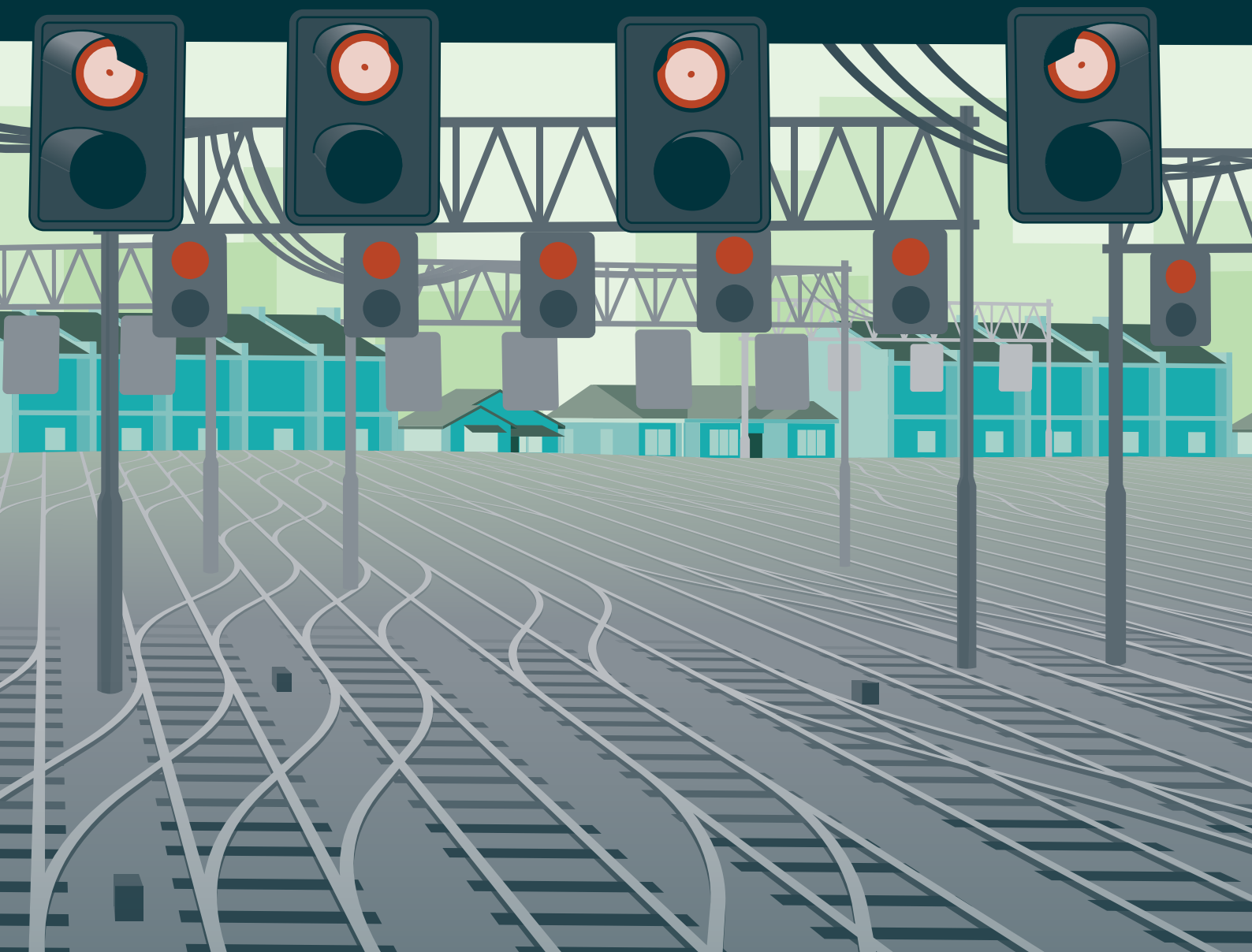


Signal Failures

What are insurers telling us with their pricing?



September 2026

“I think price transparency for me in insurance is really important because it can link to these resilience issues at a household level, and price transparency can facilitate price signals, helping people understand ways in which they can build more resilience at household level, but it can also lead to more efficient and fair prices when people have undertaken mitigation.

Assistant Treasurer Daniel Mulino, Keynote speech at AFR Insurance Summit, July 2026”

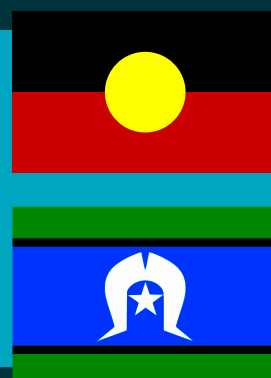
Use of AI tools

This Report reflects the analysis and views of the Financial Rights Legal Centre and CHOICE. Insights and analysis are based on primary research as well as casework stories and consumer survey responses. It also draws on insights generated over years of advocacy for insurance premium transparency. AI tools were used by Financial Rights to assist with some generic research into insurance pricing regulation and to locate some useful citations. All analysis, interpretations and conclusions were developed by Financial Rights and CHOICE and have been reviewed by subject-matter experts.

Contact info@financialrights.org.au

Statement of Recognition

We acknowledge the Traditional Custodians of the lands and waters throughout Australia. We pay our respect to Elders, past, present and future, acknowledging their continuing relationship to land, waters and the ongoing living cultures of Australian and Torres Strait Islander Peoples across Australia.





The Financial Rights Legal Centre is a specialist legal centre providing free financial counselling, legal advice and representation to anyone suffering financial stress, particularly in the areas of consumer credit, banking, debt, recovery and insurance.

We focus on assisting low-income, marginalised or disadvantaged consumers who need help to solve complex problems and gain greater financial freedom. We also use our experience helping individuals to argue for improved consumer protection laws and a fairer financial services marketplace.



With more than 60 years of history and a community of over 400,000 people, Choice is Australia's largest and longest-running consumer organisation.

Choice played an important role in the drafting of the Trade Practices Act, and later campaigned for the introduction of the Australian Consumer Law.

We are a nonprofit company, limited by guarantee. We operate under a constitution, with an independent board responsible for our governance.



Ecstra Foundation is committed to a future where people can achieve their best financial wellbeing

We invest in partnerships, programs and people to provide effective financial education at key life stages and to improve community financial capability and wellbeing. We also support a range of consumer organisations working to address the many structural barriers to greater financial inclusion and economic security.



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Recommendations

Recommendation 1

The Government should introduce an amendment to the Insurance Contracts Act 1988 requiring insurers to provide to consumers:

- information that identifies the factors that contributed to:
 - the premium being offered; and
 - any increase or decrease to the premium being offered
- information about the relative weighting of those factors in determining the premium and any increase or decrease
- information about mitigation measures that consumers could take and how these may be reflected in future premiums.

Recommendation 2

Home insurance renewal notices should provide last year's premium alongside the current year's premium, and a descriptive analysis of why there has been a change if it is material.

Recommendation 3

The Government and general insurance industry should work with consumer groups and the Resilient Building Council to expand the RBC's resilience rating system in order to provide advice on the mitigation measures households can take to improve resilience on their properties.

Recommendation 4

Insurers should consider relevant property-level mitigation measures in any new or renewing insurance policy and demonstrate how those measures have been reasonably reflected in the proposed premium.

Recommendation 5

The Federal Government should fund a voluntary national rollout of the RBC's Multi-hazard Disaster Resilience Ratings, including publicly funded free home assessments

Recommendation 6

The government should establish a permanent national general insurance pricing monitor, either by expanding the ACCC's remit or creating a standalone body. The body should collect pricing information from insurers, publish aggregated data and research on trends, and take complaints from consumers where insurance pricing decisions are unfair, inadequately explained or do not reflect verified mitigation measures.

Executive summary

Home insurance premiums have risen by more than 50% on average over the past five years.¹ Consumers calling the Financial Rights Legal Centre are anxious and increasingly want to understand why their premiums are rising and what they can do about it. CHOICE's most recent national Consumer Pulse Survey showed that 77% of Australians are concerned about the price of home insurance, up from 52% in September 2020. 40% say it is difficult to find a home insurance product that suits them.²

Home insurance pricing remains largely opaque. Consumers are often given a price without a definitive explanation of what insurers take into account when calculating it.

This research by Financial Rights and CHOICE examines the growing gap between the information insurers hold and what they tell their customers. It explains why greater pricing transparency matters for consumer trust, competition and household resilience. It identifies a missed opportunity: greater transparency could help households identify risks they can reduce, make informed decisions about renovations and upgrades, and also understand whether those investments will be recognised in their premium.

Concerns about insurance pricing transparency are shared by policymakers, with both House of Representatives and Senate inquiries in 2024 recommending stronger disclosure requirements for insurers.³ The inquiries called for insurers to clearly explain the factors driving premiums and price changes, including how property-level mitigation, resilience, and disaster risk

reduction measures have been taken into account and reflected in policy pricing.

When a consumer can access a discount through a promotion, policy bundling, or threatening to leave their insurer, but not through good-faith risk mitigation works, something has gone badly wrong.

The report also finds that existing consumer protections are not delivering transparency. Insurers have obligations under the Insurance Contracts Act 1984, the Corporations Act 2001, the Privacy Act 1988 and the General Insurance Code of Practice. However, insurers retain broad freedom to set premiums and can withhold detailed pricing information on the basis that it is commercially sensitive. Consumers also have limited avenues to challenge premium levels through AFCA and the courts.

Financial Rights undertook a review of 27 home insurance brands which found that none of their websites fully explained their approach to premium pricing, while only 11% of Product Disclosure Statements did. Most insurers fail to provide meaningful transparency about what drives premium pricing, leaving consumers unable to identify the factors that are actually affecting their costs. Although many brands suggest ways to lower premiums, these usually involve reducing policy benefits or increasing excesses, transferring risk to consumers rather than helping them make their homes safer.

In an analysis of 75 home insurance renewal notices, CHOICE found that premium increases were commonly between 10% and 20%, yet not one renewal notice explained

1. [Insurance Business 23 February 2026](#)

2. CHOICE Consumer Pulse Survey June 2026

3. [House of Reps Inquiry into insurers' responses to 2022 major floods claims \(October 2024\)](#) see Recommendations 23 76, 77, 78, and 79; [Senate Select Committee on the Impact of Climate Risk on Insurance Premiums and Availability](#) (November 2024): see Recommendation 2

why the individual customer's premium had increased. Finally, in a CHOICE survey of 831 consumers, 71% of those with home insurance said they did not understand why their premium had increased, and 73% felt the increase was unfair. Even when households formally escalated requests for more information, none received a tailored explanation of the risks or factors driving their premium.

It is little wonder then, that the last time CHOICE asked about trust, in March of this year, only 17% of those surveyed said they trusted home insurers, the lowest figure in 11 years. As stories captured in this report show, these numbers reflect the experience of Financial Rights answering calls from people trying to understand their rights under an insurance contract.

This report finds that Australia needs a more transparent and accountable approach to home insurance pricing. Financial Rights has been calling for these changes for over a decade and the time has come for genuine reform. Consumers should be able to

understand what is driving the price they are charged, why it has changed and what they can do to reduce their risk.

Greater transparency and accountability is in everyone's interests. It would help make premiums a more accurate risk signal, give consumers greater incentive to reduce risk, and rebuild trust in the home insurance market.



Introduction

The context

Home insurance pricing in Australia should be more transparent. Financial Rights and CHOICE have increasingly been contacted by people who want to know why their home insurance costs have increased. As home insurance costs rise, community expectations around pricing explanations are sharpening.

Home insurance premiums have risen, on average, over 50% in five years according to the data analytics firm, Finity.⁴ This increase is even greater for households in regional and high-risk areas.⁵ Australian households are facing a home insurance affordability crisis.

In the context of more severe extreme weather events and cost-of-living concerns, households are expressing frustration around the lack of information they can access explaining these price increases, and what makes up a premium in the first place. ASIC's financial services complaints dashboard reported receiving nearly 2 million insurance complaints in 2025. The number one reason for those complaints (over 30%) was premiums.⁶ During 2024, over 45% of the 1.8 million complaints received were about premiums. This industry-wide complaints data reflects the same trend of frustrated consumer contacts being received by Financial Rights and CHOICE.

The problem is that general insurance pricing is opaque and hidden from view.

Without useful and tailored information,

homeowners cannot understand what is driving their premium or what they can do to reduce their risk and insurance costs. Transparent risk signalling is essential to a well-functioning insurance market that seeks to maintain customer trust, reduce household risk, and encourage socially beneficial outcomes, such as preventing the development of new homes in high-risk areas.

Households are not the only ones recognising this problem. Members of Australia's Federal Government have recommended greater transparency in general insurance pricing. In 2024, the House of Representatives' *Flood failure to future fairness* report recommended that the Australian Government investigate mechanisms to require insurers to clearly explain what is driving a consumer's premium and any material change in price.⁷ The report also recommended that insurers be required to consider relevant property-level mitigation measures in any new or renewing insurance policy, and to demonstrate how those measures have been reasonably reflected in the proposed premium.

Also in 2024, a Senate inquiry report recommended that insurers should provide policyholders with a sufficient breakdown and explanation of insurance premium costs, including details of price changes in response to resilience and disaster

4. [Insurance Business 23 February 2026](#); [Finity News and Insights, 14 August 2023](#)

5. By 'high-risk areas' we mean geographic locations exposed to severe, frequent natural hazards, such as floods, cyclones, and bushfires, where insurance coverage becomes expensive or difficult to secure.

