Brotherhood of St Laurence
Working for an Australia free of poverty

Risk and reality

Access to general insurance for people on low incomes

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Summary

The issue
Many people on low incomes are not insured. Although a lot of people on low incomes are good money managers, they often do not have a sufficient buffer or adequate networks to replace stolen or damaged assets. As a result, the consequences of a fire, flood or theft for an uninsured person on a low income can be severe.

The intuitive explanation for people on low incomes being uninsured is that they cannot afford the premiums. However, they also cannot afford the consequences in the event of an accident. We were interested in exploring whether being uninsured is a choice made primarily on the basis of affordability, or whether there is a range of other reasons, including attitudes and previous dealings with insurance companies, the value of assets, financial literacy, the type of cover available and government regulations.

The research
The research was funded by AAMI with some additional support from Australian Pensioners Insurance Agency and the Brotherhood of St Laurence. Analysis is mainly based on the views of 72 focus group participants, most of whom were on a low income. The focus group discussions were supplemented by a literature review, a small-scale survey and feedback from AAMI.

The project is concerned with access to general insurance products, in particular car and home contents insurance. It does not consider access to life, disability or health insurance products.

The findings
The primary reason for not obtaining insurance was perceived affordability of premiums. A typical comment by a focus group participant is:

> Insurance is a luxury when your income is that way. The numbers don't add up.

Many people on low incomes manage their finances fortnightly, and so consider whether something is affordable in the context of their fortnightly budget. Both payment frequency and the total annual cost of the premium are key aspects of affordability, as noted by another participant:

> A lot of people can't afford to pay yearly, then you have the options of, say, quarterly and half-yearly. About a hundred dollars quarterly is still a lot of money.

A feeling of distrust and dissatisfaction of insurers was also significant. A woman supported this view, commenting, '[Insurers] don't care about the little people'; and another added, 'They look down on you'.

It was also evident that many people did not consider their assets worth insuring. One participant commented:

> I personally thought that it wasn't worth the money … to insure a two thousand dollar car.

For some people it seemed poverty has built up a tolerance to losing assets. A man spoke of the other emotional losses that he considered more significant than loss of material goods:

> I think most of us have lost something much dearer … than a few personal items. If you come from a broken marriage, or burned down house … come through something more dramatic than a pinched laptop—that's why we all think insurance is no good for us basically.

Participants were not always able to distinguish between the different insurance options available to them, especially in relation to motor vehicle insurance. Many people also found the policy document difficult to understand. A woman explained:

> Honestly, another reason why I don't [have insurance] is that they use all these big words and I'm just so confused—'third party', 'comprehensive insurance' [and so on].

While many participants stated that they were unable to afford the premiums, discussions showed few could afford to replace damaged or stolen goods. When people spoke of experiences in times of crisis, it emerged that being uninsured ultimately was not overall the cheaper option. The cost ended up being borne by someone—be it family, friends, charities or the individual affected through high-cost credit or going without.

Research on financial inclusion in Australia indicates that people on low incomes are more likely than average to be uninsured. Within the low income population, there also appear to be some patterns. Results from our small-scale survey of community service clients suggest that people who are single, young, unemployed, public tenants, have no other financial products, are experiencing financial difficulties or have few assets are less likely to have home or car insurance.

Suggested responses to underinsurance among low-income people
There are a number of areas where action by insurers may assist in increasing the proportion of people on low incomes having insurance.

The insurance industry could consider addressing issues of affordability by creating no frills insurance products which might:

- allow fortnightly payments
- provide payment options which are convenient for low-income people, such as Centrepay
- provide an appropriate level of cover for people with limited household assets
- provide more options on the payment of an excess
- be structured as 'disaster cover'—that is, claims are only payable in the event of substantial loss above a certain value.

The insurance industry could also consider promoting suitable insurance policies through public housing authorities, community organisations and other agencies. This would increase the accessibility of products and might help to overcome any distrust of insurance or insurers.

Insurers and regulators need to work together to increase low income consumers' understanding of insurance, for example in relation to what is covered, how excesses work, that credit checks are not required and the benefits of current arrangements flowing from the Code of Practice and the Insurance Industry Ombudsman. They should also ensure policy information is clear, succinct and easily understood by people with limited financial literacy.

1 Introduction

Many low-income Australians have no home or car insurance and are therefore exposed to the risks of fire, theft or accident. Over 50% of people on incomes less than $10,000 per annum and over 40% of people on incomes less than $20,000 do not have home contents insurance (ANZ 2004b, p.14).

The consequences of being uninsured can be severe. In 1999, when hailstorms hit Sydney, many public housing tenants were uninsured and only able to obtain limited assistance from government (Walker 1999). A woman spoke of the extent of her loss and the delays in compensation:

> In the hailstorms … we got wiped out. And I lost nearly everything … It was one of those times when it would've been good to be insured….There's hundreds of us here that was affected by the storms. A lot of us would like to have home and contents insurance policy, but … the payments are just too much … we didn't get anything like what we'd lost [in government compensation]. And they didn't give you anything for any your electrical goods or televisions or anything like that was damaged during the water damage … you didn't get a thing back. It's just they delegated [sic] how much they thought that each person [needed]. I got 2 cheques, one for $600 and one for $800 six months later.

As in the case of the public tenants who lost so much during the Sydney hailstorms, the uninsured person on a low income risks loss of assets which may be important to them despite being of low absolute monetary value. For many, a low-value motor vehicle is essential for employment, to transport children or to obtain medical assistance. Others have accumulated over a period of time a mix of new and second-hand home contents, which, despite their low market value, are nevertheless perfectly functional and are beyond their means to replace.

The failure to obtain insurance may be the result of an inability to pay insurance premiums, a choice to allocate available money to other expenditure or other reasons. Many people on low incomes say they cannot afford insurance. But neither can they afford the consequences of theft or accident. There are few options for people on low incomes in replacing stolen or damaged goods. For instance, a recent Australian Bureau of Statistics survey showed that 36% of people on low incomes (defined as those in the bottom 20% of income) said they would not be able to not raise $2,000 in a week (Bray 2001, p.9). Reasons for this include dependence on social security, since many people on low incomes are long-term unemployed, disabled, or aged pensioners. In addition, many people on low incomes have difficulty accessing affordable credit. Between 59% and 71% of people on incomes less than $10,000 do not have credit cards and over 90% do not have personal loans (ANZ 2004b, p.14). Few people on low incomes have savings that could be used to replace stolen or damaged goods. This means that an accident or loss could push people on low incomes further into poverty.

This project aimed to investigate the reasons that many low-income and other excluded people are uninsured. It identifies specific barriers to purchasing and maintaining general insurance policies and suggests ways to increase access to general insurance in the target group by better meeting their needs in relation to policy coverage, terms and conditions and delivery systems.

This section explains the scope of the project and the method used. The balance of the report:

- describes previous work on access to insurance (section 2)
- discusses who is uninsured (section 3)
- reports on the reasons low-income people may be uninsured (section 4)
- describes the consequences of being uninsured reported by focus group participants (section 5)
- reports on the sources of information about insurance products identified in focus groups (section 6)

- discusses options for overcoming the barriers to insurance identified in section 4 (section 7)
- discusses perceived risks to insurers of insuring people on low incomes (section 8).

1.1 Scope of this project

The project is concerned with access to general insurance products, in particular third party property and comprehensive car insurance and home contents insurance. It does not consider access to life, disability or health insurance products which may also be important to low-income families. This project focuses on low income as the major source of disadvantage. Analysis is principally based on the experiences of participants of focus groups.

1.2 Method

The research involved the following elements:

- a literature review
- a series of focus groups
- a short survey completed by most focus group participants and a number of people presenting to several welfare agencies
- information from AAMI, a major general insurer and the principal funder of this project.

Literature review

There is little past research directly on point, other than a study by the Policy Studies Institute in the United Kingdom (Whyley, McCormick & Kempson 1998) and experiences from developing countries. These and other relevant literature are discussed in section 3.

Focus groups

The major element of the research involved conducting nine focus groups between May and July 2005 in and around Sydney and in Melbourne. A list of focus groups and a description of the participants are at Appendix A.

Focus groups were recruited by the Brotherhood of St Laurence and other organisations working with people on low incomes. About 85% of focus group participants were in receipt of Centrelink income (this was supplemented by wage income for some).Three of the groups were made up entirely of people aged over 55. Two groups were made up entirely or largely of people aged under 35. Four groups were of people living in public housing. Three groups comprised people from a particular non-English speaking background (Somali, Lebanese, Greek). Some of the Somali and Greek participants required translation for at least some of their communication.

Each focus group involved 6–10 participants; and of the total of 72 people across the 9 groups, 31 were men and 41 women. Survey forms were completed by 60 focus group participants. Of those, 38% had contents insurance and 72% of those who were car owners had car insurance. Key details are that only 15 (25%) received wage income, almost all were over 25 years old and half were over 50 and 17 (28%) were born in a country where English is not the main language (mainly Greece, Somalia and Lebanon).

Surveys

A short survey recording basic demographic information, current and past use of insurance, current use of other financial services and self-reported financial situation was completed by most of the participants in eight of the nine focus groups, providing 60 surveys.

The same survey was also distributed to 11 community agencies including multiple sites at one (the Brotherhood of St Laurence in Melbourne). Each was asked to request clients to complete the survey and return the first 10 or more completed surveys to us. Responses were received from the

Brotherhood of St Laurence and three other agencies: a financial counselling service in Canberra, a credit cooperative in Melbourne, and an Islamic women's welfare agency in Melbourne.

