

**The perceived
value of insurance
for low-income
households**

Stage 2:
Understanding how
insurance decisions
are made

July 2021





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Prepared for Suncorp by Good Shepherd Australia New Zealand

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Authors: Susan Maury, Dr Zara Lasater, and Maggie Mildenhall

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Table of contents

List of figures	4
List of boxed quotes and case studies	5
Acknowledgements	6
1.0 Executive summary	7
2.0 Introduction and background	12
3.0 Describing the sample	16
4.0 Quantitative analysis of patterns and value of policy types	20
4.1 Car insurance	20
4.2 House/contents insurance	26
4.3 Other kinds of insurance by type	33
4.4 Other kinds of insurance: Comparison across types	39
4.5 Other policy types: Write-in responses	43
4.6 Summary: Other policy types	44
4.7 General comments on insurance	45
4.8 Summary: Quantitative analysis of patterns and value of policy types	47
5.0 Qualitative analysis on differences in both holding a policy and valuing insurance (interview responses)	49
5.1 Comparing respondents	49
5.1.2 Priority insurers: Owning a policy and placing a high value on insurance	51
5.1.3 Opportunistic insurers: Owning a policy and placing a low value on insurance	53
5.1.4 Left out: Not owning a policy but placing a high value on insurance	55
5.1.5 Taking chances: Not owning a policy and placing a low value on insurance	57
5.1.6 Summary: Comparing responses	59
6.0 Qualitative analysis of decision influencers (interview responses)	60
6.1 Peace of mind/enforced	62
6.2 Cost	64
6.3 Experiences	68
6.4 Complexity	71
6.5 Tailored policies	74
6.6 Wasted money	77
6.7 Findings and key themes: Summary	80
7.0 Conclusion and recommendations	82
7.1 Key findings	82
7.2 Recommendations	83
7.3 Conclusion	85
8.0 Appendices	86
Appendix A: Online survey	86
Appendix B: Interview script	93
Appendix C: Summary of comments on Essentials by AAI	96
Appendix D: Preliminary analyses of qualitative responses (Dec 2020)	97

List of figures

Figure 1: Survey respondents by age	16
Figure 2: Family status of survey respondents	17
Figure 3: Main source of income for survey respondents	18
Figure 4: Average income by quintile and representation in survey responses	19
Figure 5: Types of car insurance	21
Figure 6: Car insurance – company type	21
Figure 7: Responses to the question, “Why don’t you have car insurance?”	24
Figure 8: House/contents insurance by type	27
Figure 9: House/contents insurance – company type	28
Figure 10: Responses to the question, “Why don’t you have house/contents insurance?”	31
Figure 11: The perceived value of private health insurance	34
Figure 12: Perceived value of funeral policies	35
Figure 13: Perceived value of unemployment insurance	36
Figure 14: Perceived value of the NDIS	37
Figure 15: Perceived value of private disability insurance	38
Figure 16: Perceived value of pet insurance	39
Figure 17: Percentage of the sample that own different policy types	40
Figure 18: Percentage of the sample who did not hold specific policy types but still considered them of value	41
Figure 19: Percentage of the sample who did not own specific policy types and also did not consider them of value	42
Figure 20: Percentage of sample which indicated they had little information on specific policy types and would like to know more	43
Figure 21: Organising principle for interviews with the number of participants in each quadrant (N = 98)	50
Figure 22: Most repeated words: Those with insurance who value it highly	51
Figure 23: Most repeated words: Those with insurance that placed a low value on it	53
Figure 24: Most repeated words: Those without insurance but who valued it highly	55
Figure 25: Most repeated words: Those who do not have insurance and place a low value on it	57
Figure 26: Decision tree of key decision influencers for those who did and did not value insurance	61

List of boxed quotes and case studies

Box 1: Select responses to “What is the main value you see from having car insurance?”	22
Box 2: Select responses to “How could car insurance better suit your needs?” (those with a policy)	23
Box 3: Select responses to “How could car insurance better suit your needs?” (those without a policy)	25
Box 4: Select responses to “What is the main value you see from having house and/or contents insurance?”	29
Box 5: Select responses to “How could house and/or contents insurance better suit your needs?” (those with a policy)	30
Box 6: Select responses to “How could house and/or contents insurance better suit your needs?” (those without a policy)	32
Box 7: Select responses to “Is there anything else you would like to tell us about these other types of insurance?”	44
Box 8: Select responses to “Is there anything else you would like to tell us about insurance in general?”	46
Box 9: 'Rosie': A case study of a priority insurer	52
Box 10: 'George': A case study of an opportunistic insurer	54
Box 11: 'Rachelle': A case study of someone who is left out	56
Box 12: 'Carl': A case study of someone who is taking chances	58

Acknowledgements

Who we are

Good Shepherd Australia New Zealand was established to address the critical, contemporary issues facing women, girls and families. We work to advance equity and social justice, and to support our communities to thrive. We aspire for all women, girls and families to be safe, well, strong and connected.

This research was conducted by the Research and Advisory team at Good Shepherd Australia New Zealand. We specialise in areas of gendered disadvantage, family and domestic violence, financial security and wellbeing, microfinance and women's entrepreneurship. We conduct research, provide training, and consult on human-centred design. This report was commissioned by Suncorp Insurance Company.

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Interviews were conducted by Zara Lasater, Michael Joyce, Hannan Amin, Maggie Mildenhall and Susan Maury.

Analysis assistance was provided by Dr Megerssa Walo.

Statement of recognition

Good Shepherd Australia New Zealand acknowledges the traditional custodians of the lands and waters throughout Australia. We pay our respect to Elders past, present and emerging, acknowledging their continuing relationship to the land and the ongoing living cultures of Aboriginal and Torres Strait Islander peoples across Australia.

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1.0 Executive summary

Insurance is a pillar of financial inclusion, providing protection from unexpected economic shocks. However, previous research indicates low-income households are under-insured. The research reported here explores how low-income households value insurance and make decisions regarding coverage. An invitation was extended to people, both insured and uninsured, who had taken out a No Interest Loan (NILS) from a Good Money store¹. A mixed-methods approach provided both qualitative and quantitative responses to an online survey (N=199), and telephone interviews conducted with approximately half of the respondents (n = 98).

The quantitative responses indicated that car insurance was the policy type most likely to be held, at 55 per cent, with the majority of people with car insurance holding a comprehensive policy (84 per cent). House and/or contents insurance was the second most popular policy held by the sample, at 29 per cent; the majority (74 per cent) had only contents insurance because they did not own their home. Those with car or house/contents insurance found value in protection from unforeseen accidents or incidents, and the replacement of valuable assets and items. Both those with and without insurance said these policies would be more attractive if contracts were easier to understand and compare, if there were incentives for years without claims, and if policies were more affordable.

The survey also allowed people to respond to other policy types, including funeral policies, the NDIS², life insurance, private health insurance, pet insurance, unemployment insurance and private disability insurance. Funeral insurance was the most-held policy type in this group, at 15 per cent, and unemployment and private disability insurance were the least-held, at 4 per cent each. People also indicated whether they considered the various policies of value despite not owning a policy themselves; life, private health, and funeral policies were the most highly valued with between 22 – 24 per cent of respondents placing a high value on these insurance offerings. Of those policies that were not owned and also were not perceived as valuable, private disability, pet and unemployment insurance

¹ Good Money stores are an initiative of Good Shepherd Australia New Zealand. They provide no interest loans and free financial counselling, as well as affordable insurance in partnership with Suncorp. More information can be found here: https://goodmoneygsanz.com.au/?utm_source=Google&utm_medium=Paid_Search&utm_campaign=Brand

² Note: While the NDIS is not a traditional insurance option, it was included in the survey due to the high number in the sample whose primary income source was the DSP.

were rated highest, at between 52 – 55 per cent. Finally, a response of not knowing much about each insurance type but wanting more information indicated that people were most curious about private disability insurance (14 per cent), and least curious about pet insurance (8 per cent), but these numbers were low.

Almost half (98) of the survey respondents were also interviewed over the telephone. These responses were categorised into those who did and did not have insurance, and those who placed a high or low value on insurance, creating four categories in total that guided the analysis; these groups were labelled as priority insurers (insured + high value), opportunistic insurers (insured + low value), those who felt left out (uninsured + high value), and those who were taking chances (uninsured + low value). By conducting an analysis of words associated with insurance, similarities and differences across the four categories were identified. Six key themes that informed respondents' decision-making processes were identified. These were peace of mind/enforced; cost; experiences; complexity; tailored policies; and waste of money. There were differences across these themes for priority insurers, opportunistic insurers, those who felt left out and those who were taking chances. In sum, those who held a policy and/or valued insurance were more likely to see insurance as a positive contributor to their wellbeing, removing worry about unforeseen events and providing 'peace of mind'; this view was supported by stories of positive experiences. For those without insurance and/or for who did not value it, there was a more negative assessment of insurance and insurance companies, which was reinforced by experiences that confirmed their view that insurance was not worth the cost. Both groups agreed, however, that insurance policies were too complex, that it would be helpful to have more personalised coverage, and that cost was a primary barrier for low-income households.

Key findings

The key findings from this research are as follows:

1. While the majority of responders who owned a car also had car insurance, some were not covered due to the cost or perceptions that 'good drivers' did not need insurance.
2. Contents insurance was most often declined due to rental status, a lack of perceived value of items, lack of coverage for portable devices, and/or the expense.

3. Of secondary policy types, life, private health and funeral policies were rated to be of greatest value, but financially out of reach for many respondents.
4. While responders were categorised as priority insurers, opportunistic insurers, left out or taking chances, individual differences such as age, prior insurance experiences and financial stress means insurance decisions and priorities likely change across time.
5. Priority insurers invoked 'peace of mind' repeatedly to explain the benefits of being insured, in stark contrast to the rest of the sample.
6. Cost is a major barrier to low-income households when it comes to insurance, with other expenses often prioritised.
7. Prior experiences with insurance can serve as a touchstone event, colouring individual attitudes towards insurance for years. They can also serve to justify insurance decisions.
8. The complexity of policies, the claims process, and comparing options is a major issue for low-income households and vulnerable populations.
9. Many low-income households would prefer more flexibility to tailor policies to need and also to reduce cost.
10. Those with insurance often complained that with no claims there was no benefit to having a policy, while those without insurance were more likely to see insurance companies as unreliable.
11. The decision to insure in low-income households involves a series of financial trade-offs, with choices to insure reflecting lifestyle priorities which often change across the life course.

Recommendations

Based on the key findings from this research, the following recommendations are made. These recommendations are designed to help insurance better meet the needs of low-income households.

1. Strive to make policies and coverage easily understandable, providing the level of detail needed in the policies to ensure people understand their rights.

2. Some insurance policies and their benefits may not be well understood by low-income households, particularly contents insurance and life insurance. It may be beneficial to provide more information on these policies tailored to low-income householders and their needs.

3. Addressing the issue of cost is critical for low-income households. This could be done through:

a. The majority of people in this research are reliant on Centrelink payments as their primary form of income. Insurance companies could therefore do more to advocate for an increase in payments and proper indexing to keep people out of poverty, and allow them to afford adequate insurance coverage.

b. Insurance companies could also work closely with the government to make insurance affordable for low-income households. With the expected increase in natural disasters as well as the economic uncertainty of a post-COVID19 world it is advisable that the government consider how to provide more protection for low-income families.

c. Expanding the Essentials by AAI model and/or types of insurance offered.

d. Providing more flexibility in coverage so that individuals can pay only for the coverage most important to them.

e. Providing discounts for automatic payments regardless of how often they happen (for example, fortnightly).

4. The stories that individuals told about insurance, including stories about positive or negative experiences with customer service, indicates that ensuring a caring and supportive customer experience is central to how low-income households value insurance.

5. Consider offering a reward program that provides a financial incentive or other form of benefit following an extended period of time with no claims.

This report provides an extensive analysis of how low-income households both value insurance and what they consider when making their insurance decisions.

The findings point to both practical barriers, such as cost, for low-income households, as well as attitudinal differences in the perception of how reliable, helpful and/or cost-effective insurance could be. While there were some respondents who appeared unaware of certain insurance offerings, most notably the role that contents insurance can have for renters, the respondents to this survey appeared to be aware of various insurance offerings. There are lessons for insurance companies for positioning products, tailoring policies, considering customer service needs and addressing issues of affordability when working with low-income households.

This mixed methods research is a follow-up study to a quantitative analysis to determine to what extent low-income households are insured, and what policy types are most held (Maury & Lasater, 2020). Overall findings were that low-income households tend to be under-insured. While the quantitative report (referred to as stage one in this report) revealed patterns of those who are and are not insured based on demographic differences, it could not answer fundamental questions of why these patterns existed. Was it merely a matter of affordability, were there insurance policies that were not considered of value, or were low-income households unaware of insurance options? The current research fills this research gap.

2.0 Introduction and background

Insurance is an important part of financial inclusion. It provides a buffer against financial shocks that can come in the form of traumatic and unexpected events, including everyday setbacks such as car accidents or theft and more catastrophic events such as bushfires and cyclones. As such, it is important to make insurance accessible to low-income households, who are least placed to absorb unexpected financial setbacks resulting from these kinds of unforeseen events.

Disaster preparedness is particularly salient at this time. The Royal Commission into Natural Disasters³ estimates:

“direct and indirect disaster costs in Australia are projected to increase from an average of \$18.2 billion per year to \$39 billion per year by 2050, even without accounting for climate change. The costs associated with natural disasters include significant, and often long-term, social impacts, including death and injury and impacts on employment, education, community networks, health and wellbeing.”
(Commonwealth of Australia 2020, 2.74).

This will only increase the vulnerability of low-income households without insurance, or who are under-insured, for severe economic shocks as well as other attendant negative impacts as detailed by the government’s report.

Previous research conducted with low-income households in Australia found that those with insurance prioritised it over other expenses, which placed strain on other areas of health and wellbeing.⁴ Research in the UK indicates that low-income households also pay a ‘poverty premium’ for holding insurance⁵; this is due in part because they are less likely to switch providers, but also because they struggle to pay annually, which results in higher premiums. While some low-income households prioritise insurance within their limited budget, others go without.

³ Royal Commission into Natural Disaster Arrangements (2020). Commonwealth of Australia. Access at <https://naturaldisaster.royalcommission.gov.au/publications/html-report/introduction>

⁴ Banks, M. & Bowman, D. (2017). *Juggling risks: insurance in households struggling with financial insecurity*. Brotherhood of St Laurence.

⁵ Fair by Design (ND). “Insurance and the poverty premium.” Access at <https://fairbydesign.com/insurance-poverty-premium/>

In 2020, the Research and Advisory team from Good Shepherd Australia New Zealand (Good Shepherd) was contracted by Suncorp to better understand how low-income households both value insurance and how insurance decisions are made. Due to the bushfires and the onset of COVID-19, this research was conducted in two parts, with part one focused on data analysis; this eliminated the need to contact families in 2020, who were likely dealing with other stressors.

For stage one, a quantitative analysis of over 20,000 No Interest Loans (NILS) clients from 2019, incorporating all who had applied for a NILS loan whether or not it was approved, was conducted to understand the patterns of insurance purchases for lower-income households.⁶ This analysis found that nearly 60 per cent of the sample were uninsured; this compares to an overall uninsured rate of 20 per cent across Australia.⁷ Of the 42 per cent of the sample that held any type of insurance, 70 per cent held only one policy, and car insurance was by far the most typical insurance policy, held by 30 per cent of the sample. In order, the other policies captured in the database were funeral plans (11 per cent), house/contents insurance (8 per cent), life/unemployment (6 per cent) and private health (3 per cent).

To better understand patterns of being insured or uninsured, correlations were conducted with a range of demographic measures, including gender, age, homeownership, primary income stream, and Indigenous status. Income was also explored in depth by segmenting the sample into quintiles, allowing analysis of insurance holdings across the sample from the lowest- to highest-income earners in 20-per-cent blocks. Correlations with demographics indicated that across the sample women, older people and those with higher incomes were most likely to hold insurance, although there were variations across the five insurance types.

While the quantitative analysis, referred to as stage one in this report, provided insights into the kinds of insurance policies that different low-income households hold, it was unable to provide an explanation for these patterns. Was it the case that lower-income households do not value insurance, that policies were valued

⁶ Maury, S. & Lasater, Z. (2020). *Low-income households and insurance patterns: An analysis of insurance expenditures for NILS applicants in 2019*. Good Shepherd Australia New Zealand. Access at <https://apo.org.au/node/310359>

⁷ Lim, D. (2016). *Essentials by AAI: Case Study*. Shared Value Project. Access at <https://sharedvalue.org.au/wp-content/uploads/2016/07/AAI-Essentials-SV-Case-Study-Final.pdf>

but unaffordable, or was there another explanation – for example, distrust of the insurance industry or lack of awareness?

The second stage of the research seeks to address this knowledge gap through a concurrent mixed methods study. In November 2020, Good Shepherd created an online survey that asked specific questions about car and house/contents insurance; these two products were chosen because they are the core offerings of Essentials by AAI, a partnership of Good Shepherd and Suncorp to provide affordable insurance coverage to lower-income households.⁸ This was followed by questions on a range of other insurance products, including private health, funeral policies, life, unemployment, National Disability Insurance Scheme (NDIS), private disability, and pet insurance. These products were chosen based on the demographics of the NLS sample as well as alternate types of insurance policies that some individuals indicated they held. The survey also provided room to provide more detailed commentary.

Finally, individuals were invited to leave their contact information if they were willing to participate in a short interview (not more than 15 minutes). Those who participated in an interview were thanked with a \$20 Woolworths gift card. Interviews were conducted with those who both did and did not hold insurance policies, and questions were designed to better understand the value that individuals placed on insurance, and how insurance decisions had been made.

The survey was open from 25 November – 13 December 2020. Two thousand Good Money clients were sent an email inviting them to participate in the research regardless of whether or not they were insured. Good Money is an initiative of Good Shepherd Australia New Zealand; these are physical structures in lower-income neighbourhoods that provide a responsible alternative to payday lenders and other high-visibility but often predatory financial assistance outlets. Good Money stores provide NLS loans as well as financial counselling and coaching; they also offer Essentials by AAI insurance products. One hundred ninety-nine people filled in the survey, which represented 10 per cent of those who received an invitation. Of this number, 179 people left their contact information, which resulted in 98 interviews. These were conducted in the first two weeks of December 2020.