6. [ASIC IDR data dashboard](#)

7. [House of Reps Inquiry into insurers' responses to 2022 major floods claims \(October 2024\)](#) see

Recommendations 23 76, 77, 78, and 79

mitigation measures undertaken by the policyholder.⁸

Even more recently, at the AFR Insurance Summit in July 2026, the Assistant Treasurer Daniel Mulino told a room of insurance professionals that: *“price transparency is critical for consumers to understand both price levels, I believe, but also price changes.... I think at the moment there’s a growing expectation among consumers that there be a breakdown in the key drivers of both price levels and price changes.”*⁹

Leaders in the general insurance industry have now started to acknowledge the shift in customer expectations. IAG’s CEO Nick Hawkins acknowledged this at the AFR Insurance Summit in June 2026: *“I think the more industry can do around pricing transparency, the better.”*

Without information about what risks are being factored into their premiums, households have no ability to reduce those risks or invest in upgrades which will make their homes more resilient to extreme weather events. With the right information, some households would also decide to sell their home if they don’t have the capacity to upgrade their home or absorb increasing insurance costs. Non-transparent insurance pricing impacts consumer understanding and trust in insurance, which is critical to its market success. This asymmetry of information impacts the safety of households and the broader community since known and emerging risks are not being shared with those who need that information the most.

Consumer trust in insurers is at an 11-year low

CHOICE’s most recent Consumer Pulse Survey showed that 77% of Australians are concerned about the price of home insurance, up from 52% in September 2020. 40% of consumers say it is difficult to find a home insurance product that suits them, and 30% consider it unlikely they’ll find a better product to suit their needs.¹⁰

The last time CHOICE asked about trust, in March of this year, only 17% of those surveyed said they trusted home insurers, the lowest figure in 11 years.¹¹ Trust necessarily relies on a fair and open exchange of information. But the primary thing that insurers are communicating to their customers is price increases.

It is hard enough to deal with spiralling premiums, but it is harder still when consumers aren’t clear what is behind those increases. The enormous information asymmetry between home insurers and their customers necessarily creates an imbalance in market power.

Greater price transparency will lead to better consumer outcomes.

Insurance premiums are a price signal for household risk. Insurers have a lot of information about the risks our homes are facing, and that information is presumably reflected in the premium we are asked to pay each year.

Unfortunately granular pricing models and AI capabilities appear to be driving insurers more towards data-driven pricing

8. [Senate Select Committee on the Impact of Climate Risk on Insurance Premiums and Availability](#) (November 2024): see Recommendation 2

9. Assistant Treasurer Daniel Mulino, [Keynote speech at AFR Insurance Summit, July 2026](#)

10. CHOICE Consumer Pulse June 2026. 1,006 Australian households responded to the survey.

11. CHOICE Consumer Pulse March 2026. 1,096 Australian households responded to the survey.

models that emphasise customisation and profitability over traditional considerations.¹² In the context of insurance, an industry built on risk pooling and financial protection, opaque pricing including behaviour-based pricing practices, like price optimisation or price discrimination, raises important questions about their impact on consumer outcomes, particularly on trust and fairness.

General insurers have been able to maintain opaque pricing practices by labelling any information about households that they hold or collect as commercially sensitive, but consumer expectations have shifted and the information asymmetry between insurers and households is hurting the fair and efficient functioning of Australia's general insurance market. Households want and need more tailored information about their premiums so that they can reduce the risks they face and so that home insurance remains accessible.

The consumer insurance market is different from other consumer goods and services and these reasons should shape the economic and ethical considerations surrounding pricing practices.

- **Consumer trust is key:** Consumer understanding and trust in insurance is critical to its market success.
- **Products are not very comparable:** Comparability of products in general insurance is difficult, and non-transparent pricing amplifies this problem, making the market less competitive.
- **Private mitigation must be incentivised:** When the pricing decisions are clearer, consumers are more likely to actively engage with their insurance products and take steps to manage their risks.
- **Widespread effectiveness of adaptation must be measured:** Insurance pricing transparency will help measure the impact of adaptation by creating financial incentives for resilience-building actions.
- **As an essential service, pricing must be fair:** Transparent pricing will encourage insurers to act with discipline and encourage fairer and more equitable market behaviour.

When all these factors are considered together, it becomes clear that greater transparency and accountability is in everyone's interests: consumers, industry, and the Government. It would help make premiums a more accurate risk signal, give consumers greater incentive to reduce risk, and rebuild trust in the home insurance market.



12. [Actuaries Institute, The Price of Loyalty, 30 June 2025](#)

The approach

Financial Rights Legal Centre and CHOICE bring valuable coalface information about consumer expectations and frustrations when it comes to home insurance. We are both independent not-for-profit organisations that advocate for fairer outcomes for Australian consumers.

This report investigates Australia's changing community expectations when it comes to home insurance pricing transparency. We aim to identify the key issues faced by consumers when confronted with their home insurance premium and the reasons why premium transparency is important to households. We will look at what general insurers are required to tell their customers about home insurance pricing, and what information they do provide to customers in public information and at renewal time.

Our investigation looked at what insurers tell consumers about their pricing decisions at three key points: through publicly available information, in renewal notices, and when consumers directly ask their insurer for an explanation. We undertook four specific research tasks:

- A desktop analysis of 27 insurer's websites and publicly available product disclosure statements.
- A review of a sample of 75 home insurance renewal notices to assess the pricing information provided directly to existing customers.
- A home insurance survey of CHOICE supporters with 831 respondents, 278 of whom called their insurer to ask for a pricing explanation.
- A review of the written responses from 5 insurers responding to formal IDR complaints about premium increases.

This report is broken down into the following four sections:

- Section 1 outlines the **problems we hear**.
- Section 2 provides our **research findings**: What are insurers telling consumers about their premiums?
- Section 3 outlines the **current state of the law**: What are insurers currently required to tell their customers?
- Section 4 details the **key recommendations** that arise out of this research.

This report is centred on home building and contents insurance. Similar issues arise in other forms of insurance including motor vehicles.¹³

Consumer quotations have been taken directly from the home insurance survey CHOICE contributed to this research (names have been changed). Longer case studies are de-identified client stories from Financial Rights' Insurance Law Service.

CHOICE Consumer Pulse Surveys are an online tool designed and analysed by CHOICE. Australian households respond to the survey with quotas applied to ensure coverage across all age groups, genders and locations in each state and territory across metropolitan and regional areas. The data is weighted to ensure it is representative of the Australian population based on the 2021 ABS Census data.

13. [ASIC Report 838, Road testing transparency in car insurance premiums, 11 August 2026](#)

1 The problems we hear

"Even if you contact the current insurer, they will do nothing to help, as to get to the last year's premium amount all they offer is to raise the excess amount, so insurance only becomes viable if the residence is a total demolition. Insurers also over inflate the home value by as much as \$150,000 (e.g. actual rebuild cost of this property \$485,000 insurance value \$652,700) and your premium increases by \$210 go figure. They are nothing but THIEVES." - Peter

CHOICE, Home Insurance Survey, 2026

General insurers are not meeting community expectations when it comes to pricing transparency. When the cost of insuring their home jumps unexpectedly, households are understandably anxious and frustrated. When there is no explanation as to why the cost has increased it is impossible for households to know whether they are being charged a fair price or whether there is anything they can do to reduce their insurance costs.

People are struggling with ongoing insurance affordability and they have no agency

"It is becoming difficult to afford the ever-rising costs that some friends have said that they aren't going to be covered because it is beyond their means." - Anthony

"It is incredibly overwhelming and confusing incredibly stressful almost unaffordable." - Jane

"Can no longer afford home insurance." - Terry

"The truth is that many people can't afford insurance on their homes anymore, because of these outrageous price hikes. Insurance in an age of climate emergency is a public good. It should not be left to private profiteering." - Holly

CHOICE, Home Insurance Survey, 2026

Jason's story

Jason is on a fixed disability pension income and is struggling with the cost of living. This year, his building insurance has increased by about 50% with no reason given on the renewal paperwork. Because of this, Jason tried to reduce the sum insured total for his home so he can afford the premiums, but his insurer will not allow him to knowingly underinsure. Jason has been with the same insurer for 30 years and has never made a claim on his policy. As far as Jason knows, nothing has changed with regards to the risks facing his home.

Financial Rights Legal Centre, Insurance Law Service, 2024

Home insurance affordability in Australia is deteriorating rapidly as climate-related hazards intensify and construction costs rise. Increasing premiums, reduced coverage and insurer withdrawal are already leaving many households underinsured or uninsured, significantly heightening financial vulnerability when disasters occur.¹⁴

Unfortunately, there is already evidence that many Australians are struggling to get sufficient insurance for their homes, either because it's too expensive or because policies exclude specific risks, like certain types of flood or fire.¹⁵ Homeowners like Jason are not given any information from their insurance companies on what steps they could take to prevent ongoing premium increases into the future.

In June 2026, the ACCC released the findings of a consumer survey which found that 9 in 10 households across Australia consider home insurance to be essential or at least very important. Regardless of the level of risk they are facing, around half of the households surveyed rated their home insurance as unaffordable or barely affordable.¹⁶

People are provided little to no information about what makes up a home insurance premium or what risks their property faces

"There is never a reason given for increases beyond a general statement. We live on a small acreage, and we are limited by the number of insurance companies who will insure our property. So, we just seem to have to accept what is offered." – Catherine

CHOICE, Home Insurance Survey, 2026

Financial Rights has been publicly advocating for greater premium transparency for over a decade. Nearly ten years ago, in a submission to the ACCC, we wrote:

*"Through the Insurance Law Service we have taken many calls over the years Many of those callers have had concerns about the increasing cost of home and contents insurance. Although it is clear that insurance premiums have been increasing, we have no information about changes to the key cost components over time. This is because there is little to no transparency from the insurance industry as to the component pricing of their overall premiums."*¹⁷

Financial Rights Legal Centre, Submission to ACCC, 2017

This statement is as true today as it was in 2017. Home insurance renewal notices and publicly available information on insurance websites might give generic answers about what factors are included in insurance price calculations, but it is almost impossible to get tailored information about the factors making up a single household's premium.

14. Settle, A., Paddam, S., Davis, J., Cotter, K., Piper, J., Mullen, V. and Davis, K. (2026) [Housing Resilience Action Plan 2030](#), Monash University.

15. Climate Council, Climate Valuation, "[At Our Front Door: Escalating Climate Risks For Aussie Homes](#)" April 2025, [SBS news article, 2 August 2026, The \\$30,000 cost Australian homeowners face](#)

16. [ACCC Insurance monitoring report 2026 | ACCC](#)

17. [Financial Rights Legal Centre submission to ACCC, 2017](#)

Frank's story

Three years ago Frank's home and contents premiums were \$1,200, but now they are over \$5,000. Frank's neighbour, who is with a different insurer, is only paying \$2,000. Frank has tried to shop around, but his insurer is still the cheapest. In fact, when he applies for a quote from his neighbour's insurer, the lowest option was over \$20,000.

When Frank challenged his insurer about premiums his insurer was very vague as to reasons for large increases. Frank's insurer alluded to flood mapping, but Frank has all the information and flood maps from local council saying his house is low risk. Frank tried to give this evidence to his insurer, but the insurer said it will not change anything.

Financial Rights Legal Centre, Insurance Law Service, 2025

People have limited ability to have mitigation or risk-reduction work reflected in their premium

If home insurance pricing is adjusted upward or downward based on the risks facing that household, then reducing those risks should reduce the insurance cost. Unfortunately, there is no clear way for homeowners that invest in reducing risk to their properties to have those investments reflected in their premiums.

While there have been some recent encouraging announcements by the insurance industry regarding recognising discounts for households that reduce their bushfire risk, these commitments have only been made by half of the Australian insurance industry, and they are limited to a single peril.¹⁸

The Insurance Council of Australia encourages households to undertake mitigation actions to reduce their risk, and they say that risk mitigation actions can be taken into account by insurers when setting premiums. "Where retrofitting and other mitigation actions reduce risk, this can result in lower premiums."¹⁹ Unfortunately, there is nothing that requires insurers to take even verifiable mitigation actions into account when determining a household's premium.

When working effectively, price signalling through insurance should affect risk mitigating actions from households. Pricing information for home insurance should signal to the consumer which risks can be controlled and mitigated. Research has shown that when the pricing decisions are clearer, consumers are more likely to actively engage with their insurance products and take steps to manage their risks.²⁰

Assistant Treasurer Daniel Mulino agrees. As he put it in 2026: *"This is not just about transparency and fairness and the relationship with the consumer. I believe it also links to these issues of resilience in that the more price transparency there is, I believe the market becomes better at sending signals to people about their particular risks and where there's the possibility of managing those risks, the ways in which there could be a mutually beneficial shift in investment on that level."*²¹

18. [Insurance Business, 2 July 2026, Half the home insurance market now prices bushfire mitigation](#)

19. [Insurance Council of Australia, Reduce your risk webpage, undated](#)

20. [Castlemaine Institute \(2025\) Whole of Home Resilience](#) - Learnings from the Whole of Home Resilience Pilot for households in Mount Alexander Shire. Castlemaine Institute.

21. Assistant Treasurer Daniel Mulino, [Keynote speech at AFR Insurance Summit, July 2026](#)

When customers understand that their actions, such as home improvements for resilience, can directly lower their premiums, they are more likely to invest in these measures.²² This leads to fewer claims and can ultimately reduce overall insurance costs and foster greater community resilience.

