As a specialist Personal lines insurance broker with many thousands of clients, I would like to make some comments about the above subject with the aim to produce a satisfactory outcome without making unnecessary changes with potential adverse consequences and still not solving the issue.

As I recall insurers rejected the idea of having a uniform text and format in the PDS which rendered the document useless from the start as it was meant to provide a basis of comparison for consumers. My understanding also is that the Fact Sheets concept was copied from the UK where it was equally useless to the Aussie PDS. By having a well thought out PDS it would eliminate the need for a cover Fact Sheet or alternatively a good Fact Sheet might eliminate the need for PDS.

Many people think that the PDS defines what is covered. In reality it just contains a summary of coverage which is an extract of the full coverage story – nothing about exclusions or coverage limitations which impact on the coverage quality. The additional ASIC information contained in the PDS for consumer protection is mainly also contained in the policies so it is another case of duplication.

A suggestion that the regulated Standard policy coverage for consumer products approach should be revisited and expanded to solve the PDS problem would limit innovation of cover improvements which are largely driven by brokers in the market place to better protect their clients.

As licensed insurance brokers represent their clients as their agent as distinct from insurers' agents, so their clients' interests are central to a broker' role. Accordingly, I am sure a focus group of brokers could come up with a suitable PDS document because brokers know where most claims occur and where most disputes occur through denied claims. This focus group could be arranged through brokers' peak body, NIBA.

Personally I would see a new style of PDS document broken into the following categories which would have to have a compulsory insurers'policy structure format to work for features comparison:

- 1. Generic introduction with relevant content but no duplication of policy coverage;
- 2. Type of policy with brief description of coverage, e.g. Accidental damage or Defined Events Home & Contents cover;
- 3. Summary of Common basic risks insured for the type of policy and cover limitations (sub limits); Mandatory disclosure by insurers if they don't provide all the Common basic risks, e.g. Flood
- 4. Summary of Uncommon basic risks coverage included by individual insurers for differentiation; Provides proper basis of features comparison for consumers
- 5. Summary of Common additional benefits not included in the common risks disclosure; there are around 30 additional benefits under a good Home policy
- 6. Summary of Uncommon additional benefits included by the insurer to allow differentiation e.g. energy efficiency upgrade for appliances / machines;
- 7. Summary of Common exclusions in consistent order;
- 8. Compulsory disclosure of Uncommon policy exclusions by insurers for consumers' protection such as: damage due to use of incorrect vehicle fuel

As an alternative consideration. attached is a good policy benefits summary sample which could be a prototype as a Facts sheet template and possibly eliminate the need for a PDS at all.

Best Regards, Mike Donnelly

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This product comparison is intended to provide a snap shot of the coverage and benefits available under the Blue Zebra Insurance Home Buildings & Contents policies. It shows some of the events that are covered and not covered, optional covers, additional benefits and additional covers. It does not provide a complete statement of the cover offered, and any exclusions, conditions and limits that apply under each policy. You should carefully read the entire Product Disclosure Statement (PDS) for each product and all policy documentation for full details.

Policy coverage	Basic	Listed Events	Accidental Damage
Accidental destruction,			
loss or damage			
Listed events	\checkmark		
Cover for legal liability	✓ Up to \$30 million	☑ Up to \$30 million	✓ Up to \$30 million
Contents in the open air	☑ Up to 20% of general contents sum insured (SI)	☑ Up to 20% of general contents sum insured (SI)	☑ No limit
Contents in storage	Some conditions apply	Some conditions apply	🗹 No limit
Contents away from the insured address	✓ Limited cover in Australia for up to 90 consecutive days, limit of 20% of general contents SI	Anywhere in Australia for up to 90 consecutive days, limit of 25% of general contents SI	Anywhere in Australia/New Zealand, anywhere in the rest of the world for up to 180 consecutive days.
Jewellery and watches	 \$1,000 per item, pair, set, \$5,000 in total[#] 	 \$5,000 per item, pair, set, \$20,000 in total[#] 	 \$10,000 per item, pair, set, \$50,000 in total[#]
Collections, sets and memorabilia	5,000 in total [#]	 \$5,000 per collection \$10,000 in total[#] 	 \$10,000 per collection \$50,000 in total[#]
Artworks	 \$1,000 per item, pair, set, \$5,000 in total[#] 	 \$10,000 per item, pair, set, \$100,000 in total# 	☑ No limit
Tools of trade and equipment used for a business activity	2,000 in total	5,000 in total	10,000 in total
Money, bullion and negotiable instruments	250 in total	500 in total	2,000 in total
Unattached accessories and spare parts	 \$500 per item, \$1,000 in total 	 \$1,500 per item, \$5,000 in total 	 \$2,000 per item, \$4,000 in total
Handwoven carpets and rugs	✓ \$2,000 per item	🗹 No limit	🗹 No limit
Optional covers			
Specified valuable items	Optional	Optional	Optional
Unspecified portable items	Optional	Optional	Automatically included
Specified portable items	Optional	Optional	Automatically included
Home business extension			Optional: includes \$50,000 tools & equipment, \$25,000 stock, 6 months revenue protection, \$10m legal liability incl. advertising & products

[#] Individual items or collections with values above these limits can in some cases be specified to obtain a higher level of cover.



Product comparison – Home Buildings & Contents

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