A summary report of initial findings was provided to Suncorp in mid-December 2020. After receiving feedback on the draft, further analysis has been conducted to better understand how insurance is valued and what factors are considered for

⁸ Read more about Essentials by AAI here: <http://www.good2gonow.com.au/>

those who preference the need for insurance compared to those who do not. This report provides the following analyses:

- a) A brief quantitative analysis on types of insurance held, as well as types of insurance policies that are not owned but are considered of value;
- b) An exploration of open-ended responses from the online survey, which provides context for how insurance decisions are made;
- c) A review of interview transcripts based on word use, allowing for the categorisation of respondents who do and don't hold insurance and those who place a high and low value on insurance, to better understand different experiences and attitudes; and
- d) An in-depth analysis of key decision points that were common across the four categories of respondents but diverged in how households interpreted them for their individual decision-making concerning insurance products.

Taken together, this report complements stage one by providing insight and assigning motivation for how insurance decisions are made in low-income households. Differences in decision-making patterns can best be understood by exploring those who are and are not insured, and those who place a high and low value on insurance.

3.0 Describing the sample

Good Money customers share similar demographics to NILS customers, and, with a few notable differences, the profile of stage two participants is very similar to that found in stage one of this research. This section describes the demographics for the 199 people who responded to the online survey. It also provides a brief comparison to the NILS clients who were included in stage one. As the intention is to provide a level of explanation for the insurance patterns revealed in stage one, it is important to compare the samples to see how similar they are.

The gender division was similar to stage one, with 61 per cent female, 35 per cent male, and 2 per cent intersex, other or prefer not to say (n = 193). Those with dependents were slightly greater, with just under half – 47 per cent – indicating they had no dependents (compared to 57 per cent without dependents in stage one) (n = 197). The age spread was also very similar to stage one, with the majority of respondents between the ages of 25 – 54; see Figure 1.

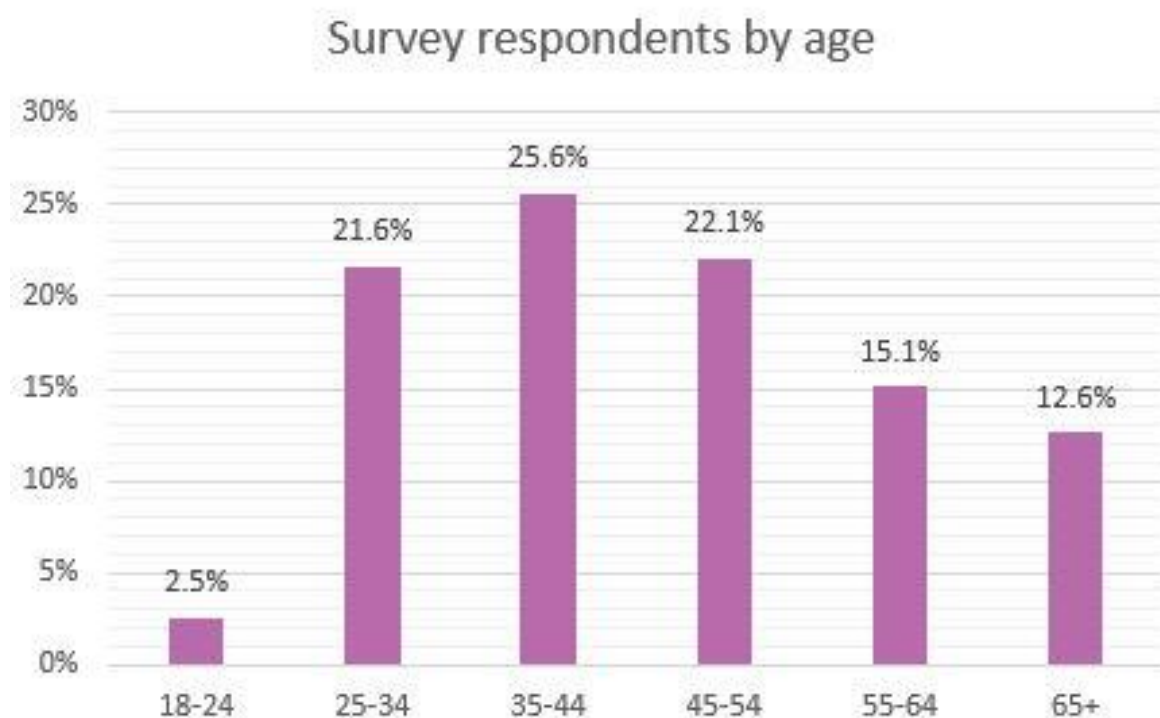


Figure 1: Survey respondents by age (n = 198)

While we did not have information on relationship/family status for stage one, we were able to ask this question in the survey. Fifty-five per cent of participants indicated they were single, 22 per cent indicated they were separated or divorced,

and 17 per cent were partnered, with 6 per cent declining to answer the question; see Figure 2.

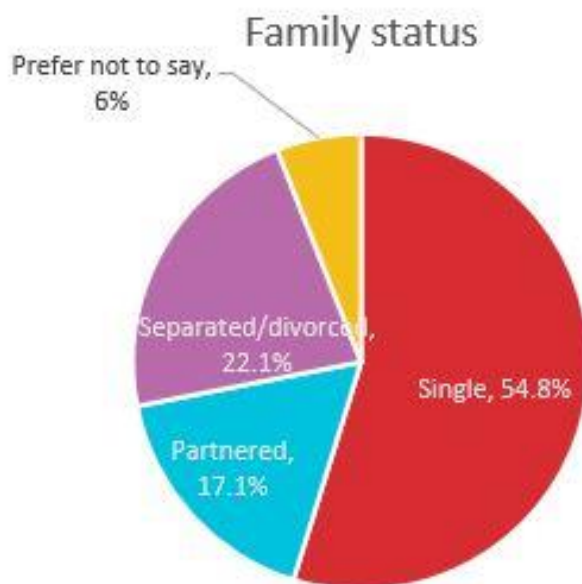


Figure 2: Family status of survey respondents (n = 196)

Geographical spread was limited to Victoria (48.7 per cent), Queensland (33.2 per cent), and South Australia (14.6 per cent), with 3.5 per cent either in another state or not responding to the question. This is due to the concentration of Good Money stores in certain parts of Australia. Like stage one, most respondents rented their home (79.3 per cent), with few owning or purchasing their home (8.1 per cent); the remainder of the sample were living with a family member, living in another kind of accommodation (e.g., a share house or a refuge), or preferring not to say (n = 198).

Similar to stage one, the majority of the people who responded to the survey relied on Centrelink benefits, at 76.9 per cent. Those whose income was mainly from either employment or self-employment was 16.1 per cent of the sample, and 6.5 per cent declined to answer the question. Similar to stage one, the majority of Centrelink payments were the Disability Support Pension (DSP), followed by Parenting Payment Single, JobSeeker, and the Age Pension, with 15 per cent not specifying; See Figure 3.

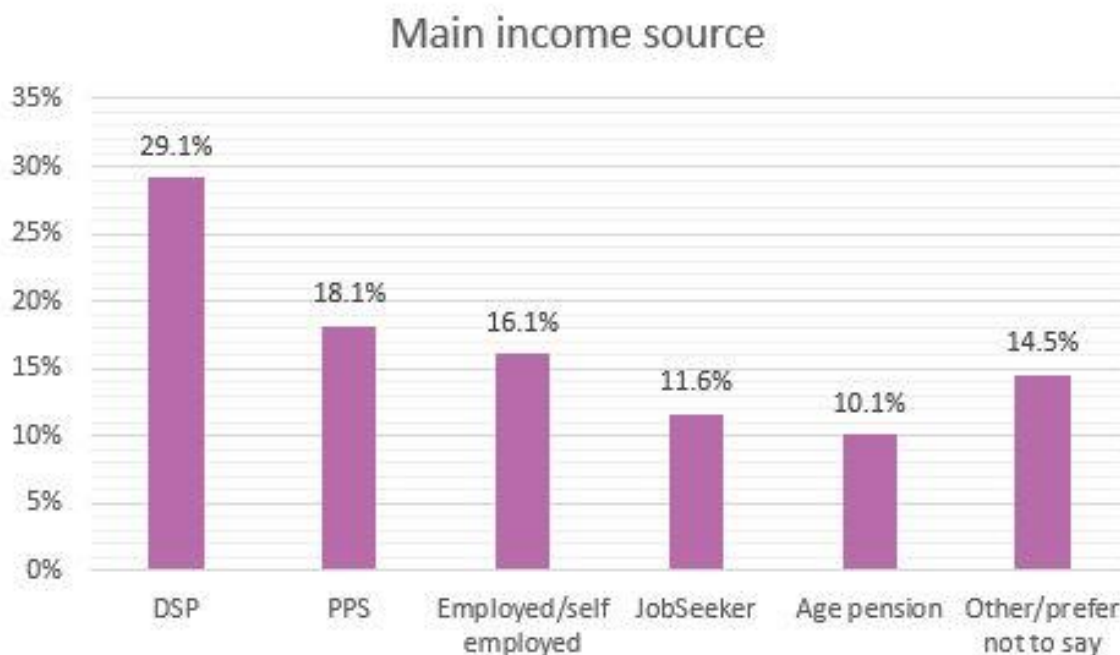


Figure 3: Main income source for survey respondents ($n = 198$)

The key area of difference between those included in the stage one analysis and those who responded to the survey was in terms of annual income. For stage one, the full range of annual income that was reported in the database was divided into 20 per cent blocks, or quintiles, which allowed us to analyse responses for the highest-income households and progressively down to the lowest-income households. However, the online survey was invitational, which meant individuals could participate or decline. By organising the responses based on the quintiles from stage one, there is a clear under-representation of the higher-income quintiles. It is unknown whether the sample did not include households with these incomes, or whether those who received the invitation were more likely to respond if they were from a lower-income household. It could be, and some of the interviews confirm this view, that the offer of a gift voucher meant that lower-income households were more likely to respond because they were in greater financial distress, making the gift card a more valuable incentive. However, the sample included in stage one also included those who applied for a NILS loan, including those who were declined; while the number of those with very high incomes included in stage one were minimal, this may have skewed that sample slightly higher than those included in the current analysis. Figure 4 provides the average income by quintile (left) and the representation of each quintile in stage two of this research (right). The findings presented here is therefore most indicative of the lowest-income households that were included in stage one.

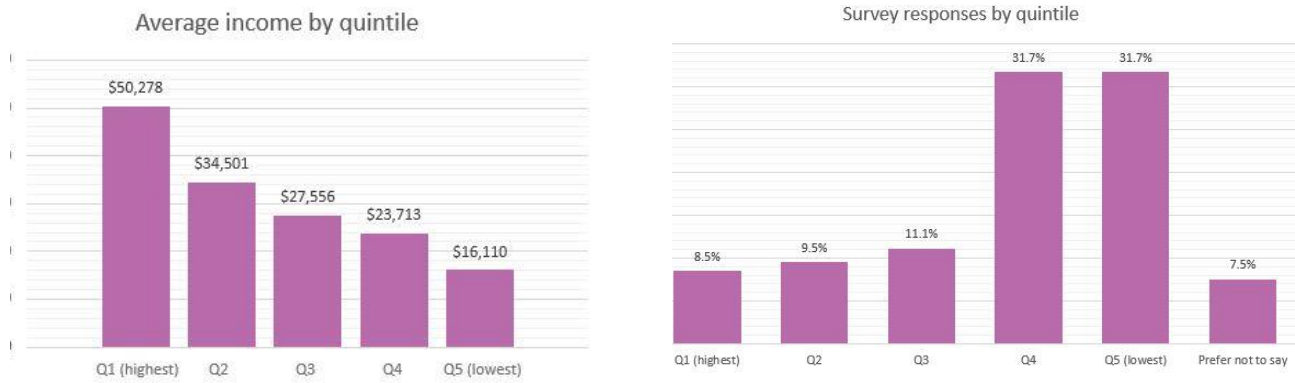


Figure 4: Average income by quintile (left) and representation in survey responses (right) (n = 197)

The following section reports on the quantitative responses from the survey on various types of insurance.

4.0 Quantitative analysis of patterns and value of policy types

This section reports on the various policy types that were included in the online survey. This includes the per cent of the sample that holds each policy type and a bit more information about car and house/contents insurance. Participants were also asked to indicate both whether they held a policy and what the perceived value of the policy type was for them. Finally, there were opportunities to respond to open-ended questions, and a selection of these responses are included to further illuminate the value placed on differing insurance policy types and how decisions to insure or not insure are reached.

4.1 Car insurance

As with stage one, car insurance was by far the policy that the highest number of people held, with 55 per cent of the sample indicating they had a policy. Of that number, the vast majority – 84 per cent – held a comprehensive policy. Those with compulsory third party were 8 per cent of the positive responses, third party was 6 per cent, and other was 2 per cent; See Figure 5.

A brief profile of demographic differences is provided for people who hold a car insurance policy; however, due to the small sample size the patterns reported for stage one are much more reliable.⁹ Fifty per cent of men and 57 per cent of women had a car insurance policy. Across the age divisions, those aged 18–24 years were least likely to have a policy (40 per cent insured), while those aged 65+ were most likely (65 per cent insured). People without dependents were less likely to have car insurance (52 per cent insured) as well as those who had six or more dependents (50 per cent insured), with those who had between one and five dependents insured at rates between 56 – 62 per cent. Renters were less likely to be insured (54 per cent) than homeowners (94 per cent) or those who lived with a family member (67 per cent). Those whose income was primary derived from employment were also more likely to be insured, at 72 per cent (compared to between 47 – 50 per cent for those on various forms of Centrelink payments). There was also a direct correlation between average annual income and holding a car insurance policy, with 42 per cent of the lowest-earning group holding a policy compared to 83 per cent of the highest-earning group.

⁹ Demographic information is only provided where differences were found and where the sample size was adequate to determine a pattern.

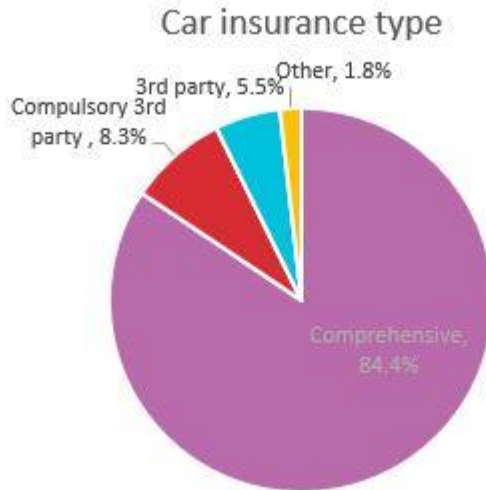


Figure 5: Types of car insurance

4.1.1 Car insurance: Those with a policy

The majority of participants indicated that they held a policy with a major company, such as Suncorp, Youi, AAMI, QBE or Allianz. 21 per cent indicated their policy was held with Essentials by AAI, 5 per cent were insured through a large non-traditional company such as Coles, Woolworths or the post office, while 22 per cent indicated they insured with another kind of company; responses for the 'other' category included Budget Direct, RACV, a bank, and Australian Seniors; See Figure 6.

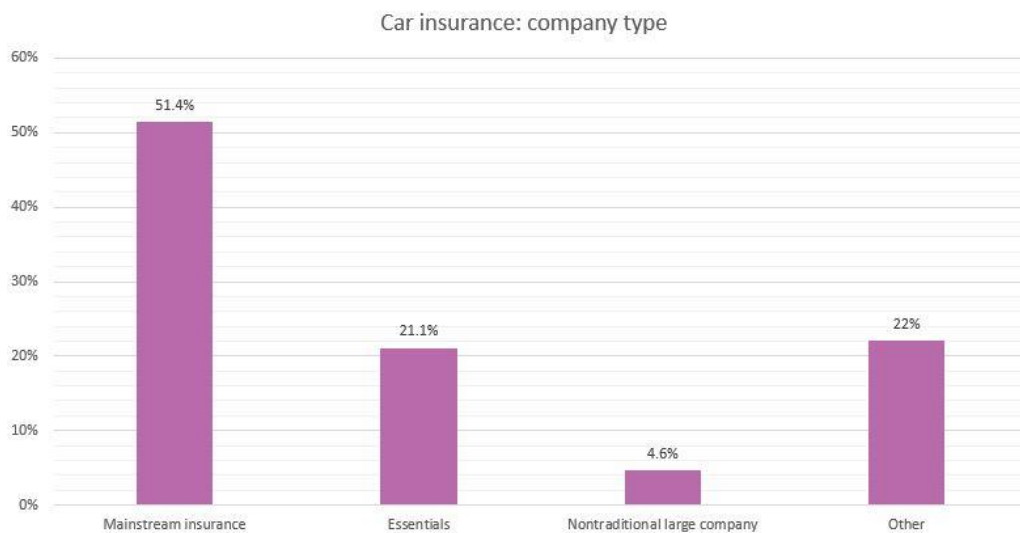


Figure 6: Car insurance - company type

For those with insurance, participants were asked, “what is the main value you see from having car insurance?” The write-in responses highlighted protection from unforeseen accidents or break-ins. Specific responses included that costs would be covered in the event of an accident, insurance would protect from financial ruin should the responder be at fault, and peace of mind that the car would be repaired or replaced if necessary. Sample quotes are provided below.

What is the main value you see from having car insurance?

“Cover for both parties and ensuring that my kids are safe, and not to be placed in financial hardship from not having it if at fault.” (single female, aged 35-44, 3 children)

“If I write off my car, I’d never have the money without an insurance payout to get another vehicle and life would fall apart.” (single female, aged 25-44, 2 children)

“Protects me from financial crisis if an accident should occur on both my side or someone else’s and from theft.” (Separated female, aged 55-64, no dependents)

“Insurance is a must for me as I don’t have any savings to be able to cover damages or a new car if something happens to mine.” (Single female, aged 25 – 34, 1 child)

Box 1: Select responses to “What is the main value you see from having car insurance?”

For those with car insurance, we also asked how it could better suit their needs. The main request concerned making car insurance more affordable. Other comments included requesting more flexibility in how the vehicle is valued and/or in how the excess is calculated, and making the contracts easier to understand. Many people also indicated they were very happy with their policy, with no suggestions for a change. See below for some selected quotes.

How could car insurance better suit your needs? (responses from those with a policy)

"My car insurance is pretty perfect. The only thing I would like is if I could choose an agreed value and not market value." (partnered male with 1 child, aged 25-35, insured through a large non-traditional company)

"Car insurance with Essentials is great. I wouldn't be with insurance [otherwise]. It is affordable to low-income people." (partnered female with one child, aged 55-64, insured through Essentials)

"Stop increasing policy payments. I pay by the month...Two years ago my insurance was only \$75/month for an agreed value of \$20,000. Now it's \$88/month on agreed value of \$16,000. How does that work?" (single female with three children, aged 35-44, insured through Essentials)

"Option to fix vehicle replacement value for an additional fee." (single individual, aged 35-44)

"Have an agreed value based on my continuing investment in the vehicle, not just a slipshod 'market value.'" (single female aged 65+, insured with RAA)

"I would be happy to pay a higher premium if I could have lower excess." (single female aged 65+, insured with APIA)

"Have a better loyalty system regarding zero claims." (separated female aged 25-34 with 3 children, insured through a major company)

Box2: Select responses to "How could car insurance better suit your needs?" (those with a policy)

4.1.2 Car insurance: Those without a policy

For those without car insurance, the majority of responses, at 39 per cent, indicated it was not affordable. 36 per cent said they did not have a policy because they did not own a car, 7 per cent because they did not have a driver's license, 4 per cent had insurance bundled into the cost of car registration, 3 per cent because they did not consider car insurance valuable, and 9 per cent indicated another reason. Some of the reasons provided included that the car was not valuable enough to insure and the individual was still researching options; See Figure 7.