"This year I invested a significant amount into upgrading all the drainage around my home on the advice of a plumber. We have had a lot of big storms in the last 5 years, and I know water inundation from heavy rain has happened to my neighbours. But when I called my insurer to tell them about these upgrades, they were not interested. The person who took my call couldn't even understand why I was telling him." – Chloe

CHOICE, Home Insurance Survey, 2026

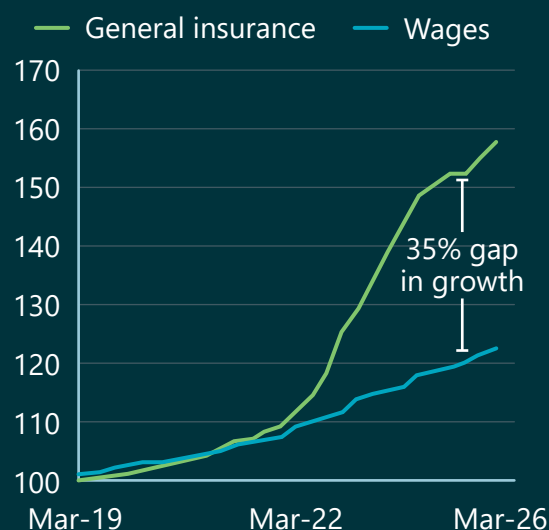
People are provided little to no information about why their premium has increased

Insurers will sometimes provide a generic statement about premium increases, but this is little comfort to households that are struggling to afford insurance or who don't agree they are in a high-risk area. **We surveyed 831 consumers as a part of the investigations for this report and 71% did not understand why their premium had increased.**

Home insurance premiums have been increasing above inflation and much faster than wages for years.²³ When a homeowner gets their insurance renewal notice, a price jump above inflation can cause anxiety and frustration. This is a point when people are highly engaged with their insurance contract, but even the most determined consumer will struggle to find any useful information about why their home's cost of insurance has changed.

Cost of general insurance

Index (March 2010 = 100)



General insurance costs have risen much faster than wages since 2022, widening the gap between insurance costs and household incomes.

Source: ABS

22. There is already evidence that households will invest in their own resilience in figures for household completion of recommended actions using the RBA's Bushfire Resilience Rating app. For details, see [the RBA's submission to the Productivity Commission's Inquiry into Investing in cheaper, cleaner energy and the net zero transformation \(submission 204\)](#).

23. [CheckRate, 20 July 2026, How much have insurance premiums increased in Australia?](#)

"There are never many explanations [for] increases. We just accept them because it is too difficult to find time to research it all!" - Vee

They never actually explained why [the insurer increases the premium]. I paid it this year but I will consider seriously about changing insurers on renewal next year." - Maxwell

"Did not give valid reason why such a big increase. Alluded to high claim level due to fires and floods. Reduced premium when I increased excess amount." – Christine

CHOICE, Home Insurance Survey, 2026

Mikey's story

Mikey's home and contents insurance has increased this year from about \$2,070 with a \$26 flood component to \$3,600 with a \$760 flood component. As far as Mikey knows, nothing has changed in the last year. His property has not been flood-affected and there is no increase in the likelihood of flood for his area. Mikey has not made any claims on his policy. He called to complain to his insurer, but they could not explain why his premium has increased so much.

He is confused and shocked by this premium increase and feels that he may have to change insurers as the premium amount is unaffordable for him.

Financial Rights Legal Centre, Insurance Law Service, 2024

Pricing transparency enables consumers to understand what they are paying for and to shop around, comparing different policies to find the best value. But switching providers can involve time, effort, and uncertainty. As a result, it is challenging to determine whether differences in premiums reflect genuine perceived value or are instead driven by limited information, time constraints, or financial literacy.

When challenged by the customer, general insurers will sometimes discount the premium they had quoted on renewal, giving the customer some satisfaction, but also arousing suspicion that the original price increase was unfair.²⁴



This points to a misaligned pricing signal.

Consumers are rewarded for threatening to leave, taking out a new policy, or actively negotiating, rather than for remaining loyal customers or reducing their insurance risk. This may discourage long-term customer retention and undermine confidence in the fairness and transparency of insurance pricing.

24. [ABC news, 22 June 2024, Inflation on services like insurance](#)

Belle's story

Belle's home building and farm insurance increased over 50% this year. She usually gets a month's notice but this year her renewal was only dated 14 days before her coverage expired, and she only received it through the post 7 days before she needed to renew. Belle complained to her insurance company about the large increase and asked for an explanation, but her insurer did not give her any specific information about her risk or her pricing, just gave her general information about why a premium might increase. Belle was also told that her insurer has already applied all possible discounts to her policy. She has been left with very little information and almost no time to shop around for other coverage.

Financial Rights Legal Centre, Insurance Law Service, 2025

Luc's story

Luc was faced with a large premium rise that he felt couldn't be explained by inflation in costs of materials, or reinsurance costs. Luc doesn't live in a high flood or fire risk area. When Luc contacted his insurer, he was told the price was a result of really complex calculations. Luc felt like he was just being told, "You wouldn't understand".

However, Luc has over a decade of experience working in insurance and he tried to explain to his insurer why he felt that the increase was unlikely to be justified by the usual factors (claims history, claims inflation, reinsurance costs etc). Luc's insurer just told him the information was commercially sensitive, and they would not tell him anything else. Luc tried to make a complaint to AFCA but was told the case fell outside of their jurisdiction.

Financial Rights Legal Centre, de-identified story shared with Policy team, 2025

In 2025, John Deex, Editor-in-chief at Insurance News, published an opinion piece about how his own home insurance premium unexpectedly doubled to \$5,496 despite having no claims history or apparent changes in risk. This was well above the average home premium in his state, and it indicated there must be some new risk facing his property. John queried the increase with his insurer, but they refused to give him a specific reason for the premium rise. Confused and frustrated by the insurer's vague explanations and lack of transparency, John complained to AFCA.

Although his complaint was ultimately unsuccessful, the process finally revealed that a reassessment of overland flood risk was the main driver of the increase. Deex argues that the real issue was not the outcome but the insurer's failure to clearly explain the reasons for the premium hike from the outset. He concludes that greater transparency around risk assessments and pricing would help consumers better understand their insurance costs, build trust in insurers, and potentially reduce unnecessary complaints to AFCA.²⁵



25. [Insurance News, 28 April 2025, I took my insurer to AFCA, and lost.](#)

One of the sources of John's frustration was that *"a number of insurer executives assured a recent Senate inquiry that, of course, when a customer asks why a premium has risen sharply, a full explanation is given."*²⁶ In September 2024, a Senate Select Committee looking into the Impact of Climate Risk on Insurance Premiums and Availability invited several major insurers to its public hearings.

Chief Executive Insurance for RACQ Ltd, Mr Trent Sayers told the Committee:

*"When they [members] engage with us, we have the ability to run them through the component parts and what has shifted year on year for them, why that is driving the premium and, similarly, what we can do to mitigate those increases. We typically find at that one-on-one engagement that we have the ability to get into a more detailed conversation about someone's individual risk address."*²⁷

Executive General Manager of Suncorp, Mr Tim Buckett told the Committee:

*"Our endless pursuit is how we make that more transparent to our customers," and "We continue to try to communicate to our customers what is in their premium and why it is changing. We need to do more of that."*²⁸

Executive General Manager of IAG, Ms Christa Marjoribanks told the Committee

*"We have been quite public with comments around inflation and other aspects of why prices have gone up in general commentary. When individual customers ring us, we also talk to them about their individual situations."*²⁹



26. Ibid.

27. Select Committee on the Impact of Climate Risk on Insurance Premiums and Availability, Suncorp & RACQ 11:00 9 August 2024 (pg 26 Hansard)

28. Ibid (pg 19 Hansard)

29. Ibid, IAG 1:40 20 September 2024 (pg 36 Hansard)

Policyholders have nowhere to go to complain

For people who are not satisfied with generic or vague explanations about why their insurance premium has increased, even after calling their insurer directly, the next step would be to raise a formal complaint. Unfortunately, general insurers providing home and contents cover have broad commercial freedom to set their prices, meaning households have very limited ability to contest pricing decisions.

External dispute bodies like the Australian Financial Complaints Authority (**AFCA**) generally cannot review or change a premium unless there is a proven calculation error, breach of contract or misleading conduct.³⁰ John's story above demonstrates Australia's lack of effective complaint mechanisms when it comes to insurance pricing.

This is not a new concern for consumer advocates. In its 2014 publication entitled *"Enhancing the consumer experience of home insurance: Shining a light into the black box"*, the Fire Services Levy Monitor in Victoria (FSLM) specifically recommended that AFCA (formerly Financial Ombudsman Service): *"provide easier access to information and dispute resolution – by removing hurdles to information provision by insurers and dispute resolution by the Financial Ombudsman Service, consumers are less likely to be disadvantaged by opaque risk rating practices of insurers."*

The FSLM report also argued that there is a need for greater contestability of premium pricing and cost pricing. Currently, the main way premiums or insurers' decisions in relation to offering insurance is "reviewed" is by consumers shopping around to see what other insurers are offering, a mechanism next to useless in some pockets of Australia where insurers are retreating.



30. [AFCA, Factsheet - Insurance premium increases](#). [AFCA Rules – 12 March 2026 \(C.1.2\)](#).

Unfortunately, John Deex is not the only customer who has been disappointed by their insurer's response to a complaint about why their premium had increased.

In our **Home Insurance CHOICE Supporter Survey**, many respondents expressed frustration at the generic, vague and often automated explanations that they received after contacting their insurer directly. Respondents were frustrated by the insurers' inability or unwillingness to provide transparent, property-specific explanations for those increases.

For those homeowners who escalated their questions about premium increases to a formal complaint, we asked them to send us their insurer's written response. **None of the IDR responses gave their customers clear or tailored information about their individual situation, information about changes to their risk profile or any information on how they could reduce their risks going forward.** Here are some of the responses:

“ We have completed a thorough review of this matter, considering all relevant premium factors. Based on the information available, we confirm that your premium has been calculated accurately and correctly administered in line with our current practices and policies, based on the information captured in our policy system. Furthermore, we are of the opinion the premium has been calculated in accordance with the relevant provisions of the Product Disclosure Statement [“PDS”] for Household insurance.

The calculation of policy premiums involves multiple factors, including property location, security measures, selected optional extras, and the overall cost of insurance. While the specific data used in these calculations is commercially sensitive and cannot be disclosed, we aim to provide clarity regarding the methodology and key elements that influence pricing outcomes.

RACQ complaint response – AS66183”

“ The price we quote for insurance is at our sole and unrestricted discretion. We base it on the profile of the risk to be covered and any other factors we may choose. Please refer to 'How we calculate your premium' and 'Renewing the policy' sections in the Home Insurance Product Disclosure Statement (PDS) for more factors we take into account.

Auto & General complaint response – AS66117”



Allianz frequently assesses the risks applicable to each policy type and alters the premiums and conditions offered at renewal of an existing policy, and inception of a new policy accordingly. These variable factors are re-calculating and rerating regularly as new data and information becomes available. These adjustments help ensure the sustainability of our insurance offerings, allowing us to continue providing comprehensive coverage to all our customers. Without these necessary adjustments, the availability and quality of our insurance could be compromised.

Even if there has been no change in the circumstances which were applicable to the policy when you first took it out and/or subsequently renewed it the premium may still change upon renewal.

As part of your complaint, you requested a detailed explanation of how your premium was calculated and the specific risk factors that were impacting your premium. We understand your concerns and appreciate the opportunity to address them. While we strive to be as transparent as possible, unfortunately, we are unable to provide you with any additional information regarding this than what has been provided above. We would like to clarify that there is no legal obligation for Allianz or any other insurer to share the specific data used to determine risks and calculate premiums. This information is considered commercially sensitive, and as such, we are unable to provide the detailed data behind these calculations.

Allianz complaint response – AS66179



Suncorp utilises a pricing model that is able to assess individual locations when calculating premiums. Suncorp is not obliged to provide you with specific details of how its pricing structure operates as this information is of a commercially sensitive nature. It is for this reason that Suncorp will typically provide a general response when confirming the specific reasons for a premium increase on the policy.

Suncorp complaint response – AS66095



While we discuss some recent Federal Court action being taken by ASIC below in Section 3, taking an insurance premium dispute to court is not a feasible option for most individual households. Unlike AFCA, there are steep costs associated with court action, power asymmetries exist between insurance companies and their customers, and the reality is that that many people are in financial stress when insurance costs are becoming unmanageable.

2 Research findings

What are insurers telling consumers about their premiums?

Insurers often describe home insurance premiums as a signal of the risk attached to a property. In theory, a higher premium should help a household understand that its home is exposed to greater risk and encourage it to take steps to reduce that risk.

For this signal to work, consumers need more than a price. They need to understand what is driving the premium, why it has changed, which factors they can control, what action they can take to reduce their risk and whether taking that action will be recognised through a lower or adjusted premium.

