



WHAT?

What is insurance and what do I get for my money?



WHY?

Why should I insure my belongings?



WHEN?

When the worst happens?



WHERE?

Where are some of the dangers and am I covered?

WHAT YOU NEED TO KNOW ABOUT INSURANCE

WOULD HAVE.
COULD HAVE.
SHOULD HAVE.

WHAT?



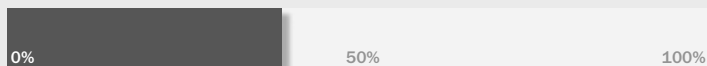
What is insurance
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CONTENTS INSURANCE

61% of renters have contents insurance

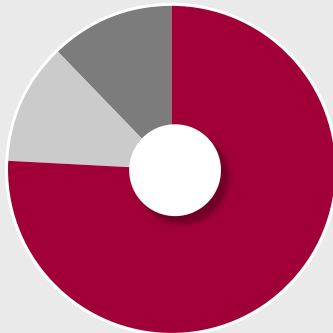


39% of renters don't have contents insurance



COMPREHENSIVE CAR INSURANCE

- 76% have all cars comprehensively insured
- 12% don't have any cars they own comprehensively insured
- 12% have one/some cars comprehensively insured

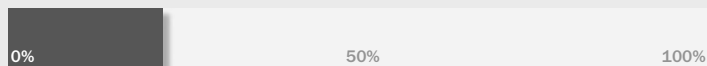


INCIDENCE OF PEOPLE INFORMING THEIR INSURANCE COMPANY OF NEW, LARGE PURCHASES

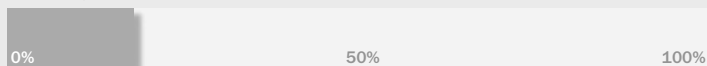
60% Never inform of new, large purchases



22% sometimes inform



18% always inform



IT'S ALL ABOUT RISK

When you buy an insurance policy, you're buying a promise – for example if you suffer damage to property that is covered by the policy, that damage will be put right.

In other words, you're hedging against the risk of something going wrong.

But NRMA Insurance figures indicate that when the risk becomes reality, some consumers are left without the safety net insurance provides, particularly when it comes to home contents.

An NRMA Insurance survey has revealed that nearly one in five people may have inadequate contents cover – 60 per cent of people never inform their insurance company of a new, large purchase, while 22 per cent only sometimes inform the insurance company. This means up to 60 per cent could be underinsured.

The picture is even more worrying when it comes to those who have no insurance. Thirty-nine per cent of those who rent have no contents insurance, a figure which drops to 9 per cent among owners.

And the problem extends to the road. Twenty-four per cent of car owners are not fully insured for all of their cars. The research showed 12 per cent of car owners don't have comprehensive insurance for any vehicle they own, and when consideration is given to respondents who own two cars or more, a further 12 per cent revealed not all of their vehicles were comprehensively insured.

To register your car in NSW, you must have Compulsory Third Party (CTP) Insurance. CTP Insurance provides compensation for death or injury to other people as a result of a motor vehicle accident where you are at fault.

Despite the prevalence of this type of insurance, figures show there is a general lack of understanding of what it covers. While 32 per cent of people surveyed said they had a good understanding of what CTP Insurance covers, around a quarter of people who said they had a reasonably good understanding of CTP believe they would be covered for any damage to a car they hit in an accident (this is actually covered by third party property damage insurance or comprehensive car insurance).

WHY DOES MY PREMIUM COST WHAT IT DOES?

One of the core roles of an insurance company is to price risk. At NRMA Insurance, where possible, we take into account information relating to individuals and price insurance on the segment they represent. This helps us better reflect the underlying risk in a policyholder's premium.

Premiums are calculated on a number of factors resulting in different premiums for each customer. For example, even if burglary rates in your suburb rise, your premium may fall because you've upgraded your security by installing an alarm.

HOW IS MY PREMIUM CALCULATED?

An insurer may use a number of factors to calculate your individual level of risk including:

Home:

- Age of insured
- Sum insured
- Location
- Level of home security
- Construction of home
- Age of home
- Renter or owner occupier

Motor:

- The age of the drivers
- Their claims history
- The vehicle make and model
- Area garaged
- Whether the vehicle is for business or private use
- Finance
- Gender

Other factors which contribute to the cost of insurance premiums:

- Levies, such as the NSW Fire Services Levy, which adds approximately 14 per cent to the cost of every home insurance policy;
- State and Federal taxes eg Stamp Duty and GST;
- Insurance fraud, which adds an estimated \$73 to the cost of each insurance policy.*

WHY?



Why should I insure my belongings?

BUT WHAT COULD POSSIBLY GO WRONG?

ON THE ROAD

Collision is by far the highest risk. This is followed by damage while parked – for example, the dent which appears in your door between the time you leave your car and the time that you return to it. The third most common type of claim is for cars stolen or those which have had something stolen from the vehicle (for example, stereos, wheels or other parts). This is followed by hail and storm damage.