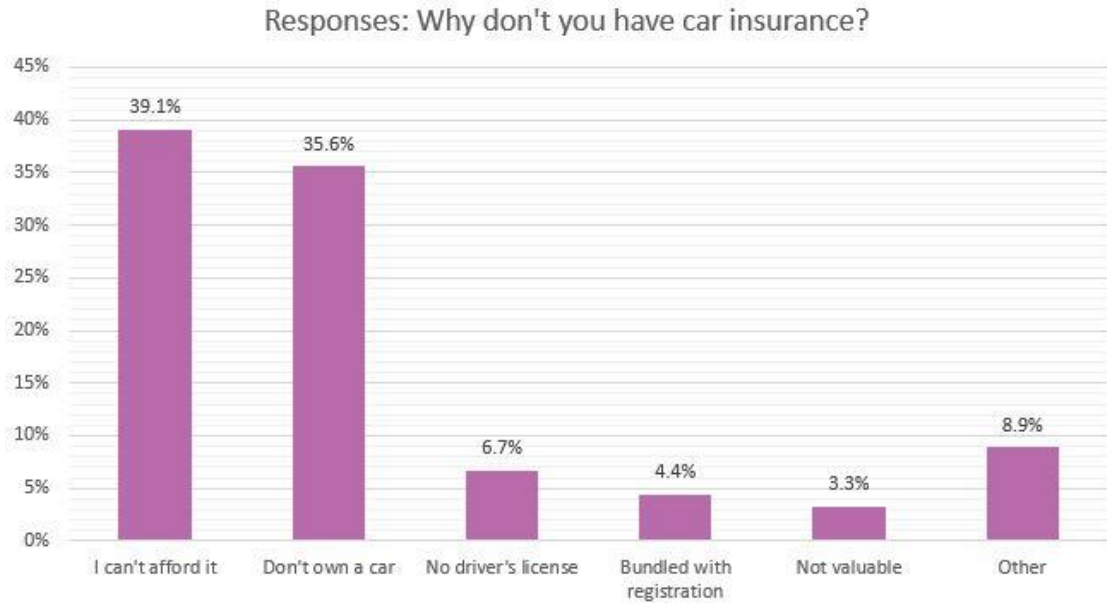


Figure 7: Responses to the question, "why don't you have car insurance?"

We also asked those who were uninsured how car insurance could better suit their needs.¹⁰ Some of the ways that car insurance could better suit people's needs included: being more affordable, making it easier to compare across companies, making it easier to understand policies and exclusions, providing discounts for low-income earners, and providing more flexible payment options (e.g., bi-weekly payments or the ability to temporarily freeze coverage). See below for some representative quotes.

¹⁰ We have focused on responses from people who appear to be drivers from their responses.

How could car insurance better suit your needs?
(responses from those without a policy)

"I do not need car insurance because I am a good driver and I don't smash into cars." (single male aged 55-64)

"If it was affordable or able to come from my Centrepay." (partnered female with 2 children, aged 25-34)

"Be more affordable for single parents." (single female aged 25-34 with 2 children)

"Easy to understand differences between policies." (separated male aged 45-54)

"If it was cheaper I would have it." (single female aged 25-34 with 2 children)

"More affordable options for Centrelink [recipients]. Fortnightly payments." (separated male aged 55-64)

Box 3. Select responses to "How could car insurance better suit your needs?" (those without a policy)

4.1.3 Car insurance: Summary

Fifty-five per cent of the sample held car insurance, and of this, 84 per cent indicated they had a comprehensive policy. Cost was an issue raised by both those with and without a policy, while others said car insurance would better suit their needs if the value of the car could be negotiated or if payments were more flexible.

Key finding: While the majority of responders who owned a car also had car insurance, some were not covered due to the cost or perceptions that 'good drivers' did not need insurance.

4.2 House/contents insurance

House/contents insurance was the second most popular type of insurance, and was held by 29 per cent of the sample. Of those who had a policy, the vast majority only had contents insurance, at 74 per cent. Nineteen per cent had a policy that covered both structure and contents, 2 per cent only had insurance for the structure, and 4 per cent indicated they had another kind of coverage; write-in answers included specific coverage for a bicycle and for portable electronic devices; See Figure 8.

A brief demographic profile of people who hold house and/or contents insurance is provided here, although as with car insurance, the profile should be treated with caution since the sample size is quite small; refer to stage one for a more rigorous analysis of demographics by insurance type.¹¹ Women were more likely to have house/contents insurance, at 33 per cent, compared to men (23 per cent). Those aged 65+ were much more likely to have house/contents insurance, with 54 per cent insured, compared to a range of between 18 – 30 per cent for the other age ranges. Non-Indigenous respondents were also more likely to hold a policy, at 31 per cent, compared to those who identified as Indigenous (19 per cent). Single respondents were less likely to hold a house/contents policy, with only 19 per cent insured, compared to other household types, which were insured at a rate of between 38 – 50 per cent. Those who owned or were purchasing their home were much more likely to hold a policy, at 88 per cent, than those who were renting (26 per cent). Likewise, those whose income was primarily derived from employment were much more likely to have house/contents insurance, at 41 per cent, while for those relying on Centrelink payments, insurance rates ranged between a low of 4 per cent (JobSeeker Payment) to a high of 55 per cent (the Age Pension). There was a direct correlation between the likelihood of having house/contents insurance and average annual income, from a low of 5 per cent insured for those in the lowest income group to a high of 60 per cent for those in the highest income group.

¹¹ Demographic information is only provided where differences were found and where the sample size was adequate to determine a pattern.

House/contents insurance type

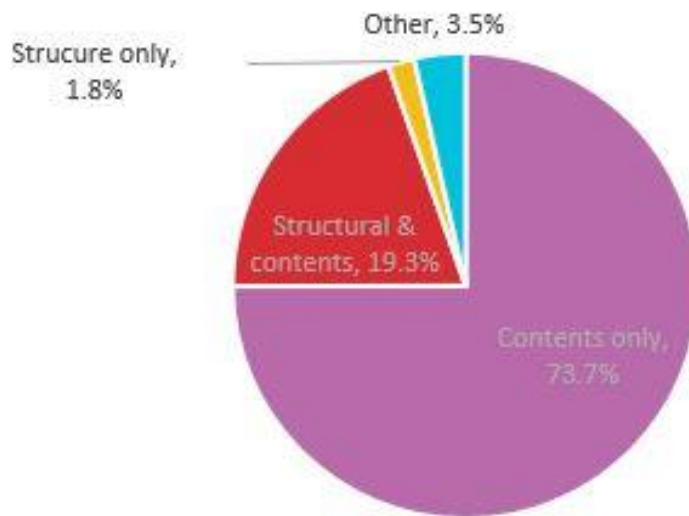


Figure 8: House/contents insurance by type

4.2.1 House/contents insurance: Those with a policy

As with car insurance, the vast majority of people with house/contents held a policy with one of the major insurance companies, at almost 60 per cent. 14 per cent insured with Essentials by AAI, 11 per cent with a large non-traditional insurance company, and 14 per cent with another type of company; most write-in responses indicated policies were held with a bank; See Figure 9.

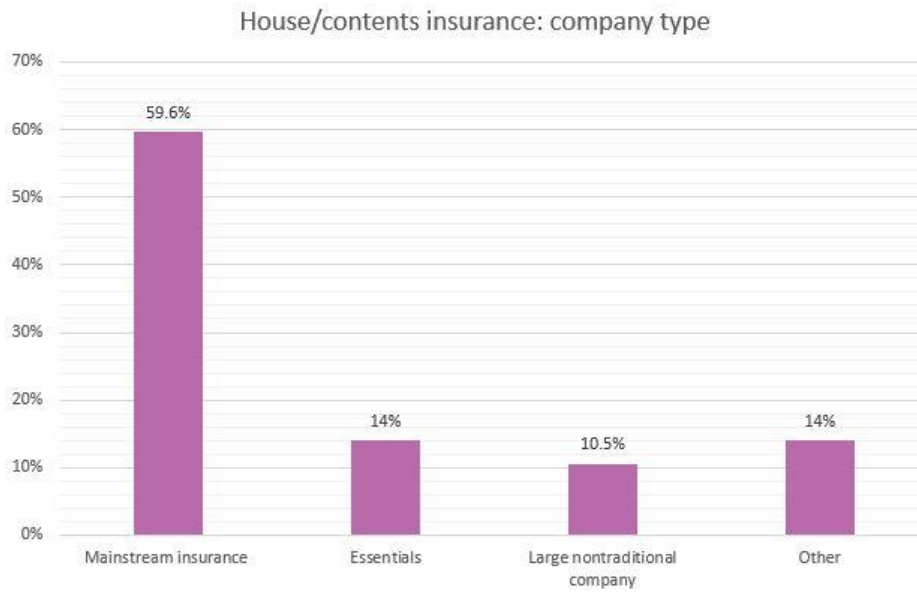


Figure 9: House/contents insurance - company type

For those with house and/or contents insurance, we asked, “What is the main value you see from having house and/or contents insurance?” Respondents indicated the insurance provided peace of mind, the assurance that if items were stolen or damaged that they could be replaced, and that it provided assurance in bushfire or cyclone zones. Representative quotes are provided below.

What is the main value you see from having house and/or contents insurance?

“Replace items due to damage such as [from a] cyclone, as I would not have the ability to do so otherwise.” (separated female aged 25-34 with 3 children, insured with a mainstream company)

“In case anything bad happens, I won’t be left with nothing. Also the security especially as we have children.” (partnered female aged 25-34 with 2 children, insured with a large non-traditional company)

“I’ve been robbed before, and having it makes me feel better.” (separated male aged 55-64, insured with a mainstream company)

“Knowing that in an emergency I and my family won’t go without.” (separated male aged 35-44 with 2 children, insured through a mainstream company)

“I’m covered in case of bushfires or theft.” (single female aged 35-44 with 2 children, insured through her bank)

Box 4: Select responses to “What is the main value you see from having house and/or contents insurance?”

For those with a policy, we also asked, “how could house and/or contents insurance better suit your needs?” The main response was to make it more affordable. Other comments including making contracts easier to understand, covering portable items, providing a discount or similar incentive for lack of claims, and making it easier to make a claim. Representative quotes are below.

How could house and/or contents insurance better suit your needs? (responses from those with a policy)

"The amount of excess you have to pay means you might as well not claim, because if the company do pay out a claim they then put up your premiums.... Sometimes you have years when you pay premiums and don't make claims. They don't put your premiums down. You get no reward for a no-claim year. They also make it difficult to get a claim approved." (separated female aged 55-64, insured through a mainstream company)

"If it could be temporarily paused if financial circumstances make it unaffordable." (separated female aged 55-64, insured with Budget Direct)

"Lower premiums for accidental or small item replacement." (single female aged 35-44, insured with a mainstream company)

"Better cover for portable items to include damage or loss." (single female aged 25-34 with 2 children, insured with Essentials)

"It is quite costly to have, so better discounts for having contents and house insurance." (partnered female aged 25-34 with 2 children, insured with a large non-traditional company)

"Coverage for the garage and less confusing terminology. The terminology used is a minefield." (single female aged 25-34 with 1 child, insured with a mainstream company)

Box 5: Select responses to "How could house and/or contents insurance better suit your needs?" (those with a policy)

4.2.2 House/contents insurance: Those without a policy

For those without house/contents insurance, the primary reason for not having insurance was because the individual did not own their own home (45 per cent), followed closely by finding it unaffordable (42 per cent). Only 4 per cent responded that they did not think house/contents was valuable. Nine per cent indicated other reasons for not having house/contents insurance; write-in responses included being considered a high risk, planning to purchase it but not

yet being signed up, and not applicable (e.g., the individual was living with family members); See Figure 10.

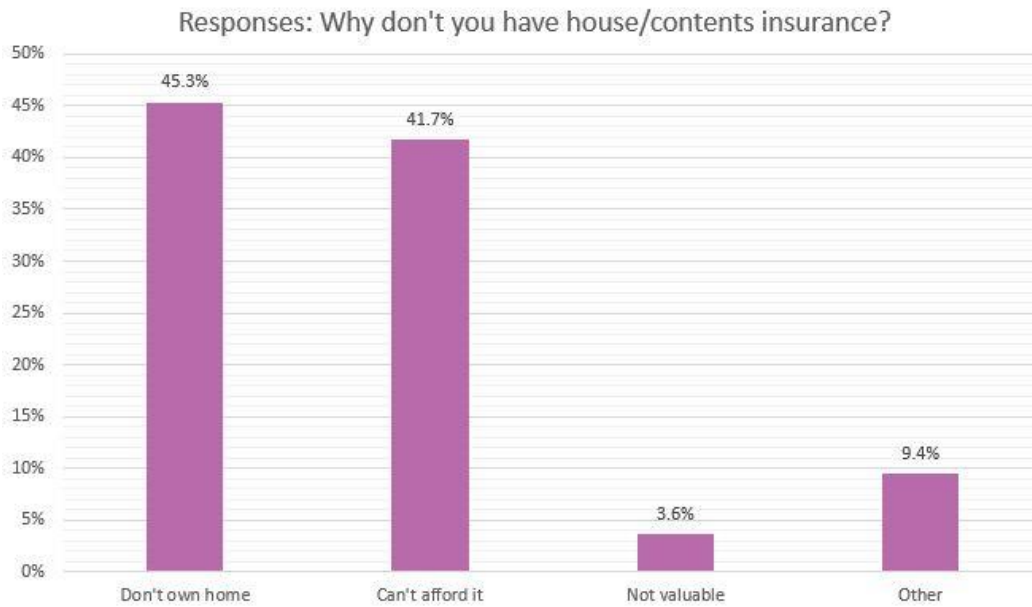


Figure 10: Responses to the question, "Why don't you have house/contents insurance?"

We asked those without a policy, "how could house and/or contents insurance better suit your needs?" Responses included making it more affordable, ensuring premiums do not go up after a claim, covering portable electronics, making policies easier to understand, and creating affordable packages specifically for renters. See representative quotes below.

How could house and/or contents insurance better suit your needs? (responses from those without a policy)

"I had contents for one year but realised I did not have enough costly belongings... My knowledge that they may not pay out because of the fine print that I am unable to ascertain in full certainly puts me off." (single male aged 25-34)

"Take smaller amounts out of fortnightly pay." (female aged 65+)

"Fit within the household budget of people on minimal income." (separated female aged 25-34 with 2 children)

"Without saying 'be a lot cheaper and also be cheaper bundled with car insurance' (because I simply cannot afford both. I am struggling just managing car insurance at the moment), I'm not sure." (single female aged 35-44 with one child)

"I only need it for my electronics that are mobile. The premiums on this type of insurance are ridiculously expensive and not worth it." (single male aged 45-54)

"I'd like it to be affordable whilst on a pension. Also provide a multi-policy discount." (single female aged 45-54)

Box 6: Select responses to "How could house and/or contents insurance better suit your needs?" (those without a policy)

4.2.3 House/contents insurance: Summary

The percentage of people in this sample with house and/or contents insurance was much higher, at 29 per cent, than what was found in the quantitative analysis conducted in stage one, at 8 per cent. Nearly half of the respondents without a policy indicated it was because they did not own their home; it could therefore be that not everyone understood the benefits of contents coverage. Alternately, some respondents said they did not have contents insurance because they have few items of value, or that their items of value were portable devices which were

not covered by traditional policies. Expense was an issue for many people who would otherwise be interested in having a policy.

Key finding: Contents insurance was most often declined due to rental status, a lack of perceived value of items, lack of coverage for portable devices, and/or the expense.

4.3 Other kinds of insurance by type

A shorter response section investigated other types of insurance products. Unlike in Stage One, which examined a database, we were able to include any kind of insurance that we wished to ask about. Included were private health insurance, funeral policies, life, unemployment, NDIS, private disability, and pet insurance. This section provides an overview of responses.

4.3.1 Private health insurance

Twelve per cent of the sample held a private health insurance policy. Twenty three per cent did not have a policy but felt it would be valuable, while 47 per cent did

not think such a policy would be of value, and 9 per cent indicated they would like more information. See Figure 11.

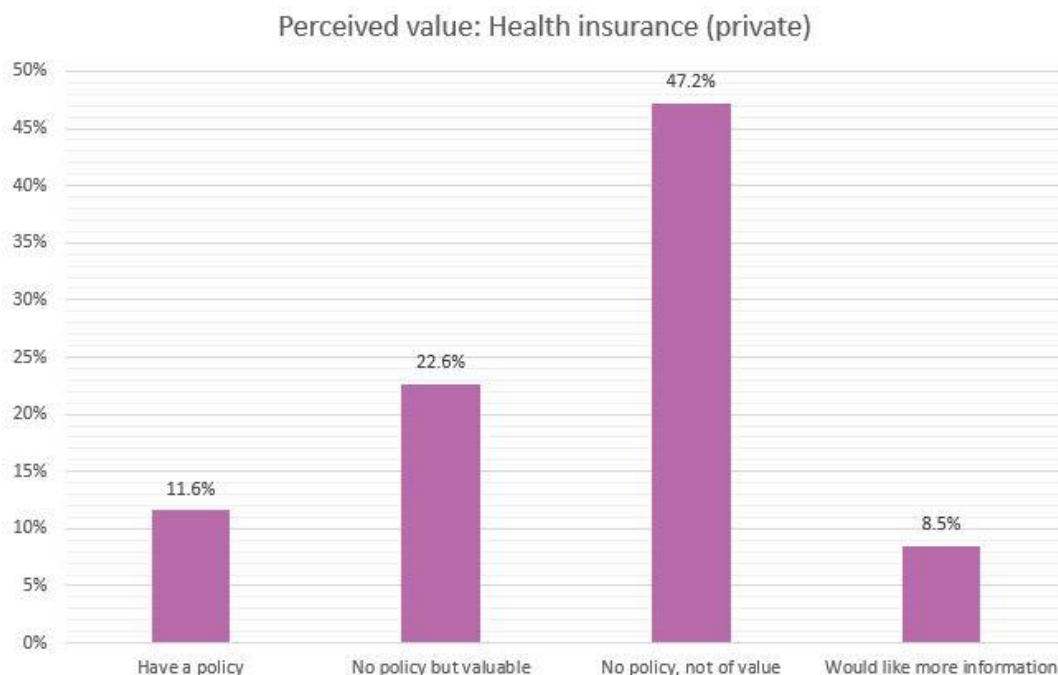


Figure 11: The perceived value of private health insurance

4.3.2 Funeral policy

Fifteen per cent of the sample hold a funeral policy. Twenty-two per cent do not hold a policy but think it would be valuable, 45 per cent do not see the value in a funeral policy, and 9 per cent were interested in learning more; See Figure 12.