Our research examined the information consumers receive from three sources:

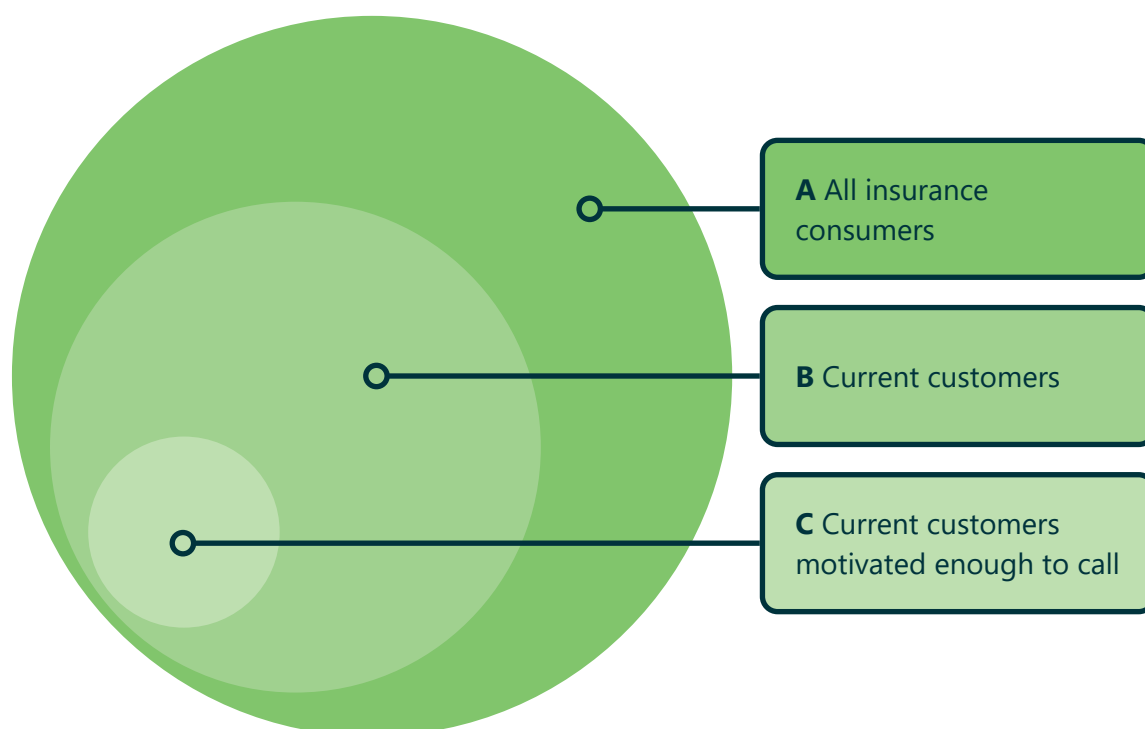
A. Public pricing explanations - publicly available information on insurer websites and in Product Disclosure Statements (PDS);

B. Specific household pricing explanations - information provided directly to customers through home insurance renewal notices; and

C. Pricing explanations in response to a call or complaint - information provided to customers after an escalated query when a consumer calls their insurer.

Across all sources, we found that consumers are given very little information that may help them understand or respond to the premium price they are being charged.

Insurers have multiple chances to provide consumers with more transparent pricing information. Even if they don't provide clear pricing explanations to everyone there are segments who could be getting more considered attention. This illustration is not to scale.



A. Public pricing explanations

Desktop analysis of general insurance websites

What did we do?

In April 2026, we reviewed publicly available premium pricing information of 27 insurers who offer home and contents products, examining both insurer websites and the latest available Product Disclosure Statement (PDS).



Our review considered whether insurers explained how premiums are calculated, what factors (if any) could increase or decrease the price, how important those factors are, what broader market or commercial drivers are involved and what measures consumers can take to help reduce their risk or premium.

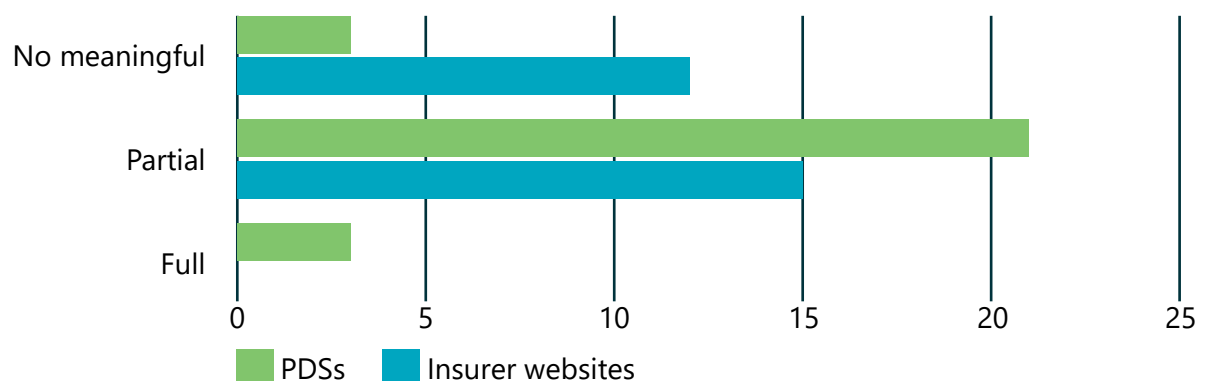
The key question was not whether insurers mentioned pricing at all, although this was a consideration. It was whether the information gave consumers an accurate signal they could understand and act on.

Findings

In our view, of those Insurer websites which were accessed, insufficient information was provided which would explain premium pricing as discussed above. Around 56% of Insurers reviewed provided only partial information, while 44% provided no meaningful information. Only 11% addressed premium pricing in their PDSs. In most cases, consumers would need to search through a lengthy PDS to find a description of how their premium may have been calculated.

- **No meaningful** – does not address premium pricing considerations
- **Partial** – partially addresses premium pricing considerations, noting pricing as a factor but without detail as to weighting or methodology
- **Full** – addresses premium pricing considerations and provides information regarding the insurer's approach

Figure 1: Premium pricing information on insurer websites and in PDSs



Even where information was provided, it was usually vague and generic. Around 70% of brands identified at least some factors used in pricing, and most referred to broad categories such as weather, location, claims history or property characteristics.

It is our view that simply naming these factors does not explain anything useful to the consumer. Telling someone that “weather” or “location” affects their premium does not tell them:

- which specific risk is affecting their home;
- whether the insurer’s assessment of that risk has changed;
- how much that factor contributes to the price;
- how it interacts with other pricing factors; or
- whether it is responsible for a recent increase.

Less than half of the websites gave examples of factors that could increase or decrease a premium. Only 19% provided any information about the relative importance or weighting of different factors, and no insurer fully explained how those factors were weighted.

This means the consumer is presented with a list of some potential contributing factors but no way to identify what is actually impacting the price of their premium.

There is a lack of information about potential mitigating factors which could impact consumer’s pricing. Around 59% of brands provided some information about ways to reduce premium prices.

Common suggestions included increasing the excess, reducing cover or removing optional benefits. These actions may reduce the premium, but they do not make the home safer. They simply shift more of the financial risk back onto the consumer.

No insurer provided a complete explanation of practical property-level mitigation. Consumers were not clearly told:

- what (if any) resilience measures the insurer recognises;
- whether those measures would affect the premium;
- how completed work should be reported;
- what evidence would be required; or
- whether the property could be reassessed.



A consumer wanting to improve drainage, upgrade a roof, install flood-resistant materials or reduce bushfire exposure is left with no clear indication of whether the insurer will recognise that work or reflect it in the premium.

Alarmingly, 89% of brands did not explain administration expenses, business costs or profit margins, while 93% did not disclose the use of any kind of risk-rating system. Only 1 in 3 mentioned insurance market conditions or reinsurance costs.

89% of brands did not explain administration expenses, business costs or profit margins

93% did not disclose the use of any kind of risk-rating system

66% did not mention insurance market conditions or reinsurance costs

Even where factors such as inflation or reinsurance were mentioned, they were generally named without any explanation of how they affected the premium. This matters because a higher premium does not necessarily mean a home has become riskier. It may reflect:

- higher rebuilding costs;
- reinsurance costs;
- claims across the insurer's broader portfolio;
- operating expenses;
- changes to internal pricing models; or
- a commercial decision to charge more.

Consumers are not given enough information to distinguish between these possibilities and this creates a misleading signal. Some consumers may reasonably interpret a large increase as evidence that the risk attached to their home has worsened, when the increase may instead be driven by factors entirely outside their control. Insurers have the information needed to clarify this distinction but do not provide it.

Insurers could, should, and must do more. They already hold detailed property, risk and pricing information. They could identify the main factors affecting a premium, explain whether those factors have changed and tell consumers which mitigation measures they recognise.

Instead, consumers are given a price and a list of vague possibilities. That is not meaningful transparency or an effective risk signal.

Do insurers mention these common pricing factors on their websites: desktop analysis

Legend



Yes

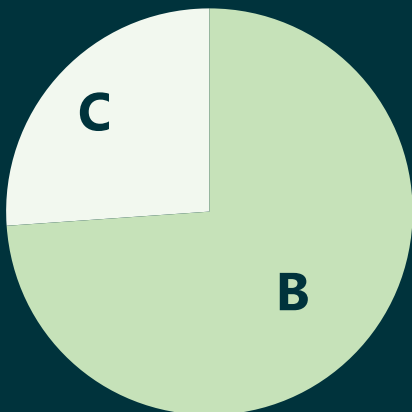


Partial

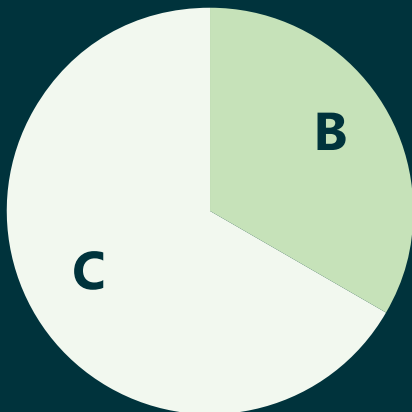


No

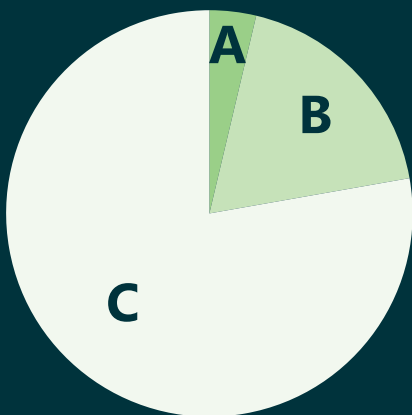
Location of property



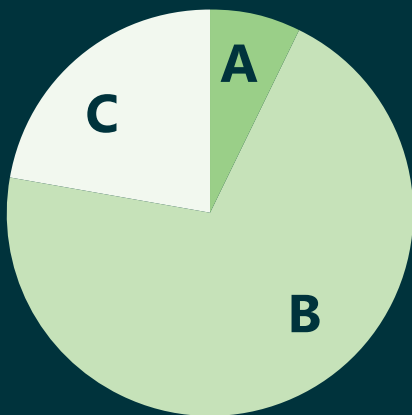
Your age



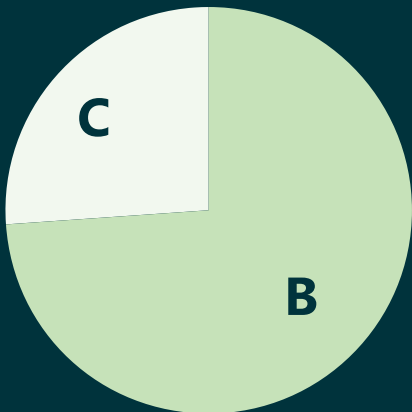
Inflation effect



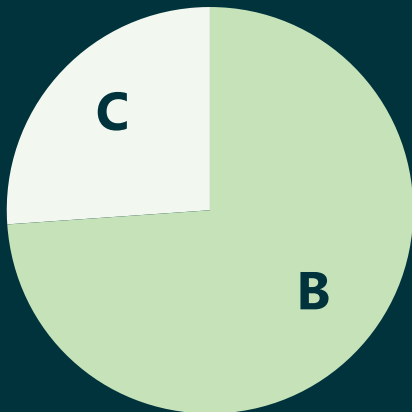
Your claims history



Property characteristics



Insurance market conditions
(reinsurance costs)



B. Specific household pricing explanations

Information provided directly to customers through home insurance renewal notices

What did we do?

A sample of 75 home insurance renewal notices was analysed to assess the pricing information provided directly to existing customers.

The review considered whether each notice clearly displayed the previous year's premium, presented the previous and current premiums together, made the size of the increase easy to identify, explained why the premium had changed, provided information about how the premium was calculated, identified the risks affecting the property and outlined any steps the customer could take to reduce their risk or premium.

Findings

Renewal is a particularly important point of communication, because unlike general information on a website or in a PDS, a renewal notice relates to a specific customer, property, policy and price. It should therefore be one of the clearest opportunities for an insurer to translate general pricing factors into personalised information.

The renewal notices showed that premium increases were not isolated incidents, but they were widespread. Most households experienced increases of around 10% to 20%, resulting in an average increase for this sample of approximately 16%.

