	-17.0%
Westpac	21.0%	0.1%

Base Premiums

Across all insurers and locations:

- Average base premiums in remained flat since last month.
- Average base premiums decreased marginally by 0.1% over the year.

Table 2: Average change in base premium over time

	Randwick	Concord	Riverview	Bradbury	Hornsby	Hinton	East Gosford	Cano-windra	Medlow Bath	Byron Bay	Wollongong
Location Average	\$1,144	\$1,064	\$1,190	\$1,061	\$986	\$2,074	\$1,262	\$1,233	\$1,222	\$1,368	\$1,111
\$ month change	-\$36	-\$28	-\$27	-\$26	-\$28	-\$21	\$14	-\$27	-\$22	\$34	\$11
\$ year change	-\$7	-\$2	\$24	-\$211	-\$34	\$318	\$49	-\$41	-\$41	-\$13	-\$53

Several insurers show changes to their base premiums reported this month due solely to changes required in the way the quotes are provided, following the Monitor's review. These include:

- OnePath – Base premiums fell in all locations as the excess used for the quotes was increased to \$500 (previously a \$250 excess had been included on policies).
- AAMI - All base premiums increased as the excess was reduced to \$500 (having previously quoted on an excess of \$1,000).
- CGU – Quotes now reflect an excess of \$500 (compared to \$600 previously) which resulted in a 2.4% average increase in base premiums.

- Woolworths – Now providing quotes based on on-line pricing, rather than call centre rates, which had been provided previously. This led to 12.5% decrease in base premium prices, as a 10% online discount has now been applied.

Coles was the only insurer to report base premium changes this month that were unrelated to the Monitor's changed basis of quotation, with an average increase across all locations of 5.8%. Coles reported the increase was due to an error in the rating engine, which had previously under-priced premiums by 5%.