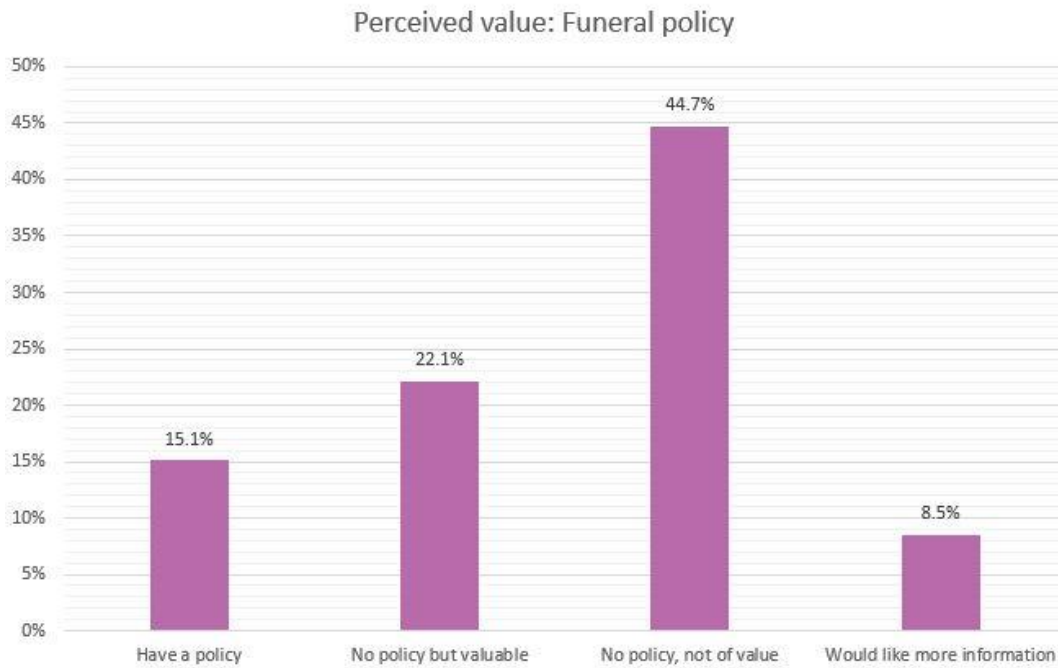


Figure 12: Perceived value of funeral policies

4.3.3 Unemployment insurance

Only four per cent of the sample had unemployment insurance, and only 19 per cent felt such a policy would be valuable – somewhat surprising given the current economic climate in Australia but perhaps reflective of the high number of individuals on a pension. Fifty-two per cent did not see the value of such a policy, while 11 per cent indicated they would like to know more; See Figure 13.

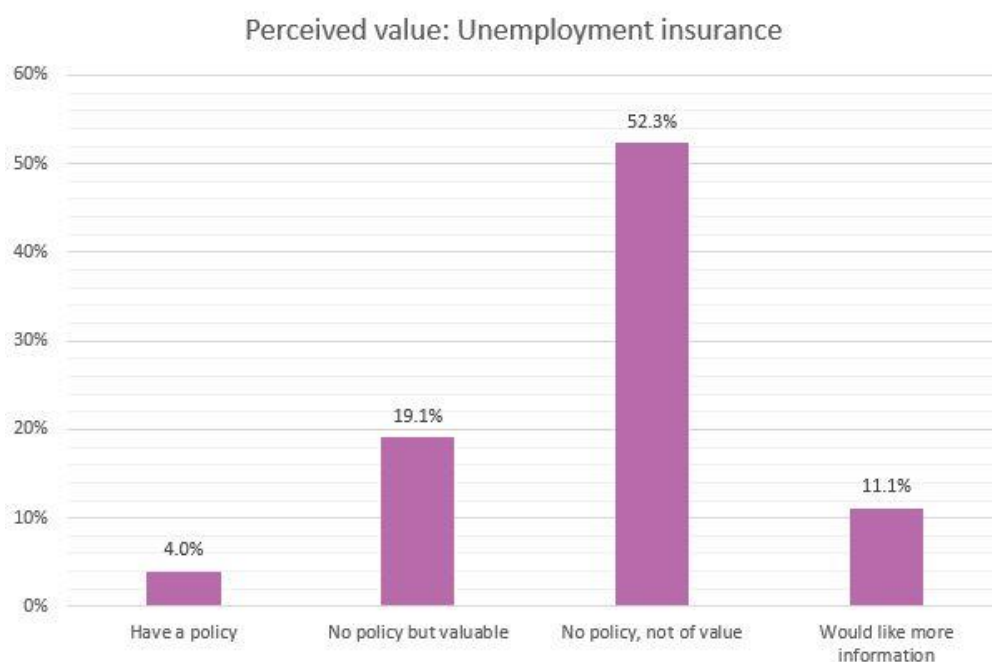


Figure 13: Perceived value of unemployment insurance

4.3.4 National Disability Insurance Scheme (NDIS)

The NDIS is not a traditional insurance product since it is provided by the government to individuals who meet certain criteria. However, we included it in the survey because of the high number of respondents who rely on the Disability Support Payment (DSP) as their primary income source. Despite this, only 13 per cent of the sample receive the NDIS, while 20 per cent felt it would be of value. Forty-four per cent did not see the value, and 12 per cent would be interested in learning more about the NDIS; See Figure 14.

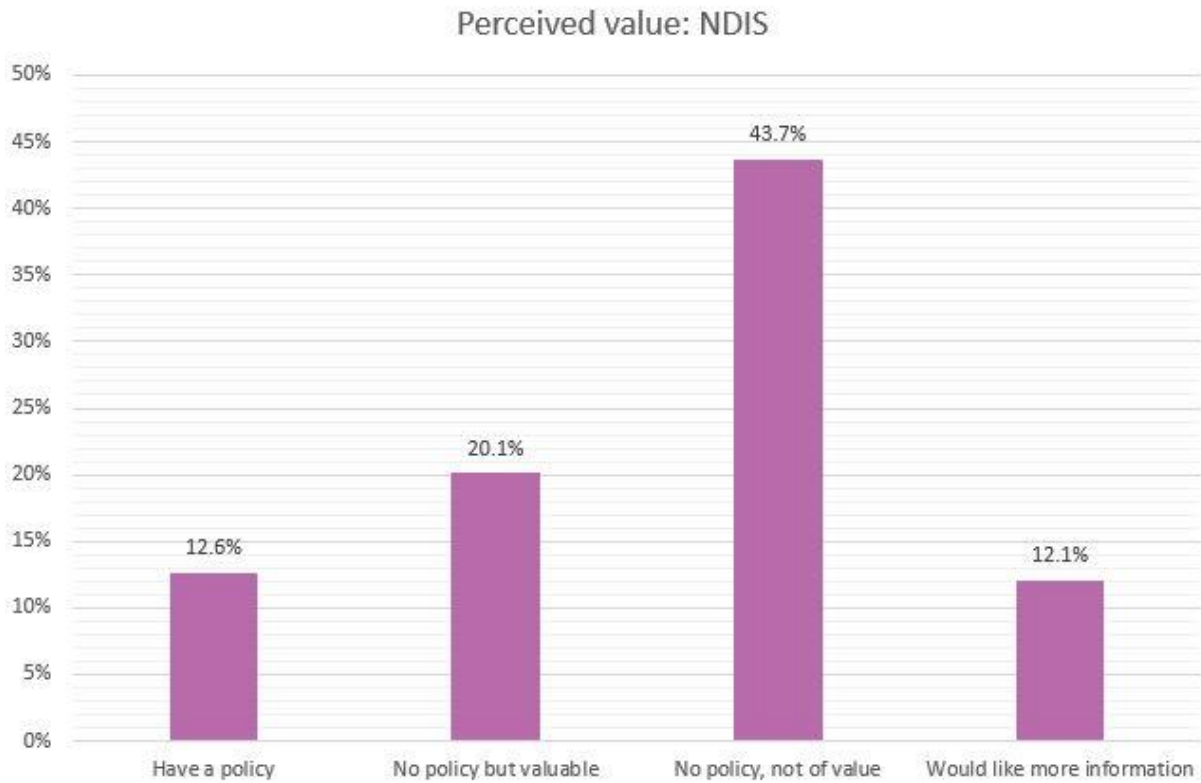


Figure 14: Perceived value of the NDIS

4.3.5 Private disability insurance

Only four per cent of the sample held private disability insurance, while 15 per cent felt such a policy would be valuable. Fifty-three per cent did not see any value to holding a private disability policy, while 14 per cent were interested in learning more about this kind of insurance; See Figure 15.

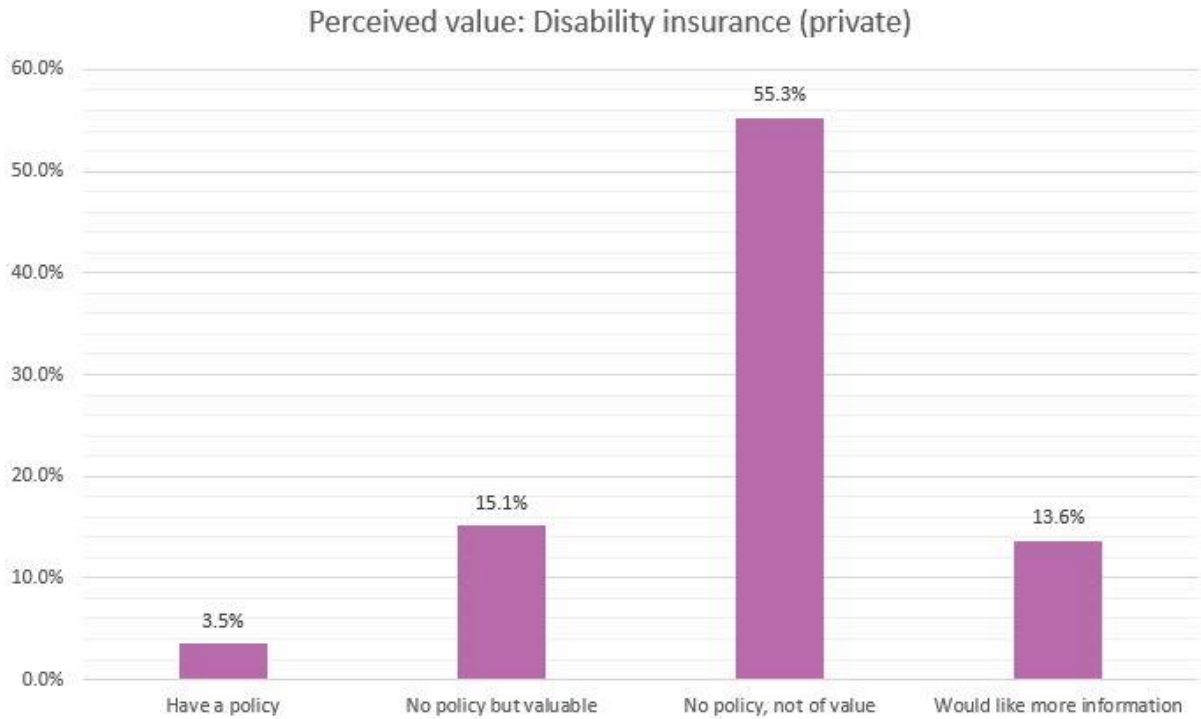


Figure 15: Perceived value of private disability insurance

4.3.6 Pet insurance

Finally, we also included a question about pet insurance because in stage one we noticed that several people indicated they paid for pet insurance. Eight per cent of the sample had pet insurance, and 20 per cent felt such a policy would be valuable. Fifty-three per cent did not see any value in pet insurance, and 8 per cent indicated they would like more information; See Figure 16.

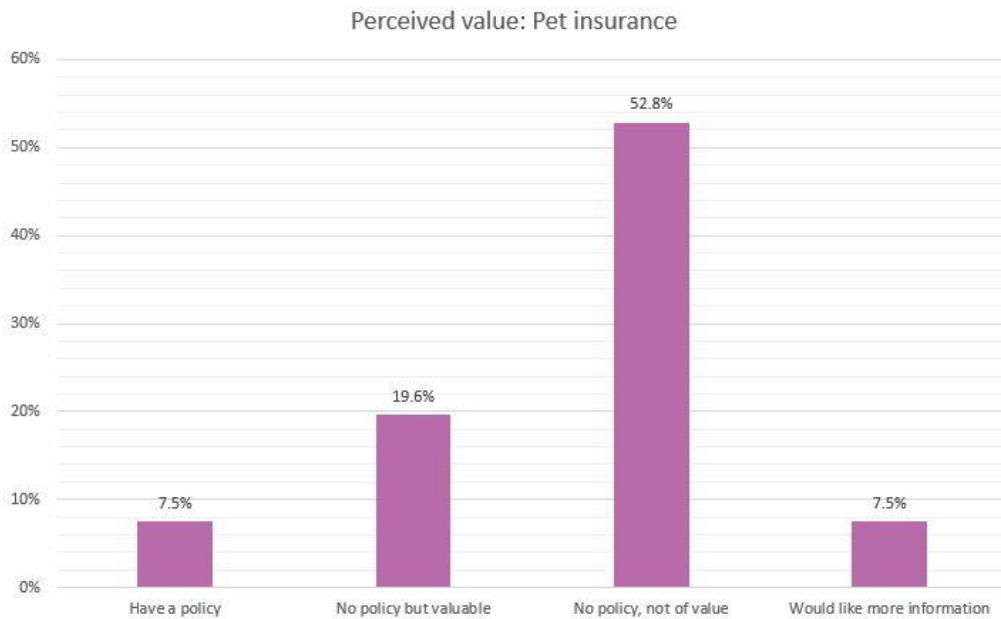


Figure 16: Perceived value of pet insurance

4.4 Other kinds of insurance: Comparison across types

While the section above provides a snapshot of each policy type, it is difficult to compare across the different types of policies to see whether some are more or less valued than others. The same information is therefore presented here but clustered by the response options: I have a policy; I don't have a policy, but I think it would be valuable to have; I don't have a policy and I don't see a need for it; and I don't know much about this insurance type but would like to learn more. This section provides a distinction between owning a policy type and valuing a policy type.

4.4.1 Policy types that are owned

Figure 17 provides a graph of the other policy types (that is, in addition to car insurance and house/contents insurance), arranged from most-held to least-held. Stage One of this research found funeral insurance was the most-held policy type after car insurance. While in this sample house/contents insurance was held by more people, this may be because the sample was drawn from Good Money stores, where Essentials insurance is offered. However, funeral policies were the most popular of the other policy types that were included, at 15 per cent, followed closely by the NDIS (13 per cent), life insurance (12 per cent), and private health (12 per cent). Eight per cent of the sample had a pet insurance policy, and

only a very small number had unemployment insurance or private disability insurance (at 4 per cent each).

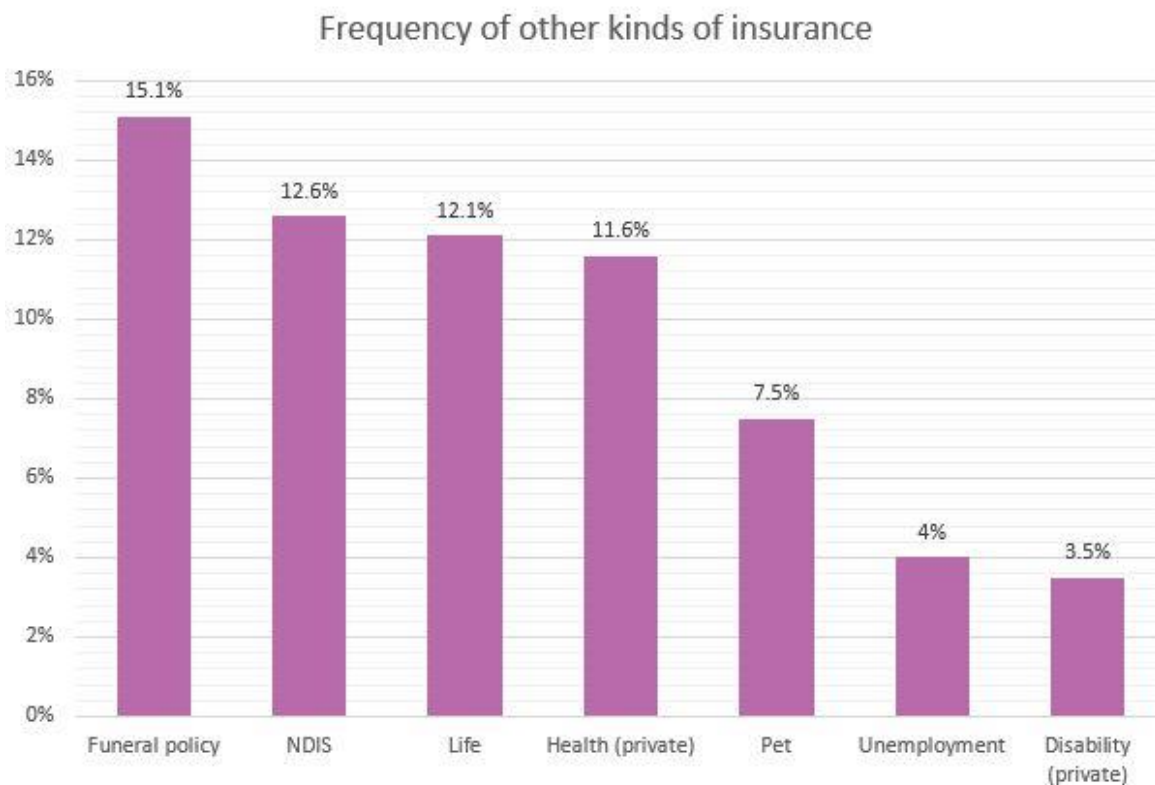


Figure 17: Percentage of the sample that own different policy types

4.4.2 Policy types that are not owned but are considered of value

Value is not reflected merely in holding a policy. Especially for low-income households, decisions to purchase an insurance policy must be considered carefully within the confines of limited resources. This survey allowed us to ask people about policies that they do not own but that they perceive as valuable. Figure 18 shows a comparison of how various policy types are valued, despite not being held by respondents. The specific response option was worded as, "I don't have a policy but think it would be valuable to have." Life insurance was the policy considered to have the most value, at 24 per cent, followed closely by private health insurance (23 per cent) and funeral (22 per cent). The NDIS and pet insurance (both at 20 per cent) and unemployment insurance (19 per cent) were also valued by a sizeable percentage of respondents. Private disability insurance had the least amount of value attached to it by the respondents, at 15 per cent.