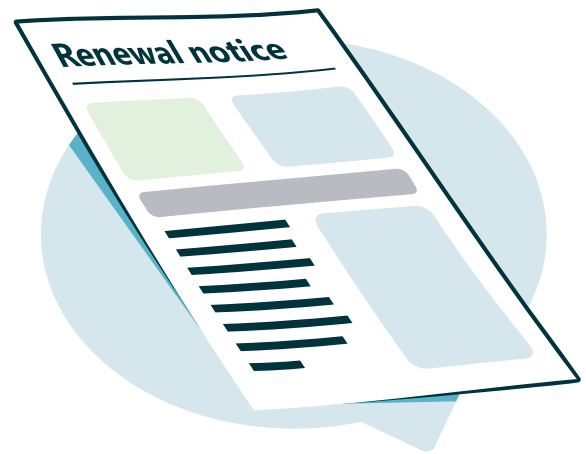
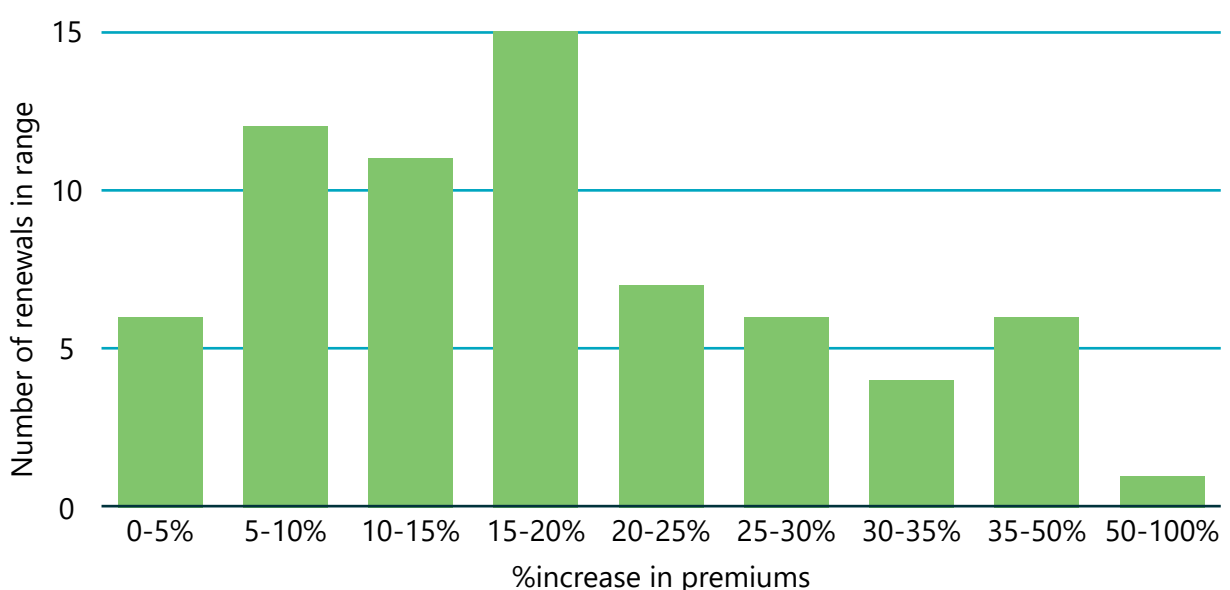


Figure 2: Premium pricing increase compared to the previous year



These are significant changes in the cost of an essential product. An increase of this size may affect whether a household can maintain its existing cover, increase its excess, reduce its cover or continue to insure the home at all. Despite this, renewal notices generally presented the increase as a new amount payable without explaining the decision behind it in many cases.

The previous year's premium was also not always easy to find. Around 6.7% of renewal notices did not mention it at all, 87.5% did not show it on the first page and 17.2% did not show the previous and current premiums on the same page.

Consumers may therefore need to search through multiple pages, locate the previous year's notice or calculate the dollar and percentage increase themselves. This is particularly concerning where policies renew automatically. If the increase is difficult to identify, consumers may be less likely to question the price, seek an explanation or compare alternatives.

Comparison to last year's premium

7% of renewal notices did not mention it at all

88% did not show it on the first page

17% did not show the comparison on the same page

Most importantly, 100% of the renewal notices failed to explain why an individual policy holder's premium had increased.

Renewal notices included generic statements that premiums may change because of factors such as claims, government charges, business costs or changes to discounts. These statements may describe why premiums change in general, but they do not tell the customer why their premium changed.

Simply listing several possible causes does not provide an explanation. It leaves the customer unable to tell whether the increase is a warning that their home has become riskier or merely reflects higher insurer costs and commercial decisions beyond their control.

None of the notices gave meaningful insight into how the premium had been calculated or which factors contributed most to the final price.

Almost all clearly separated GST and stamp duty, showing that insurers can break down and communicate individual components when they choose to. However, they did not provide similar transparency about the much larger underlying premium.

At renewal, the insurer knows the property, the policy, the customer's claims history, the previous premium and the new premium. Despite this, **the notices did not identify the key risk factors affecting the property, whether the insurer's assessment of those risks had changed or which factors had contributed most to the increase.**

Renewal notices also provided no meaningful mitigation information. None explained how the customer could reduce their underlying risk or lower their premium.

Customers were not told which risks were contributing most to the price, whether those risks were manageable, which mitigation measures the insurer would recognise, how completed work could be reported or whether the insurer would reassess the property after the work was undertaken.

As a result, consumers facing a higher premium are left with a narrow set of options: accept the increase, shop around, increase the excess, reduce cover, remove optional benefits or stop insuring the property.

A functioning risk signal should help consumers make their homes safer. The current renewal process mainly encourages them to change, reduce or abandon their insurance cover.



C. Pricing explanations in response to a call or complaint

Information provided to customers after an escalated query when a consumer calls their insurer or makes a complaint.

What did we do?

In April 2026, CHOICE invited its supporters to participate in a survey about rising home insurance premiums and consumers' experiences with their insurers.

The survey explored how consumers responded to an increase in their home insurance renewal premium, including whether they contacted their insurer to query the increase, and what information or assistance they received following that interaction.

A total of 831 respondents completed the survey, providing insights into their experiences with home insurance renewal increases and their interactions with insurers.

We also asked five participants from different insurers that had premium increases to send a written complaint to their insurer asking for a comprehensive pricing explanation in writing.

Findings

The research found that:

- 71% of those with home insurance did not understand why their premium had increased;
- 73% felt the increase was not fair; and
- 35% contacted their insurer, while 65% did not.

Of those customers that contacted their insurer, 278 left comments in response to the question "When you contacted your home insurer, what did they say?"

After analysing those comments, we were able to determine that by far the most common response from an insurer to a customer's query about their premium increase was a generic, vague or unsatisfactory answer. Customers were not given any specific factors relating to their property that had contributed to the premium change.

"Sorry but that is the way it is with increased costs and disasters"

"No explanation. I could reduce it in various ways"

"They claimed it costs them more to deliver the product"

"Insurance for all properties across the area increase to share the cost of payouts."

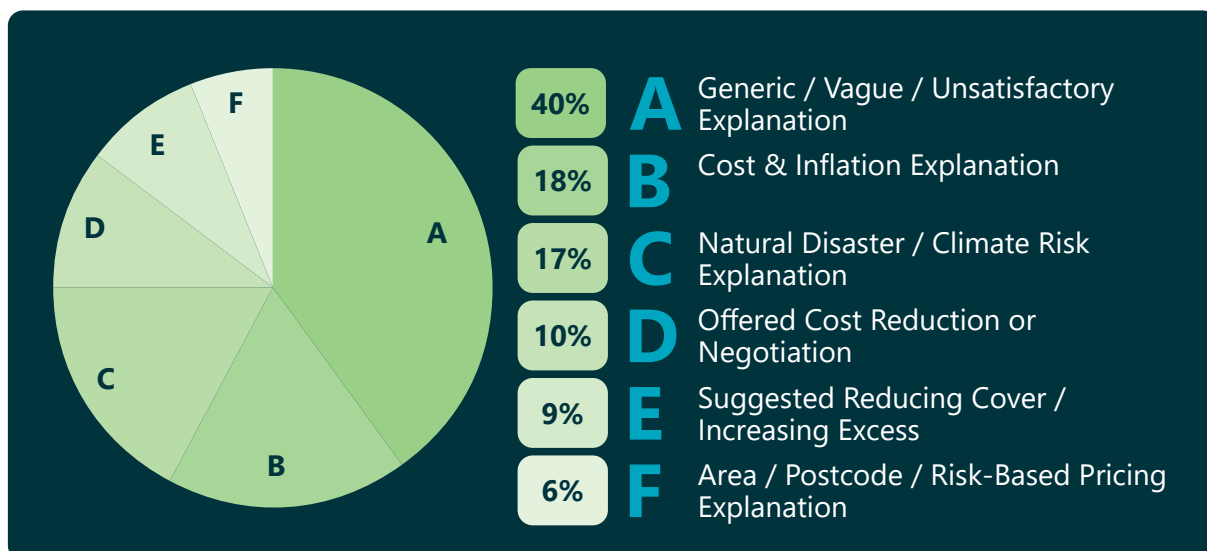
"That was the price and they couldn't change it."

"They said it was part of annual increase."

"Operator couldn't tell me why"

CHOICE, Home Insurance Survey, 2026

Figure 3: Insurer explanation or response to customer call asking about premium increase



About one out of five explanations from insurers about premium increases were either related to increased costs and inflation (18%) or increased climate/natural disaster risk (17%). A small number of explanations (6%) related to increased risk or changes to the risk rating in the customer's post code or local area. Overall, most query responses did not provide an explanation creating a link between known risk factors and the individual's property. This came the closest to giving customers information about the risk factors relating to their properties that might be influencing their premium increase.

"Because of all the claims in my street and my area"

"Cost increase because of postcode fires and flooding"

"That the price of repairs had gone up and the area surcharge"

CHOICE, Home Insurance Survey, 2026

According to the survey, after calling their insurer, the only tangible advice that customers were given relating to their premium was to either reduce their coverage or increase their excess (about 9%). So instead of giving customers information about controllable risks that they could take steps to reduce, they are being encouraged to self-insure (i.e. hold more of their risk of loss on the household balance sheet by underinsuring or needing to find more money to pay a larger excess at claims time).

Finally, as mentioned above in Section 1: The problems we hear (pg 12), our findings show a misaligned incentive where the only clear signal that insurers are giving their customers with regards to pricing decisions is that you have to complain to get a premium reduction.

In our findings for this report, 10% of respondents said that they had been offered a discount to remain with their current home insurer when they called to enquire about their premium.

Several respondents described actively switching insurers each year to take advantage of introductory offers. One home insurance respondent explained that they change insurers annually to access new customer discounts.

"The quote was with the same company, but it was cheaper even when I added contents insurance. Previously I only had home insurance. There was a 30% discount when I bundled [the] house and contents together. Go figure! I started a whole new policy instead of renewing and got a better price." - Robert

CHOICE, Home Insurance Survey, 2026

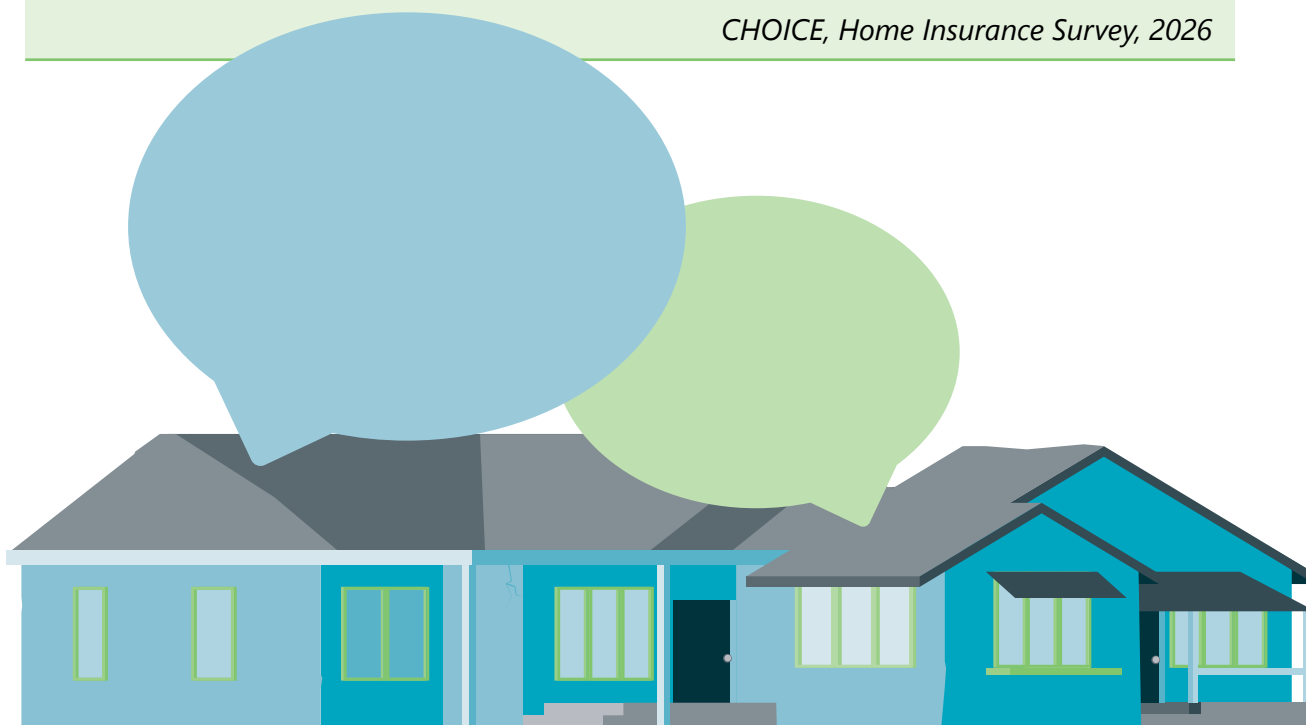
ASIC recently made similar conclusions in its Report 838 *Road testing transparency in car insurance premiums*.³¹ After conducting a survey of 2000 consumers, ASIC found that **"of those consumers who did contact their insurer, about 31% had their premium reduced** without changes to policy settings. This final point raises concerns about the fairness of insurers' pricing practices, as not all consumers have the time, capability or confidence to negotiate with their insurer, and some may not realise that this opportunity exists."