Because collision is the most common form of motor claim, as part of NRMA Insurance's regular research we look at the causes of collisions, and how to most effectively and safely repair your car after it's been in a crash.

Each year, we conduct low speed crash tests, and provide technical assistance to car manufacturers which can assist them in improving vehicle design, keeping the cost of collision repairs affordable for all Australians.

We also use our research capabilities to ensure we understand the causes of collisions. These can include:

- Road design – each year, NRMA Insurance uses its claims data to identify the top 101 crash sites in NSW. The 2003 data reveals the top five as:

NSW TOP 101 CRASH SITES 2003				
RANK	STREET	CROSS	SUBURB	NO. OF INCIDENTS
1	Parramatta Road	Church St M4 Woodville Road	Parramatta	107
2	Epping Road	Lane Cove Rd	North Ryde	98
3	Hume Hwy	Woodville Road Henry Lawson Dr	Lansdowne	94
4	Cumberland Hwy	Old Windsor Road	Wentworthville	89
5	M4	Silverwater Road	Silverwater	79

We use this information to influence safer road design. For example, since traffic lights were installed at the once notorious Miranda Five Ways roundabout site in NSW, we have seen the number of crashes reduced from 260 a year to only a couple of collisions a month.

- Driver distraction – we recently conducted research to highlight the potential safety risks children can cause to drivers. The research found three out of five motorists admit they have taken their eyes off the road to deal with disciplining children.
- Weather – each year we highlight the dangers that develop on the road due to weather events. For example after heavy rain potholes can quickly become dangerous craters in the road. Our most recent claims data has shown the average pot hole related claim is around \$5,300.
- Other factors also come into play. For example, lack of familiarity with a new car (one in three collisions involving a new car occurs within the first 90 days of the owner purchasing the vehicle); animal collisions (kangaroo claims dominate animal collisions, with the average claims cost of around \$2,500); and even the day of the week (Friday is the worst day of the week for car crashes due to people unwinding).

IN THE HOME

The most common type of claim (based on frequency) received by NRMA Insurance is for damage as a result of storm, followed by burglary. Other less frequent types of claims include water damage (for example, from an overflowing bath or dishwasher), glass breakage and fire.

Storm damage to roofs often results in internal building and contents damage. NRMA Insurance recently conducted a hail test, firing simulated hailstones at different types of roofing material. Our test showed older terracotta tiles cracked more easily with smaller hailstones, while new terracotta tiles were only damaged by larger hailstones.

Though you can't prevent a weather-related incident, there's a lot you can do to help prevent your home being damaged by storm for example keeping your roof maintained and water tight.

While summer brings the risk of bush fires, home fires are 9 times more likely to occur. In the past five years, 35,000 homes have been damaged or destroyed by home fire, compared with 4,000 damaged or destroyed by bush fire.

To help protect yourself, you can:

- Check all cords on electrical appliances – if they are frayed or damaged in any way, don't use them
- Keep portable heaters clear of curtains, clothes, bedding and tablecloths
- Do not deadlock from the inside when you are home in case you need to escape in a hurry
- When cooking, stoves should be attended at all times
- Install a smoke alarm that can be heard from all rooms
- Keep a fire extinguisher and fire blanket near the kitchen exit
- Keep flues and chimneys clean and place a fire screen around open fire places

TOP FIVE CAR CLAIMS*

1. Collision
2. Damaged while parked
3. Windscreen
4. Stolen or had something stolen from them
5. Storm damage

TOP FIVE HOME CLAIMS*

1. Storm
2. Burglary
3. Water damage
4. Glass breakage
5. Fire Damage

WHEN?



When the worst happens?

WHEN THE WORST HAPPENS

Insurance isn't at the forefront of most peoples' minds as they go about their lives. In fact, many people may only think about insurance once a year – when their policy comes up for renewal.

But for those unfortunate enough to have to make a claim, insurance assumes tremendous importance.

Overall, 62 per cent of people surveyed have made a claim on one of their insurance policies at some time.

While the monetary cost of property damage can obviously be significant, there is also a non-financial cost associated with having your home, car or possessions lost, stolen, damaged or destroyed.

Seventy-six per cent of people reported moderate to high stress after experiencing damage to their home, while 65 per cent felt moderate to high levels of stress after suffering damage or theft of their car.

It's here that insurance can really deliver on its promise.

Paying a valid claim is part of a larger responsibility insurers have to their customers. An insurance policy should not only provide financial compensation for a loss. Insurers like NRMA Insurance can help their customers at a time when those customers have enough to worry about.

Depending on the circumstances and policy terms, insurers may be able to help with:

- Selecting a repairer who has been rigorously assessed on the quality of their workmanship, and on the customer service they provide;
- Sourcing a replacement car if your car is a total loss;
- Arranging and paying for temporary accommodation if your home is made unlivable by an insured event;
- Finding, buying and delivering replacement appliances, jewellery and other items, from a network of preferred suppliers; and
- Access to counselling services following an accident.