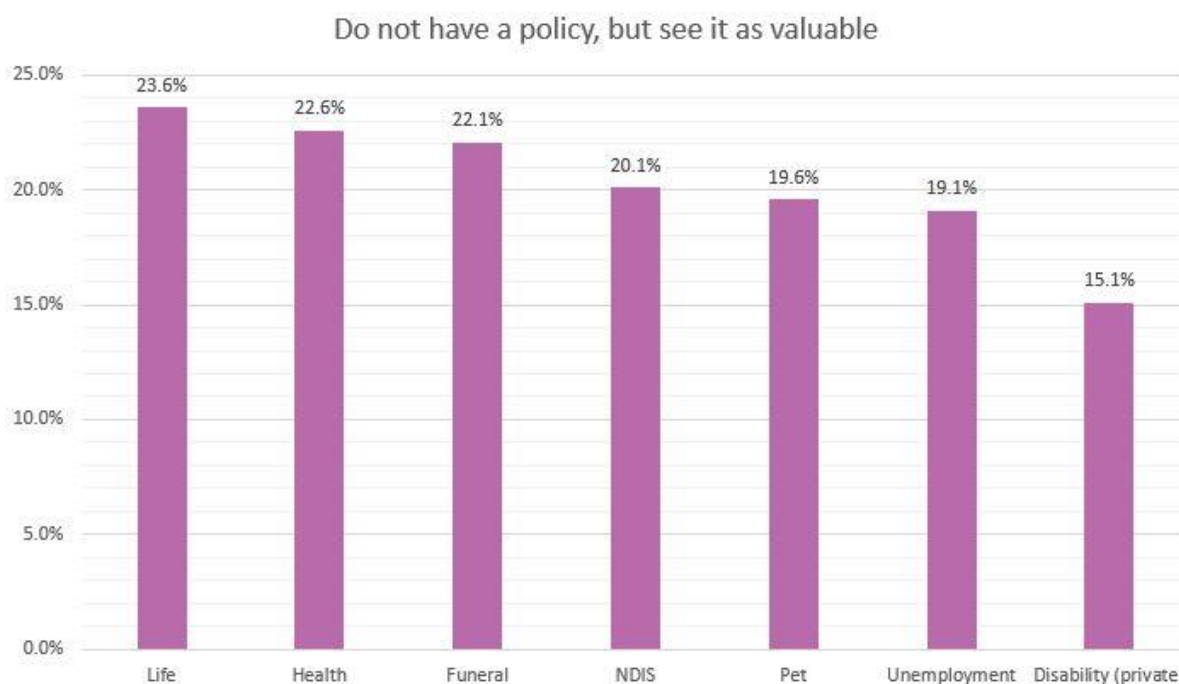


Figure 18: Percentage of the sample who did not hold specific policy types but still considered them of value

4.4.3 Policy types that are not owned and are also not considered of value

We also asked participants to indicate policies that they did not have and also had no perceived value. The response was worded as, "I don't have a policy and I don't see a need for it." Figure 19 shows these responses in inverse order; life insurance was the policy least likely to fall within this category, at 43 per cent, followed closely by the NDIS (44 per cent) and funeral policies (45 per cent). Forty-seven per cent of respondents considered private health insurance to be of no value, while this rose to 52 per cent for unemployment insurance, 53 per cent for pet insurance and 55 per cent for private disability insurance.

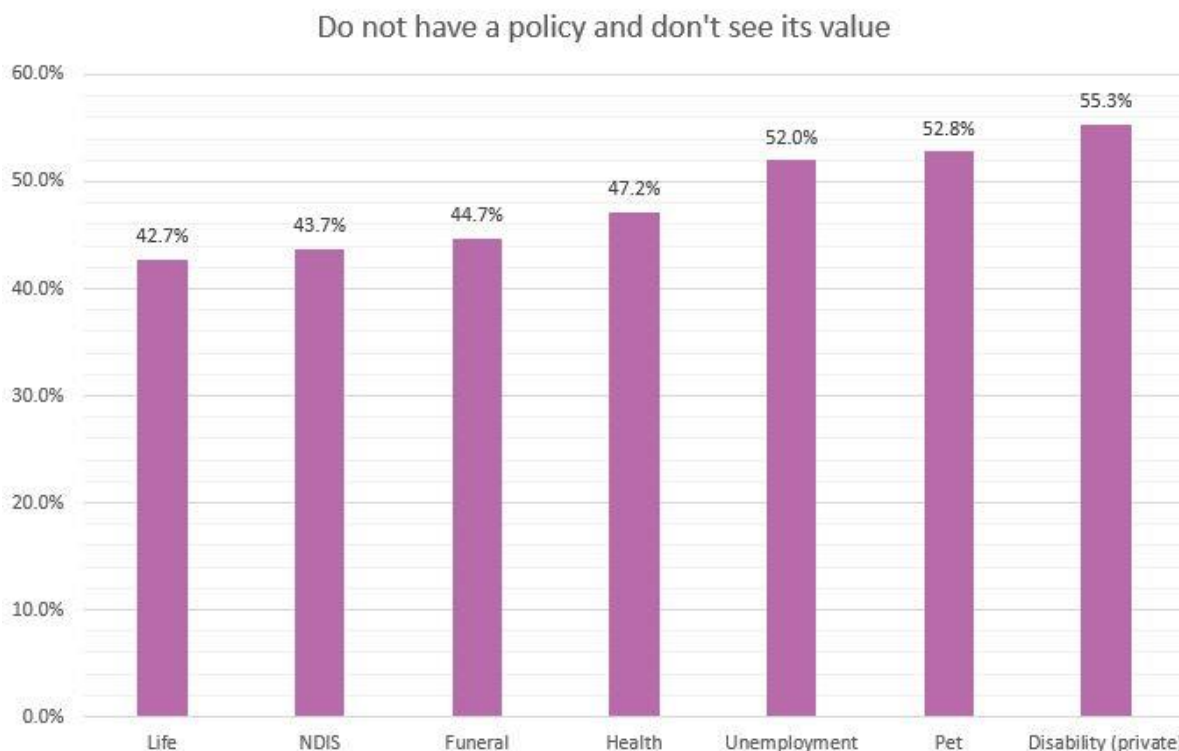


Figure 19: Percentage of the sample who did not own specific policy types and also did not consider them of value

4.4.4 Policy types that aroused curiosity

Finally, we provided an option for people who may not know about certain policy options. The response was worded as, "I don't know much about this type of insurance but would like to learn more." This allowed us to assess whether there were policy types which may be under-marketed to low-income households, but which may be of interest to them. The responses here were fairly low, ranging between eight and 14 per cent of the sample, with private disability insurance ranked highest and pet insurance ranked lowest. See Figure 20.

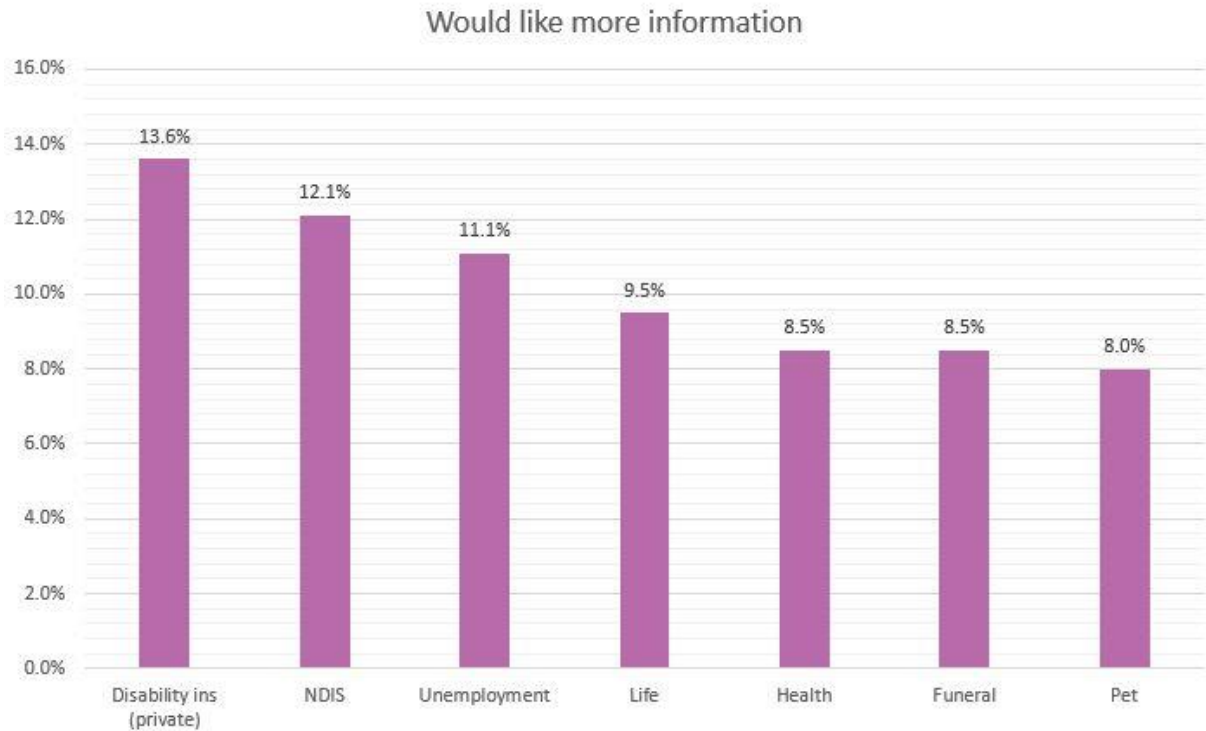


Figure 20: Percentage of sample which indicated they had little information on specific policy types and would like to know more.

4.5 Other policy types: Write-in responses

We also provided people with an option to comment on these policy types; the question was worded, "Is there anything else you like to tell us about these other types of insurance?" Most people did not provide a write-in response. Of those

that did, many stated that holding multiple insurance policies was unthinkable given their limited income. Other more specific comments are included below.

Is there anything else you would like to tell us about these other types of insurance?

“All expensive products, preying on people’s fears.” (separated female aged 45-54 with 2 children)

“I would love to have private health cover but cannot afford it on a Disability Pension, even a funeral policy... I had all of this when I was working but sadly it’s not something that is remotely affordable [now].” (separated female aged 55-64)

“Most private health insurance, like pet insurance, is overpriced for what you get. You still have to pay a percentage.” (single male aged 45-54)

“For me they are too expensive but I would love to be able to afford them, especially health insurance for dental and optical extras.” (single female aged 25-34)

“Health insurance should be more affordable and flexible... and should cover more out-of-pocket expenses. Funeral insurance should be capped at the cost of a funeral. Similarly life insurance should be capped at the payout figure.” (single female aged 25-34 with 2 children)

“Pet insurance is confusing. NDIS is confusing too.” (single female aged 25-34 with 1 child)

“These other insurance [products] are unaffordable together with car and contents.” (separated female aged 25-34 with 3 children)

Box 7. Select responses to “Is there anything else you would like to tell us about these other types of insurance?”

4.6 Summary: Other policy types

Looking at patterns as a whole, between 44 – 52 per cent of responses for these other insurance products failed to see the value in them. The number of policies

varied across the insurance types, from a low of 4 per cent for private disability insurance to a high of 15 per cent for funeral policies. The rate of individuals who did not hold a policy but felt they would be valuable ranged between 24 per cent (life insurance) and 15 per cent (private disability insurance). Considering those who indicated they would like more information about a particular type of insurance, this was highest for the NDIS and private disability insurance, at about 15 per cent, with less interest in the other products. Write-in responses were few and focused mainly on the unaffordable nature of holding multiple policies.

Key finding: Of secondary policy types, life, private health and funeral policies were rated to be of greatest value, but financially out of reach for many respondents.

4.7 General comments on insurance

The last question of the online survey was an open response. The question was worded as, "Is there anything else you would like to tell us about insurance in general?" Many people reiterated that the expense kept them from signing up for a policy. Other comments included how complex it was to understand or compare policies, and to share why they had a negative attitude towards insurance.

Is there anything else you would like to tell us about insurance in general?

"Product disclosure statements require a uni degree to understand. They need to make it more simple for the average person to understand what they are covered for." (single female aged 35-44, 3 children)

"I was with another insurance company and I had an accident... I was put through a year of trouble and I suffered a break-down because of the stress I was put through." (partnered female aged 55-64, 1 child)

"Over-priced and unreliable." (female aged 65+)

"More people would access insurance if the cost were lower, I definitely would." (single female aged 35-44, 2 children)

"When comparing prices there's always so many different prices with different inclusions and it becomes unclear and can be overwhelming." (single female aged 25-34, 2 children)

"I personally don't believe in insurance. Why, because the fees are way too high, and when you do want to make a claim, the insurance company will try to make out you are not covered for what you are lodging a claim for." (single male aged 45-54)

Box 8: Select responses to "Is there anything else you would like to tell us about insurance in general?"

Two people told longer stories of negative past experiences which are reproduced below.

"My car insurer has behaved very badly re an incident re the car being stolen. I was investigated and harassed, despite someone being charged with (and later convicted of) the theft, and my subsequent decision that it was not worth claiming for theft of property from/in vehicle, or minor damage. A very unhappy experience where they applied a lot of pressure to continue with a claim, presumably to write off the vehicle completely on a financial market value basis with a net loss to myself. I am a pensioner."

(single female aged 65+)

“All insurances have sub clauses and small print that is double Dutch and designed to get them out of paying out and extremely confusing to understand exactly what you are and aren’t insured for. You find out when you try to claim that you aren’t covered for what you thought you were paying to cover. I once fought an insurance company for 10 years and finally had to use a solicitor to get a payment by which time the payout had dwindled down and the company tried to say I was not responding to letters. And I had to pay the solicitor. People should be educated on ALWAYS registering or time and date stamping any communication with insurance companies if they are trying to claim. My experience was very stressful at a time when I lost my livelihood and mobility and this is not an unusual story.”

(separated female aged 55–64)

4.8 Summary: Quantitative analysis of patterns and value of policy types

An analysis of the quantitative responses to the online survey found that car insurance and contents insurance were the most popular insurance types held by the respondents. Most policies were held with mainstream insurers, with a significant minority insured with Essentials. Concerning a range of other insurance policy types, funeral insurance was the third most popular insurance type to have, followed closely by the NDIS and life insurance. There was a high value placed on life, private health and funeral policies by many respondents who did not hold these policy types; while private disability, pet and unemployment insurance were seen as providing the least value. Finally, the most curiosity was expressed about private disability, the NDIS and unemployment insurance as types of insurance that respondents knew little about.

These findings were complemented by responses to open-ended questions. Taken together, these responses indicated that a high value is placed on insurance in general, and for those who hold policies it is considered an important protection for unexpected events, reducing stress and affording peace of mind. Some people, however, shared negative stories of difficulties in claiming from their policies in the past. Finally, there were several suggestions for how insurance companies could better meet people’s needs; top of this list was to make policies more affordable. Other concerns raised included limitations on coverage (particularly for portable electronic items), a perceived lack of benefit when there were no claims, and requests for flexibility in determining the relationship between premiums and excess.

The following section of the report synthesises responses from 98 telephone interviews that were conducted in early December 2020. These interviews were conducted to better understand how people value insurance and what the main decision points are for either having or not having an insurance policy.

5.0 Qualitative analysis on differences in both holding a policy and valuing insurance (interview responses)

All individuals who took part in the survey were offered the opportunity to contribute further through a qualitative interview. As noted earlier, 98 individuals took part in the interviews. Interviews of approximately 15 minutes in duration took place between 30 November and 16 December 2020. Five Good Shepherd staff were involved in the data collection and analysis, using a standardised script (see Appendix B).

As a sub-set of the sample that filled the online survey, the intention of the interviews was to understand what the key decision points were in making insurance decisions. Standardised questions indicated that nearly everyone who had a policy had researched and signed up for their policies either online or via telephone, with several people saying they used the internet in advance to research options and then called to purchase the policy. A few people signed up for insurance in person, and this was generally either at a Good Money store or a bank. One person said they bought insurance from an unsolicited telephone offer. This indicates that the majority of the respondents used channels commonly used more widely in the community. The majority of people also had experience with making a claim, with only one-third who had never done so.

5.1 Comparing respondents

Because this research is interested in how low-income households make insurance decisions, the findings from the interviews are divided into a two-by-two grid to explore differences in both people who do and do not have insurance, and who do and do not value insurance. This provides a way to compare and contrast based on both holding a policy and differences in attitudes towards insurance products. This section provides an analysis of how these four groups talk about insurance, which is illustrated through a representative case study for each sub-group as well as a word cloud reflecting how the group in general talked about insurance. As part of the interview, each respondent was asked to list the first three words that came to mind when they thought about insurance. These have been fashioned into a word cloud, which shows the rate of repeated words by making them larger.

Some cases did not fall neatly into a category; for example, some people talked positively of insurance in general but may have had very negative experiences to counteract this view. The first author coded the interview responses as placing a higher or a lower value on insurance. A second researcher checked this

categorisation to ensure consistent and fair categorisation. While this categorisation process meant that understanding differences in decision-making processes and attitudes concerning the value of insurance are easier to understand and compare, it should be kept in mind that it involves some over-simplification; at times people expressed ambivalent views on insurance. These quadrants have been labelled with an insurance ‘type’ similar to the ‘money personality’ categories developed by financial psychologist Dr Brad Klontz.¹² Of those who were interviewed, 70 people were insured, with 47 categorised as placing a high value on insurance – ‘priority insurers’ – and 23 categorised as placing a low value on insurance – ‘opportunistic insurers’. Twenty-eight of the people interviewed were uninsured, with 17 categorised as placing a high value on insurance – ‘left out’ – and 11 placing a lower value – ‘taking chances’. See Figure 21.

	Insured participants	Uninsured participants
High value Placed on insurance	Priority insurers High value Insured n = 47	Left out High value Uninsured n = 17
Low value Placed on insurance	Opportunistic Low value Insured n = 23	Taking chances Low value Uninsured n = 11

Figure 21: Organising principle for interviews with the number of participants in each quadrant (N = 98)

¹² See Stewart, E. & Hinchliffe, J. (2018). "[Why discovering your money personality could help fix your money problems.](#)" ABC News, 8 February 2018.

The following section provides a brief overview of the four categories of respondents. Section 6 provides a deeper analysis of responses based on group type.

