

High Insurance Premiums or Cover Refused

This fact sheet is for information only. You should get professional advice about your personal situation.

Main ideas

• Insurance companies can decide whether or not they offer you insurance, and how much they charge.

• Insurance premiums often increase every year.

• You can shop around to get the best deal on insurance.

In this fact sheet:

[Insurers can insure who they want and charge what they want](#)

[Premiums usually change every year](#)

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• If you are having trouble getting insurance

• To get the best insurance deal

Insurers can insure who they want and charge what they want

As a business, an insurance company can generally decide who they are willing to insure and charge whatever they want to cover your risk. You are free to accept their price or go to a different company.

You can only challenge the insurer's decision in limited circumstances, such as:

1. **Breach of specific legislation**, such as anti-discrimination laws. But these laws often allow insurers to discriminate if, for example, they can show you are at higher risk using actuarial or statistical data. For example, if the insurer has data to show your mental health condition puts you at higher risk of a claim, a reasonable response to that risk might be higher premiums. Or possibly an exclusion clause specific to claims arising

from your condition. But a complete refusal of cover would be harder for the insurer to justify. It would depend on your situation and what the insurer's data says about the level of risk.

2. **Breach of contract.** Most policies do not allow the insurer to change premiums during the duration of the policy (usually yearly). A small number of policies protect against premium increases, or guarantee the policy can be renewed.
3. **Misleading or deceptive conduct or advertising when you first took out the policy.** This is a complex area, so get legal advice. The insurer is unlikely to be forced into offering lower premiums long term.

Premiums usually change every year

Most general insurance policies (such as home and contents, car and pet insurance) have a set period of cover (usually a year). You don't get a refund of your premium just because you didn't claim on the insurance during the year.

Once the period expires, your insurer can choose whether or not to offer to renew your policy, and they decide the terms (and premium) they offer. They tell you about changes by sending you a renewal notice and updated policy documents (if it is updated).

Read your renewal documents very carefully. The insurer may change part of your contract. For example, they may change the agreed values or change your excess.

If you want to renew your insurance, you must comply with your 'Duty of Disclosure'. Check the questions and answers listed in your renewal notice to make sure those details are still correct. Insurers may refuse to pay a claim if you don't tell them about changes, and if they had known about the changes they would not have covered you. [Read our fact sheets about Car Insurance Claim refused](#) and [Home or Contents Insurance Claim refused](#).

Premiums often increase each year. It may be because:

1. the risk of you making a claim is higher for example, as the insured (you or your pet) gets older
2. the cost of paying your claim may increase, for example, your sum insured has increased
3. changes to government taxes
4. the cost of claims paid to other customers has increased and is expected to continue increasing
5. your claims history shows your risk has changed
6. the insurer is using updated data to calculate premiums
7. any other factor the insurer believes is relevant to their risk.

You can object to an insurer's decision

You can ask the insurer (in writing) for their reasons, if the insurer:

1. refuses to insure you
2. refuses to renew your policy
3. offers insurance cover to you on terms that are worse than it offers to others (for example, increases your premium more than other customers's premiums).

If you think your insurer is wrong, you can try negotiating. If you have information that reduces the insurer's risk, the insurer may reassess your premiums (for instance, if your house is in a flood area but is on stilts or on the top of the hill).

If you cannot resolve the issue directly with your insurer, [complain to the Australian Financial Complaints Authority \(AFCA\) through their website](#) (or call: 1800 931 678). Complaining to AFCA is free, but there are limits to what AFCA can consider. AFCA can only investigate complaints related to:

1. **Misrepresentation.** For example, if you were misled about how much premiums could rise over the term of your funeral insurance product. [Read more in our fact sheet about Funeral Insurance.](#)
2. **Non-disclosure.** For example, whether the insurer has correctly adjusted your premium once they become aware of additional risk factors you should have disclosed earlier. [Read our fact sheets about Car Insurance Claim refused](#) and [Home or Contents Insurance Claim refused.](#)
3. **Incorrect application or calculation of the fee, premium, charge or interest rate** based on scales or practices generally used by that insurer or agreed with you. For example, if the insurer has calculated your premium based on you having made 3 claims over the last 5 years, but you have only made 2.
4. **A breach of any legal obligation or duty**, such as anti-discrimination laws.

Time limits apply for lodging a complaint with AFCA. Don't delay and get legal advice if you have any concerns. [Read our fact sheet about Insurance Complaints to AFCA for more information.](#)

Shop around

There are many insurers in the market. Sometimes the easiest option is to go with another insurer.

If you are having trouble getting insurance

Consider:

1. **Some insurers are cheaper because they only accept ‘low risk’ customers.** If you are refused insurance, it can make it more difficult for you to apply for insurance elsewhere. This is because some insurers will ask whether you have been refused insurance, or refused renewal. Read the information about the duty of disclosure in our [fact sheets about Car Insurance Claim refused](#) and [Home or Contents Insurance Claim refused](#).
Consider phoning insurers anonymously to discuss how likely it is they will insure you, before you apply for cover.
2. **Consider using an insurance broker** who is experienced in the type of insurance you are after. They can recommend insurers more likely to accept your application. Be careful about brokers’ fees and commissions, and check the insurer has the correct information about your situation.
3. **Not having insurance can be a breach of loan agreements.** For example, if you have a mortgage or car loan, a condition will be that your home or car must be insured. Get advice immediately by ringing the National Debt Helpline on 1800 007 007.
4. **Some people will not be able to get insurance.** For example, if you have a history of insurance fraud or other dishonesty offences, this can be a major barrier. If you cannot get insurance, consider putting some money aside regularly into a savings account, in case you have a car accident or your pet needs medical treatment. You can also talk to a free financial counsellor by ringing the National Debt Helpline on 1800 007 007 to look at other financial options.

To get the best insurance deal

Before you change to a new insurer, consider:

1. Some insurers will give you a loyalty discount on your premiums if you stay with them. Ring and ask if they can reduce your premium.
2. Cheaper policies can mean less cover and less benefits. Read the policy documents carefully – cover varies significantly between policies.
3. You may lose benefits that you’ve accumulated over time.
4. If you change insurer, you may lose cover for pre-existing conditions – this can include conditions that have not been diagnosed or investigated yet, depending on the wording of the policy.
5. There may be a waiting period before you can claim.
6. You have a duty of disclosure to answer questions the insurer asks you in the application process. [Read our fact sheets about Car Insurance Claim refused](#) and [Home or Contents Insurance Claim refused](#).
7. If you already have a claim underway, it can be simpler to stay with your existing insurer until that claim is finished. If you change insurers, and need to claim with the new insurer, you may be juggling two claims with two different insurers and there may be a dispute about which insurer is responsible for what damage. You would normally also need to tell your new insurer about any existing damage, as part of your duty of disclosure, and see if they are willing to insure you.

Need more help?

[For a list of other resources, visit our Useful Links page.](#)

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