

Standard property profile survey - September 2018

The average ESL rate fell again this month to 16.8%.

- Average dollar amount of ESL collected on a policy is down almost 31% since we began collecting data (October 2016) and 17.8% down since the reintroduction (August-October 2017).
- Westpac was the only insurer to change ESL rates this month, reducing rates by 4 percentage points.
- Average Base Premiums remained fairly flat over the month to 1 September 2018, increasing by 0.8%. Over the year there was a small fall of 0.9%.
- Average Total Premiums are up \$10 over the month and down \$45 over the year. However, significant variations sit behind these benign average changes.

ESL

ESL rates for home and contents policies fell further this month, with Westpac reducing rates.

- Westpac cut ESL rates by 4 percentage points, down to 17.0%
- Westpac was one of only two insurers that had not cut ESL rates since reintroduction.
- Allianz remains the only insurer not to have cut rates since reintroduction.
- AAI brands have the lowest ESL rate of 14.5%.

September 2018 is the first month since reintroduction where there is not a significant difference in ESL charged compared to the same time last year, as most insurers had reintroduced ESL by September 2017. ESL being charged at 1 September this year is almost 2 percentage points lower than 12 months ago.

OnePath, AAMI, QBE, Suncorp, Woolworths, GIO and Westpac are now all collecting significantly less per policy than they did when they first reintroduced the ESL.

Interestingly, NRMA, Allianz and CGU are all still collecting more ESL than when they first reinstated. For NRMA and CGU, despite a decrease in ESL rate, an increase in base premiums has meant ESL collection is still higher than in September 2017.

Allianz is charging the highest rate of ESL at 19%. This rate has not been changed since reintroduction in September 2017, when it was the second lowest ESL.

Figure 1: Average ESL rate (Home and contents)