5.1.2 Priority insurers: Owning a policy and placing a high value on insurance

Those who were both insured and placed a high value on insurance were the largest group in the sample (n = 47), representing what we are calling priority insurers. This group felt that insurance was a good investment. When asked to list the three words that first come to mind when thinking about insurance, the majority of the most-repeated words are positive, including the words that make up the phrase 'peace of mind' (which was repeated 43 times by this cohort), 'security,' 'safety,' 'reliable' and 'protection'. The only negative words related to cost, including 'expensive,' 'money' and 'premiums.' See Figure 22.



Figure 22: Most-repeated words: Those with insurance who value it highly (n = 47)

While priority insurers were collectively very positive about insurance, perhaps nobody was more effusive than 'Rosie',¹³ a single woman in her 60s who has car

¹³ All names are pseudonyms.

and contents insurance with Essentials. A summary of her interview is below. It is notable how positive she remains about insurance even though she had a negative experience with her second claim.

'Rosie': A case study of a priority insurer

When Rosie took out a car loan with Good Shepherd at a Good Money store, they asked what insurance she had; at the time she was insured by one of the large mainstream companies. They explained the policy and how important it was to have comprehensive insurance in case something happened to the car during the loan period. They then explained about the importance of contents insurance and said she could get both for a discounted rate which would save her between \$20 and \$30 per month. "That was lovely. It was an added benefit to the car loan and it saved me money. I didn't know about Essentials - it's for people like us! I am on the DSP. Why isn't it advertised?"

Rosie has not yet made a claim with the contents insurance, but she has had two incidents with the car. The first claim was brilliant. The second incident, a second-hand headlight was used in the repairs and it wasn't working well. She was told by the repair shop that she was only allowed second-hand items due to the low cost of the insurance, "but the Essentials staff came out to examine the problem and they fixed it up. Even if you're rich and have the best insurance, you have to have your brain turned on." Another positive with Essentials is that it covered her taxi ride home after dropping her car for repairs. "People like me are very stressed about things like how to get home from the repair shop. All those things are really important because we don't take taxis."

Rosie has become a self-appointed ambassador for insurance. "I live in low-income housing. When I mention insurance, people say they can't afford it, but I tell them it's not a huge premium. I think people have a block-out, like something bad won't happen. But it COULD happen. They also have a strange idea that home insurance is only for people who own their home, but that's not true. They don't understand what renter's insurance is about. The psychology of low-income people is all wrong. The less you have the more you need to insure!"

Box 9: Case study for having insurance and valuing it highly

'George': A case study of an opportunistic insurer

"I haven't had car insurance over the majority of my life," George says. He points to an accident he had when he was young to explain why not: "I had it when I had my first licence and car. I was hit by a woman who had a disability who had no insurance. My car got totalled and it was astronomical for me. So I had an attitude that I wouldn't get insurance as this was not done for me, so... For a long time, I didn't insure myself. Why couldn't I do to others what was done to me?"

Recently, George changed his mind about being insured. "As I've gotten older, and now I'm on a disability pension, I have car insurance again. I think if I hit someone or if someone hit me I can't afford to replace my own car. I now have comprehensive car insurance."

In choosing an insurance company, George explains, "It's all about price. To find insurance I started with Coles and got an offer and it sounded good, but then the premiums went up so I went to Woolies and now I'm with Blue Badge because they have a better rate for people with a disability. I did a price compare, but online you don't know who is being promoted on the [comparison] site so I don't trust online comparisons."

George concedes that having car insurance provides peace of mind, however he describes insurance companies as not trustworthy, expensive and unreliable. He is unhappy that despite driving only very short distances his premium keeps going up. He does not consider himself a high risk. "If you aren't claiming and you have insurance for years and the car is getting older, why is the premium going up?"

Box 10: Case study for having insurance but placing a low value on it

5.1.4 Left out: Not owning a policy but placing a high value on insurance

For some who were uninsured, they nevertheless saw insurance as valuable and would have preferred to be insured; this category of 'left out' would-be insured included 17 people who were interviewed. Once again, the most-repeated words tended to be positive, including 'security,' 'safety,' and 'good.' However, cost was also represented, including 'expensive' and 'afford.' See Figure 24.



Figure 24: Most repeated words: Those without insurance by who valued it highly (n = 17)

The case study below provides details for 'Rachelle', a partnered woman in her 50s with children. Giving voice to the sense of being left out, Rachelle talked about wanting car, contents, and health insurance. However, the largest barrier is cost. She was also concerned about how to identify a reliable company.

'Rachelle': A case study of someone who is left out

Rachelle and her partner do not any form of insurance, but they do have a policy in their name to cover their daughter's car: "My daughter is now under 25. They charge more premiums for under 25's, so it's in our name but my daughter pays." However, they are considering getting their own car insurance policy, because "my partner is building a fast car. So, when that is done we will probably look into it, because the car is worth a bit more."

Rachelle would also like to have contents insurance; she says, "I used to have it ages ago. I had more money then, but we decided to travel so I didn't consider I had enough stuff to warrant insurance. I have built up some stuff now I've been in one spot for 10 years. So, I will think about contents insurance."

She would value health insurance most of all, however: "We did have health insurance but once we got to a certain age it was a ridiculous cost. We have extras - we wear glasses and need dental and physio. The stupid part is it would have paid for itself by now maybe. But in Queensland the insurance only pays for the government frames and lenses - there's no choice, and I have lots of needs (e.g., multi-grade). Queensland has no subsidy so I should have kept the insurance. But I wasn't to know."

Cost is the greatest barrier; Rachelle says, "I think cost is a big issue, especially for those of us on benefits. Centrelink never goes up, but the cost of living does - the cost of food is out of control. People don't have enough money." She was also concerned about the reliability of various insurance companies: "You need to investigate the companies - are they easy to claim? Some of them are pieces of crap and really difficult to deal with. I rely on asking around - word of mouth. You can probably Google it and find out. I like Choice Magazine, but you have to pay for that. It's time consuming to do the research."

Box 11: Case study for not having insurance but placing a high value on it

5.1.5 Taking chances: Not owning a policy and placing a low value on insurance

Finally, some of those we interviewed did not have insurance, nor did they see the value in it; this group was taking their chances. This was the smallest group in the sample, $n = 11$. Due to the small size of this group, there were few repeated words. However, 'expense' was mentioned several times. 'Worth' was also mentioned multiple times, however this was within the context of phrases such as "It's not worth it." Other words which appear include 'waste,' 'prey' and 'pointless.' See Figure 25.

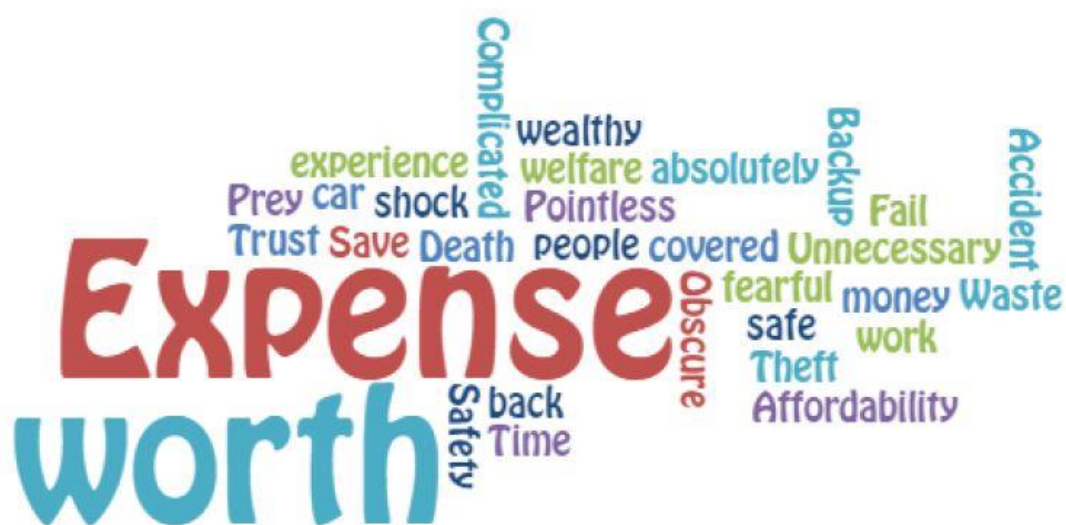


Figure 25: Most repeated words: Those who do not have insurance and place a low value on it

Representative of people taking chances, 'Carl' is a single man in his 50s. He defends his decision to remain uninsured, however he also talks about formerly having health insurance, looking into pet insurance, and asking about Essentials. He therefore appears to have some interest in insurance despite his strong stance.

'Carl': A case study of someone who is taking chances

Carl is emphatic about his choice to remain uninsured. "I don't have insurance. I don't want it.... I live on my own and I've never a thing or had anything broken into. I've been lucky." When asked if there is a tipping point that would change his mind, he responds, "I would never do it."

Carl provides many reasons for his decision. He explains he had private health insurance decades ago, but "with a policy change if you didn't have it by 30 you pay so much and because of the high cost of premiums I cancelled it." Carl doesn't regret this decision: "It hardly gets you what it used to get you anyway. If anything serious were to happen, I'd just end up with Medicare anyway." The lack of coverage was compensated for by the cost savings: "I think of all the money I've saved over the years not having insurance."

While speaking out strongly in defence of his decision to remain uninsured, Carl understands everyone's needs are different: "I think that the decision to get insurance rests with the person and if they can afford it or not, whether they own their own home, the value of their contents... All this depends on advice you get about it. If friends ask me, I say it's not for me, but it may be for you - it's up to you what you want to spend your money on. If I did own a home I'd be more interested in house and contents, it would make more sense."

Carl had a unique perspective on keeping his contents safe: "No one would want to steal from me. I have my reptiles, my pythons, and they provide me with protection.... I'm careful - I look after my stuff."

Despite his strong rhetoric, Carl does mention looking into pet insurance for his pythons: "I rang around companies and asked for pet insurance for the reptiles, years ago when I first got them. But everyone said no, it was too dangerous and too risky." Carl also brought up Essentials: "I know about Essentials. Good Money said they weren't offering it at the moment when I asked about it because I had seen it on the website."

Box 12: Case study for not having insurance and placing a low value on it

5.1.6 Summary: Comparing responses

This section provided an overview of the four categories of people who were interviewed as part of this research: people who either did or did not have insurance, and people who either did or did not value insurance. These four categories have been labelled as priority insurers, opportunistic insurers, those who feel left out and those who are taking chances. An analysis of the three words provided by each respondent when asked what they thought of when they thought of insurance raised significant differences between the groups. The words associated with insurance for those who valued insurance, whether they held a policy or not (priority insurers and those who are left out), tended to be quite positive, for example, 'security', 'safety', 'protection', 'replacement' and 'reliable'. Those who placed a lower value on insurance, regardless of whether or not they had a policy (opportunistic insurers and those taking chances), used more negative words, including 'nightmare', 'unfair', 'scams' and 'rip-off'. All groups featured the word 'expensive', and other words related to cost also featured. The differences between the four groups were further illustrated through the presentation of a case study from each group.

Key finding: While responders were categorised as priority insurers, opportunistic insurers, left out or taking chances, individual differences such as age, prior insurance experiences and financial stress means insurance decisions and priorities likely change across time.

The process of categorising people into the four distinct groups provides a useful analytical framework for understanding how people within each category think about and value insurance. These similarities and differences are analysed in a systematic way in the next section. A decision tree was created which identifies the key decision points for people in deciding whether they will or will not be insured.

6.0 Qualitative analysis of decision influencers (interview responses)

This section provides a deeper analysis of key themes that arose across the interviews in terms of how insurance decisions are made, and how they differ between the four categories of priority or opportunistic insurers, those who are left out and those who are taking chances. While the online survey allowed respondents to give longer written responses, the interview format provided more scope for answering a broader range of questions and for people to give a more comprehensive picture of their attitude towards insurance. Interviews can also be a better way to gather in-depth responses from people for whom typing necessarily shortens their responses.

The interviews are weighted towards those who value insurance and those who hold some kind of insurance policy; this may be due to the invitational nature of the survey. The responses from the interviews were entered into an Excel spreadsheet for ease of searching common themes, and reviewed several times by the first author to ensure familiarity. These themes were used to create a decision tree that reflects both those who do and those who do not value insurance; see Figure 26. Key influencers on the decision-making process were identified as: peace of mind/enforced; cost; experiences (their own or other people's); complexity; tailored policies; and wasted money. The following section provides quotes from priority insurers, opportunistic insurers, those who are left out and those who are taking chances for each decision point.

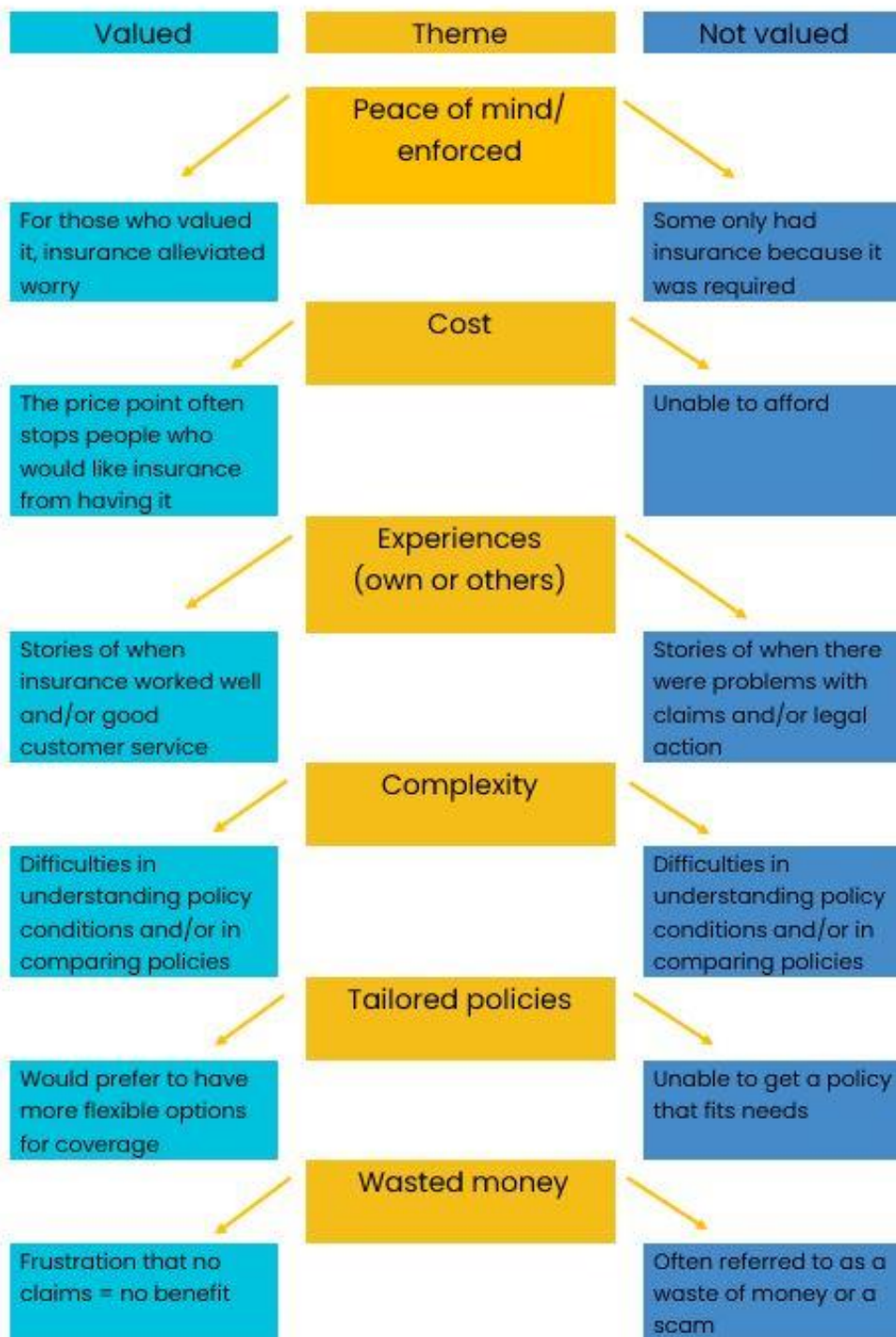


Figure 26: Decision tree of key decision influencers for those who did and did not value insurance

6.1 Peace of mind/Enforced

Nowhere were the answers more divergent between those who did and did not value insurance than when they were asked about their decision process for having or not having a policy. Those who value insurance repeatedly used the phrase 'peace of mind,' while for those who did not value it, they only held insurance because it was required. For those without any insurance coverage, insurance was often off their radar completely.

6.1.1 Peace of mind/Enforced: Priority insurers

Priority insurers were more likely to talk about their reason for having insurance in terms of peace of mind should something unexpected happen. The phrase 'peace of mind' was used 43 times by this cohort (n = 47), compared to only 8 times by other respondents (n = 51), so this was a very clear difference. This was sometimes framed as covering expenses that would otherwise be unaffordable for them, and at other times was considered within the context of a sense of responsibility for others. A respondent in their 50s said, "If I lost my car I'd be screwed. I've never been in this financial situation before - I was on \$150,000. Now this is my only asset that is important to me. This car is my independence" (SIZL2). A single mother of 3 children in her 40s said, "I feel better when I'm driving because I have the full comprehensive - I don't stress about other drivers. It backs me up" (SIZL33). Another said insurance gave them "peace of mind - especially the car, you never know who might bump into you" (SIMM33). Another said they got insurance because, "I'm petrified if I crash the car and it's my fault I'd be left with no car. For contents, there's peace of mind - what if the house goes up in flames?" (SIMJ15). The term 'peace of mind', while used often, therefore covered off different domains, including liability, personal circumstances, and a buffer against financial stress.

6.1.2 Peace of mind/Enforced: Opportunistic insurers

Opportunistic insurers were most likely to have insurance only because it was required. For example, a man in his 70s said, "I have third party but only because it's required... You have to have it for some things" (SISM5). A single mother said she just signed up for the car insurance offered by the state when she registered the car; "I didn't look into it for a price comparison. I don't remember there was much of a choice." When asked about the benefits of having insurance, she said, "I'm not sure to be honest. I believe in insurance but probably wouldn't take out life insurance or other types" (SISM7). Others, while listing the requirement as their

primary reason for having insurance, also acknowledged that it was helpful; one said, "you are obligated to have [car insurance] to drive. The car has to be roadworthy and registered. I like to have insurance on the car; it is necessary... I'm not one to pay for insurance - It was exactly what I needed and economically sound" (SIZL32).