Figure 2: Average base premium per location – June and July 2018

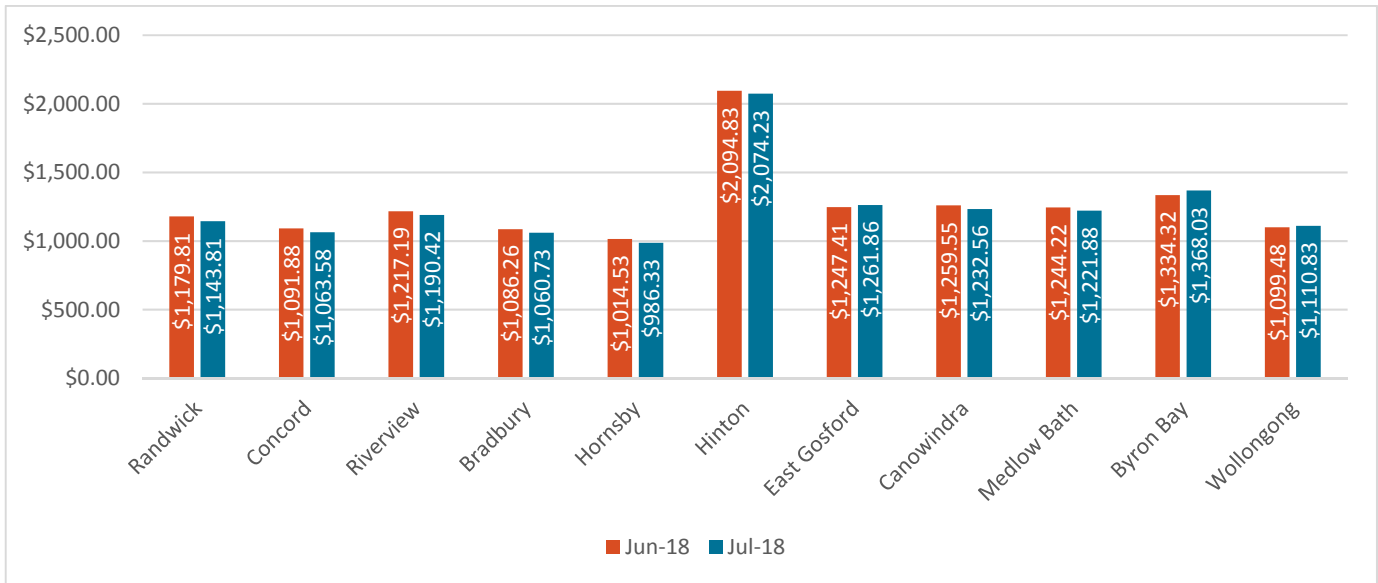


Figure 3: Average base premium – July 2017 and July 2018



The premium charged by each insurer for each location is shown in Table 3 below.

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

	Randwick	Concord	Riverview	Bradbury	Hornsby	Hinton	East Gosford	Canowindra	Medlow Bath	Byron Bay	Wollongong
AAMI	\$1,262	\$1,199	\$1,307	\$987	\$1,082	\$925	\$1,151	\$760	\$1,286	\$1,266	\$964
Allianz	\$999	\$959	\$1,175	\$1,045	\$922	\$1,509	\$1,139	\$887	\$1,074	\$932	\$950
CGU	\$1,086	\$1,099	\$1,070	\$997	\$892	\$3,542	\$1,174	\$998	\$987	\$1,574	\$1,070
Coles	\$842	\$810	\$899	\$973	\$468	\$1,282	\$862	\$1,547	\$884	\$1,428	\$1,315
CommInsure	\$1,274	\$1,247	\$1,257	\$1,169	\$1,072	\$1,809	\$1,332	\$1,446	\$1,138	\$1,241	\$1,104
GIO	\$1,320	\$999	\$1,399	\$1,197	\$1,171	\$1,214	\$1,318	\$1,254	\$1,521	\$1,344	\$1,188
NRMA	\$1,538	\$1,441	\$1,659	\$1,509	\$1,550	\$6,364	\$1,655	\$1,344	\$1,833	\$1,365	\$1,214
OnePath	\$1,242	\$1,164	\$1,301	\$1,067	\$1,068	\$2,202	\$1,427	\$1,674	\$1,238	\$1,409	\$1,173
QBE	\$1,305	\$1,200	\$1,365	\$1,069	\$1,089	\$2,447	\$1,469	\$1,828	\$1,282	\$1,687	\$1,221
Suncorp	\$1,430	\$1,036	\$1,425	\$1,217	\$1,161	\$1,317	\$1,345	\$1,278	\$1,703	\$1,442	\$1,221
Westpac	\$931	\$1,006	\$1,009	\$931	\$799	\$1,020	\$1,072	\$1,051	\$997	\$1,004	\$917
Woolworths	\$740	\$773	\$763	\$684	\$712	\$1,261	\$830	\$883	\$821	\$1,201	\$692
Youi	\$901	\$891	\$847	\$945	\$838	n/a	\$1,630	\$1,072	\$1,121	\$1,891	\$1,412
Location Average	\$1,144	\$1,064	\$1,190	\$1,061	\$986	\$2,074	\$1,262	\$1,233	\$1,222	\$1,368	\$1,111

Note: Base premiums are before ESL, GST and stamp duty.

Year on year, the market average shows a small decrease in base premiums. However, this hides the significant variations that have occurred over this time. Base premium increases were seen by NRMA and CGU, which increased on average across all locations, by \$256 and \$178 respectively. These were offset by large decreases by OnePath (down by an average of \$143 due to the change in excess quoted following the Monitor’s review) and Westpac (down \$178, principally as a consequence of risk rating changes implemented in January) and small changes for the remaining brands.

Hinton experienced the greatest increase in base premiums over the year. NRMA and CGU increased their premium for this address by \$2,434 and \$1,555 respectively, as a result of flood risk re-rating. Woolworths also increased premiums significantly, up \$1,261 over the last 12 months. The largest reduction in premium prices over the year was seen in Byron Bay, where OnePath base premiums fell \$1,029.