Information sought from AAMI

It was clear from the focus groups that some potential barriers to insurance result from particular policies applied by insurers. We approached AAMI to clarify the nature of these actual and potential barriers (for example to check that consumers in the focus groups correctly understood the insurers' approach) and the reasons behind its policies.

2 Previous work on access to insurance in Australia and other countries

2.1 Australia

We are not aware of any previous studies in Australia directly focusing on barriers to insurance facing low income or socially excluded people. A number of studies have addressed related issues such as financial exclusion or underinsurance without a specific focus on people on low incomes. Research commissioned by the ANZ Bank analysed patterns of financial exclusion, including insurance holdings by income (ANZ 2004). This research also surveyed a range of community stakeholders, many of whom spoke of the gaps in the market for insurance for people on low incomes. In particular, financial counsellors reported people going bankrupt as a result of crashing an uninsured car. Another study considered informal forms of insurance such as savings circles in which participants contribute a small amount to a savings account which can be used for emergencies (Burkett 2003). The Australian Securities and Investments Commission recently examined the underinsurance of home buildings in Australia (ASIC 2005), in response to the 2003 Canberra bushfires, and found significant levels of underinsurance by homeowners. Given the rate of home ownership (56% of people in the bottom 20% of income own their primary residence), underinsurance of buildings is also an important issue for people on low incomes (Reserve Bank of Australia 2004, p.10).

An NRMA-commissioned survey of a sample of 1,212 households found a high concentration of non-insurance amongst people on low incomes. One in ten motor vehicles in households earning less than $25,000 per year is not insured at all, compared with one in twenty for all income groups. The NRMA survey also showed that 29% of households with a total income of $25,000 or less did not have contents insurance, compared with 20% of households in all income groups (MJ Powling Research Consulting 2001). The ANZ survey of financial exclusion analysed different income brackets which are not directly comparable. If anything, however, it suggested an even higher level of non-insurance, as it reported that over 50% of people on incomes less than $10,000 per annum and over 40% of people on incomes less than $20,000 did not have home contents insurance (ANZ 2004b, p.14).

There is also a long history of provision of insurance to people on low incomes through friendly societies. In the early 20th century, almost half of Australian families belonged to friendly societies (Green 1984). Through them, working households pooled funds to protect against the risks of unemployment, sickness and funeral expenses. Even though many of these needs are now met by the social security system and a much lower proportion of families belong to friendly societies, there may still be a role for this type of service, as people on low incomes still face other risks which may push them further into poverty. However, prudential and other regulations now mean that it is difficult for small, local friendly societies to continue to offer insurance (Burkett 2005).

There are also various limited-scale insurance models which are available to certain groups. For instance, tailored products are promoted through the Fitzroy and Carlton Community Credit Cooperative, COTA National Seniors and some trade unions.

Until recently the Brotherhood of St Laurence coordinated an insurance policy for residents of an independent living facility for older people. This was a group policy that the Brotherhood on-sold to residents. Each person paid the same amount, and the premium for each individual reduced as the volume of policies sold increased. However, the policy was cancelled after a period due to the administrative burden in collecting funds, payments missed by some residents and the high level of support required recruiting people or assisting with claims. Although there were practical difficulties in operating this policy, it does suggest that, at least in theory, the insurance industry could provide products to suit the needs of low-income people.

2.2 United Kingdom

In 1998 researchers at the Policy Studies Institute found that whilst affordability of premiums is a key factor in the capacity of people on low incomes to obtain insurance, other considerations were also important (Whyley, McCormick & Kempson 1998). These included the ability to pay in instalments, minimum levels of cover, low excesses and the home security requirements. The study found a high proportion of people on low incomes were uninsured, but that factors other than their income were also important. In particular, unemployment, sole parent status, lacking a bank account, experiencing financial difficulties or being a public tenant were strongly correlated with being uninsured.

This study also profiled several insurance schemes offered through public housing authorities. In these schemes, all tenants paid the same premium, regardless of postcode, age or other risk factors. The level of cover was considerably lower than mainstream policies and most policies did not include an excess payment on claims. Premiums were collected with the rent. The entry barriers were less steep than usual: insurance companies did not require minimum home security standards, but households where a member had a conviction for arson or fraud were not accepted. Whilst improved security is a key factor in mitigating the risk of theft, insurers and housing authorities felt that schemes would never grow if expensive security improvements were required. Both the premium level and the length of time for which schemes had been established were significant factors in take-up rates. Many of the earliest insurance schemes suffered from very high claims ratios. There is anecdotal evidence that those schemes earned the reputation of being a soft touch which would pay out with few questions asked. The authors suggested that a reputation for fair but strict claims management is likely to be a key to successful operation of such schemes (Whyley, McCormick & Kempson 1998).

The UK Parliament has acknowledged the importance of insurance to people on low incomes. One response under consideration is legislation to discourage the de-mutualisation of friendly societies (Matthews 2004).

2.3 USA and Canada

Recently, there have been discussions in the United States about expanding the Community Reinvestment Act to make insurance more available, affordable and accessible to minority groups and people on low incomes.

The US government undertook a test to compare home insurance agents' responses to phone requests for insurance for homes in minority and non-minority neighbourhoods (US Department of Housing and Urban Development's Office of Policy Development and Research 2005). Although there were some differences warranting further investigation, it was concluded there was not systematic discrimination directed against people in moderate-income minority neighbourhoods in the provision of home insurance quotes.

In Canada, there have been amendments to the Insurance Companies Act in 1999 to discourage de-mutualisation so as to retain the ownership structure which is based on a philosophy of mutual help among working people. Legislation requires that the assets of de-mutualising mutuals should be paid into a revolving fund for further developing current mutuals and creating new ones (Matthews

2005). This means that there is the potential for more access to insurance for people on low incomes.

2.4 Developing country experiences

Many community organisations in developing countries have also experimented with insurance for people on low incomes and the self-employed. Wohlner (2005) has developed criteria for the successful provision of insurance based on such experiences. Wohlner recommends that insurers partner with community organisations that have experience working with disadvantaged people; that products and claims processes should be simple and claims delivered quickly; and that community organisations manage the administration and processing of payments.

Pricing of insurance is another key issue raised in the international development context. Many commentators recommend that community organisations use their expertise in dealing with marginalised people while insurers, with the technical skills to analyse risk, manage the pricing of premiums. It is stressed that it is counterproductive to discount premiums too heavily as this can lead to insufficient funds to cover claims (Cohen 2003).

One example of a developing country program is a partnership in Uganda between FINCA (a microfinance organisation) and American Insurance Group (McCord 2000). In this program income protection insurance was provided with loans for small business development. The program had many successes and reached a large number of people; but there were also difficulties, with many loans officers having a limited understanding of the policy and delays in processing claims.

3 Who is uninsured?

Our analysis of who is insured relies on a relatively small survey of 126 individuals who were not randomly selected. The findings are thus not a definitive guide to factors affecting non insurance among low income earners, but they do suggest broad trends for future investigation.

Over 80% of people surveyed were in receipt of Centrelink benefits and could be considered to be on low incomes. People were asked whether they had home contents, car, funeral or income protection insurance. They were not asked about building insurance as a low rate of home ownership was expected amongst the low-income groups canvassed. In fact 19 of the people surveyed were home or caravan owners. In the following discussion, the term ‘uninsured’ therefore refers to people who did not have home contents, car, funeral or income protection insurance.

Overall, 45% of respondents had some sort of home contents or car insurance. This rate of insurance is considerably lower than those detailed in the ANZ and NRMA studies (described in Section 2.1). The latter studies used larger, randomly selected samples and are likely to be a more reliable measure of the overall level of insurance.

Patterns of insurance among the survey respondents suggested that being on a low income is not the only indicator for a lack of insurance. Public tenants, people experiencing financial difficulties, younger people, people with few assets and single people were more likely to be uninsured than others in the sample. More detail is presented in the following sections.

3.1 Family, employment and ethnicity

Couples were significantly more likely to be insured (72% had some type of insurance) than single people (28% were insured). This may be partly due to income.

Younger people were less likely to be insured than older people. Only 29% of those aged under 25 had some sort of insurance, compared with 56% for those aged over 50. (However, this result was not statistically significant as there were few respondents under 25.) This trend may reflect the fact that age is a rating factor: insurance is more expensive for young people as statistics show they are more likely to claim, and to claim higher amounts. Other factors may be greater marketing of insurance products to older people, an increase in asset holdings with age and a different outlook on life with age.

People receiving income from employment were only somewhat more likely to have insurance (52%) than those who were not working (43%). Investigating a larger sample would be necessary to draw firm conclusions about the effect of employment on behaviour concerning insurance.

There was a difference in insurance holding by ethnicity: 40% of people born in Australia were insured, compared with 56% of those born in non-English speaking countries.

3.2 Housing and asset holdings

Public housing tenants were considerably less likely to be insured, with only 29% being insured compared with the small sample of people living in their own home (47%) or mobile home (100%). There is a range of probable reasons for this difference, including the tenant's weak bargaining position in encouraging the landlord to fund security improvements and the likelihood a tenant has less valuable contents.

Assets had a considerable impact on being insured. Only 20% of those who valued their assets at less than $5,000 were insured. This compared with 32% of those with assets valued between $5,000 and $10,000; 66% of those with assets valued between $10,000 and $100,000 and 73% of those with assets valued at over $100,000. This suggests the obvious proposition that the more people own, the more they want to protect these assets against potential loss. Yet given values were self-reported, it may also suggest that people who perceive their assets to be more valuable are more likely to insure.