6.1.3 Peace of mind/Enforced: Left out

This group was most ambivalent about whether or not insurance was worth the cost, and also at times expressed a lack of information about various insurance options. While one respondent who did not have insurance said he would like private health if he could afford it, he also added, "I don't know what contents insurance is for" (SIMJ11), indicating a lack of awareness concerning insurance options. Others said they did not have anything of value, for example, one woman said, "I didn't consider I had enough stuff to warrant insurance" (SIMM15), although she was rethinking this stance. Others said that if they did purchase something of value they would consider getting insurance. One single mother purchased insurance on her child's school laptop at the point of sale, because in her estimation it was the only valuable item in the household (SISM7). A young person said, "If I had a car that was worth enough I would get it, I wouldn't risk it" (SIHA3). Several people in this category were insured in the past but could no longer afford it; one person said, "We had car insurance a few years ago but we cancelled it because it was ridiculously expensive like \$300 a month or something like that" (SIHA10). Another said, "I had pet insurance in the past but for \$24 a month I just can't pay for it" (SIZL13).

6.1.4 Peace of mind/Enforced: Taking chances

For some without insurance, it had simply never occurred to them. For example, a single father with two children in his 40s said, "I never thought about it. It is something that never came up. I never thought of it before, but I guess if I lost something I would prefer to have some money rather than nothing" (SIZL29). A young person in their 20s said, "I don't know what insurance I would get. I haven't thought about it. I don't have a licence, so I don't have a car. If I had a car that was worth enough I would get it, I wouldn't risk it. Or if I owned a house I would get it, but I am renting" (SIHA3). It could be that a change in life circumstances may increase the value of insurance for some of the people in this category.

6.1.5 Peace of mind/Enforced: Summary

There was a clear dichotomy in how priority insurers it talked about their decision to have insurance compared to the rest of the respondents, in that this group

repeatedly stated insurance provided 'peace of mind.' This was considered in various contexts, including personal liability, loss of valuable items, and buffering unaffordable expenses. In contrast, opportunistic insurers were mostly insured because it was required. This was particularly true for car insurance (including receiving a loan to purchase a car), but also in some instances as a requirement from the bank for a mortgage. This did not mean, however, that the insurance wasn't valued by those who stated the requirement as the reason for being insured. The requirement for certain kinds of insurance, or in certain settings, appeared to make the benefits of insurance more visible for some people; this may be because otherwise their budget would not have made insurance a consideration. Many in the taking chances category indicated that they had never considered insurance; it was simply not on their radar.

Key finding: Priority insurers invoked 'peace of mind' repeatedly to explain the benefits of being insured, in stark contrast to the rest of the sample.

6.2 Cost

Cost was the single biggest decision point for virtually everyone in the sample. It should be remembered that the majority of the sample were in the lower 40 per cent of income quintiles from stage one, meaning their annual income was below \$24,000.

6.2.1 Cost: Priority insurers

Many people mentioned the need to make policies that were affordable to low-income households. One respondent said, "They need to have different rates for low-income households... [these households] only have limited money so we need to know what type of insurance is most important if we have to choose. We have all of these questions.... No way on Centrelink you could afford insurance for anything. If insurance companies could work with Centrelink to increase payments [people could] have insurance" (SIZL22). An older woman said, "Be a bit cheaper. People are paying even if they have no events. Especially for people on the pension. Giving us knowledge, we can walk out of home knowing it would be safe if someone robbed us" (SIMJ24). Another said companies could do better if

they “lower their rates. Drop the excess with the premium going up too much. It is all about money in the end” (SIHA17).

Several respondents made the point that insurance was one of many expenses that they needed to prioritise. A small business owner in his 30s said, “Lower premiums – make it more accessible. Lots of companies have premiums through the roof and they try to justify that you need this. Lots of people can’t afford even basic contents insurance – \$100 per fortnight – that’s ridiculous. I can’t afford that, I can barely afford food or petrol. And I’m expected to get insurance?” (SIZL17). A retired woman said that rising premiums was making her life insurance unaffordable on her fixed income: “I got the insurance four years ago and it has more than doubled since then. Soon I won’t be able to pay so I’m thinking about reducing the amount I’m covered for. The premium hike is outrageous.... I had no idea the premiums would creep up like that so fast” (SIZL5). A single mother in her 30s with four children said, “You have to have it, but it drains you. It’s very difficult to come up with the monthly car insurance. [Essentials] makes it so much easier for contents, only \$14 per fortnight, but the car is \$64 per fortnight – I definitely notice that. It’s a necessary evil because it sucks your bank account dry” (SISM4).

Several people suggested ways that insurance companies could make policies more affordable. For example, several people suggested allowing people to pause their payments when they did not have the funds: “If you can put insurance on hold for a few months and still be covered, that would be a good help, e.g., in drought, bush fires and now COVID. I don’t know if they do this, but if they could suspend the payments and help people get over this rough period they are having. If they can work out a way to still cover people but suspend the payments or lower them down to the bone, it would be great.” (SIHA4) Other people felt it was unfair that because they could not pay annually, they ended up paying more: “I pay my insurance yearly because it’s cheaper. However, I was in a situation when I couldn’t do it annually... Then if you have to go monthly you get higher premiums, so it is not fair.... It is really bad form for insurance companies to do this. This is a really big deal.... I don’t understand why they charge more. If you are doing a direct debit they know they are getting the money.” (SIZL2)

Those who were insured with Essentials often specifically mentioned that the low cost was critical to keep them insured: “Essentials – it is very affordable – up until adding another car I was paying \$30 a fortnight for car and house – now it’s jumped up to \$68 but I still have my house and 2 cars insured” (SIZL8). Another said, “I got help at the right time – I am very thankful. I must say that I went to NILS [Good Money store] at a time when everything was falling apart – I was at my

lowest point.... I got told about AAI Essentials and started saving money, and I even cleared the loan before I had to.... I am so glad for respectful and professional help and that this option is available. If there was Essentials for Life/TPD/Income I would be the first to sign up" (SIMM19).

6.2.2 Cost: Opportunistic insurers

Some people who were insured felt that the lack of value stemmed from the lack of interest in supporting those in greatest need. For example, an older woman said that in 2019, "I helped to defend a property of a friend during the bushfires, which was not insured. It should be required - and affordable - for bushfire risk areas. In one community, about 1,000 homes were destroyed, but then there were other homes in the process of building or people living in temporary accommodation on their land who were unable to claim anything - insurance companies would only insure houses that were officially recognised by the council" (SISM14). Similarly, there was a sense by some that the for-profit nature of insurance companies means the business model ensures customers will over-pay. A single mother said that, other than the insurance she had purchased to cover her child's laptop, "other sorts of insurance, I don't know if I would get them. It's hard to know whether they are worthwhile because they are a business and they make money off of it. As far as I know they are trying to shaft people who are trying to make a claim" (SISM7).

6.2.3 Cost: Left out

For the majority without insurance who wanted insurance, it was due to cost. One single mother of three said "I simply just can't afford it. If I was to have car insurance, there wouldn't be money left to pay for everyday expenses" (SIHA7). Another interviewee who described being a victim/survivor of family violence said, "the belongings inside my house are the only belongings I have and I would like to know I can get them replaced" (SIMM34), however she indicated she could not afford the premiums.

One interviewee expressed her dilemma in this way:

"You live in poverty, you make decisions about how your money is allocated and insurance is the first thing to go. So when I got divorced the first thing I cancelled was my car insurance. Then I tried to keep up my contents insurance but this fell by the wayside. When you are poor, you

can't even consider insurance – it's a luxury, it's not a necessity. You just have to take your chance in life. Premiums are based on where you live or what you own and not on your financial situation. You need two tiers of pricing... so that the price can be specific to the poverty line. Otherwise you just go without." (SIZL20)

Some interviewees highlighted specific additional expenses they wanted to or were required to spend money on rather than on insurance policies. Many mentioned the cost of raising children, such as one parent in a de facto couple who said, "It [having insurance] would be handy but having five kids is limiting to finances." Numerous others reported caring for dependents with disabilities which created added expenses; one interviewee said, "I'm an old age pensioner so I don't have money lying around and I like to be able to donate to people who need it" (SIMM17). Others spoke of sudden changes in life circumstances and the impact on their finances.

Numerous interviewees mentioned having previously had insurance, but that the cost had become too much, such as one woman in her 70s who said, "when we were younger, we had all the insurances but it seems so unaffordable so we let it go. We couldn't keep up the payments" (SIHA2). Another interviewee spoke of having had health insurance before being made redundant and it became too expensive. He said, "now my income is going up again I will be jumping on it because while I don't have it I can't get teeth done or new glasses – things I need which I can't afford" (SIMM6). When deciding which type of insurance to drop, people were least inclined to drop car or contents insurance. One individual spoke of how difficult it was to make a decision to lose her contents insurance, as her possessions were all she had left of a former life as a professional.

6.2.4 Cost: Taking chances

For those without insurance who also did not attach a value to it, cost was a part of this calculation. A single mother with two children said her Centrelink payment was not enough to cover everyday living expenses: "If I found an affordable [car insurance] it would be good to have. I hit someone, I had to pay \$1500 out of pocket... But it's not affordable. They do nothing. If you have insurance, you have to pay every month. If you stop one month they will stop your coverage right away" (SIMJ18). A man in his 50s said, "I don't have insurance. I don't want it. I've heard stories about people who put in claims and then got nothing back. So I see it as a sneaky way to get money. I don't believe in it. I look after my things" (SIZL18).

6.2.5 Cost: Summary

In the decision process, cost was the primary consideration across everyone in the sample; very few people did not mention cost, and for most people it was the central decision point of whether or not to be insured. For some, there was a sense that the cost was small compared to the comparative financial risk of going without insurance, but for many paying for insurance meant being unable to afford essential everyday items. While many people continued to be insured, others said they were forced to drop formerly held policies as a 'luxury item', while others could not consider where the money would come from to sign up for insurance.

Key finding: Cost is a major barrier to low-income households when it comes to insurance, with other expenses often prioritised.

6.3 Experiences

Many respondents had a story that they wanted to tell. For some it was their own story, for others it was a story they had heard from a family member or friend. These stories - both positive and negative - were often capstone events that significantly influenced how people thought about and felt about insurance and insurance companies. At other times they seemed to serve as a justification for their insurance decisions, whether that meant they were or were not insured.

6.3.1 Experiences: Priority insurers

Many priority insurers drew on their own past experiences when talking about how important insurance was to them. A separated woman in her 40s said when she was 18 she had hit someone while uninsured: "I had to pay for the whole thing - my car and a truck. My parents helped me but it was tough" (S1ZL31). Another said they had foregone house/contents insurance because they did not own anything of value but their viewpoint has changed since they had a house fire: "My house burnt down.... We didn't know what happened. We were renting. Four weeks ago I heard from the insurance company asking if we had insurance. Then I heard that they wanted \$200,000 from us. We weren't insured... Now that we've had a fire I'd

like to get myself more insured" (SIZL22). Not all experiences were negative; for example, a partnered woman with two children said, "my parents were underwriters. Growing up I was aware of how insurance can help. So even though we are in a low-income bracket, we do have insurance" (SIMM3). Another said, "I was raised to think you don't let it go" (SIMJ13).

Others talked about experiences of other people they knew. One woman with Essentials related a story of one of her neighbours to quantify the value she received from having insurance: "If you were a struggler like people on low income, if I knew you were on low income I'd just explain that you can't afford to not have contents insurance. A young single mum on my street was living in a Ministry home and she had a fire and lost everything. If she had insurance she would have got something out of it. This mum had to start all over" (SIZL8).

Some people were very focused on a sense of human connection, reflecting a positive customer service experience. One person said, "When you call to make a claim, you need to feel they are helpful. When you are on the spot in a bad situation, they should comfort you first of all and then with the rest of the task they can comfort you further through insurance" (SIMM22). Another said, "I have had issues, [I] ask for people who are willing to be helpful. I would stay with companies who are more helpful" (SIMJ07). Another gave very specific advice for improving customer service interactions:

"[Provide] customer service during claims. Not having massive call centre queues. Actively trying to help customers understand the product. Most people are happy to spend money when their safety is involved. They have a strong emotional connection to feeling safe. Eliminate not just stress at claims, but at purchase and renewal. It's a big expense for a lot of people." (SIMJ12)

6.3.2 Experiences: Opportunistic insurers

Some opportunistic insurers, despite being insured, were not very trusting of insurance due to their own experiences or those of people they knew. For example, a single father with two children who had car insurance said, "I'm not sure if I really benefit from having it. I don't really have faith in insurance - so many times people want to take money but don't want to pay [a claim] when you need it. I've heard lots of stories - more negative than positive ones with insurance" (SIZL26). A widow told of how she had difficulties claiming when her husband died, "The policy was so old they had sold it to another company. They

said they lost the email, that's why it took so long [to process her claim]. It caused trouble. I didn't want to pay extra admin costs for the funeral because of the delay. I've stayed with the same company because I'm scared of coverage change or a waiting period." (SIZL25).

For some, one negative experience could colour their perception of insurance for a very long time. A man in his 70s said companies could do better by "paying out on time occasionally. I claimed one time back in the 80's. It was a genuine claim but they wouldn't pay out. I thought, if they won't pay out what's the point?" (SISM5) Another man in his 60s was involved with an organised group that was burgled. They argued with the insurance company who refused to honour the claim. This made him a bit cynical: "Insurance companies I hold at about the same level as a used car salesman. You think you're insured and when you make a claim you find out they're good for nothing" (SISM6).

Similar to priority insurers, this group also mentioned how important customer service was to making them feel valued and reassured. One older respondent said, "Companies need much better customer service. People that understand other people going through financial difficulties. Most of them don't acknowledge pensioners. I've come across a lot that turn their nose up at pensioners, don't give a damn about them, think everyone can pay higher rates" (SIMJ09). A divorced woman in her 70s gave a similar response, saying:

"It is quite traumatic when you lose things you appreciate, and they treat you like a number - not a great deal of interest in the person - 'fill this in' - no connection with people. I broke down in the office when making a claim, I realised a photo of my children when they were babies was in the bag that was stolen, I was more distraught about this one photo that meant so much to me. I went through a box of tissues that the employee brought out for me, and that was the only human touch I had. They are so clinical" (SIZL15)

6.3.3 Experiences: Left out

Interestingly, those who felt left out was the only group that did not share relevant stories. This may be because they do not need a story either to justify the expense of paying for a policy, or to justify remaining uninsured.

6.3.4 Experiences: Taking chances

For many in the taking chances group, a poor prior experience was often the cause of the decision to remain uninsured. One man said, "When I first came to Australia, I got health insurance for my wife. Unfortunately, the company did not do well to explain that we did not have full coverage. When my wife needed surgery, it wasn't covered. They told me I would have to pay more to increase the coverage. It left a bad taste in my mouth" (SISM19). For others, there had always been a belief that insurance was not viable; a single mother with four children said, "I've never believed in insurance because I've heard so many stories of people paying for insurance and then paying high premiums - then they have difficulty claiming" (SIZL20). Another said she believes insurance is "pointless through experience" (SIMM18).

6.3.5 Experiences: Summary

The desire to tell stories, sometimes their own and sometimes those of other people whom they knew, was very strong in this research. Some of these stories were positive, and reinforced the belief that insurance was a valuable commodity that would protect assets and assist with recovery from unforeseen but traumatic events. Other stories were negative, and were held up as warnings that insurance companies should be selected with care, or that insurance companies were unreliable and would use any means to refuse a claim. These stories were suffused with emotion and played a central role in how individuals felt about insurance and how they made their insurance decisions.

Key finding: Prior experiences with insurance can serve as a touchstone event, colouring individual attitudes towards insurance for years. They can also serve to justify insurance decisions.

6.4 Complexity

Many people complained that it was too difficult to understand policy exclusions. Difficulties in comparing policies were also raised by several respondents.

6.4.1 Complexity: Priority insurers

Many insured respondents complained about the complicated nature of policies. For example, one respondent said, "Make documents more understandable to read. Make it shorter and simpler. More transparency" (SIZL19). Some respondents pointed out that their lives were complex and stressful enough; insurance was intended to reduce stress but sometimes it had the opposite effect:

"Make it easier. Make it easier. Help people understand what they are getting into. At the end of the day you want to make sure you can afford it, it has value, there are no legal issues or things you didn't expect - make it not stressful. I've been through enough stress.... As long as insurance companies can simplify and make it affordable....There needs to be better understanding." (SIZL21)

Similarly, a single parent in their 40s with five children said, "[Claiming] Is often really frustrating in my experience... Sometimes they make it so much harder and traumatic and annoying than the actual incident itself" (SIMM11).

The claims process was also often mentioned. "Easier claim process. Less fine print that gets them out of paying. They put things that totally changes the meaning of the word. I had a mate who had damage, [he] wasn't covered for flood but [was] for water damage. It's confusing." (SIHA18) Another said companies should be more helpful, especially to vulnerable people, "When you are young you are naïve and you don't know how things work. Insurance companies should be more upfront and open about everything. They need to be more transparent. I thought I had coverage for something but I didn't" (SIZL12).

6.4.2 Complexity: Opportunistic insurers

Several opportunistic insurers said the complexity of the insurance process contributed to their negative views. For example, a young single mother said, "Use clearer wording. There's a lot of fine print and I don't understand what they are trying to say - just be straightforward. If you do something you should say it directly" (SIZL11). An older person said, "I think certain areas of insurance are hard to understand. The way the clauses are written you have to study them - how many would you study before making a decision? It's ridiculous" (SIZL1).

6.4.3 Complexity: Left out

Many respondents in the left out group complained about the complexity of understanding policies: "Make the policies easier for people to understand.... We can't understand it. It needs to be short and sweet" (SIZL29). Another said, "Make the process simple, consistent and easy. Makes the rules the same so you can compare policies and companies. Answer the questions directly and don't make it so complicated" (SIMM18).

Some uninsured respondents complained about the lack of specific information on insurance web sites, which created a barrier to purchasing a policy: "I was looking online at dental insurance. It wasn't super easy to see the plans and benefits. Someone has to call you to discuss it. There needs to be more on the website to show specifically what you can get - not just have someone calling you. People don't have time" (SIMJ20). While these comments may seem to be contrary - clearer and simpler on one hand, provide more information on the other - there is a consistent message that information needs to be clear and concise while at the same time providing a level of detail for coverage that ensures people are not caught out when it comes time to make a claim.

A single mother with three children complained that she was denied a claim with her Essentials car insurance, when they determined the damage was pre-existing. She was very frank about the complex nature of the legal documentation and how it is particularly difficult for vulnerable and over-stretched people to get across the detail:

"I know everyone is in the market to try to make a dollar, and everyone is different, but just making it easier and able to understand is important. With Essentials AAI everything was so straightforward when taking out the policy. But then they didn't pay. Twenty to 30 pages of the PDF to read and understand all the loopholes - that makes it difficult. And it makes it so much more difficult if you have a learning disability or mental health or children or working... Trying to find the time to comprehend it all. It's a lot." (SIMM12)

6.4.4 Complexity: Taking chances

Complexity was also mentioned by some people who were uninsured, as the primary reason why they were not interested in insurance. One person who had recently returned from overseas and was looking to get reinsured said comparing companies was extraordinarily difficult, "Getting insurance is not a top-of-mind

priority. At some point when you haven't had it you think, why did I need it? Over time you forget. Oh my God why are there no differences with competitors – I can't see any differences, especially with health insurance. Should I flip a coin or what?" (SIZL27).