ASIC found

31% of consumers that contacted their insurer had their premium reduced

"They said nothing but when I reminded them that I had been loyal for more than 20 years they said they would see what loyalty reduction they could offer, put me on hold for several minutes and then came back with a lower figure saving about \$150. I do this every year and it works." - Byron

CHOICE, Home Insurance Survey, 2026



31. [ASIC Report 838, Road testing transparency in car insurance premiums, 11 August 2026](#)



We also undertook a sentiment analysis of the survey responses from customers who took the step of calling their insurer to differentiate between critical scepticism and uncritical acceptance of the information they were provided.

Over 40% of the survey responses to Question 6 (“When you contacted your home insurer, what did they say?”) demonstrated tones of dissatisfaction with the interaction or a degree of scepticism and distrust of what the insurer told them.

While we know that survey respondents self-selected, and so disgruntled individuals may be overrepresented the data, over 40% of responses showing scepticism of their insurers’ pricing explanation is concerning. This is an opportunity for insurers to give tailored information to a highly motivated customer who has taken the time to call, and this opportunity is being missed.

“They effectively said that others were paying more / causing increases so I had to pay more. Or some such BS” - Dimi

“Increases were consistent with industry price increases. They appeared to be working in consort.” - Torin

“The house and contents policy increased by 38%. Their explanation was that the underwriter had increased prices, end of story. We eventually moved companies, received better cover at about a 6% increase. Not what was expected after being a loyal customer for over 10 years.” - Jacky

“Sprouted risk assessment issues, plethora of claims due to climatic events - all the usual ‘political speak’ you expect to hear from Call Centre ‘tick ‘n flick’ responses at the end of the line. Don’t go ‘off subject’ by asking too many questions, some people get very defensive because they have no idea other than what they’re told to say.” – Pamela

CHOICE, Home Insurance Survey, 2026

Complaint escalation

In 2026 Financial Rights reviewed the experience of five households³² who were with different insurers who escalate their request for more information from their insurers. These households sent the following template request:

I am writing to request information about my home building insurance renewal premium.

In accordance with **section 50 of the General Insurance Code of Practice** can you please provide me with a comparison between this year and last year's premium and explain how it was calculated.

In accordance with your **duty to act with utmost good faith** and consistent with the information the Australian Financial Complaints Authority would require you to produce in the event of a complaint, can you please provide me with the following information:

- any promotional material relating to my premium offer
- a detailed explanation from the you about the basis for my premium increase (e.g. the general and/or specific factors that have led to the premium increase)
- if possible, a full breakdown of how the premiums were calculated (e.g. base rates, location, CPI, sum insured, etc.) and
- confirmation about what I have paid each year during my insurance history with you.

Finally, it appears from the quantum of the proposed premium increase in your renewal notice that you may have formed the view there is some special risk relating to me or my property by reason of which you are offering me insurance cover on terms that are less advantageous to me than the terms that you would otherwise offer. Please confirm in writing, in accordance with **section 75 of the Insurance Contracts Act**, whether:

- (a) there is some special risk relating to me or my property (the subject-matter of the proposed contract) which has influenced the price for my cover, and
- (b) your reasons for offering me insurance cover on less advantageous terms than you would otherwise offer.

If any of the information described above is commercially sensitive, can you instead provide a relevant extract or other suitable document which will enable me to review and respond to your correspondence.

I would like all correspondence to be in writing.

32. These households participated on a voluntary basis based on an invitation from Financial Rights after providing their most recent annual renewal notice. They were chosen to participate because their premium had increased and they were from five different insurers.

While all five insurers did send a considered response in writing, none of them provided any tailored risk information to their customers. They all repeated the same generic pricing explanations that are already publicly available, and said any more tailored risk information would be commercially sensitive. Snippets of these responses are quoted above in Section 1: The problems we hear (pg 12).

This small cohort of customers, the ones willing and able to send a written information request, should be given the ability to correct pricing factors that are out of date or incorrect as they are being applied to their premiums.

While these written responses from insurers are not surprising, they are frustrating. Every factor being used to determine a customer's premium cannot be commercially sensitive. If no useful information can ever be provided to customers because it is all commercially sensitive, there is no way for customers or the consumer sector to scrutinise or rebut decisions being made by the insurance sector. This level of information asymmetry hurts competition, and it hurts trust.



3 Current state of the law

What are insurers currently required to tell their customers?

There are several important legal and best practice requirements that apply to general insurers when it comes to what they need to tell their customers regarding risk-based pricing decisions. Importantly, in each regulation there is nothing preventing insurers from setting premiums as they see fit, and insurers can withhold detailed pricing information on the basis that it is commercially sensitive. As discussed above the Section 1, consumers have limited avenues to challenge premium levels through AFCA.

Some of the existing disclosure requirements apply specifically to general insurers, like provisions in the General Insurance Code of Practice (**Code**) or the Insurance Contracts Act 1984. Other requirements apply more broadly to all financial service providers, like provisions in the Corporations Act 2001 or the Privacy Act 1988. We will discuss each below.

General Insurance Code of Practice

The 2023 General Insurance Code of Practice contains limited pricing transparency obligations.³³ Clauses 161 and 163 require insurers, on request, to provide information relied upon when assessing an application for insurance within 30 days. However, there are broad exemptions to this requirement which make it a weak protection for consumers. Insurers may refuse disclosure unless it is required under the Privacy Act; if it relates to a claim under investigation;

could infringe another person's privacy; or could prejudice the insurer's position in a dispute.

Separately, clause 50 requires insurers to provide a comparison between the current and previous year's premium, together with an explanation of how the premium was calculated. The inclusion of this clause into the 2020 Code was a relatively recent improvement in pricing transparency and allows for customers to more easily understand how their premium has changed since the year before. However, the Code's requirement that insurers give customers an explanation of how the premium was calculated has only ever been used to separate out taxes and state levies from the base premium. **Our Findings above, in Section 2 (pg 22), reveal that no other pricing factors are ever disclosed in this comparison exercise.**

Access to Personal and Risk Information

If an insurer holds personal information about an individual, the Privacy Act (Australian Privacy Principle (APP) 12) says it must give the individual access to that information upon request. However, APP 12 also has several exceptions. An insurer is not required to hand over any personal information it holds if it would:

33. [General Insurance Code of Practice](#); Note: the Code is being re-written in 2026 and these provisions are subject to change.

"reveal evaluative information generated within the insurer in connection with a commercially sensitive decision-making process".³⁴

Similarly, upon an individual's request, the Insurance Contracts Act 1984 (s 75) requires insurers to disclose any special risk information about a customer or their property that has influenced the price or terms of cover, resulting in an offer that is less advantageous than would otherwise have been made. This provision gives insureds a right to obtain the insurer's reasons for underwriting decisions, including decisions leading to higher premiums or restricted cover where such decisions are based on a "special risk".

Unfortunately, in the casework experience of Financial Rights this provision rarely leads to any useful home insurance risk information being shared with customers since insurers can simply state that:

"The premium offered for your policy has been determined in accordance with our standard terms and conditions and reflects the risk we perceive in providing your insurance coverage. We can confirm that any other customer presenting with the same risk profile and circumstances would be offered insurance on the same terms."³⁵

One last opportunity for a customer to require an insurer to hand over personal or risk information relating to their home insurance is by making an AFCA complaint. For general insurance complaints AFCA says³⁶ it will ask the insurer for the following information:

- relevant policy document/s and schedule/s (including renewal notices, if any)
- any promotional material about the premium offer
- a detailed explanation from the firm about the basis for the premium increase (e.g. the general and/or specific factors that have led to the premium increase)
- if possible, a full breakdown of how the premiums were calculated (e.g. base rates, location, CPI, sum insured, etc.)
- confirmation about what the complainant paid each year during their insurance history.

Unfortunately, AFCA will not share any documentation marked as commercially sensitive with the customer. AFCA says it will insist the financial firm provide a relevant extract or other suitable document which will enable a complainant to review and respond to the financial firm's submission, but as discussed above in Section 1, very few premium disputes would make it that far under AFCA's rules.

Conduct and Disclosure Obligations

It is possible the greatest hope for better pricing transparency under existing law is through **Australia's general conduct obligations** that apply to all financial service providers. General insurers must ensure they provide financial services efficiently, honestly and fairly to comply with their general obligations under s912A of the Corporations Act 2001.³⁷ They must also comply with the consumer protection provisions to not make false or misleading representations (ASIC Act

34. Privacy Act 1988 (Cth), [APP 12](#)

35. Allianz complaint response to research participant, 2026 – AS66179

36. [Factsheet – Insurance premium increases | Australian Financial Complaints Authority \(AFCA\)](#)

37. Corporations Act 2001 (Cth) [s 1041H](#) (A general contract of insurance is a 'financial product' under s 746A(1) (d))

It is possible the greatest hope for better pricing transparency under existing law is through Australia's general conduct obligations

2001),³⁸ and they must act with utmost good faith (s13 Insurance Contracts Act 1984).³⁹

In the last decade, ASIC has undertaken several Federal Court actions against insurers and investigative pricing reviews relating to pricing misconduct of general insurers under these conduct obligations. While the successes listed below provide cause for optimism, it's important to observe that these actions are not realistic for individual households to take and must be driven by ASIC as a regulator and enforcement authority.

In 2025 ASIC took court action alleging RACQ sent half a million misleading insurance renewal comparisons.⁴⁰ This case was heard before the Federal Court in May 2026 and is awaiting judgment. This follows a prior 2023 Federal Court case where RACQ admitted to **providing misleading pricing discount information in its Product Disclosure Statements** and was ordered to pay a \$10 million penalty.⁴¹ In the 2023 case RACQ admitted that it had breached s 12DF(1) of the ASIC Act 2001 (Cth) by making representations in its PDS which did not accurately explain how certain discounts would be applied to actual customers. The Court declared that such conduct was liable to mislead the public and that the conduct

involved at least five million contraventions over a period of approximately five years.⁴²

Also in 2023, the Federal Court handed IAG a massive \$40 million fine after finding the NRMA brand had failed to pass on promised pricing discounts to customers. Like with RACQ the Court found that IAG had engaged in misleading or deceptive conduct or conduct that was likely to mislead or deceive in contravention of the ASIC Act. The Court also found that IAG breached its **general obligation to comply with financial services laws to do all things necessary to ensure that its financial services were provided efficiently, honestly and fairly** in contravention of s 912A(1)(c) of the Corporations Act. IAG had used a pricing algorithm that limited the extent to which promised discounts were provided to customers in a manner that was not visible to them. That was so even if the customers checked the calculations provided to them in their Certificate of Insurance for the very purpose of verifying they were getting the right discounts. This case represented the largest fine ever delivered for breaches of Australia's financial services consumer protection laws.⁴³

Section 13 of the Insurance Contracts Act 1984 (Cth) implies a duty of utmost good faith into every insurance contract. The

38. ASIC Act (Cth) s 12DA (Providing a 'financial product' is a 'financial service' under s 12BAB(1)(a); a general contract of insurance is a 'financial product' under [s 12BAA\(7\)\(d\)](#))

39. ASIC Report 765 When the price is not right: Making good on insurance pricing promises, June 2023

40. ASIC media release, 25-211MR, 23 September 2025

41. ASIC media release, 23-323MR, 30 November 2023

42. ASIC v RACQ Insurance Limited [2023] FCA 1503

43. ASIC v Insurance Australia Limited, in the matter of Insurance Australia Limited [2023] FCA 724

duty requires both the insurance company and its customer to be completely honest, fair, and open with each other. Australian courts have applied the duty to matters such as claims handling, policy avoidance, disclosure and procedural fairness. While the duty may require insurers to provide candid and adequate explanations for decisions in some circumstances, Australian courts have not interpreted it as requiring disclosure of commercially sensitive actuarial models, underwriting algorithms or detailed premium-pricing methodologies.⁴⁴

Finally, under the Corporations Act 2001, insurers have an ongoing obligation to provide information (such as premiums) in Australian dollars, and to notify customers when there has been a material change or significant event affecting their policy (i.e. increase in premium). Customers must be given information reasonably necessary to understand the nature and effect of the change. For changes relating to the fees or charges of a policy, information must be provided 30 days before the change takes effect.⁴⁵ The dollar disclosure provisions are designed to help consumers better understand information about costs, together with fees, charges and benefits, by expressly requiring that information to be presented in Australian dollar amounts.⁴⁶

AFCA's approach to premium disputes

As discussed above in Section 1, AFCA's jurisdiction over premium disputes is limited. Unless there has been an error, misrepresentation or incorrect calculation, AFCA generally cannot review the commercial pricing decisions of insurers.⁴⁷

Nevertheless, even with its limited jurisdiction, in the last few years, as home insurance costs have increased substantially, there have been several AFCA complaints about premiums that made it to determination.⁴⁸ These complaints relate to customer concerns that their premiums were being increased without an explanation.

A significant majority of these complaints were dismissed by AFCA, because reasons for the premium increase were provided by the insurer and that:

Insurers have 'the right to decide what products it offers, as well as what risks it is prepared to cover, what premiums to set and what rating factors and weightings to apply when setting those premiums'.