3.3 Financial exclusion

People who owned financial products other than just a transactional bank account were more likely to be insured. For instance, only 27% of those with only one savings account had insurance. In contrast, 63% of people who had credit cards, 61% of those with more than one savings account, 55% of those with a personal loan, 50% of those with a home loan and 62% of those with superannuation had insurance. This result suggests there are links between different types of financial exclusion, be it from credit, insurance or investments. There may be some impact from cross selling of insurance with other financial products.

People's perception of how well they were managing to make ends meet was a clear factor in their likelihood of being insured: of those that said they were managing very well, 63% were insured, compared with 32% of those that said they were experiencing some financial difficulties.

A minority of people surveyed held income protection insurance (3%) and funeral insurance (6%).

3.4 Other issues

Considerably more respondents had some kind of car insurance (third party property or comprehensive) (66%) than contents insurance (27%). Reasons for this difference may include a fear of having to pay for damage to another car, a feeling of security in their home and the inability for contents insurance to replace sentimental items.

Focus group participants were considerably more likely to be insured than other people surveyed: 39% had contents insurance compared with 17% of other respondents and 72% of focus group car owners had some sort of insurance compared with 52% of other people surveyed. This may relate to recruitment techniques, in that people most interested in joining focus groups were those with insurance and they saw them as a way to obtain information about insurance products.

Our survey results are different from those from larger, more formal studies, such as those by NRMA and ANZ cited earlier. These data sources would be expected to provide more accurate information about the proportion of people having various insurance products. However, our survey sought to investigate whether there were patterns of insurance holdings by social factors other than just income. Whilst these are only broad generalisations, they suggest that a range of economic and social factors appear to have an influence on low-income people's take-up of insurance. We recommend further research into patterns of insurance holdings amongst people on low incomes.

Key points

- **Many low-income and socially excluded Australians do not have insurance cover on their motor vehicles or home contents.**
- **Results suggest that people who are single, young, unemployed, public tenants, have no other financial products, are experiencing financial difficulties or have few assets may be less likely to have insurance.**

4 Why are people uninsured?

Our survey of focus group participants and clients of community service providers indicates that a range of social and economic characteristics are associated with take-up of general insurance products. The next section gives a voice to people on low incomes and their reasons for being uninsured as well as their perceptions of the insurance industry.

4.1 Affordability

When asked why they were uninsured, many focus group participants initially responded that they could not afford the cost of premiums. For instance, a young male commented, 'Insurance is a luxury when your income is that way—the numbers don't add up'. An unemployed woman said, 'Living's in your budget, not insurance'. Another woman added, 'The premium's too high … I looked into a couple [of policies] but they're too pricey'. Living on a low income can mean that people are forced to make some very difficult decisions about spending priorities. For many participants, the more immediate daily needs such as food, rent and bills were given priority. Despite its importance, the benefits of insurance are less tangible and often become a lower priority. An aged pensioner demonstrated the difficulty of affording insurance:

> Affordable is when a pensioner can get full coverage for everything, your house, your car and it's in our budget. We live on under 400 bucks a fortnight. You've got your rent, you've got your food, you've got your car, you've got your registration. You've got your power, your gas, you've got everything and you just don't get there. Sorry, ends just don't meet.

Many people who were uninsured would have liked to be able to afford insurance and felt the notion of a reasonable cost (perceived often on a fortnightly basis) would encourage them. They also recognised the cost of losing assets. One woman commented on her desire to insure items important to her:

> I've worked damn hard to get that … I'd love to have an insurance that I could afford.

Some people commented insurance was too expensive, but did not appear to have shopped around. AAMI research also confirms people do not shop around for insurance. This suggests that for some people the perception of insurance being unaffordable may be as important as the reality. As one woman said:

> A lot of us would like to have home and contents insurance policy, but we don't even go there because we think we can't afford it before we start. The payments are just too much.

It emerged in some discussions that it was not only an issue of affordability, but of insurance not being perceived as a spending priority. Some people considered the payment of insurance premiums to be ‘dead money’. In one focus group, mostly of working people, all but one had cable television but only half had contents insurance and less than half had comprehensive car insurance.

The timing of payments for motor vehicle insurance can cause problems for people on low incomes. One participant said that he had trouble finding the money to register his car, and resorted to using a loan scheme operated by a community organisation. He could not afford insurance at the same time.

There were mixed views on the level of cover considered necessary. Despite most assets being old, or purchased second-hand, participants appreciated that they would not be easily replaced. Most wanted ‘new for old’ cover, not a depreciated purchase value. One woman commented:

> When I had contents insurance, I overestimated because what you’ve got there at that time, if something does happen, the price of the fridge, or the freezer or the washing machine has escalated so much that you need to be able to cover.

Focus group participants were interested in the idea of a pensioner insurance policy. One woman suggested a policy that focused on replacing the basic items:

> … if there’s a company that’s going to put together a package that will incorporate your car insurance and your contents insurance—and even if the contents insurance only covers the basics like a fridge, freezer, those sorts of things—it’s better to have something like that than to have nothing at all.

Another woman spoke of her disappointment that pensioner’s accounts were only available for aged pensioners. As a recipient of Parenting Payment, she felt she was as low risk as an aged pensioner:

> Wouldn’t it also count that if you’re a single mother on the pension, you’re going to be at home more often ... So why isn’t it covering that as well? A pension’s a pension no matter what.

Key points

- **Some people on low incomes make a rational decision not to obtain comprehensive car insurance or home contents insurance having regard to the value of assets, their beliefs about what they would do if they lost assets and their willingness to accept risk.**
- **Many consumers do not shop around for insurance much or at all.**
- **Many uninsured people would prefer to be insured, but are unable or unwilling to pay the required insurance premiums.**
- **Inability or unwillingness to pay the premium or a perception that insurance was unaffordable was the principal reason consumers who participated in this study did not have relevant insurance.**
- **Some people were interested in a widely available pensioner insurance policy which would be more affordable.**

4.2 Distrust of or dissatisfaction with the insurance industry

A feeling of distrust and dissatisfaction appeared to be a significant barrier to taking out insurance for some in the focus groups. Many participants felt that there was a lack of reciprocity in their dealings with insurers. Many had a narrow view of the relationship between them and an insurer: ‘we pay premiums, you pay claims’. They had evidently heard the benefits in advertisements in which the process appeared simple. But many found the realities of making a claim much more difficult.

For example, an uninsured driver had sought compensation from the insurer of the other driver who admitted fault. She felt the insurance company was trying to avoid the claim by suggesting she must have been speeding when in fact she was within a few metres of her driveway. She felt this was typical behaviour by an insurer.

Many also felt that that they were not seen by insurers as important or respected customers. This meant they did not insist on the service they wanted and as a result chose to be uninsured. In relation to a rejected claim after an accident, an elderly woman commented 'I just went—a small person fighting a big company'. One man felt there was a stigma to living in public housing: 'Once I said I was in high-rise flats, they [the insurer] said, "You're wasting your time" '. Another woman summarised her feeling of not being respected by saying:

> Our time is just as timeworthy as their time. So can we give them a bill for the times they keep us hanging on the phone for three hours, waiting to get through?

Others commented 'They don't care about the little people' and 'They look down on you'.

Some elderly participants noted the changes in service provision by insurers, with one woman saying, 'It's not like it used to be'. They spoke of the insurance man who used to come and collect premiums every fortnight and assist them in making claims. Some participants lamented the general reduction of personal contact. Overall, they missed the contact with one person who was willing to oversee all their insurance issues. They seemed to see the new model as soulless and lacking in personal responsibility. One woman said, 'It's becoming a nameless sort of thing … pay your money, direct debit'. Another agreed: 'When you ring the number, they say, 'Oh well if it's for this, press, push this'. A man added 'You're just a number.'

For some elderly people and migrants, face-to-face contact appeared to be an important factor in selecting an insurer. Many said that they would be willing to pay extra for this personal contact. One woman commented:

> I go over to Gosford and, sort of, I feel I could approach the girls over there and say, 'Look, I want to know about this'. I don't think they're too bad, actually.

Yet despite some people's comments that they would be willing to pay extra for personal contact, these ideas might not translate into actual purchase decisions.

People also felt that it was important for claims to be paid quickly. Some participants complained about the difficulties of obtaining alternative transport while waiting several weeks for a claim on car insurance to be paid.

Insurance companies may come in for unwarranted criticism when claims are rejected, as people may find it difficult to separate emotional and material losses. When people need to make an insurance claim, they have often experienced some sort of trauma—such as the vulnerability of a burglar being in their personal space or the physical harm of a car accident. Rejection of their insurance claim then becomes associated with that difficult time in their life. For instance, one man spoke of his experience when his house burnt down and he was unable to claim on insurance. He had lost sentimental items as well as other goods. Much of this loss seemed to be mixed together and he went so far as to blame the insurance company for sentimental items that were irreplaceable:

> Some things I can never, never replace, including traditional things, all the photographs of my life and my children's life and all the video tapes, and … but I could not replace any of those that I lost, and that meant losing faith in insurance, completely, completely gone. Sometimes it can feel like [a] tsunami came, we will never replace it.

Key point

- **Focus group participants expressed some distrust of insurance companies and a feeling of not being a respected customer.**

4.3 Housing security requirements and high crime areas

There was a tension between insurers encouraging customers to minimise the risk of loss by improving security and people on low incomes being unable or unwilling to make this investment. Some tenants had experienced difficulties persuading their landlord to install security that is required for home contents insurance. For instance, a private tenant commented:

> I rent a house and my landlady is just out of this world. I've got problems all over the place and she refuses to pay for them.

