

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**

Mike Donnelly Dip.FS (Ins Broking), FNIBA, FANZIIF, CIPANZIIF

Director

Donnelly Insurance Brokers Pty Ltd

ABN: 12 008 081 178 **AFS Licence:** 241176

Address: 64 Hindmarsh Square, Adelaide SA 5000

Website: www.Donnellys.com.au

Privacy Statement: Please refer to our Website for details



Product comparison

Home Buildings & Contents

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			<input checked="" type="checkbox"/>
Listed events	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	
Cover for legal liability	<input checked="" type="checkbox"/> Up to \$30 million	<input checked="" type="checkbox"/> Up to \$30 million	<input checked="" type="checkbox"/> Up to \$30 million
Contents in the open air	<input checked="" type="checkbox"/> Up to 20% of general contents sum insured (SI)	<input checked="" type="checkbox"/> Up to 20% of general contents sum insured (SI)	<input checked="" type="checkbox"/> No limit
Contents in storage	<input checked="" type="checkbox"/> Some conditions apply	<input checked="" type="checkbox"/> Some conditions apply	<input checked="" type="checkbox"/> No limit
Contents away from the insured address	<input checked="" type="checkbox"/> Limited cover in Australia for up to 90 consecutive days, limit of 20% of general contents SI	<input checked="" type="checkbox"/> Anywhere in Australia for up to 90 consecutive days, limit of 25% of general contents SI	<input checked="" type="checkbox"/> Anywhere in Australia/New Zealand, anywhere in the rest of the world for up to 180 consecutive days.
Jewellery and watches	<input checked="" type="checkbox"/> \$1,000 per item, pair, set, \$5,000 in total [#]	<input checked="" type="checkbox"/> \$5,000 per item, pair, set, \$20,000 in total [#]	<input checked="" type="checkbox"/> \$10,000 per item, pair, set, \$50,000 in total [#]
Collections, sets and memorabilia	<input checked="" type="checkbox"/> \$5,000 in total [#]	<input checked="" type="checkbox"/> \$5,000 per collection \$10,000 in total [#]	<input checked="" type="checkbox"/> \$10,000 per collection \$50,000 in total [#]
Artworks	<input checked="" type="checkbox"/> \$1,000 per item, pair, set, \$5,000 in total [#]	<input checked="" type="checkbox"/> \$10,000 per item, pair, set, \$100,000 in total [#]	<input checked="" type="checkbox"/> No limit
Tools of trade and equipment used for a business activity	<input checked="" type="checkbox"/> \$2,000 in total	<input checked="" type="checkbox"/> \$5,000 in total	<input checked="" type="checkbox"/> \$10,000 in total
Money, bullion and negotiable instruments	<input checked="" type="checkbox"/> \$250 in total	<input checked="" type="checkbox"/> \$500 in total	<input checked="" type="checkbox"/> \$2,000 in total
Unattached accessories and spare parts	<input checked="" type="checkbox"/> \$500 per item, \$1,000 in total	<input checked="" type="checkbox"/> \$1,500 per item, \$5,000 in total	<input checked="" type="checkbox"/> \$2,000 per item, \$4,000 in total
Handwoven carpets and rugs	<input checked="" type="checkbox"/> \$2,000 per item	<input checked="" type="checkbox"/> No limit	<input checked="" type="checkbox"/> No limit
Optional covers			
Specified valuable items	Optional	Optional	Optional
Unspecified portable items	Optional	Optional	<input checked="" type="checkbox"/> Automatically included
Specified portable items	Optional	Optional	<input checked="" type="checkbox"/> Automatically included
Home business extension	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	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

