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Natural Disaster Insurance Review
C/- The Treasury
Langton Crescent
PARKES ACT 2600

NDIR@treasury.gov.au

Dear Review Panel

Letter of support - A consumer perspective on the NDIR Issues Paper

National Legal Aid (NLA) represents the Directors of the eight State and Territory Legal Aid Commissions (Commissions) in Australia. The Commissions are independent statutory authorities established under respective State or Territory enabling legislation. They are funded by State or Territory and Commonwealth governments to provide legal assistance to disadvantaged people.

NLA aims to ensure that the protection or assertion of the legal rights and interests of people are not prejudiced by reason of their inability to:

- obtain access to independent legal advice;
- afford the appropriate cost of legal representation;
- obtain access to the federal and state and territory legal systems; or
- obtain adequate information about access to the law and the legal system.

We write to support the consumer perspective submission prepared by Chris Connolly in response to the Natural Disaster Insurance Review (NDIR) Issues Paper.

In addition, we make some further comments in relation to:

- the need to deal with affordability of insurance, both in relation to home building as well as contents; and
- a proposal to develop an Australian Standard on general insurance claims handling and assessment.

Affordability

Whilst we support the recommendation for automatic flood cover - to apply to home policies as well as to contents - we note that it is important to ensure that automatic flood cover does not have unintended consequences of increasing financial stress for the most disadvantaged in our community.

We accept there might be challenges in developing a fair and equitable subsidy system to support more affordable insurance cover for currently excluded groups. We understand that the issue of affordability will be considered carefully by the Review Panel.

There has been some important research in this area including research by ICA¹, Brotherhood of St Laurence², Sheehan & Renouf³ and Connolly⁴ in relation to affordability of key insurance products. We recognise that affordability of insurance for low income people remains a significant problem in the community.

Australian Standard on general insurance claims handling and assessment

Following the recent natural disaster events, the experience of legal aid commissions has suggested that consumers would significantly benefit from a new standard in relation to claims handling and assessment. This would inevitably lead to a reduction in disputes and complaints, particularly in relation to delay and the processing of claims generally.

Thank you for considering our comments. Please do not hesitate to contact us should you wish to discuss further.

Yours sincerely



Andrew Crockett
Chair

¹ Tooth, R & Barker, G 2007, *The non-insured: who, why and trends*, Insurance Council of Australia, Sydney.

² Collins, D 2011, *Reducing the risks: Improving access to home contents and vehicle insurance for low income Australians*, Brotherhood of St Laurence, Fitzroy, Vic.

³ Sheehan, G and Renouf G 2006, *Risk and reality: Access to general insurance for people on low incomes*, Brotherhood of St Laurence, Fitzroy, Vic.

⁴ Connolly, C, Gerogouras, M, Hems, L & Wolfson, L 2011, *Measuring financial exclusion in Australia*, report prepared for National Australia Bank, Centre for Social Impact, University of NSW, Sydney.