There were mixed experiences with public housing authorities. It seemed that there were inconsistencies in the extent to which housing officers were willing to use their discretion to fund improved security. A public tenant explained:

> My old place I was in, it took me 11 years to get something done. The lady that I had as a housing officer, she did not want to know. It depends on the housing officer, if the housing officer is interested in the area.

A group of Somali women in Northern Melbourne had been unable to obtain security measures from the public housing authority. Nor were they entitled to install them at their own expense. Instead, they had apparently been advised that locks could be a hazard in the event of fire. This experience was supported by a woman in NSW who spoke of the health authorities, such as the ambulance service, not allowing improved security:

> My step daughter lives in Glebe and she's getting broken into every other week and she wants bars [put] on the window and they [the ambulance service] told her she couldn't, for safety reasons.

Other focus group participants recognised the importance of security and suggested insurers assist people to install better systems. One woman said:

> My insurance company insists that [you] fit the locks, and you haven't got the money to do that. Well, what they should be doing if there's a package put together, there's an incentive there that they either cover part of the costs there if that's required. Or if people want to have a security system in their house, to make that part of the package.

Many felt insurers' security requests were unreasonable. One man commented:

> They want to make me jump through more hoops and everything else before they'll even consider it.

There was a strong perception among focus groups that expensive security improvements were required to obtain contents insurance. However, at least one major home contents insurer does not require security systems as a precondition for offering insurance, although they do offer premium discounts for some security measures depending on assessed risk. Despite this, the perception that these systems are required is significant and operates as a real barrier to taking up insurance. There may be opportunities to increase access to home contents insurance by making it clearer to low-income consumers that special security measures are not necessarily a requirement.

Many people on low incomes live in areas that insurers consider to have high crime rates. Focus group participants also felt that they or their neighbours were frequent victims of property crime, and cited numerous instances of minor and less minor incidents including burglary and car theft. For a group of public housing tenants in inner Sydney, theft of household goods seemed to be a fact of life, with almost all having experienced at least a minor theft in the proceeding five years.

Although we are not aware of any insurer that declines to insure people on the basis of their postcode, they do base premiums on a suburb’s rate of crime. Focus group participants felt victimised by the higher premiums, but did not appear to appreciate that premiums are priced according to risk. They wanted to feel safe and covered, but not pay a lot for it. One man commented:

> If I ring up and go ‘I’m from Toorak’, it’d be no problem … But because I come from the lower socioeconomic environment, I’m discriminated against. I’ve had grief from insurance companies and things. Like when I ring up for a quote, they say, ‘That’s a high risk area’ and all that sort of stuff … And that’s a stigma that’s related to this area.

Another woman conveyed her disappointment with risk-based pricing:

> What’s really getting on my nerves is that every time you tell them where you are, they go, ‘Oh, that’s a high risk area’ … I said, ‘But aren’t I paying you to take that risk? Isn’t that why I’m buying insurance? Isn’t that your job?’

A man also felt it was unfair that premiums were higher in his area:

> The attitude of the financial sector is really questionable, they seem to have a different mind when they are dealing with people who live in high-rise. And I’ve found that is not nice.

This is a difficult social problem. From the insurer’s point of view, pricing according to risk is logical and in most circumstances creates incentives to minimise risk for the benefit of all those insured. But from the low-income consumer’s point of view, it is not their fault they live in a high crime area. In many cases, they have little or no choice.

Whilst improving security should reduce the risk of theft, it is debatable whether this is solely the responsibility of low-income tenants. Providing appropriate security is likely in many circumstances to form part of a landlord’s duty of care. Over the longer term, improved security may be one factor which will lead to lower levels of crime in a particular area, and thus to lower premiums. But in the meantime, many participants are left exposed to large risks or higher premiums because they or their landlords are unable or unwilling to meet insurers’ real or perceived security requirements.

Key points

- **Actual or perceived home security requirements are a barrier to obtaining home contents insurance.**
- **Many focus group participants reported that they or other members of their community were affected by property crime. Some regard losses as a result of property crime as an everyday part of life for themselves, their relatives and their neighbours.**

4.4 Undervaluing assets

Many participants did not consider their assets worth insuring. In relation to comprehensive motor vehicle insurance, some people consciously decided not to insure as the premium was not seen as good value for their relatively low value vehicle, even if the car was important for their lifestyle. For instance a woman commented:

> I personally thought that it wasn't worth the money … to insure a two thousand dollar car … which was a good little car.

In relation to home contents insurance, many uninsured focus group participants seemed to be working on a combination of a suspicion that their assets were not worth insuring and a belief that a major loss (as opposed to the theft of one or two items) was unlikely.

Participants in some groups were aware of other people who had suffered extensive loss of home contents. Some realised that they could not afford to be unrealistically optimistic about avoiding a similar loss. For instance, upon reflection, one uninsured woman commented on the dire consequences if her house burnt down:

> I've had so many members of my family that were living up in NSW when the fires were on and got so close to them … I looked at that and I thought 'Well wow, what if that ever happened to me?' You know I'd be totally with nothing. Absolutely nothing.

Another uninsured woman acknowledged that her contents were of great value to her:

> I know sometimes I sort of joke about it and I go 'Oh I haven't really got anything that anyone would want to take'. But then people say, 'Look at what you've got', and I go 'Yeah'.

Obtaining car insurance was also a problem for younger people, who incurred high premiums. A woman spoke of her friend whose uninsured car had been stolen:

> They had their car stolen from Cranbrook, recently—ten thousand dollar car, wasn't insured. Reason being he's 21 and the car was too expensive to insure … He's now paying off a ten thousand dollar loan and he has nothing to show for it.

On the other hand, some people had thought about the risk of loss and were relatively stoic about how they would deal with the loss. Some vehicle owners admitted that it would be inconvenient and maybe costly to lose their vehicle but they would just try to start saving for another one. One young man commented that he would borrow his father's car, and another said he would be able to find another car through his contacts for only $500. Another man supported this notion of being able to replace items without too much trouble, saying: 'Someone always has something to give someone that's lost something'.

For some it seemed poverty had provided a degree of tolerance to losing assets. Some Somali refugees also pointed out that since they had arrived in Australia with nothing and had survived, they could suffer the loss of a vehicle or household goods with much less hardship than they had overcome earlier in their lives. One woman who had lost everything in Somalia said this experience changed her attitude to material goods. Another man spoke of the other emotional losses that he considered greater than loss of material goods:

> I think most of us have lost something much dearer … than a few personal items, if you come from a broken marriage, or burned down house … come through something more dramatic than a pinched laptop, that's why we all think insurance is no good for us basically.

However, it is hardly desirable for people to resign themselves to material loss.

Key points

- **Focus group results suggest many low-income people do not understand the consequences of not being insured or do not make a realistic assessment of the risk of loss and its consequences.**

- **Focus group results suggest many low-income earners have already experienced a great deal of hardship and are resigned to an insecure existence. As a result, they may not put a high value on insurance.**

4.5 Overconfidence about risk of loss

Some people also seemed to hope, rather than believe, that nothing would go wrong. For instance, one young man commented, ‘I don’t have any car insurance. I just drive very carefully’. On the other hand, participants were well aware of friends and family who had suffered loss which was not covered by insurance.

In addition, many people on low incomes appear to focus on the immediate future rather than plan for more distant possible adverse events. They manage from one fortnightly pension payment to the next. For some, deciding to purchasing insurance is a longer term process of thinking about potential events in the future. A young woman living in public housing said:

> [I’m not insured] because I have no job and no money, so the thing that’s in my flat is nothing valuable … When I have a job, a good job, I will buy a house and something that’s valuable. I will have to buy insurance because I think insurance is very important.

Key point

- **Many people were not insured because they had a probably misguided belief that ‘it will not happen to me’ or did not place much importance on the risk of adverse events occurring in the future.**

4.6 Building an insurance record

There was a perception that the no claim bonus system disadvantaged people who had not previously held insurance from entering the market. The experience of some focus group participants was that premiums were priced at the highest level if the person had not had insurance in the past few years. A woman commented that this expense was a disincentive for her:

> I think they should investigate … the traffic background of the applicant, because I’ve never had an accident … I would be paying I think it was $550 for 4 years before I could get an A1 rating. Now that’s a whack out of an ordinary aged pension, especially when you’ve got other things you’ve got to do. So that was just past me.

This participant’s understanding of the operation of driver ratings is not true for all insurers. One major insurer, for instance, no longer relies on other insurers’ ratings. They only ask people for the length of driving history, whether their licence has been suspended, disqualified or cancelled in the last three years, and whether they have had any claims. Someone who has never had their licence cancelled or has not made a claim over a certain period will be granted the most positive rating with this insurer, irrespective of the rating they earned with a previous insurer. For those insurers that do not take account of other insurers’ ratings, in marketing to people on low incomes it may be important to emphasise that their driving and claims history would be most important.

There was also some confusion about the role of credit or insurance checks in obtaining insurance. A woman spoke of people’s inability to obtain insurance due to adverse credit records:

> I know so many people here that would love to have insurance but can’t afford it. When they go to get their third party [property] insurance, they’re knocked back with credit checks.

Again, this comment is likely to be based on misunderstanding of the credit and insurance reporting systems. This may reflect the difficulties for people with low levels of financial literacy in understanding the complexities of insurance and financial markets. Credit checks are not undertaken by any Australian general insurer, although we understand some insurers do ask whether a person has previously been declared bankrupt.