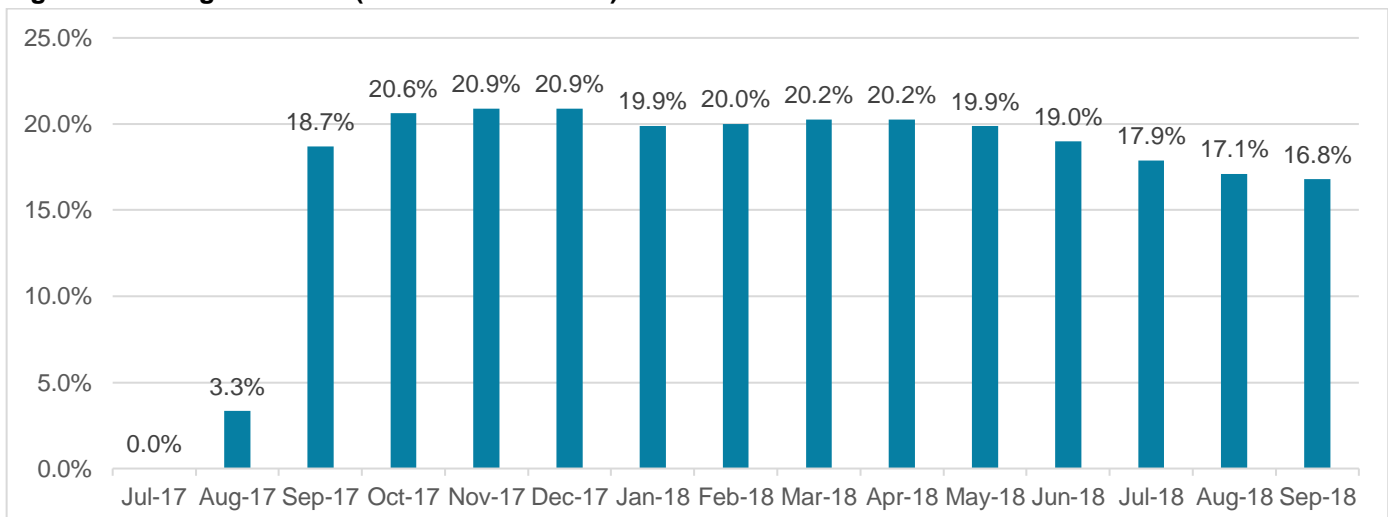


Table 1: Average ESL rates by insurer

Company	Home & contents ESL Rate %	% point change since previous month*
AAMI	14.5%	0.0%
GIO	14.5%	0.0%
Suncorp	14.5%	0.0%
OnePath	16.5%	0.0%
QBE	16.5%	0.0%
Coles	17.0%	0.0%
CGU	17.0%	0.0%
NRMA	17.0%	0.0%
Westpac	17.0%	-4.0%
Woolworths	18.0%	0.0%
Youi	18.4%	0.0%
CommInsure	18.5%	0.0%
Allianz	19.0%	0.0%

Base Premiums

Across all insurers and locations:

- Month: Average Base Premiums increased marginally over the month, up 0.8%.
- Year: Average Base Premiums fell by 0.9% over the 12 months to 1 September 2018.

Table 2: Average change in Base Premium over time

	Randwick	Concord	Riverview	Bradbury	Hornsby	Hinton	East Gosford	Canowindra	Medlow Bath	Byron Bay	Wollongong
Location Average	\$1,141	\$1,061	\$1,176	\$1,058	\$983	\$2,141	\$1,263	\$1,232	\$1,216	\$1,371	\$1,108
\$ month change	\$4	\$4	-\$8	\$4	\$4	\$84	\$4	\$5	\$4	\$3	\$1
\$ year change	-\$19	-\$15	\$1	-\$228	-\$48	\$375	\$38	-\$57	-\$58	-\$27	-\$67

Changes to Base Premiums over the month

- CommInsure implemented small base premium increases across their book. This included changes to cyclone rates and base rates to allow for claims inflation.
- Allianz implemented large changes in two locations (Riverview, -14.2% and Hinton +51.2%) on the back of a flood data update. If flood coverage was excluded on these two locations there would have been no change to base premiums.