Table 4: Base premium: \$ change for month and year to 1 July 2018

		Randwick	Concord	Riverview	Bradbury	Hornsby	Hinton	East Gosford	Cano-windra	Medlow Bath	Byron Bay	Wollongong
AAMI	Month	+\$60	+\$67	+\$74	+\$53	+\$69	+\$59	+\$69	+\$20	+\$50	+\$98	+\$53
	Year	+\$72	+\$77	+\$87	-\$463	+\$79	+\$77	+\$88	+\$53	+\$85	+\$110	+\$16
Allianz	Month	+\$131	+\$122	+\$320	+\$104	+\$131	+\$12	+\$157	+\$68	+\$156	-\$26	+\$11
	Year	+\$106	+\$103	+\$268	+\$110	+\$99	+\$86	+\$119	+\$79	+\$113	+\$100	+\$102
CGU	Month	+\$25	+\$26	+\$24	+\$23	+\$16	+\$27	+\$27	+\$23	+\$22	+\$37	+\$25
	Year	+\$40	+\$40	+\$39	+\$37	+\$26	+\$1555	+\$43	+\$37	+\$49	+\$59	+\$39
Coles	Month	+\$35	+\$44	+\$54	+\$46	+\$27	+\$41	+\$53	+\$100	+\$52	+\$89	+\$79
	Year	+\$59	+\$67	+\$79	+\$73	+\$41	+\$63	+\$78	+\$144	+\$77	+\$129	+\$116
CommInsure	Month	0	0	0	0	0	0	0	0	0	0	0
	Year	-\$33	-\$32	-\$32	-\$31	-\$28	-\$44	-\$34	-\$36	-\$29	-\$31	-\$28
GIO	Month	-\$16	-\$12	-\$13	-\$17	-\$11	-\$10	-\$15	-\$11	-\$11	-\$16	-\$21
	Year	-\$8	-\$8	-\$4	-\$727	-\$5	-\$7	-\$12	-\$11	-\$2	-\$11	+\$19
NRMA	Month	+\$4	+\$4	+\$4	+\$4	+\$4	+\$5	+\$4	+\$3	+\$5	+\$3	+\$3
	Year	+\$45	+\$43	+\$17	+\$45	+\$46	+\$2434	+\$49	+\$40	+\$54	+\$40	+\$36
OnePath	Month	-\$292	-\$277	-\$268	-\$297	-\$283	-\$268	-\$321	-\$245	-\$270	-\$245	-\$289
	Year	-\$140	-\$176	-\$72	-\$259	-\$283	+\$322	-\$147	-\$30	-\$313	-\$239	-\$230
QBE	Month	0	0	0	0	0	0	0	0	0	0	0
	Year	+\$84	+\$51	+\$121	-\$169	-\$86	-\$119	-\$28	-\$323	+\$59	+\$244	-\$210
Suncorp	Month	-\$16	-\$12	-\$13	-\$17	-\$11	-\$10	-\$15	-\$10	-\$12	-\$16	-\$19
	Year	+\$227	+\$169	+\$229	-\$679	+\$189	+\$252	+\$211	+\$280	+\$381	+\$315	+\$76
Westpac	Month	+\$7	0	0	0	0	0	0	0	0	0	0
	Year	-\$159	-\$84	-\$83	-\$160	-\$152	-\$240	-\$163	-\$119	-\$463	-\$244	-\$85
Woolworths	Month	-\$104	-\$108	-\$107	-\$96	-\$100	-\$178	-\$117	-\$124	-\$115	-\$168	-\$97
	Year	-\$156	-\$122	-\$65	-\$193	-\$221	+\$1261	-\$25	-\$437	+\$821	-\$1029	-\$691
Youi	Month	-	-	-	-	-	-	-	-	-	-	-
	Year	-	-	-	-	-	-	-	-	-	-	-

Total Premiums

Average total premiums at each location fell marginally compared with June, falling to \$1,761 (from \$1,800). Over the year to 1 July, average total premiums rose by \$265. The significant changes in year on year total premiums are largely due to the reintroduction of the ESL. In July 2017 ESL was at 0% for all companies.