AFCA Determination 12-24-108146

'Insurers are entitled to set the level of premium by exercising their commercial judgment in a competitive and open market where other similar products are available... While AFCA accepts an insurer is at commercial liberty to set the level of premium, this is not an absolute freedom. If the level has increased disproportionately without justification, AFCA can review such an increase where the complaint is about a misrepresentation, or the insurer calculated the premium incorrectly'.

AFCA Determination 12-24-159260

44. Insurance Contracts Act 1984 (Cth) s 13; [Justice Jackman, "Limits on the Duty of Utmost Good Faith" 2024](#).

45. Corporations Act 2001 (Cth) s 1017B (noting definition under s 761G(5))

46. ASIC Regulatory Guide 182 Dollar disclosure (RG 182)

47. AFCA Rules – 12 March 2026 (C.1.2)

48. All cases examining complaints about premiums have substantially similar commentary. In the cases where the complainant was successful, they also accepted this but challenged a sudden increase as unexplained.

With respect to the explanations that insurers must give, there are references to what insurers disclose about risk-based pricing decisions and how pointing to increased risk factors generally (without needing to provide a calculation) is an adequate explanation of an increase to customer. See, as examples:

'The insurer says one of the key factors driving the premium increase was a reassessment of the risks to the property. In particular, it says the bushfire risk in the region was found to be higher than under its previous risk modelling... the insurer has reasonably explained the reasons for the increase'.

AFCA Determination 12-25-210964

'The PED [Premium Excess and Discount] guide the insurer provided to the complainant sets out that the premium it charges reflects the likelihood of the complainant making a claim together with the potential value of any claim. It says pricing factors that are used to calculate the premium include, among other things, the previous year's premium amount and the complainant's claim history.... the insurer provided some logical reasons for the larger than usual premium increase. Having provided information about the key factors that were considered as part of its premium calculation, the insurer is not obliged to provide the complainant with commercially sensitive information as to exactly what costs it assigns to individual risks'.

AFCA Determination 12-25-244888

'There is no requirement for the insurer to disclose the basis for their calculations, however if the complainant disputes the premium the insurer is required to provide an explanation, which it has done'.

AFCA Determination 12-25-329420

'The insurer says the **reasons for the relatively large increase to the complainant's premium at renewal** were...'.

AFCA Determination 12-24-108146

'The insurer says **various factors caused the premium increases** in its responses to AFCA. These have been exchanged with the complainant. The insurer says the factors include:

- adjustments to commercial considerations and incentives implemented between policy periods
- pricing reviews which have increased the total risk costs under the policy as well as the costs for optional coverage
- changes to the capping that has been applied to the complainant's policy
- increased claims handling expenses
- the policy previously had a 10% discretionary discount which has not been applied to the renewal. [The insurer also provided evidence of the calculations, which were confidential and not shared with the complainant]

'Considering the information that has been exchanged with the complainant, I am satisfied the complainant has been provided with sufficient information to respond to the insurer's position on the substantive matters raised and relevant to this complaint'.

AFCA Determination 12-25-278833

Some complaints were successful.

Importantly, it appears complaints were successful where there had been a significant and sudden increase in premiums, and while the insurer could point to the relevant factors it considers in risk-based pricing decisions, it could not explain why there had been a sharp increase in the premium for a particular customer. See, as examples (emphasis added):

'The provided information serves only to say (broadly) how the insurer obtains data to model premium changes...I accept **there are generic factors which affect policy increases** from year to year. The insurer describes these in its submissions. I further accept it relies on complicated (and commercially sensitive) metrics to devise the amount to be calculated in any given individual year. The insurer **still needs to be able to account for why an increase happens, in situations where the increase is so stark.** It has not effectively done so'.

AFCA Determination 696449 [re a 79% increase of personal effects insurance.]

'...the insurer has **failed to provide any reasonable information** in support of [the calculation of the premium].... it is expected that the insurer provides reasonable information in support of its position to AFCA for its consideration and which is common practice amongst the insurer's.... I am not satisfied the insurer has been successful in showing its calculated increase of 26% is accurate, in line with its underwriting guidelines nor that it is fair in all the circumstances'.

AFCA Determination 713271

Nevertheless, in some complaints where the insurer did provide a more general explanation about what it considers in calculating policies, this was found to be sufficient to explain policy increases, possibly because the insurer provided the calculation for the premium to AFCA (on a confidential basis). See, as examples:

'The PED contains information on how the insurer calculates its premiums. The information shows what is considered when setting renewal premiums. The rates are not set indiscriminately....The insurer has provided a statutory declaration from a senior underwriter, which includes details of the insurer's pricing structure. The insurer has requested the part which contained pricing details not be exchanged with the complainant. AFCA accepts the weighting and pricing applied by an insurer is commercially sensitive information. This is because it is central to the insurer's business operations and the insurer has a legitimate interest in protecting the confidentiality of this information in a competitive market. ... However... I am satisfied the complainant has been provided with sufficient information to respond to the insurer's position on the substantive matters raised and relevant to this complaint'.

AFCA Determination 12-25-244181

'Both the product disclosure statement and the additional information guide contain information on how the insurer calculates its premiums. The information shows what is considered when setting renewal premiums. The rates are not set indiscriminately.... The insurer has provided a detailed breakdown of the premium and the amount assigned for various risks and factors. This has not been exchanged due its commercially sensitive nature. Based on the detailed breakdown I am satisfied there is no evidence the insurer incorrectly applied any fee or charge when setting the premium'.

AFCA Determination 12-25-190976

The fact that these decisions are somewhat inconsistent is not a surprise. AFCA is not a court, and it does not treat previous decisions as precedents.⁴⁹ While they state that they try to be consistent in their decision-making, there are dozens of ombudsmen and adjudicators handling insurance complaints and their approach to types of complaints can change over time.

Existing disclosure rules are falling short

Overall, while Australian law, industry codes and AFCA decisions provide consumers with some rights to information about insurance pricing decisions, these protections stop well short of requiring genuine transparency. Insurers are generally expected to explain the broad factors influencing premiums and to disclose certain personal or risk information on request, but they can typically withhold the detailed factors and risk weightings that actually determine price on the basis of commercial sensitivity. ASIC's enforcement actions demonstrate that insurers can be held accountable where pricing information is misleading or deceptive, yet neither existing disclosure obligations nor AFCA's approach gives consumers a meaningful right to understand or challenge the underlying basis of most risk-based pricing decisions. As a result, consumers receive notification of premium increases without the ability to access to the information needed to independently assess whether those increases are fair, accurate or justified.



49. [AFCA, How we make decisions, webpage undated](#)

4 Key recommendations

What is needed to make premiums send the right signal?

Reform is needed to ensure general insurance pricing, especially home building insurance pricing, is fair and transparent. Consumers should be empowered with clear risk information and resilience options, which will allow them to mitigate against loss and reduce their insurance costs.

Provide people with a breakdown of the key components of their premium

Recommendation 1

The Government should introduce an amendment to the Insurance Contracts Act 1988 requiring general insurers provide to consumers:

- information that identifies the factors that contributed to:
 - the premium being offered, and
 - the increase or decrease to the premium being offered
- information about the relative weighting of those factors in deriving the premium and premium increase or decrease, and
- information about mitigation measures that could be taken and how these may be reflected in a future premium offer.

Households are currently only provided with the total premium that they need to pay when purchasing an insurance policy. Other than the previous year's premium and at-times a vague, non-specific paragraph explaining industry-wide premium increases, consumers are provided with minimal information about why their premium has increased or what makes up that premium. Instead, insurers could be providing their customers with information regarding:

- controllable risks (i.e. aging flexi-hoses);
- uncontrollable risks (i.e. supply chain disruptions);
- natural hazard-related risks;
- non-natural hazard-related risks (i.e. increasing crime risks);
- expenses including administration, reinsurance, inflationary pressures;

- the key factors that led to an increase in their premium this year;
- the steps a household could take to mitigate against those risks (if possible); or
- the impact on the premium of any steps to reduce risk taken by the household.

More transparent information about pricing and risk, in conjunction with practical steps households can take to reduce risk, will empower people to make their homes safer, instead of simply incentivising complaints.

We know this can work, because Financial Rights successfully advocated for a similar reform to the credit reporting sector in 2021. Prior to the introduction of mandatory credit reporting, consumers faced a very similar problem with the lack of transparency in credit scoring.

Credit reporting bodies derive proprietary credit scores or ratings about consumers

which are used to determine the level of risk that borrowers pose to a lender. In 2020 each of Australia's three credit reporting bodies used different methods to calculate credit scores, and while there was general information about what factors could typically affect a score, consumers were left in the dark about which specific factors led to their score, and subsequently what specific actions they could take to improve their score.

In 2021, the Government amended the Privacy Act 1988 to require greater transparency from credit reporting bodies in the factors that contribute to a consumer's credit score. Section 20R(1A) of the Privacy Act now requires that a credit reporting body provide the following information on a credit score:

- the credit rating of the individual;
- information that identifies the particular credit information that is held by the body and from which the credit rating was derived; and
- information about the relative weighting of that credit information in deriving the credit rating.

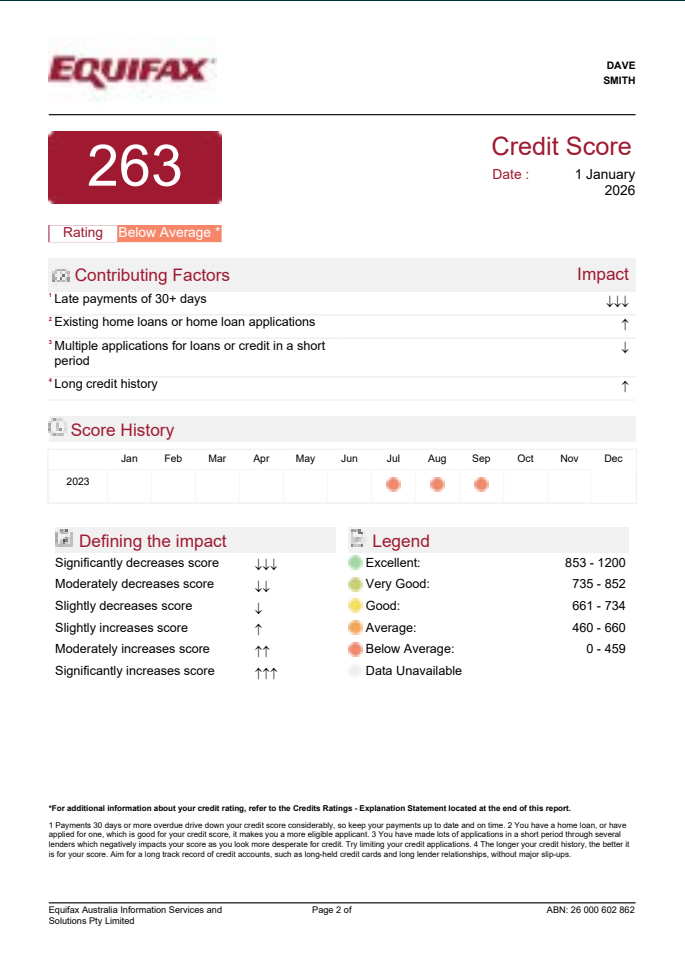
The Supplementary Explanatory Memorandum at para 1.32 stated that:

Informing consumers about the inputs of their rating will allow consumers to understand the factors that contribute to their credit worthiness and how their behaviours affect their rating, allowing them to adjust their financial habits accordingly and work towards improving their loan accessibility.

It is up to the individual credit reporting body to decide how they give effect to section 20R(1A).

Credit scores act as a signal of risk to a potential lender and should provide a signal to the consumer about their creditworthiness relative to their borrowing peers. Section 20R(1A) of the Privacy Act provides a successful road map for the government and insurance sector to solve this intractable problem once and for all.





Sample Equifax credit report summary



Provide people with an explanation of why their premium has increased, including key drivers

Recommendation 2

Home insurance renewal notices should provide last year's premium alongside the current year's premium, and a descriptive analysis of why there has been a change if it is material.

The 2024 *Flood failure to future fairness* report recommended that in home insurance renewal notices, insurers should provide last year's premium alongside the current year's premium, and a descriptive analysis of why there has been a change if it is material.⁵⁰

This is a critical piece of the home insurance price transparency ecosystem. When a

customer's premium increases materially (above inflation for example), insurers need to provide them with a tailored explanation. The current practice of providing no explanation at all, or at best a boilerplate paragraph which applies to all customers, is hurting consumer trust in insurance.

Provide insurance customers useful risk mitigation information

Recommendation 3

The Government and general insurance industry should work with consumer groups and the Resilient Building Council (RBC) to expand the RBC's resilience rating system, in order to provide advice on the mitigation measures households can take to improve resilience on their properties.

In addition to transparent pricing, households need clear guidance about the steps they can take to reduce their risks. This information needs to be simple and actionable, with tangible benefits. Without information about the risks they can and can't control, households have little ability to undertake mitigation or resilience actions to reduce their insurance costs or make other informed decisions about their property, such as moving.

Insurers have lots of useful and actionable information about household risk and they should provide it to their customers when a premium quotation is generated and when a renewal notice is sent. The best way to achieve this goal is for Government and the

insurance sector to scale up their work with the independent Resilient Building Council.