MAKING A CLAIM

62% of people surveyed have made a claim on one of their insurance policies at some time

38% of people surveyed haven't made a claim on one of their insurance policies at some time



THOSE MORE LIKELY TO INDICATE HIGHER LEVELS OF STRESS DUE TO AN EVENT IN THE HOME

35-54 YEAR OLDS

NOT MARRIED

RENTING

FEMALES

THOSE WITHOUT INSURANCE

NRMA INSURANCE IS HERE TO HELP.

ONE OF THE WAYS WE HELP IS VIA OUR NRMA INSURANCE HELPLINE (132 900)* WHICH INCLUDES:

- 24 hour advice and referral service to all policyholders (other than CTP and Travel policyholders)
- Advice and emergency assistance over the phone
- Help with things such as:
 - Transport home
 - Travel advice and directions

*Please refer to policy booklets for details.

WHERE?

Where are some of the dangers and am I covered?



THE DANGERS OF UNDERINSURANCE

Sadly, some people only discover they are underinsured when they have to make a claim.

Research shows 83 per cent of those holding insurance policies have a high to moderate level of confidence in their current level of insurance being sufficient.

Of those people insured NRMA Insurance research shows that fewer than 18 per cent of people may be fully covered for everything they own. Sixty per cent of people never inform their insurance company when they've made a new, large purchase for their home, while a further 22 per cent only sometimes inform their insurance company.

Many policy books may also be gathering dust in drawers or filing cabinets. One in five people say they never check whether their cover is adequate, while 64 per cent only check when their policy is due for renewal.

When renewed policy details arrive, they often join the policy book in the drawer. In fact 52 per cent of people say they either don't check their renewed policy details at all or skim over the most important points. And 16 per cent sometimes read the renewed policy details, while 32 per cent always read them.

Inadequate insurance is particularly an issue when it comes to home and contents. While the sum insured for home and contents insurance may be adjusted, it can't always keep pace with the changes householders make to their home, or new purchases, unless the householder informs the insurer.

Over-insurance can also be a problem. Your insurance will replace your contents or rebuild your home, but it won't give you a larger home or more items, even if the premium you've been paying is too much. In the event of a home claim where a customer is over-insured, NRMA Insurance will refund the difference in premium, however you need to make a claim for this to occur. So, it's in your interest to make sure you're paying the right amount of premium – not too much, not too little.

THERE ARE SOME ACTIONS YOU CAN TAKE TO HELP MAKE SURE YOUR LEVEL OF COVER IS ADEQUATE:

HOME BUILDINGS

Before taking the below into account be aware that home buildings insurance doesn't include the value of the land. The sum insured is also not the market price but the rebuilding cost at today's prices.

- Make sure you've taken the cost of architects, surveyors and debris clearing into account
- Building on a sloping site, or a site with difficult access, can be costly – ensure you look into these costs if you live on a site like this
- Don't forget luxury fittings such as marble bench tops or gold taps
- Factor in external structures such as sheds, granny flats or freestanding garages and fences

Visit www.nrma.com.au for a home buildings calculator.

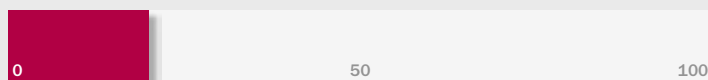
HOME CONTENTS

When looking at home contents insurance, calculate how much it would cost to replace all your contents new today.

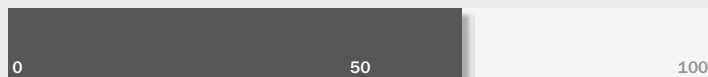
- Review your sum insured when you make a large purchase
- Don't simply look at large furniture and appliances – commonly overlooked contents include crockery and cutlery, manchester, books and CDs and clothing and footwear
- Consider additional cover for items such as jewellery

Visit www.nrma.com.au for a home contents calculator.

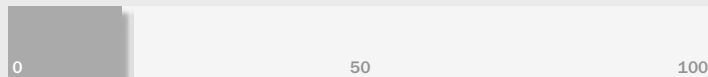
CHECKING COVER



20% Never really get the chance to check whether the cover is still adequate

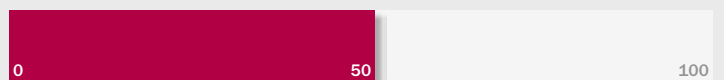


64% Check cover mainly when policy is due for renewal

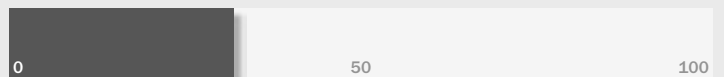


16% check it a number of times throughout the insurance period

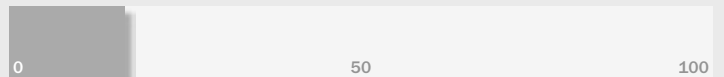
READING THE POLICY DETAILS



52% of people either skim over the most important points or never read the renewed details



32% always read renewal policy details



16% sometimes read renewal policy details