The change in average total premiums for each location are shown for the month, year and since reintroduction of ESL are shown in Table 5 below. The 'since reintroduction' data compares average prices this month with the first month the ESL was reinstated by each insurer (between August and October 2017).

Table 5: Change in annual total premiums charged by location

Av Total Premiums \$	Randwick	Concord	Riverview	Bradbury	Hornsby	Hinton	East Gosford	Cano-windra	Medlow Bath	Byron Bay	Wollongong
Average premium	\$1,615	\$1,503	\$1,681	\$1,498	\$1,393	\$2,930	\$1,783	\$1,744	\$1,724	\$1,933	\$1,569
\$ month change	-\$66	-\$55	-\$54	-\$51	-\$53	-\$77	\$4	-\$55	-\$48	\$28	\$0
\$ year change	\$236	\$225	\$283	-\$27	\$169	\$823	\$329	\$217	\$211	\$276	\$174
\$ change since reintroduction	-\$35	-\$24	\$10	-\$340	-\$75	\$431	\$43	-\$85	-\$91	-\$58	-\$104

Note: Total premiums represent base premiums, plus ESL, GST and stamp duty

Changes in total premiums over the month are mainly due to Monitor's changed requirements for quoting data. Other factors such as changes in insurer pricing of risks, and a drop in ESL rates for some companies also resulted in minor movements.

Total premiums have increased significantly over the last 12 months, principally as a result of ESL rates being largely at zero (or very low levels) in July 2017, but now at around 18%. Average total premiums increased in 10 of the 11 locations surveyed, with Hinton experiencing the largest increase, up by an average of \$823. In addition to the impact of the ESL reintroduction, Hinton also experienced a dramatic increase in base premiums charged by the NRMA, up 66% in November 2017, due to their re-rating of flood risk.

Bradbury was the only location where the average total premium fell over the year, dropping by \$27. Here, base premiums were cut as a result of geographical price changes made by AAI brands, also in November 2017.

Table 6: Annual Total Premiums by location and insurer

Total premiums	Randwick	Concord	Riverview	Bradbury	Hornsby	Hinton	East Gosford	Canowindra	Medlow Bath	Byron Bay	Wollongong
AAMI	\$1,748	\$1,661	\$1,810	\$1,366	\$1,499	\$1,281	\$1,594	\$1,052	\$1,781	\$1,754	\$1,335
Allianz	\$1,425	\$1,369	\$1,677	\$1,492	\$1,315	\$2,153	\$1,625	\$1,266	\$1,533	\$1,330	\$1,356
CGU	\$1,523	\$1,542	\$1,501	\$1,398	\$1,251	\$4,969	\$1,647	\$1,400	\$1,385	\$2,208	\$1,501
Coles	\$1,181	\$1,136	\$1,261	\$1,364	\$656	\$1,798	\$1,210	\$2,170	\$1,241	\$2,003	\$1,845
CommInsure	\$1,811	\$1,772	\$1,786	\$1,661	\$1,523	\$2,571	\$1,892	\$2,054	\$1,616	\$1,763	\$1,568
GIO	\$1,828	\$1,384	\$1,937	\$1,658	\$1,622	\$1,681	\$1,825	\$1,737	\$2,106	\$1,861	\$1,645
NRMA	\$2,157	\$2,021	\$2,328	\$2,117	\$2,174	\$8,927	\$2,322	\$1,886	\$2,571	\$1,915	\$1,703
OnePath	\$1,787	\$1,675	\$1,872	\$1,535	\$1,537	\$3,168	\$2,053	\$2,408	\$1,781	\$2,028	\$1,688
QBE	\$1,878	\$1,727	\$1,964	\$1,538	\$1,566	\$3,520	\$2,113	\$2,630	\$1,845	\$2,427	\$1,757
Suncorp	\$1,981	\$1,434	\$1,973	\$1,685	\$1,607	\$1,823	\$1,862	\$1,770	\$2,358	\$1,997	\$1,691
Westpac	\$1,351	\$1,459	\$1,465	\$1,350	\$1,158	\$1,479	\$1,555	\$1,525	\$1,446	\$1,457	\$1,330
Woolworths	\$1,046	\$1,094	\$1,079	\$968	\$1,007	\$1,784	\$1,174	\$1,249	\$1,161	\$1,699	\$979
Youi	\$1,279	\$1,265	\$1,202	\$1,341	\$1,190		\$2,311	\$1,524	\$1,592	\$2,682	\$2,001
Location Average	\$1,615	\$1,503	\$1,681	\$1,498	\$1,393	\$2,930	\$1,783	\$1,744	\$1,724	\$1,933	\$1,569