The Bushfire Resilience Rating App was developed in 2021 by the RBC, in response to calls from governments, insurers, banks, households, and the 2020 Royal Commission into National Natural Disaster Arrangements, to understand which actions measurably increase the resilience of individual homes. It is the first scientific system to measure the bushfire resilience of homes, and gives insurers, banks and investors a framework for financing and rewarding bushfire resilience adaptations.⁵¹ The RBC has expanded its resilience ratings to all the major perils facing Australian households, and they have 102 LGAs on their waiting list to complete assessments.⁵²

50. [House of Reps Inquiry into insurers' responses to 2022 major floods claims \(October 2024\)](#) see Rec 23

51. [Resilient Building Council, Resilience Ratings webpage, undated](#)

52. [Australian Financial Review, 22 July 2026, Call to subsidise property cover to keep owners insurer](#)

Provide people with the ability to have their mitigation efforts reflected in an adjusted premium

Recommendation 4

Insurers should consider relevant property-level mitigation measures in any new or renewing insurance policy and demonstrate how those measures have been reasonably reflected in the proposed premium.

Recommendation 5

The Federal Government should fund a voluntary national rollout of the RBC's Multi-hazard Disaster Resilience Ratings, including publicly funded free home assessments

There is widespread agreement that improving insurance affordability in Australia will ultimately be driven by reducing exposure to hazards or reducing the consequences of that exposure through improved preparation and increased resilience.⁵³ Once households have clear guidance about the steps they can take to reduce their risks, any verifiable mitigation actions they take should be reflected in their premiums.

Encouragingly this is already starting to occur in relation to the RBC's bushfire ratings. In July 2026 CommBank Insurance (provided by Hollard) and NAB Insurance (provided by Allianz), joined NRMA Insurance and Suncorp's brands in recognising bushfire Resilience Ratings.⁵⁴

Insurance adoption of verifiable mitigation needs to be expanded nationally and expanded to all controllable risks that households could reduce. The RBC's Resilience Ratings assessment provides households with a simple and trusted way to

demonstrate reduced risk, and a verifiable way for insurers to price it. This is a critical part of the pricing transparency goals set out in this Report.

In April 2026 the Housing Resilience Action Plan 2030 recommended that the Federal Government fund a voluntary, opt-in national rollout of these risk ratings to incentivise private household investment in resilience upgrades and enable incorporation with insurance pricing.⁵⁵

The Housing Resilience Action Plan also recommended that insurers should provide tailored information on how resilience ratings have been included within pricing for individual consumers to support informed comparison, improve market transparency, and ensure that resilience incentives are both visible and credible.⁵⁶ Finally, by 2030 insurers should provide pricing information on a range of resilience ratings at the quotation stage and on renewal notices.

Presenting indicative premium ranges for alternative resilience levels would enable

53. The first is APRA, [Mind the Gap: an insurance climate vulnerability assessment](#), 24 March 2026; OECD, [Enhancing the insurance sector's contribution to climate adaptation](#), 28 March 2023

54. NEMA, [The rating scheme helping households stay safe and save money](#), 2 July 2026; More than 63,000 households across over 300 LGAs have completed home assessments. More than 19,000 households have taken at least three recommended actions, contributing an estimated \$218 million in bushfire resilience upgrades. Participating insurers are reducing the bushfire risk component of premiums by up to 60 per cent through the Resilience Ratings Scheme, with households reporting total premium reductions of between 5 and 21 per cent.

55. Settle, A., Paddam, S., Davis, J., Cotter, K., Piper, J., Mullen, V. and Davis, K. (2026) [Housing Resilience Action Plan 2030](#), Monash University, Recommended Solution 1.S2

56. Ibid 1.M10

households to see the financial implications of upgrading, even where resilience repricing benefits are modest. At renewal, clear disclosure of how a property's current resilience rating has influenced pricing -

and how improvements could alter future premiums - would strengthen consumer understanding and support informed decision-making.⁵⁷

Monitor home insurance pricing practices by an independent oversight body

Recommendation 6:

The government should establish a permanent national general insurance pricing monitor, either by expanding the ACCC's remit or creating a standalone body. The body should collect pricing information from insurers, publish aggregated data and research on trends, and take complaints from consumers where insurance pricing decisions are unfair, inadequately explained or do not reflect verified mitigation measures.

Australia needs a permanent national general insurance pricing monitor (Pricing Monitor). Our research demonstrates a clear need for insurers to offer a far greater level of information and transparency when it comes to pricing decisions.

This report is not proposing price setting or restrictions on premium increases. Instead, a Pricing Monitor would subject home insurance premiums to oversight and public reporting. A Pricing Monitor would also take complaints from consumers where insurance pricing decisions are unfair, inadequately explained or do not reflect verified mitigation measures.

By providing greater accountability and public insight into home insurance pricing, a Pricing Monitor would leave consumers better placed to get a better deal, and less likely to leave themselves uninsured or underinsured. It would help address the key imbalance which exists between insurers and their customers, and place public pressure on insurers to do better.

Australia has an overriding public interest in homes being adequately insured. A Pricing Monitor would begin the work of restoring

consumers' trust in an industry which so many of us rely on.

There is already considerable precedent for regulatory intervention in Australian insurance markets

The idea of the Government using its powers to encourage the take up of insurance, through steps to make it more affordable, is far from radical. State and Federal Governments already do this in one form or another, for such disparate products as Compulsory Third Party motor vehicle insurance, workers compensation, and Private Health Insurance.

In some cases, this takes the form of recommended premium rates (such as the South Australian and Western Australian workers compensation schemes), while in others it goes as far as regulators setting price ceilings (as in Queensland's CTP system and the ACT workers comp scheme), approving maximum premium increases (as the Commonwealth does for private health insurance), or simply setting the price directly, as Victoria and South Australia do with CTP.

57. Ibid 1.L5

In each case, these interventions are justified by the overwhelming public interest in, for example, taking pressure off the public health system, or ensuring that motorists cannot be left out of pocket because of personal injuries caused by another driver who is uninsured.

What is proposed here is a far lighter regulatory intervention.

The NSW Model shows this can work

The two iterations of the NSW Emergency Services Levy Monitor provide an example of what can be achieved through effective, rigorous price monitoring by a competent regulator.

In its four years of operation, from 2016 to 2020, the original NSW ESL Monitor published detailed and highly valuable reports into insurance pricing in NSW. This work, combined with positive engagement by the insurance industry, led to marked improvements in transparency, and drove greater financial literacy among insurance customers. As Gerard Brody, then-CEO of the Consumer Action Law Centre put it: *“Even though the Monitor only operated in NSW, its research, investigations and publications improved insurance price transparency across the whole country”*.⁵⁸

The ESL Monitor was then abolished, collateral damage in the former NSW Government’s back and forth over how to fund the State’s emergency services. However, in 2024, the ESL Monitor’s functions were reanimated, this time residing with the Independent Pricing and Regulatory tribunal, as another interim measure while the current NSW Government works through options for broader emergency services levy reform.

In moving the Bill that gave IPART these powers, the NSW Treasurer said they would: *“ensure that insurers pass on savings from the removal of the ESL from insurance policies to consumers in the form of lower than otherwise insurance premiums during a transition period between the current ESL on insurers and a replacement levy that is to be spread across property owners.”*⁵⁹



58. [Consumer Action Law Centre, Consumer groups: Federal insurance pricing monitor a 'national priority', 30 June 2020](#)

59. [Emergency Services Levy Insurance Monitor Bill 2024, second reading, NSW Treasurer, Legislative Hansard](#)

That Bill, now the NSW Insurance Monitor Act 2024, prohibits price exploitation – where the price of a regulated contract of insurance is unreasonably high, having regard to certain specified matters including the emergency services contributions required to be paid⁶⁰ – as well as false or misleading conduct in relation to the emergency services funding reform.

IPART's functions under the Act include:

- monitoring prices for the issue of regulated contracts of insurance (which includes home insurance);⁶¹
- receiving complaints about prohibited conduct and to deal with them in accordance with this Act;⁶²
- investigating and instituting proceedings in relation to prohibited conduct or contraventions of this Act or the regulations; and⁶³
- investigating and assessing whether insurers over-collect the Emergency Services Levy during the final years of the scheme.

While the first version of NSW ESL Monitor was only in place for a short time, it made a real and meaningful difference. The second iteration is likely to be short-lived as well, as it is set to come to an end once the NSW emergency services reforms are complete. The NSW experience demonstrates the need for a permanent, national Pricing Monitor, and provides an effective model of what such a Monitor could achieve.

The ACCC has done this sort of work before

In 2002, in response to the crisis in the cost and availability of public liability and professional indemnity insurance, the Federal Government asked the ACCC to commence monitoring costs and premiums in the sector and release public reports on a six-monthly basis. For each report, the ACCC asked the major public liability insurers to provide information about policies, premiums, costs and profitability.⁶⁴

The public liability and professional indemnity crisis was, of course, different to the current challenge in home insurance in some important ways. On that occasion, the collapse of HIH, a single insurer with a large market share, led to a sudden scarcity in the market and an equally sudden escalation in prices, made worse by global factors, and the apparent under-pricing of risk by HIH in the years leading up to its collapse.⁶⁵

While we now face a slower, longer term and more structural crisis in home insurance affordability, the work undertaken by the ACCC during the public liability and professional indemnity crisis still provides a worthy precedent. At a fundamental level, consumers are facing the dual, mutually-reinforcing problems of rising prices and dwindling availability, especially in parts of the country which are more vulnerable to natural disasters.

60. Emergency Services Levy Insurance Monitor Act 2024 (NSW) s 13.

61. Emergency Services Levy Insurance Monitor Act 2024 (NSW) s 7(c).

62. Emergency Services Levy Insurance Monitor Act 2024 (NSW) s 7(f).

63. Emergency Services Levy Insurance Monitor Act 2024 (NSW) s 7(g).

64. [ACCC, Public liability and professional indemnity insurance, July 2005](#)

65. <https://treasury.gov.au/publication/economic-roundup-issue-1-2015/economic-roundup-issue-1/the-hih-claims-support-scheme/3-aftermath-of-the-hih-collapse>

Conclusion

Home insurance pricing is one of the most important risk signals Australians receive about their homes. Yet consumers are routinely given the signal, but not the explanation.

This is a failure of transparency, but it is also a failure of risk communication.

If insurance premiums are intended to encourage safer decisions, stronger homes and more resilient communities, consumers need information they can understand and act upon. A price alone cannot achieve that. Households cannot respond to risks they are not told about, nor can they invest confidently in resilience if they have no way of knowing whether those efforts will be recognised.

Financial Rights and CHOICE have been advocating for fair financial markets that meet the needs of consumers for decades. We believe that general insurance pricing, especially home building insurance pricing, should be fair and transparent. Consumers should be empowered with clear risk information and resilience options which will allow them to mitigate against loss and reduce their insurance costs. If enough households take action to adapt their properties to be more resilient to extreme

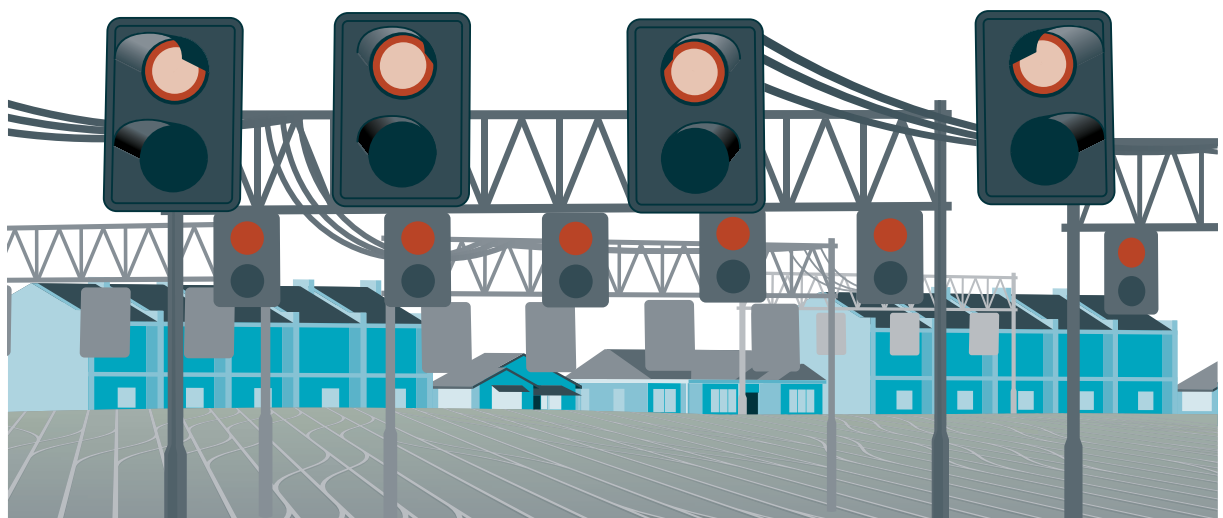
weather events, then insurance will be more accessible and affordable for all Australians.

Clear explanations of pricing components will help build trust and reduce concerns about hidden costs. Transparent pricing helps consumers identify when they are being offered a fair price versus an inflated one.

Trust, good faith, and fairness are at the heart of the insurance system. If you don't have strong levels of mutual trust, respect and fair treatment, the system will struggle. That's because customers are buying something which is intangible – they're buying a promise, and they expect that promise to be met.

Ian Laughlin, actuary and author⁶⁶

The reforms proposed in this report are not about restricting insurers' ability to price risk. Nor are they about requiring insurers to disclose proprietary algorithms or commercially sensitive models. They are about ensuring that consumers receive meaningful information about the factors that are influencing one of their most significant household expenses.



66. [Actuaries Institute, Fairness in Insurance, October 2024](#)



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