Key point

- **There was a perception that credit checks or a lack of a no claims bonus earned from previous insurance history was a barrier to obtaining insurance.**

4.7 Inability to find a suitable insurance product

For many focus group participants, the insurance product that they needed or wanted was not available, or not available from the insurers that they approached. Residents who had retired to the coast to live in mobile homes, for instance, had experienced difficulty in obtaining insurance. Many had found some insurance companies would not insure relocatable homes. Part of the problem was that the caravan park proprietors owned the land and the resident owned the building.
A number of participants were concerned that the minimum level of home contents insurance offered by a number of companies was considerably more than the value of their home contents. We found it difficult to get quotes for $25,000 cover from several insurance company web sites. One major company website advises that minimum level of cover is $40,000. Two others warn the user that $25,000 is low. Gaining an estimate online was possible with an insured value of $26,000[1]. Some insurers have a minimum premium which is for an insured amount larger than many low income families feel they need [2]. About 50% of the respondents to the survey conducted for this project reported estimated assets of less than $10,000 (although we note that people often underestimate the replacement cost of their assets if asked to state a global figure).

Some people also felt that products were designed to suit the insurance company rather than the customer. One elderly woman explained why she did not have house insurance by saying:

> I don't have any house and contents insurance because no-one will give me the insurance I want for replacing about 5,000 books … They wanted every book listed in total and the title page. Now I don't have a typewriter. I don't have a computer. And it would all have to be done by hand. And they said they wouldn't accept that.

Key point

- **There was sometimes a mismatch between people's insurance needs and the insurance policies available to them**.

4.8 Lack of understanding of insurance products

Participants were not always able to distinguish between different options, especially in relation to motor vehicle insurance. Particular areas of poor awareness were excesses (discussed below); the availability of third party, fire and theft cover; and the fact that some vehicle insurance policies will pay a benefit to the insured in respect of damage caused by uninsured drivers up to a certain amount. Many people also found the policy difficult to understand.

[1] We attempted to obtain $25,000 cover by using the online premium estimating software for NRMA, AAMI and RACV on 29 November 2005.
[2] Telephone quote from Suncorp offered the same premium level for cover of $20,000 and $25,000.

Excess

The purpose and sometimes the operation of excesses were not well understood. For the insurer, the primary function of an insurance excess is to have the consumer share the risk. The greater the risk the more responsibility (excess) is placed on the consumer: for instance, younger drivers have higher excesses for motor vehicle insurance. More recently the excess has been promoted as a means by which insured people can reduce their premium. The higher the proportion of the risk the consumer is prepared to carry, the lower the premium required by the insurer to cover the remainder of the risk.

The purpose of an excess is twofold. First, small losses (those below the excess amount) are not claimable. Second, the cost to the insurer of a claim (above the excess) is reduced by the amount of the excess. Both reduce the claims costs and enable the delivery of a certain premium. Any reduction of the excess adds to the cost of the premium.

Most participants did not understand this trade-off between excess and premium and did not appreciate that excess was about sharing the risk. Most participants felt the excess system was unfair. For instance a young woman remarked:

> I don’t think there should be a basic excess. If you have an excess, then why are you insured?

Another man saw an excess as an administration fee, rather than as sharing the risk. He expressed this by saying:

> There should be a small administration fee but not an excess of hundreds. How long does it take to process a claim? It would be an hour. Right so therefore it should be an hour’s time—$50, $100, but not $600 excess.

Although most did not want an excess, they were also opposed higher premiums as a trade-off.

Some people had interesting ideas for addressing the difficulty for people on a tight budget in obtaining a lump sum amount to pay an excess. A man suggested a scale for payments of excess, based on the claim amount. Another suggested that excesses could be paid in instalments.

Insurers often require consumers to pay the excess before a claim by a third party can be met. For example where a consumer with third party property or comprehensive car insurance is at fault in a vehicle accident, the insurer may not be required to pay the claim unless the consumer *first* pays the insurer the amount of the excess. Some participants felt that finding the lump sum excess payment was a barrier to lodging a justified claim. A woman observed:

> I’m going to have to pay $450 excess which I don’t have because I’m not working at the moment. So somehow I’ve got to come up with that money. So I don’t know what to do.

We understand from discussions with consumer lawyers that many companies adopt this approach and that consumer difficulties in paying the excess are not infrequent. Generally after the claim is denied, the consumer is pursued by the car owner who was not at fault (or their insurer). Consumers are then faced with a much larger debt, namely the full cost of repairing the other vehicle. We have heard of examples where the insurer has relented after intervention by the Insurance Ombudsman Service.

Consumer lawyers have suggested that a requirement in an insurance contract that a claim will not be paid unless the insured party first pays the excess is unfair and perhaps inconsistent with section 54 of the Insurance Contracts Act.

The requirement could be made less unfair by allowing consumers to pay the excess over time, as suggested in some focus groups.

Policy information

Some focus group participants had difficulty understanding policy information. One man spoke of the process of obtaining an insurance quote, saying ‘The questions all sound like mumbo jumbo’.

Another woman felt that the complexity of the language used deterred her from obtaining insurance:

> Honestly, another reason why I don’t [have insurance] is that they use all these big words and I’m just so confused … third party, comprehensive insurance [and so on].

A group of older people also felt confused by the terms and conditions and felt support through call centres was inadequate.

Many had not thought about the detail of their insurance until something went wrong and as a result had ignored exclusions, or other ‘technicalities’. They thus felt that insurers’ processes were unfair when it came to making a claim. For instance, a man talked of his experiences after an unsuccessful claim for theft:

> I’m very cynical … they try to find loophole here, loophole there … insurance is very good selling but hard to get [anything] from’.

A woman whose car had been stolen after she moved house spoke of her disappointment in discovering she could not claim on insurance. She had paid premiums for seven years but had forgotten to advise of a change of address when she moved after a relationship breakdown:

> It was all in writing. If you park your car in a different house over 14 days then if you don’t notify them that your car is in another address, in another area, and if it gets stolen from that place and they can prove that you’ve been there for over 14 days, you’re not covered … It really hurt. It hurt big time.

One insurer consulted suggested that part of the reason for this confusion is the strict regulatory requirements around mandated oral disclosures, which have made this process more complicated and less consumer friendly. While changes to the Corporations Act affecting insurers may impose requirements on the ways insurers communicate with customers, these do not fully explain the inability of many people on low incomes to understand all they need to about insurance products.

Third party property cover compared with comprehensive insurance

Some participants also lacked appreciation of the role of third party property insurance in protecting other drivers. For instance, in discussing the need to pay for crashing into another car, one woman commented: ‘I can’t see the point in claiming on my insurance because my car wasn’t damaged.’

Key point

- **Participants found some aspects of insurance products difficult to understand.**

4.9 Concerns about other risks

A small number of participants were concerned about risks other than those covered by general insurance.

An elderly woman was afraid of making insufficient provision for her funeral. She had been unable to find a burial plan that she felt was suitable. She summarised this concern saying:

> I do have this fear of winding up in a pauper's grave and it's probably what would happen …. All I want to do is get buried where I'm not going to stink …I'd like to at least be able to have a little bit of money and pay and give me a [priest] and make me look pretty and shove me in a box.

Some people spoke of insurance that would serve a similar purpose to a warranty. A man would have liked an insurance policy that covered the risk of an electrical appliance such as a fridge or washing machine breaking down. A woman was interested in insuring against the car breaking down, and saw more value in this than other types of policies:

> I'd rather have an insurance policy that helped me pay anything that went—like [when] I dropped the clutch on Punt Road the other day.

Some other participants felt more concerned for their personal safety than loss of assets. An inner-city public housing tenant said:

> You have to listen to people on the estate … and most of the stories are personal—people who've been put at risk—not about property being stolen or their flat being robbed. It's been, 'I've been mugged down the [Laundromat]' because they've walked in on someone shooting up … That's the only risk I've seen, it's a personal risk factor.

Some of these risks are not easily insured against. However, in developing an insurance product that meets the needs of people on low incomes, it is important to consider what they perceive to be the major risks.

Key point
- **Participants faced a range of risks, many of which are not easily insured.**

5 Consequences of being uninsured

While many participants stated that they were unable to afford the cost of premiums, discussions showed few could afford to replace damaged or stolen goods. When people spoke of experiences in times of crisis, it emerged that being uninsured ultimately was not the cheaper option. The cost ended up being borne by someone—be it family, friends, charities or the individual affected through high-cost credit or going without.

Many advised they would turn to friends, family or welfare agencies. For instance, in response to the hypothetical situation of her home being destroyed by fire, a woman commented:

> I'd go home to mother—which for me is a great sacrifice, because we are very happy as long as we're not living together.

Some advised they would turn to welfare agencies or Centrelink. An elderly woman said, 'You'd hope that the Salvation Army or somebody else would help you, put you in their home'. A young woman felt much the same, saying, 'I have confidence that the charitable agencies around and friends would [help out].' However, the reality is that welfare agencies are not always able to assist everyone in need.

A couple of older women said they had savings to fall back on. Few suggested they would turn to the mainstream financial sector. In inner Melbourne, participants spoke of accessing community-operated interest-free loans schemes. On the other hand, an older woman spoke of her difficulties obtaining funds when her car broke down:

> I had to get an advance through social security on my pension … Then I had to try and go for a loan. I couldn't get a bank loan because I'm on an aged pension, don't have any other assets, etcetera.

Some people suggested they would have to go into debt or go bankrupt, if they were driving an uninsured vehicle and caused an accident. A woman spoke of the experience after her husband crashed their car and damaged another:

> They took him to small claims court. And then they were claiming costs which doubled it—actually it was like $1,700 or something and we're still paying.