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

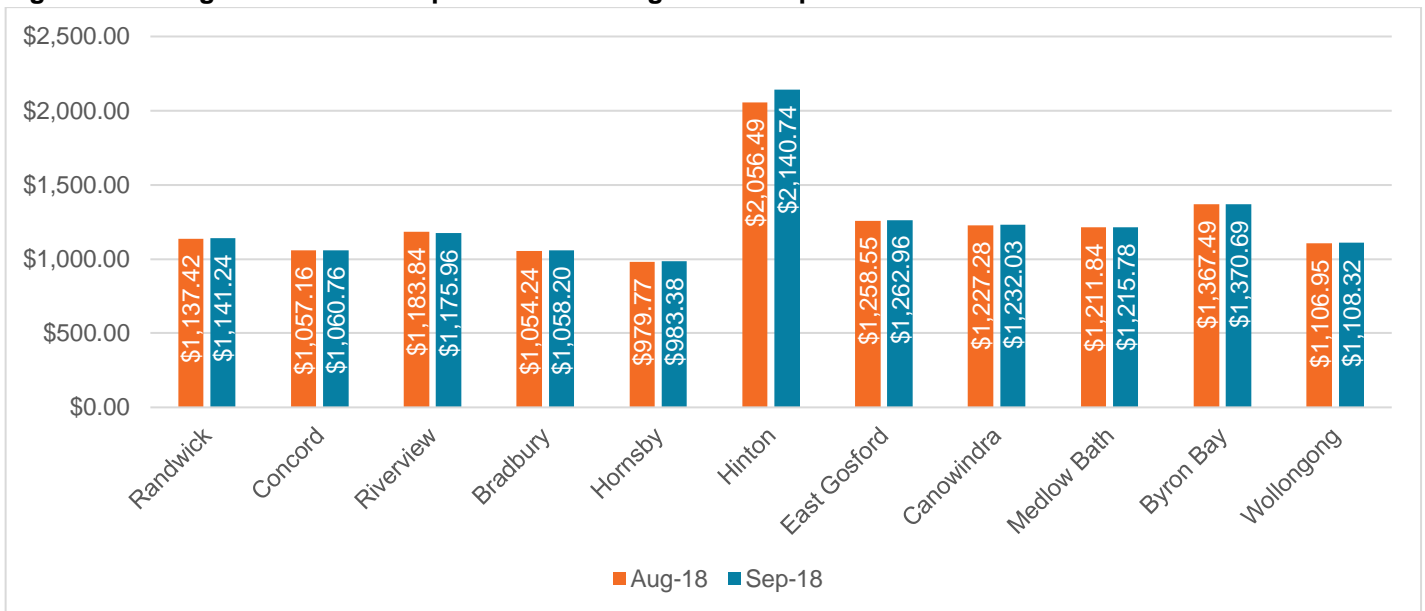


Table 3: Base Premiums charged by insurer per location in the Monitor’s survey, as at 1 September 2018

Base Premiums	Randwick	Concord	Riverview	Bradbury	Hornsby	Hinton	East Gosford	Cano-windra	Medlow Bath	Byron Bay	Wollongong
AAMI	\$1,266	\$1,202	\$1,310	\$989	\$1,084	\$926	\$1,153	\$760	\$1,287	\$1,268	\$965
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	\$1,323	\$1,002	\$1,402	\$1,199	\$1,173	\$1,216	\$1,320	\$1,256	\$1,523	\$1,346	\$1,190
NRMA	\$1,545	\$1,448	\$1,668	\$1,516	\$1,557	\$6,446	\$1,663	\$1,351	\$1,787	\$1,372	\$1,220
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	\$1,433	\$1,038	\$1,428	\$1,219	\$1,163	\$1,318	\$1,346	\$1,279	\$1,705	\$1,444	\$1,222
Westpac	\$924	\$1,006	\$1,009	\$931	\$799	\$1,020	\$1,072	\$1,051	\$997	\$1,004	\$917
Woolworths	\$743	\$777	\$766	\$687	\$715	\$1,264	\$834	\$887	\$824	\$1,207	\$695
Youi	\$855	\$844	\$800	\$902	\$789		\$1,633	\$1,035	\$1,087	\$1,916	\$1,398
Location Average	\$1,141	\$1,061	\$1,176	\$1,058	\$983	\$2,141	\$1,263	\$1,232	\$1,216	\$1,371	\$1,108

Base premiums are before ESL, GST and stamp duty.

Changes to base premiums over the year

Year on year, the survey’s average base premium fell by 0.9%. However, this hides the significant variations that occurred across the different brands or at specific locations.

Analysis by insurer:

- The most significant year on year increases were implemented by: NRMA (+\$263), CGU (+\$178) and Suncorp (+\$96).
- Over the same period, significant decreases in average base premium were implemented by Westpac (-\$176), OnePath (-\$143) and Woolworths (-\$338).
- The change in the Monitor’s data reporting criteria contributed to the reductions experienced at OnePath and Woolworths compared to the previous year, impacting their average base premiums by -\$278 and -\$119 respectively.

Analysis by location:

While year on year average base premium movement is small (-0.9%) there are substantially larger amounts of movement at the individual insurer level.

- Over the last year, eight of the locations surveyed have had a reduction in base premiums. The most significant of these is Bradbury, where base premiums fell by an average of \$228. Elsewhere premium decreases were more moderate, between \$15 and \$67.
- Average base premiums increased in the remaining three locations.
 - Riverview, up \$1, East Gosford up \$38 and Hinton, up \$375.