Policy coverage	Basic	Listed Events	Accidental Damage
Additional benefits			
Sum insured safety net	<input checked="" type="checkbox"/> Up to 10% of buildings SI	<input checked="" type="checkbox"/> Up to 25% of buildings SI	<input checked="" type="checkbox"/> Up to 30% of buildings SI
Removal of debris	<input checked="" type="checkbox"/> Up to 10% of buildings SI, up to 10% of contents SI	<input checked="" type="checkbox"/> Up to 20% of buildings SI, up to 20% of contents SI	<input checked="" type="checkbox"/> Reasonable costs
Mortgagee discharge costs	<input checked="" type="checkbox"/> Up to \$1,000	<input checked="" type="checkbox"/> Up to \$2,000	<input checked="" type="checkbox"/> Reasonable costs
Rebuilding fees	<input checked="" type="checkbox"/> Up to 10% of buildings SI	<input checked="" type="checkbox"/> Up to 20% of buildings SI	<input checked="" type="checkbox"/> Reasonable costs
Meeting building regulations	<input checked="" type="checkbox"/> Up to 5% of buildings SI	<input checked="" type="checkbox"/> Up to 10% of buildings SI	<input checked="" type="checkbox"/> Up to 20% of buildings SI
Temporary accommodation for home owners	<input checked="" type="checkbox"/> Up to 10% of buildings SI	<input checked="" type="checkbox"/> Up to 15% of buildings SI	<input checked="" type="checkbox"/> Up to 20% of buildings SI
Temporary accommodation for tenants/strata title owners	<input checked="" type="checkbox"/> Up to 10% of general contents SI	<input checked="" type="checkbox"/> Up to 15% of general contents SI	<input checked="" type="checkbox"/> Up to 20% of general contents SI
Plants, trees and shrubs	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/> Up to \$1,000 per plant, \$2,000 in total	<input checked="" type="checkbox"/> Reasonable costs (up to \$5,000 for storm/flood)
Prevention of further loss or damage	<input checked="" type="checkbox"/> Reasonable and necessary costs	<input checked="" type="checkbox"/> Reasonable and necessary costs	<input checked="" type="checkbox"/> Reasonable and necessary costs
Locating the source of escaped liquid	<input checked="" type="checkbox"/> (Under 'Escape of liquid' listed event)	<input checked="" type="checkbox"/> (Under 'Escape of liquid' listed event)	<input checked="" type="checkbox"/> Reasonable costs
Replacing important documents	<input checked="" type="checkbox"/> Reasonable costs (buildings), up to \$500 (contents)	<input checked="" type="checkbox"/> Reasonable costs (buildings), up to \$2,000 (contents)	<input checked="" type="checkbox"/> Reasonable costs (buildings), reasonable costs (contents)
Storage of undamaged contents	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/> Up to 10% of contents SI	<input checked="" type="checkbox"/> Up to 20% of contents SI
Building materials	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/> Up to \$1,000	<input checked="" type="checkbox"/> Up to \$2,000
Environmental improvements	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/> Up to \$2,500	<input checked="" type="checkbox"/> Up to \$5,000
Claim preparation fees	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/> Up to \$5,000
Excess waiver for total loss	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Counselling	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/> Up to \$2,000
Fatal injury benefit	<input checked="" type="checkbox"/> \$5,000 benefit	<input checked="" type="checkbox"/> \$10,000 benefit	<input checked="" type="checkbox"/> \$15,000 benefit
Paraplegia, quadriplegia or permanent disablement	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/> \$15,000 benefit
Modifications to the home	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/> Up to \$10,000	<input checked="" type="checkbox"/> Up to \$25,000
Additional covers			
Mechanical or electrical breakdown	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/> Less than 20 years old
Motor burnout	<input checked="" type="checkbox"/> Less than 7 years old	<input checked="" type="checkbox"/> Less than 11 years old	
Pet cover	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/> Up to \$1,000	<input checked="" type="checkbox"/> Up to \$2,000
Keys and locks	<input checked="" type="checkbox"/> Up to \$1,000	<input checked="" type="checkbox"/> Up to \$1,250	<input checked="" type="checkbox"/> Reasonable costs
Food & medication spoilage	<input checked="" type="checkbox"/> Up to \$500	<input checked="" type="checkbox"/> Up to \$1,000	<input checked="" type="checkbox"/> Reasonable costs
Selling your home	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Permanently moving your contents	<input checked="" type="checkbox"/> Up to general contents SI	<input checked="" type="checkbox"/> Up to general contents SI	<input checked="" type="checkbox"/> Up to general contents SI
Contents at your new address	<input checked="" type="checkbox"/> Up to 30 days	<input checked="" type="checkbox"/> Up to 45 days	<input checked="" type="checkbox"/> Up to 180 days
Identity theft	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/> Up to \$5,000
Theft of financial cards	<input checked="" type="checkbox"/> Up to \$1,000	<input checked="" type="checkbox"/> Up to \$2,500	<input checked="" type="checkbox"/> Up to \$5,000
Contents of invited guests	<input checked="" type="checkbox"/> Up to \$500, 30 days	<input checked="" type="checkbox"/> Up to \$2,000, 30 days	<input checked="" type="checkbox"/> Up to \$5,000
Denial of access	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/> Up to 60 days	<input checked="" type="checkbox"/> Up to 90 days
Tax audit	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/> Up to \$3,000	<input checked="" type="checkbox"/> Up to \$5,000
Security attendance fees	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/> Up to \$1,250	<input checked="" type="checkbox"/> Up to \$2,500
Fire brigade attendance fees	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/> Up to \$500	<input checked="" type="checkbox"/> Up to \$2,000