Although many commentators focus on the more dramatic responses of declaring bankruptcy or obtaining high-cost credit (see, for example, ANZ 2004), it appeared that going without was also common. This is an unsatisfactory solution, especially when it means sleeping on the floor, living out of an esky or living without transport. An elderly woman in outer-suburban Melbourne spoke of going without her car:

> A bloke ran into the back of me and I couldn't have it fixed. I didn't have the money, I was on a pension. That was the end of it. I've been using [public] transport for years, which I don't like very much, but still.

Key point

- **Being uninsured was ultimately not the cheaper option as the cost would be borne by someone—be it family, friends, charities or the individual involved (through going without or using high-cost credit).**

6 Information about insurance and insurance products

Focus group participants were asked how they obtained information about insurance. The main sources of information were word of mouth and television. One focus group also mentioned the internet. There were mixed responses to contacting an insurance company as a source of advice. A group of Somalis had placed trust in their local RACV office for many years and often consulted them. It was the physical presence of the office in their community that was important. However, many others spoke about obtaining advice from family or friends. This has the potential to lead to inaccurate advice.

When asked about obtaining assistance in relation to insurance, only a small proportion of people nominated legal aid, community legal centres or financial counsellors. In only a couple of groups had anyone heard of the Insurance Ombudsman Service (IOS). However, many people suggested they would turn to various agencies that we are confident would in turn refer people with significant problems to either the IOS or a financial counsellor or legal aid centre.

This finding may indicate limited awareness of the IOS, but it does not offer useful information in relation to publicity about insurance to low-income people. Most people quite understandably appear to have little interest in services such as IOS until they need them. So, whilst these organisations are important to assist people to address a bad situation, they are unlikely to be a key channel for proactively assisting people on low incomes to manage their risks.

Key point

- **Many people obtain advice about insurance through word of mouth, rather than formal structures.**

7 Increasing access to insurance

In Section 4 we grouped reasons why low-income people are uninsured under nine headings. This section identifies possible responses under similar headings. It tries to answer the question: how could provision of insurance be better tailored to the needs and circumstances of people on low incomes?

7.1 Affordability and distribution

Focus group participants' concerns about the affordability of general insurance related to the overall premium level, payment frequency not matching their cashflow and the impact of the payment method on their ability to maintain payments. Some suggestions to address these consumer concerns are made in this section, although whether or not they are practical will depend on the ability of insurers to develop a commercially viable product that incorporates them. Insurance products for people on low incomes with some of the suggested features are likely to involve higher transaction costs for both the customer and the insurer.

Premium level and level of cover

The premium level is the key component of the affordability of insurance. Insurers could consider developing lower price products by examining whether there are any aspects of the cover that are not required by significant numbers of lower income consumers and could be removed in return for a lower premium. It may be possible to develop a 'no frills' product specifically targeted at people who wish to insure home contents with a replacement value in the $10,000–$30,000 range. This might be a form of 'disaster cover'—that is, a policy which *only* provides cover if there is a major loss and does not cover a loss of up to several thousand dollars. Rather than carrying a higher excess, such a policy would have a low or moderate excess but would pay no benefit unless the loss was valued above the 'major loss' level.

However, there are a number of barriers to developing such a product. There are significant fixed costs involved in marketing policies, administration and claims handling.

Insurers may need to consider offering to people on low incomes a 'basic cover' product as part of a corporate social responsibility program. Shareholders, however, are unlikely to support such a product unless it is perceived to have adequate intangible or indirect benefits to the corporation.

An alternative method of lowering price is to increase the level of excess. However there was some resistance to excesses among focus group participants. Accordingly, marketing material and other consumer information would need to make clear that higher excesses make possible the lower price.

Government taxes add to the price of insurance. Fire service levy of 22% is imposed on home building insurance policies in NSW and Victoria. This is an irrational tax, as uninsured home owners do not contribute to the cost of fire brigades, and the tax discourages prudent insurance arrangements. While there are strong public policy arguments for funding fire services in a different way, fire service levy is not a relevant issue in relation to motor vehicle and home contents insurance, the most important forms of insurance for the low income people who do not own homes. Insurance premiums also attract state government stamp duty of between 5% and 10%, which is in turn subject to Commonwealth government Goods and Services Tax. These add substantially to the cost of insurance and are likely to contribute to underinsurance generally and reduce the affordability of insurance for low-income people. While it is outside the scope of this report to assess the best way to raise required government revenue, state governments may wish to consider alternative ways to raise revenue which do not have this impact on affordability of insurance.

Payment frequency

The affordability of insurance also depends on payment frequency and type. Given people on low incomes live on a tight budget, regular, manageable payments were important. Many insurers now offer monthly payments and one focus group participant referred to this as ‘a godsend’. Many participants expressed a preference for a more regular frequency that would coincide with the fortnightly payment from Centrelink or other sources, as a female sole parent pensioner commented:

> Because at the moment I’m not working and it’s a bit hard to pay as one lump sum.

Another man said:

> A lot of people can’t afford to pay yearly, then you have the options of say – quarterly and half yearly. About a hundred dollars quarterly is still a lot of money.

Another woman felt she could budget to pay in instalments:

> If they made the monthly payments reasonable … I would probably be able to squeeze the money to pay them.

An aged pensioner felt payment frequency was a key factor in selecting his insurer and commented:

> I chose the Australian Pensioners [Insurance Association – APIA] because the premiums were about the same but they do not charge extra to pay by the month.

Some that were paying on an annual basis found the lump sum difficult, although others budgeted for that payment on a fortnightly basis. One woman said:

> I pay mine yearly. I just save a little each fortnight. I’m in the habit.

Whilst smaller regular payments are more convenient for the customer, they do increase costs for the insurer in lost income from investments and staff time in following up on missed payments, requiring increased premiums to make the same return. For example, one insurer charges 15% extra on home policies if the monthly payment option is chosen (Suncorp 2004, p.2). Arranging for premiums to be deducted on the same day of the week as Centrelink benefits are received might reduce the likelihood of missed payments; indeed for this income group such an arrangement might lead to less missed payments than a monthly system.

Payment method

Many participants nominated Centrepay as the most convenient and reliable payment method. The Centrepay system enables a person in receipt of Centrelink payments to authorise a regular deduction from their payment before it is credited to their bank account. Centrelink have advised that insurance is not currently payable using Centrepay and an arrangement would need to be negotiated. This would include a fee per transaction of around $1 to be borne by the insurer. A woman spoke of the usefulness of Centrepay in assisting her to budget:

> My rent comes straight out before I even get my pension. I’m getting it done with my gas and electricity as well. So that the only money that goes into my bank account is the money I can spend. Then I know everything’s getting paid.

Others preferred to have the cash in their hand and manage it themselves. One woman supported this by saying the best payment method would be at the post office: ‘I’ve been there and I’ve got all the cards [payment plan for utilities]’.

Although the post office and Centrepay are easier for customers, these payment methods will involve additional costs for the insurer.

Competing priorities

Pensioner accounts, as well as appropriate payment methods, are important for better meeting the needs of people on low incomes. However, issues of affordability are still significant and for some people, regardless of how well they manage their money, basic items are still unaffordable. For these people, insurance may need to be traded off with some other necessity or people may choose another priority. If people were to consider obtaining insurance they would need to feel it was good value. However, many appeared not to understand the system of pricing premiums according to risk and felt 'ripped off'. Many people also perceived products available to be inflexible and inappropriate for their needs.

Promotion

Promoting an insurance policy to people on low incomes could be a challenge and take-up rates may initially be slow. These people cannot easily be targeted through some existing sales channels: for instance, home contents insurance may often be cross-sold with home loans, but only 9% of people in the bottom 20% of income have home loans (Reserve Bank 2004, p.11).

Different channels should be considered for marketing insurance which meets the needs of people on low incomes. Promotion through community organisations has been suggested, and has been piloted in the UK and in developing countries, as noted above. However, many people on low incomes may visit charitable organisations after the event, for instance, to request emergency relief after a house fire; in these cases, insurance could only assist for the future.

Public housing authorities might be an effective means of distributing marketing material to tenants. In addition, some community organisations operate loans and savings programs in partnership with banks. Insurance could also be discussed with clients of these programs, for example in relation to insurance of the goods purchased with the savings or loan funds.
A group policy could be developed for community organisations who would on-sell to their clients. This system has been trialled in developing countries and with UK housing authorities. Risks could then be pooled and the policy could be promoted at a standard price regardless of postcode, age, security and other factors. In this situation, the authors consider that if insurers bear the risk, they should also take any profits (although reaching this market might be costly and therefore reduce the profits). If community organisations are involved in selling the product, insurers could consider reimbursing them for transactional costs.

Developing affordable products

Overall, we believe developing appropriate products needs to be further explored. The insurance industry should investigate the size of the market, affordability of premiums and the risk profile. It may also be useful to develop a working group made up of people from industry, consumer advocates, regulators and the community sector.

Recommendations

1. The insurance industry should address issues of affordability by creating and marketing no frills insurance products which might:

- **allow fortnightly payments**
- **provide payment options which are convenient for low-income people such as Centrepay**
- **provide an appropriate level of cover for people with limited household assets**
- **provide more options on the payment of an excess**
- **be structured as 'disaster cover'—that is, are only payable in the event of substantial loss above a certain value.**

2. The insurance industry should consider partnering with public housing authorities, community organisations and other agencies to make insurance more accessible to low-income people.