The large variation in premiums charged for the same property profile in the same location continued this month. On average, the highest premium is twice the price of the lowest price. This highlights the importance of consumers seeking a number of quotes when taking out or renewing policies in order to obtain the best value policy for their needs.

Table 7: Variation in average total premiums per location

Total premiums	Randwick	Concord	Riverview	Bradbury	Hornsby	Hinton	East Gosford	Canowindra	Medlow Bath	Byron Bay	Wollongong
Min	\$1,046	\$1,094	\$1,079	\$968	\$656	\$1,281	\$1,174	\$1,052	\$1,161	\$1,330	\$979
Location Average	\$1,615	\$1,503	\$1,681	\$1,498	\$1,393	\$2,704	\$1,783	\$1,744	\$1,724	\$1,933	\$1,569
Max	\$2,157	\$2,021	\$2,328	\$2,117	\$2,174	\$8,927	\$2,322	\$2,630	\$2,571	\$2,682	\$2,001
Max. multiple of Min.	2.1	1.8	2.2	2.2	3.3	7.0	2.0	2.5	2.2	2.0	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, CommInsure**



Most Expensive

**NRMA, QBE,
Suncorp, OnePath**

Table 8: Total premium prices by location

Location	Cheapest				Mid					Most expensive			
Randwick	W'worths	Coles	Youi	Westpac	Allianz	CGU	AAMI	OnePath	CBA	GIO	QBE	Suncorp	NRMA
Concord	W'worths	Coles	Youi	Allianz	GIO	Suncorp	Westpac	CGU	AAMI	OnePath	QBE	CBA	NRMA
Riverview	W'worths	Youi	Coles	Westpac	CGU	Allianz	CBA	AAMI	OnePath	GIO	QBE	Suncorp	NRMA
Bradbury	W'worths	Youi	Westpac	Coles	AAMI	CGU	Allianz	OnePath	QBE	GIO	CBA	Suncorp	NRMA
Hornsby	Coles	W'worths	Westpac	Youi	CGU	Allianz	AAMI	CBA	OnePath	QBE	Suncorp	GIO	NRMA
Hinton	AAMI	Westpac	GIO	W'worths	Coles	Suncorp	Allianz	CBA	OnePath	QBE	CGU	NRMA	
East Gosford	W'worths	Coles	Westpac	AAMI	Allianz	CGU	GIO	Suncorp	CBA	OnePath	QBE	Youi	NRMA
Canowindra	AAMI	W'worths	Allianz	CGU	Youi	Westpac	GIO	Suncorp	NRMA	CBA	Coles	OnePath	QBE
Medlow Bath	W'worths	Coles	CGU	Westpac	Allianz	Youi	CBA	AAMI	OnePath	QBE	GIO	Suncorp	NRMA
Byron Bay	Allianz	Westpac	W'worths	AAMI	CBA	GIO	NRMA	Suncorp	Coles	OnePath	CGU	QBE	Youi
Wollongong	W'worths	Westpac	AAMI	Allianz	CGU	CBA	GIO	OnePath	Suncorp	NRMA	QBE	Coles	Youi