Figure 3: Average Base Premium – September 2017 and September 2018

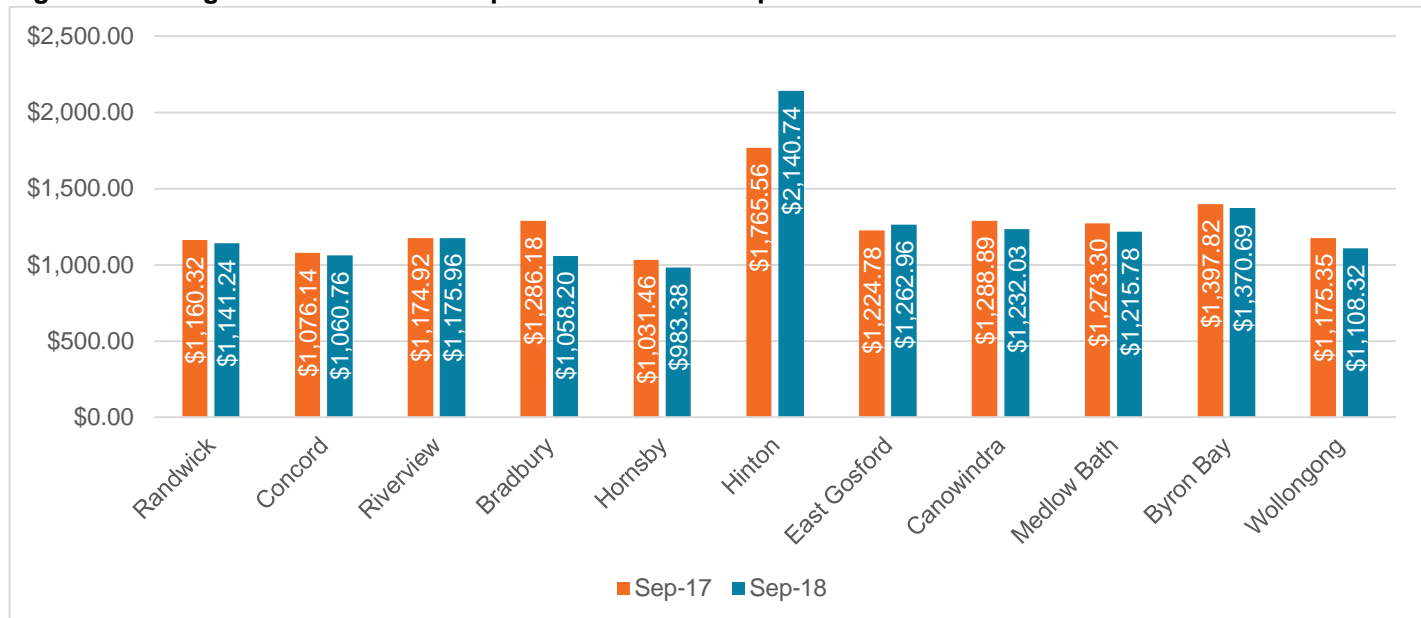


Table 4: Base Premium \$ change for month and year to 1 September 2018

		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	\$73	\$76	\$86	-\$466	\$76	\$63	\$77	\$21	\$60	\$102	+\$13
Allianz	Month	\$0	\$0	-\$160	\$0	\$0	\$749	\$0	\$0	\$0	\$0	-\$47
	Year	\$82	\$75	\$110	\$52	\$86	\$714	\$100	\$25	\$103	-\$72	-\$36
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	\$3	\$2	\$3	\$3	\$1	\$2	\$3	\$5	\$3	\$4	+\$4
	Year	\$59	\$67	\$79	\$73	\$40	\$64	\$78	\$145	\$77	\$130	+\$116
CommInsure	Month	\$43	\$35	\$43	\$40	\$36	\$2	\$45	\$50	\$39	\$27	0
	Year	\$11	\$3	\$11	\$9	\$9	-\$42	\$12	\$13	\$10	-\$4	-\$28
GIO	Month	\$2	\$1	\$2	\$1	\$1	\$1	\$1	\$1	\$1	\$1	+\$1
	Year	-\$21	-\$18	-\$18	-\$747	-\$17	-\$19	-\$25	-\$23	-\$17	-\$24	+\$7
NRMA	Month	\$4	\$4	\$4	\$4	\$4	\$253	\$4	\$3	\$4	\$3	+\$3
	Year	\$46	\$43	\$49	\$45	\$46	\$2,503	\$49	\$40	-\$1	\$40	+\$36
OnePath	Month	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	0
	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	\$2	\$1	\$2	\$1	\$1	\$1	\$1	\$1	\$1	\$1	+\$0
	Year	\$173	\$124	\$175	-\$755	\$142	\$202	\$159	\$232	\$323	\$263	+\$39
Westpac	Month	-\$7	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	0
	Year	-\$147	-\$84	-\$83	-\$160	-\$152	-\$240	-\$163	-\$119	-\$463	-\$244	-\$85
Woolworths	Month	\$2	\$2	\$2	\$2	\$2	\$2	\$2	\$2	\$2	\$3	+\$2
	Year	-\$202	-\$169	-\$108	-\$239	-\$268	-	-\$67	-\$503	-	-\$1,125	-\$737
Youi	Month	\$0	\$0	\$1	\$0	\$0	-	\$0	\$0	\$0	\$0	-\$14
	Year	-	-	-	-	-	-	-	-	-	-	-