7.2 Overcoming distrust and dissatisfaction with insurers

As noted in section 5, there was a considerable level of distrust and dissatisfaction with insurers among focus group participants. Initially it may be difficult for insurers to expand services to people on low incomes because of the level of distrust and dissatisfaction. However, there are many community organisations that people on low incomes already use on a regular basis and in which they have developed trust. Co-branding an insurance product with a community group may be a way to leverage off existing goodwill. Community organisations may also be able to offer expertise in developing a product and service appropriate for this group; and some have already worked with banks to develop credit and savings products. In Australia, the *Corporations Act* regulates the provision of advice and may present challenges for community organisations in providing advice about insurance to clients. The authors understand that recent exemptions issued by ASIC allow third parties to distribute insurance products without needing to be an authorised representative, so long as the insurer takes responsibility for their conduct.

As previously discussed, focus group participants reported not feeling respected and receiving inadequate service. However, some people clearly wanted a higher level of service than is cost-effective. Other people may have blurred the difficult emotional experiences of goods being damaged or lost with a claim being declined.

Although some complaints may be unable to be resolved, there are likely to be areas where service to people on low incomes could be improved. Many insurance companies already have a strong commitment to customer service, which could be enhanced specifically in relation to people on low incomes. Insurers could consider providing additional training for staff to deal with people with low levels of financial or other literacy. Insurance companies that started as friendly societies could assess the type of service that was previously offered and appreciated. Given that some of the distrust expressed by focus group participants related to experiences with claims, additional efforts may be needed to ensure that dispute resolution services are understood by and relevant to low-income consumers.

It would be worthwhile for insurers to do more to draw to consumers' attention the benefits of third party property, fire and theft cover and uninsured motorist's extension (the latter extension to third party property policies provides cover if someone is in an accident which is the other (uninsured) motorist's fault).

There are a number of ways in which insurers have endeavoured in recent years to win customers' trust. The new General Insurance Code of Practice imposes timelines for determining claims and for resolving complaints. Insurers are already required to provide reasons for their decisions, usually in writing. Many insurers have worked to provide clear reasons for declining claims. Translators are now generally available for people from non-English speaking backgrounds.

These measures mostly affect those who are already insured. Broader distrust is likely to have been built up over time. To increase trust in insurers is likely to require a range of activities, and a long term commitment to understanding low-income consumers' concerns and responding to them.

Recommendation
3. The insurance industry should develop ways to increase trust in the industry among low-income people. In addition to current strategies (improved complaints handling, the General Insurance Code), an option for doing so may be to develop and distribute products in partnerships with organisations such as community groups that have considerable goodwill and expertise in dealing with financial needs of people on low incomes.

7.3 Security requirements

Addressing security requirements is a complex issue, as there are many different players involved: consumers, insurers, housing authorities and private landlords. There are also public perceptions, as noted above, that insurers' security requirements are more stringent than the reality. Furthermore, many low-income neighbourhoods do have high crime rates and it is reasonable that premiums are priced on the basis of risk. If not there is danger that insurers would avoid offering cover in the high risk areas.

Despite this, it is unacceptable that many low-income tenants are (or believe they are) unable to be insured without expensive security improvements. These people are often in a weak bargaining position to obtain new locks or alarms. There are several possible responses to this problem. Police, local governments, housing authorities and local community organisations should focus on crime minimisation and prevention in areas considered to be high risk. Housing authorities should ensure properties are secure. Finally, insurers should be more flexible in their security requirements. People on low incomes need to understand that it is worth trying to obtain insurance and they will not necessarily be rejected due to limited security. Dialogue between housing authorities, estate agents and insurance companies could lead to greater consistency in and understanding of security requirements

Recommendations
4. Government, the community sector and insurers should coordinate efforts to assist low-income communities reduce property crime.

5. Housing authorities should review their security policies to ensure that they do not deny tenants the opportunity to obtain home contents insurance.

6. Insurers should develop more flexible security requirements, or clearly communicate that insurance applications will not necessarily be rejected due to limited security.

7.4 Undervaluing assets and over confidence about risk

Understanding people on low incomes is important to tailoring promotional literature which addresses their concerns. Many focus group participants initially said that their assets were not worth insuring and then on reflection realised they could not afford to replace them. Some schemes from the UK focused on risks using messages such as 'Fire, flood or theft – can you afford it?', 'It's easy to be wise once the damage is done' and 'Sorry – or safe with home contents insurance'. These messages were introduced in some focus groups and generated discussion about the enormous difficulties in rebuilding a base of assets, even if they were initially not worth much. The Insurance Council of Australia publishes a range of guides for consumers, many insurers have online home and contents calculators, and several insurers make available helpful information such as AAMI's brochure, *We don't want to find out what they're worth after you've lost them*. However, the messages about the need to adequately value goods did not appear to be getting through to many focus group participants.

The reality may be that many people are not interested in these issues until they have suffered loss. Other consumers are able to accurately assess their contents' value but choose not to insure. However, it may be useful to consider other channels for encouraging people to carefully consider the cost of replacing their assets.

The Corporations Act creates potential disincentives for insurers to help particular individuals to value their contents. Insurers are reluctant to be seen to be providing 'personal advice' lest they be liable if the advice is wrong or incomplete. ASIC should work with the Insurance Council of Australia to ensure that the laudable aim of ensuring that consumers do not receive incorrect or misleading advice does not prevent insurance company frontline staff providing useful and required assistance to potential clients to value their property.

Recommendations
7. Insurers should clearly communicate risks of being uninsured in promotional literature to low-income people.

8. The Australian Securities and Investment Commission should work with the Insurance Council of Australia to ensure the Corporations Act does not have the unintended consequence of insurers being reluctant to assist consumers in valuing property.

7.5 Building an insurance record

Based on comments by insurers, it appears that the concern about the need to have a satisfactory record is based on a perceived requirement rather than the reality. No Australian general insurers undertake credit checks. Yet, even if this perception is incorrect, it shows something about the power of myths and misunderstandings. It would be important to highlight to people the lack of credit checks and consideration of traffic records in any promotional material to this group.

Recommendation
9. Insurers should clearly state in promotional material to people on low incomes that credit checks are not required to obtain a policy and should explain the factors taken into account in assessing any rating that affects premium levels.

7.6 Finding a suitable insurance product

Section 4.6 above identified circumstances in which low-income consumers were unable to find appropriate kinds of insurance.

In some cases this problem flows from a lack of information about, and thus difficulties finding, a product offered by only one or a small number of companies. We identified one example as mobile home insurance. The revised General Insurance Code of Practice includes provisions designed to assist consumers find policies of this sort.

In relation to home contents insurance, the minimum level of cover appeared to often exceed the value of contents owned by people on low incomes. Possible responses in the design of insurance products are discussed at 6.1 above.

Products tailored for particular groups (mentioned in Section 2.1) deserve further exploration.

Recommendation
10. The initiatives in the revised General Insurance Code of Practice designed to assist consumers locate appropriate products should be reviewed after a period of time to see if they are effective in increasing knowledge among people on low incomes about the availability of appropriate insurance.

7.7 Lack of understanding of insurance products

Many people did not understand the role of excesses, had not realised there were exclusions to their policies and found terms and conditions difficult to understand. Some people were so disappointed when a claim was rejected due to an exclusion that they became completely disheartened with the insurance industry.

Poor understanding of policies is probably a combination of poor financial literacy, the complexity of insurance products and the difficulties of communicating the essential terms alongside the large volume of information required to be provided by regulation or by insurance company lawyers' and directors' excessive prudence.

Many people take little interest in their insurance policy until they need to make a claim. This kind of response is not unique to insurance—there are many other issues that people do not consider until it is too late. The Australian and state governments' support for financial literacy initiatives is one response, albeit one likely to have benefits only in the long term.

Furthermore, there are some inherent complexities in home insurance policies. In order to produce a policy with a relatively low premium, insurers may seek to exclude cover for certain risks. Although people complain about exclusions, few would be willing to pay the price of a policy without conditions. Nevertheless the more conditions that apply, the harder it is to communicate to consumers the exact extent of cover they are purchasing. The standard cover regime in the Insurance Contracts Act limits the areas that can be excluded, but does not mean that all insurance policies are the same or are equally simple.

Nevertheless, the trade-off between premiums, exclusions and excesses could be more clearly articulated so that consumers are making more informed decisions. Insurers should prepare simple and short policy statements, particularly catering to people with low levels of financial literacy and those from non-English speaking backgrounds. In addition to directly impairing consumers' ability to purchase appropriate insurance, a lack of understanding of aspects of insurance products may contribute towards a negative feeling about insurance.

Recommendation
11. Insurers and regulators should work together to ensure policy information is clear, succinct and easily understood by people with limited financial literacy.

7.8 Concerns about other risks

People on low incomes face a variety of risks in their lives. They are often in precarious employment and risk losing wage income. If they are receiving unemployment benefits, they risk being 'breached' by Centrelink if they do not apply for a particular number of jobs per fortnight. Many are sole parents and face uncertainties about their family life. Many others live in areas with high crime rates and feel afraid of being robbed. Many of these risks cannot be eliminated by insurance and are just part of the struggle of living on a low income.

Some focus group participants found it difficult to separate out these risks and many felt intense discomfort about the high level of risk and uncertainty in their life. In theory, creating a safety net through savings may be the optimal response, but the reality is that saving requires a longer term change in attitudes and appropriate systems to support and encourage this behaviour. In any event, the level of savings available to low-income people will not allow them to self-insure against total loss of assets, and another response is required, whether that be commercial insurance or some form of public emergency assistance.