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

Total Premiums

- Average total premiums increased by \$10 to \$1,740 compared with August.
- Over the year to 1 September, average total premiums fell by \$45.

Table 4 Change in Average Total Premiums charged by location.

Average Total Premiums	Randwick	Concord	Riverview	Bradbury	Hornsby	Hinton	East Gosford	Cano-windra	Medlow Bath	Byron Bay	Wollongong
Location Average	\$1,596	\$1,485	\$1,644	\$1,481	\$1,375	\$3,001	\$1,768	\$1,725	\$1,700	\$1,919	\$1,551
Month change	\$2	\$1	-\$15	\$2	\$2	\$116	\$2	\$3	\$2	\$1	-\$1
Year change	-\$54	-\$43	-\$27	-\$357	-\$92	\$502	\$27	-\$104	-\$115	-\$72	-\$122

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

Analysis by location:

Compared with last month, all but two locations experienced average total premium increases. Most of the increases were small, under \$3, however Hinton increased significantly, up \$116. Riverview and Wollongong were the two locations that saw a reduction in premiums over the month, down \$15 and \$1.50 respectively.

Average total premiums fell in all but two locations over the year to 1 September 2018. Bradbury had the greatest reduction in premium, -\$357. Canowindra, Medlow Bath and Wollongong all experienced reductions of over \$100.

Increases in average total premiums occurred in Hinton and East Gosford. Hinton again experiencing the most significant change of +\$502. Over the last year Hinton has had a re-rating of its flood risk by a number of insurers, which has resulted in the large increase in premiums.

Analysis by insurer:

Over the month most average total premiums remained fairly flat for nine of the insurers.

- Only one insurer, Westpac, saw premiums fall, down \$47, while increases occurred at Allianz (up \$76), CommInsure (up \$47) and NRMA (up \$37).

Despite the average total premium falling by only \$45 over the last 12 months, changes in average total premiums have been more marked at the individual insurer level.

- Year on year, Average Total Premiums have fallen at: AAMI (-\$90), GIO (-253), QBE (-110), OnePath (-\$262), Westpac (-\$302) and Woolworths (-\$506).
 - The falls at OnePath and Woolworths are largely due to the change in the basis of the Monitor's data request (from July 2018), as well as a new pricing structure (OnePath) and rate review (Woolworths).
 - QBE revised peril rating and Westpac updated risk modelling and claim cost models.
 - ESL rate decreases occurred at all companies (excl. Allianz) over the year. AAMI's premium reduction is principally due to the significant drop in ESL rate from 23 to 14.5%.
- Average Total Premiums increased at: Allianz (+\$161), CommInsure (+\$292), CGU (+\$230) Coles (+\$101) and NRMA (+\$339).
 - CommInsure was charging 0% ESL in September 2017, so the impact of reintroduction is still reflected in the premium change over the year.
 - NRMA and CGU made significant premium increases in one location (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.
- Suncorp was the only insurer to have premiums at levels similar to that charged in September 2017, being only \$7 different.

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 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	\$1,735	\$1,626	\$1,817	\$1,490	\$1,492	\$3,075	\$1,993	\$2,338	\$1,729	\$1,968	\$1,639
CommInsure	\$1,872	\$1,822	\$1,847	\$1,718	\$1,575	\$2,574	\$1,956	\$2,125	\$1,671	\$1,801	\$1,577
AAMI	\$1,737	\$1,650	\$1,798	\$1,357	\$1,489	\$1,272	\$1,583	\$1,044	\$1,767	\$1,741	\$1,325
NRMA	\$2,168	\$2,031	\$2,340	\$2,127	\$2,185	\$9,042	\$2,334	\$1,895	\$2,506	\$1,925	\$1,711
Allianz	\$1,355	\$1,302	\$1,377	\$1,418	\$1,251	\$3,154	\$1,545	\$1,204	\$1,457	\$1,265	\$1,289
QBE	\$1,823	\$1,676	\$1,906	\$1,493	\$1,521	\$3,418	\$2,052	\$2,554	\$1,791	\$2,356	\$1,706
CGU	\$1,523	\$1,542	\$1,501	\$1,398	\$1,251	\$4,969	\$1,647	\$1,400	\$1,385	\$2,208	\$1,501
Suncorp	\$1,968	\$1,425	\$1,960	\$1,673	\$1,596	\$1,810	\$1,848	\$1,756	\$2,341	\$1,983	\$1,678
Coles	\$1,188	\$1,143	\$1,268	\$1,373	\$660	\$1,805	\$1,217	\$2,183	\$1,248	\$2,015	\$1,856
Woolworths	\$1,051	\$1,099	\$1,084	\$972	\$1,012	\$1,789	\$1,179	\$1,255	\$1,166	\$1,708	\$984
GIO	\$1,816	\$1,375	\$1,924	\$1,646	\$1,611	\$1,669	\$1,812	\$1,724	\$2,091	\$1,848	\$1,633
Westpac	\$1,296	\$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	\$1,135	\$1,279	\$1,120		\$2,315	\$1,473	\$1,544	\$2,718	\$1,982
Location Average	\$1,596	\$1,485	\$1,644	\$1,481	\$1,375	\$3,001	\$1,768	\$1,725	\$1,700	\$1,919	\$1,551

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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

**OnePath, 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	Suncorp	NRMA
Concord	w'worth	Coles	Youi	Allianz	GIO	W'pac	Suncorp	CGU	OnePath	AAMI	QBE	CBA	NRMA
Riverview	w'worth	Youi	Coles	Allianz	W'pac	CGU	AAMI	OnePath	CBA	QBE	GIO	Suncorp	NRMA
Bradbury	w'worth	Youi	W'pac	AAMI	Coles	CGU	Allianz	OnePath	QBE	GIO	Suncorp	CBA	NRMA
Hornsby	Coles	w'worth	Youi	W'pac	Allianz	CGU	AAMI	OnePath	QBE	CBA	Suncorp	GIO	NRMA
Hinton	AAMI	W'pac	GIO	w'worth	Coles	Suncorp	CBA	OnePath	Allianz	QBE	CGU	NRMA	
East Gosford	w'worth	Coles	W'pac	Allianz	AAMI	CGU	GIO	Suncorp	CBA	OnePath	QBE	Youi	NRMA
Canowindra	AAMI	Allianz	w'worth	CGU	Youi	W'pac	GIO	Suncorp	NRMA	CBA	Coles	OnePath	QBE
Medlow Bath	w'worth	Coles	CGU	W'pac	Allianz	Youi	CBA	OnePath	AAMI	QBE	GIO	Suncorp	NRMA
Byron Bay	Allianz	W'pac	w'worth	AAMI	CBA	GIO	NRMA	OnePath	Suncorp	Coles	CGU	QBE	Youi
Wollongong	w'worth	W'pac	Allianz	AAMI	CGU	CBA	GIO	OnePath	Suncorp	QBE	NRMA	Coles	Youi