8 Perceived risks of insuring people on low incomes

Some commentators suggest that there are considerable risks in insuring people on low incomes given the issue of moral hazard. Basically, moral hazard suggests that the existence of an insurance policy changes behaviour. The concern is that some people may only consider a policy worthwhile if a claim is made. It is possible that people who are struggling to make ends meet may make a false claim on their policy. However, this behaviour is not confined to low-income people. In focus groups, attitudes towards insurance were explored. It was difficult to obtain opinions on false claims, perhaps partly because people may not want to admit in public to behaving in a careless or irresponsible, let alone fraudulent, way. There was one instance of a man advising that his friend had inflated the value of a stolen computer—yet this was only one among 72 people involved in focus groups.

In a group of elderly people the consensus was that being insured was part of the equation of owning an asset. One woman went as far as to express the view that it was not ethical or fair on other people to drive an uninsured car. In another group there was similar agreement, namely that consumers had a duty to insure their car. These comments suggest that insurance would not cause more careless behaviour, but was seen by many both as a safety net for the worst possible event and as something akin to a duty that flowed from owning a motor vehicle. That is, they did not consider insurance ‘dead money’ if they did not make a claim.

Issues of moral hazard are certainly important in developing an insurance product for people on low incomes. Everyone can miss out if there are too many unjustified claims. However, many participants saw insurance as an individual issue, rather than as part of group where risks are pooled. It would therefore be important to have appropriate safeguards.

Recommendation
12. Insurers and community partners should consider how to reduce the risks in designing an appropriate insurance product for people on low incomes.

9 Conclusion

The inability to afford premiums is not the only reason high numbers of people on low incomes are uninsured. People’s different experiences have shaped their decision not to insure. Some have been so disappointed by a past claim being declined that they have lost faith in the system altogether. Others feel they have no choice but to be uninsured as they cannot afford required home security improvements. Some people on low incomes consider the insurance products too costly for a relatively low value asset (particular a motor vehicle), or that products available do not address the major risks they face, such as those relating to their personal safety. Still others have made a rational decision not to obtain insurance as they feel that given the cost of premiums, the risk is worth taking.

For many people the consequences of a loss while being uninsured are serious. Each individual is entitled to make their own decisions about the risks they are prepared to bear. However, people on low incomes should not be discouraged or prevented from reducing their risks by barriers which are avoidable or by incorrect information

Removing the barriers between low-income people and insurance may be difficult. There needs to be cooperation between insurance companies, community and consumer organisations and government. We have suggested innovations such as a pensioner insurance policy, clearer language in policy documents and partnerships with community organisations to improve access to insurance (see panel).

Recommendations

1. The insurance industry should address issues of affordability by creating and marketing 'no frills' insurance products which might:
   - allow fortnightly payments
   - provide payment options which are convenient for low-income people, such as Centrepay
   - provide an appropriate level of cover for people with limited household assets
   - provide more options on the payment of an excess
   - be structured as 'disaster cover'—that is, claims are only payable in the event of substantial loss above a certain value
2. The insurance industry should consider partnering with public housing authorities, community organisations and other agencies to make insurance more accessible to low-income people.
3. The insurance industry should develop ways to increase trust in the industry among low-income people. In addition to current strategies (improved complaints handling, the General Insurance Code), an option may be to develop and distribute products in partnerships with organisations such as community groups that have considerable goodwill and expertise in dealing with financial needs of people on low incomes.
4. Government, the community sector and insurers should coordinate efforts to assist low-income communities reduce property crime.
5. Housing authorities should review their security policies to ensure that they do not deny tenants the opportunity to obtain home contents insurance.
6. Insurers should develop more flexible security requirements, or clearly communicate that insurance applications will not necessarily be rejected due to limited security.
7. Insurers should clearly communicate risks of being uninsured in promotional literature to low-income people.
8. The Australian Securities and Investment Commission should work with the Insurance Council of Australia to ensure the Corporations Act does not have the unintended consequence of insurers being reluctant to assist consumers in valuing property.
9. Insurers should clearly state in promotional material to people on low incomes that credit checks are not required to obtain a policy and should explain the factors taken into account in assessing any rating that affects premium levels.
10. The initiatives in the revised General Insurance Code of Practice designed to assist consumers locate appropriate products should be reviewed after a period of time to see if they are effective in increasing knowledge among people on low incomes about the availability of appropriate insurance.
11. Insurers and regulators should work together to ensure policy information is clear, succinct and easily understood by people with limited financial literacy.
12. Insurers and community partners should consider how to reduce the risks in designing an appropriate insurance policy for people on low incomes.

There will be considerable challenges in reaching uninsured people on low incomes and developing systems and products that meet their needs. As a result, take-up rates could be modest. This will also need to be balanced with the needs of an insurance company to provide a cost-effective service with sufficient funds available to meet claims.

We hope that the insurance industry, community and government sectors will embrace these challenges. This would create goodwill for insurers and the opportunity to broaden their customer base. Resources currently used by community organisations in emergency relief could be redirected to other pressing social needs. Most importantly, appropriate insurance policies could reduce the number of people on low incomes exposed to risks that they cannot afford. It could assist them to manage their vulnerability with dignity and prevent them from falling further into poverty.

Appendix A: Focus groups

Focus groups were conducted between March and June 2000.

- Participants were recruited through local community organisations. For example a group of migrants who have been settled in Australia for 10 years and who live in Ministry of Housing accommodation were recruited through a community worker at a local Community Legal Service. A group of older people (over 55) who live in caravan park north of Sydney were recruited through the Parks and Vans Association.
- Recruiters were asked to ensure that all or most participants owned a motor vehicle or had home contents that they might consider to be worth insuring.
- Focus group conversations were led by one of the principal researchers and lasted for about 90 minutes. Another member of the team was on hand to take notes, tape proceedings and assist with administering surveys.
- Focus group members were advised of the purpose of the research, provided with a short information sheet and asked to sign a form indicating their consent to take part and to the proceedings being tape-recorded and inviting them to request a copy of the final report of the project.
- Each focus group first identified whether participants owned a car, its estimated value, and whether the car was insured and the type of insurance. A discussion about car insurance ensued, covering matters such as experience with claims, views about excess and experiences with uninsured losses and the consequences. Then participants indicate whether they had home or contents insurance. This was followed by a discussion about home contents insurance. Finally focus groups considered general issues including attitudes to insurance, knowledge about where to take complaints and sources of information about insurance products. The precise topics covered varied according to the researcher's judgment about the relevance of the topic to group members.
- Focus group participants were asked to complete a one-page survey providing some demographic details and information about their current and past use of insurance products. Some focus group participants required assistance to complete the surveys, probably for literacy reasons. The West Heidelberg group were not offered the survey and three participants in one other group were not able to complete the survey.
- Focus groups participants received a small payment to cover any costs incurred in attending the groups.

Victorian focus groups

- Somali community members living in public housing in Melbourne
- residents of an outer suburban Neighbourhood Renewal area in south-east Melbourne
- older residents of independent living units in an outer southern suburb of Melbourne
- employment program participants, all residing in inner city public housing

New South Wales focus groups

- members of Sydney's Lebanese Muslim community
- tenants of a public housing estate in inner Sydney
- people in western Sydney, mostly residing in public housing.
- older Greek-born residents of a southern suburb of Sydney
- older people living in a caravan park north of Sydney

Appendix B: Survey demographics

	Total	Not insured[1]	
	Number	Number	Percentage
All people surveyed	126	69	55%
Types of insurance currently held[1]			
Contents	34		
Car insurance (if own a car)	42		
Income protection insurance	4		
Funeral	8		
At least one of these 4 types of insurance	57		
Gender			
Male	47	29	61%
Female	76	38	50%
Not stated	3	2	67%
Country of birth			
Australia[2]	72	43	60%
Other English speaking country	16	9	56%
Non English speaking country	38	17	44%
Marital status			
Single	43	31	72%
Married/de facto	39	11	28%
Divorced/separated	34	22	65%
Widowed	9	5	56%
Age			
Under 25	7	5	71%
25 to 49 years	69	42	61%
50 years and over	50	22	44%
Living arrangements			
Renting, private	40	24	60%
Renting, public	31	22	71%
Own outright/paying off home	19	10	53%
Renting from welfare agency	12	6	50%
Living with parents	3	2	66%
Boarding	7	5	71%
Living in mobile home	7	0	0%
Not stated	7	0	0%
Assets			
Less than $5000	41	33	80%
$5000–$10,000	25	17	68%
$10,000–$100,000	38	13	34%
More than $100,000	22	6	27%
Other financial products held			
More than one bank account	41	16	39%
Credit card	41	15	37%
Personal loan	20	9	45%
Home loan	8	4	50%
Superannuation	29	11	38%
No other financial products	55	40	73%

Self-reported financial status			
Managing very well	16	6	38%
Managing quite well	34	18	53%
Just getting by	41	21	51%
Experiencing some financial difficulties	34	23	68%
Experiencing a lot of financial difficulty	1	1	100%
Income from employment			
Yes	31	15	48%
No	95	54	56%
Car ownership			
Own a car	64	22[3]	34%[3]
Do not own a car	46	n.a.	n.a.
Not stated	16	n.a.	n.a.

Notes:
[1]'Uninsured' refers to people who did not have home contents, car, funeral or income protection insurance. They were not asked about building insurance, as a low rate of home ownership was expected amongst the low-income groups canvassed.
[2] Indigenous status was not sought in the surveys. There were four people who identified as Indigenous in the Sydney focus groups.
[3] Uninsured relates here to car insurance only.

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