6.4.5 Complexity: Summary

Many people complained of the complex nature of insurance agreements. While several respondents raised this concern, some pointed out that this is particularly important when working with vulnerable people who may have difficulty reading long and technical documents, or simply may not have the time and energy to do so. Respondents requested more straightforward descriptions of what is and is not covered, no hidden exclusions which may negate a claim, and an easier method for comparing policies across companies. While 'short and sweet' was the primary message, some people were also concerned that the detail was not always provided in an accessible and readable manner.

Key finding: The complexity of policies, the claims process, and comparing options is a major issue for low-income households and vulnerable populations.

6.5 Tailored policies

Several people raised the problem of a 'one-size-fits-all' approach to coverage. For some this was due to particular needs that they may have, while others felt they were a low risk and therefore should be assessed for a lower rate. There were also several people who requested policies that were more affordable by reducing the standard coverage.

6.5.1 Tailored policies: Priority insurers

Several priority insurers said the uniform nature of policies made it difficult to get the right coverage; it was either too expensive due to paying for extras that weren't needed or did not cover the most important items. For example, many people mentioned the frustration that portable devices were not covered by their contents policy. "I would like the freedom to get contents insurance without home insurance much more simply. I rent. My technology – computer – I need this for

work. If I lose it I can't replace it. It's a stress to not be insured" (SIMJ13). Some respondents said a better questionnaire at the time of quotation would help to resolve some of these concerns: "With contents insurance the questions are very standard online, so it's hard to do it online so the quote you receive is accurate. Make the online questions more targeted and move away from a one-size-fits-all model" (SIZL3).

One Essentials customer complained that the special cargo bike that they need for their child with a disability is excluded because it has three wheels: "They would not cover cargo bikes with three wheels. Definition of bicycle is two wheels only. They are very strict about it. Please they need to expand their definition. The cargo bike is not cheap and it needs to be covered. It's my daily transport, how I travel to pick up the kids.... Please include cover for cargo bike and my child's special tricycle!" (SIMM3)

Others wanted a very basic policy that would reduce the cost: "Provide a cheaper option that may not have some extra things that people don't need to claim on often, having an option for people in hardship. So they can keep policies at a reduced rate with reduced benefits." (SIMJ23)

6.5.2 Tailored policies: Opportunistic insurers

Many in the opportunistic insurers category lost faith in insurance's value due to poor experiences; health insurance was particularly mentioned as a point of frustration. One man who was diagnosed with cancer said, "When that law was brought in that you should have health insurance at a certain age or pay extra tax, I got it. But when I needed it, it was pointless" (SIMM18). Another was frustrated that they ask your details and history and then will not cover you for the very things you need the insurance for (SIMM14).

Many opportunistic insurers felt that the ability to tailor policies to need would make insurance more fit for purpose: "Look at a person's circumstance - are they going to be a hoon, driving a lot, do they work, are they more likely to be at home. My car gets used to do the shopping and back just over the road. It's very close but I can't carry the groceries without a car [due to disability]... People like me aren't a risk" (SIZL6). A single parent of five children enumerated many barriers to finding a policy to suit her needs: "It's so much harder for someone on a pension. There are some cheaper options, but when they find out the age of your vehicle, or see how many claims I've made in the past, or once I got a license disqualification - so it's hard for me. It's a vicious cycle" (SIMM11).

6.5.3 Tailored policies: Left out

For those who felt left out of insurance, there were also concerns about what is and is not covered and how these decisions are made. For example, one person said, "Insurance for single people can often look from the outside like you're getting fewer perks and benefits than family packages. It seems unfair compared to family packages. Individuals are just as important as families" (SIMJ19). Another mentioned several insurance products which she felt were not tailored to her needs,

"Know your customers. In practice this doesn't really happen. Have products that are suitable for these customers. For example, I have a cat. I looked at pet insurance and it's a rip-off. I read Choice and it says don't get pet insurance. Health insurance has skyrocketed and I just have to bet that I'll be physically fit for a few years before I jump on that bandwagon. Contents - what's the point if I have to pay \$30 to take out [coverage for my] mobile and laptop, I am a student" (SIMJ25).

Others also mentioned the difficulties of getting coverage for mobile devices, for example, "I would still like contents insurance, because I am upgrading my computer. It's the main thing I use. Specific item insurance would be relevant, not necessarily whole of contents" (SIMJ03).

6.5.4 Tailored policies: Taking chances

The people categorised as taking chances was the only group who did not raise the need for tailored policies. Other barriers were more salient for this group.

6.5.5 Tailored policies: Summary

Many respondents were concerned that policies were not flexible enough to meet their specific needs. Comments included a sense that they were not assessed properly for their level of risk, that specific important items (often portable devices) were not covered, or that a more affordable offering without unneeded extras would make coverage a possibility.

Key finding: Many low-income households would prefer more flexibility to tailor policies to need and also to reduce cost.

6.6 Wasted money

Both those who were insured and those who were not brought up a sense of wasted money. For those with insurance, they expressed frustration that it must be budgeted and paid for continuously, but when there were no claims this money was just gone without any perceived benefit in return. This led to suggestions of a reward system of some kind for people with few or no claims. For those who were uninsured and/or did not value insurance, comments were more pointed that insurance was a 'rip-off' and there was no point in spending money when claims were unlikely to be paid.

6.6.1 Wasted money: Priority insurers

This group of respondents made the fewest comments about wasted money, although a few people suggested there should be a refund system if there haven't been claims; one person said, "If you haven't claimed in five years they should give you a benefit of some sort, like reduced premiums" (SIZL9). Another said, "You think it's dead money. My son and others say why give money to insurance companies, it's dead money and then you make claims and it's like pulling teeth. So for me I know exactly what I'm paying for with car insurance. I give them the third degree and make sure the call is recorded" (SIZL2).

6.6.2 Wasted money: Opportunistic insurers

The opportunistic insurers held policies for various reasons but many still felt that overall insurance was not needed. One woman in her 70s with a funeral Insurance policy provided a lengthy justification for why she did not consider other types of insurance as necessary for her:

"I used to have house and contents for many years, but I moved to where I am now - first floor of a big block of apartments. You'd have to be so desperate to try to get in here that the likelihood is very remote. Plus I am an old aged pensioner, I don't have money lying around in the bank anywhere. I like to be able to donate to people who need it, so when I did my budget I thought I can't justify money every month for such a remote possibility" (SIMM17).

Others who held insurance found it frustrating that, without any claims, they were 'throwing their money away.' A young single mother suggested that insurance companies could "offer once a year Christmas bonus-type thing. For example,

during COVID, how about a \$20 voucher because we have no claimable events? Give something back for no claims." She went on to complain that insurance is something that "you just have to budget for the rest of your life" (SISM9).

Some of this sense of wasting money was tied into the sense that insurance companies were not trustworthy. A woman in her 70s said,

"There's a part of me that thinks that the wider insurance industry is predatory and unnecessary. Advertising around insurance is mostly geared at creating fear and anxiety. When I was considering whether to keep the contents insurance I had to think hard about it - if you did this is it because you are frightened? Again I weighed up the odds... I had to talk to myself about it... You don't need it, don't pay" (SIMM17).

6.6.3 Wasted money: Left out

Those without insurance but who valued it was the only group who did not mention that there was a sense of wasted money attached to insurance payments.

6.6.4 Wasted money: Taking chances

Those people categorised as taking chances were often the most adamant that insurance was a waste of money. For example, one respondent said, "Well I know that health insurance is a rip-off - you are not even covered for the things you need. They want to know all your details then not cover you for anything you need" (SIMM14).

The idea that paying for insurance was a waste of money was oftentimes justified by an individual's self-assessment of their risk. Several interviewees viewed their area or living situation as a reason insurance is unnecessary, particularly pertaining to contents insurance. Multiple interviewees mentioned living in apartments off the ground floor as a reason not to have contents insurance because it was unlikely they would get broken into; as person in their 50's on the DSP said, "I choose to live upstairs in apartments, I feel secure, I even leave my door open" (SIMM18). When speaking of his concern that his policy did not cover the total value of his car, one interviewee in his 60s said, "I live in a safe area with a parking spot so I am not too worried about it. It's better to take the risk than have insurance" (SIMM32). Several interviewees spoke of how neighbours kept an eye out for each other and this made them feel safe. Others spoke of their pets,

even pythons, as being a deterrent to theft. This indicates the extent to which individuals self-assess their level of risk.

This self-assessment could be based on a heightened awareness of their environment but could also include avoidance tactics. In one instance, an individual reported that her neighbour had lost all of his possessions due to fire. He, and others, had subsequently encouraged her to have insurance but she was still unwilling to get insurance, and this decision overlaid with her concern about the expense:

"I've never believed in insurance because I've heard so many stories of people paying insurance and then paying high premiums - then difficulty in claiming. No one close to me has had a bad experience this is just what I've heard and it's not worth it. Premiums just go up. Something happened not long ago. The unit next door to me burnt down and he wasn't insured and he has to replace everything so he was saying and others are saying you should get insurance but I'm still funny about it. I'm on a disability support pension and I'd have to make a payment all the time and how would I make a payment." (SIZL30)

Assessment of risk with car insurance was predicated on an individual's assessment of other people's driving, with fewer individuals being willing to risk driving without insurance. However, there were still some who made that call, or who had done so in the past, with several individuals indicating they had to pay out of pocket after an accident when they were not insured. Interestingly, one individual noted that she had been hit by someone that was uninsured years ago and had subsequently decided that she would not get insurance "as it was done to me". She stated, "So I had an attitude that I wouldn't get insurance and had an attitude that this was done to me, so for a long time I didn't insure myself. Why couldn't I do to others what was done to me?" (SIZL6)

6.6.5 Wasted money: Summary

Several people, particularly opportunistic insurers and those taking chances, indicated paying for insurance was wasted money. Those with insurance expressed frustration that it must be budgeted and paid for continuously, but when there were no claims, this money was just gone without any perceived benefit in return. This led to suggestions of a reward system of some kind for people with few or no claims. For those who were uninsured and/or did not value

insurance, comments were more pointed that insurance was a 'rip-off' and there was no point in spending money when claims were unlikely to be paid.

Key finding: Those with insurance often complained that with no claims there was no benefit to having a policy, while those without insurance were more likely to see insurance companies as unreliable.

6.7 Findings and key themes: Summary

Analysis of the interview transcripts identified six key themes that informed respondents' decision-making processes. These were peace of mind/enforced; cost; experiences; complexity; tailored policies; and waste of money. There were differences across these themes for what we have termed priority insurers, opportunistic insurers, those who feel left out and those who are taking chances. In sum, overall those who held a policy and/or valued insurance were more likely to see insurance as a positive contributor to their wellbeing, removing worry about unforeseen events and providing 'peace of mind'; this view was supported by stories of positive experiences. For those without insurance and/or for who did not value it, there was a more negative assessment of insurance and insurance companies, which was reinforced by experiences that confirmed their view that insurance was not worth the cost. Both groups agreed, however, that insurance policies were too complex, that it would be helpful to have more personalised coverage, and that cost was a primary barrier for low-income households.

The value that individuals placed on insurance was often bolstered by individual stories – positive stories for those who placed a high value, and negative ones for those who placed a low value on insurance. For some people these stories were personal and extremely emotional, reflecting the foundation for their attitude towards insurance. For others, however, it appeared that the stories were used to justify their position to either have or not have insurance. For example, some people told negative stories to explain why they chose to not have insurance, but they would then mention exploring insurance options but finding it too expensive and/or that they did not qualify. It also appeared that those who had an

insurance policy may have used stories to reassure themselves that it was money well spent.

Cost was a barrier raised by almost everyone. Finding ways to make insurance more affordable and/or more flexible, so that people are paying only for the most critical coverage, could be a way to make insurance more accessible to low-income households. While this research was not focussed on Essentials products and we did not specifically ask about them (other than in the online survey), several people mentioned how much they appreciated the affordability of the product.

Many low-income households in Australia live well below the poverty line. The decision to insure therefore requires an assessment of whether the policy will prove more valuable to have than the services, products or experiences that are gone without. These assessments appear to change across the life course. For many who are working age, insuring a vehicle is a priority as it provides access to employment or is needed to look after children or others. Insuring against loss of home, valuable items or to cover the cost of their funeral may gain in priority as people age. Other insurance products, such as private health, disability insurance or pet insurance, reflect individual circumstances.

Key finding: The decision to insure in low-income households involves a series of financial trade-offs, with choices to insure reflecting lifestyle priorities which often change across the life course.

7.0 Conclusion and recommendations

This report is stage two of an investigation into low-income households and insurance. Stage one examined insurance patterns across approximately 20,000 applicants for a No-Interest Loan (NILS) in 2019. Overall, findings were that low-income households tend to be under-insured, and certain demographics were more likely to have some kinds of insurance than others. This report used a mixed-methods approach to illuminate these findings and help to understand how low-income households value insurance and make decisions about coverage. An online survey, including both qualitative and open-ended responses, was responded to by 199 customers of Good Money stores, and of these 98 were also interviewed by telephone.

Taken together, the findings show that many low-income households value and prioritise insurance. Key decision points of whether or not to be insured were identified from the interview transcripts. These included the elimination of worry about unforeseen events ('peace of mind') or in some cases because coverage was required (e.g., for a car or to secure a mortgage). The expense of insurance was a concern and/or a barrier for everyone regardless of how they valued the product. The complex nature of policies and understanding exclusions was also raised across the sample despite differences in coverage and how insurance was valued. Many respondents were concerned that a one-size-fits-all approach meant they could not get the coverage they wanted for specific items and/or that they were over-paying. Finally some felt insurance was a waste of money, either because it was unreliable (those who placed a low value on insurance), or because when there were no claims there was no benefit (those who placed a high value). These findings provide specific points of reference when considering how insurance companies could better meet the needs of low-income households.

7.1 Key findings

The key findings from this research are as follows:

1. While the majority of responders who owned a car also had car insurance, some were not covered due to the cost or perceptions that 'good drivers' did not need insurance.

2. Contents insurance was most often declined due to rental status, a lack of perceived value of items, lack of coverage for portable devices, and/or the expense.
3. Of secondary policy types, life, private health and funeral policies were rated to be of greatest value, but financially out of reach for many respondents.
4. While responders were categorised as priority insurers, opportunistic insurers, left out or taking chances, individual differences such as age, prior insurance experiences and financial stress means insurance decisions and priorities likely change across time.
5. Priority insurers invoked 'peace of mind' repeatedly to explain the benefits of being insured, in stark contrast to the rest of the sample.
6. Cost is a major barrier to low-income households when it comes to insurance, with other expenses often prioritised.
7. Prior experiences with insurance can serve as a touchstone event, colouring individual attitudes towards insurance for years. They can also serve to justify insurance decisions.
8. The complexity of policies, the claims process, and comparing options is a major issue for low-income households and vulnerable populations.
9. Many low-income households would prefer more flexibility to tailor policies to need and also to reduce cost.
10. Those with insurance often complained that with no claims there was no benefit to having a policy, while those without insurance were more likely to see insurance companies as unreliable.
11. The decision to insure in low-income households involves a series of financial trade-offs, with choices to insure reflecting lifestyle priorities which often change across the life course.

7.2 Recommendations

Based on the key findings from this research, the following recommendations are made. These recommendations are designed to help insurance better meet the needs of low-income households.

1. Strive to make policies and coverage easily understandable, providing the level of detail needed in the policies to ensure people understand their rights.
2. Some insurance policies and their benefits may not be well understood by low-income households, particularly contents insurance and life insurance. It may be beneficial to provide more information on these policies tailored to low-income householders and their needs.
3. Addressing the issue of cost is critical for low-income households. This could be done through:
 - a. The majority of people in this research are reliant on Centrelink payments as their primary form of income. Insurance companies could therefore do more to advocate for an increase in payments and proper indexing to keep people out of poverty, and allow them to afford adequate insurance coverage.
 - b. Insurance companies could also work closely with the government to make insurance affordable for low-income households. With the expected increase in natural disasters as well as the economic uncertainty of a post-COVID19 world it is advisable that the government consider how to provide more protection for low-income families.
 - c. Expanding the Essentials by AAI model and/or types of insurance offered.
 - d. Providing more flexibility in coverage so that individuals can pay only for the coverage most important to them.
 - e. Providing discounts for automatic payments regardless of how often they happen (for example, fortnightly).
4. The stories that individuals told about insurance, including stories about positive or negative experiences with customer service, indicates that ensuring a caring and supportive customer experience is central to how low-income households value insurance.
5. Consider offering a reward program that provides a financial incentive or other form of benefit following an extended period of time with no claims.

7.3 Conclusion

While the respondents self-selected into this study, which may have weighted it more towards people who have insurance and/or value it, the research nevertheless reveals that low-income households understand the importance of insurance and value it. Even those who were negative about insurance tended to state that in their view companies are unreliable, but with an implication that insurance would be valuable if it were operated in good faith. This report therefore provides evidence that many consumers from low-income households understand that insurance mitigates a range of risks. Addressing the perceived barriers, particularly cost but also the need to show good faith through compassionate customer service, providing support for the claims process, and being more transparent in explaining policies and their exclusions, would appeal more to low-income households.

8.0 Appendices

Appendix A: Online survey

17 November 2020

Hello, we are inviting you as a current or former Good Money customer to fill a short survey, with the option to opt in to an additional short phone discussion. We are currently doing a funded Suncorp study to understand how Good Money customers make decisions about insurance. Whether you DO or DON'T have insurance, we are interested in your experience! This is a short survey that should not take more than 15 minutes of your time to answer. Your answers will not be linked back to you in any way, unless you offer for us to contact you with some follow-up questions. You don't need to answer any question if you don't want to, and you can stop the survey and withdraw at any time. Participation will not impact on the service you receive from Good Shepherd in any way.

The information we collect may be included in published reports but your answers will not be linked back to you. They will be included in combined reporting along with other respondents. Any quotes will remain anonymous. We are unable to provide an incentive to answer the survey but we are providing a \$20 voucher for those who are interested in a follow-up interview. There is more information on this option at the end of the survey.

Many thanks for your time and for sharing your thoughts with us. If you have any questions, or if you would like to request a copy of the final report, you can contact the research team: Susan Maury, susan.maury@goodshep.org.au or Zara Lasater, zlasater@gsmicrofinance.org.au

This survey is for adults, 18+. Are you over the age of 17?

- I confirm that I am 18 years or older (*continue on to survey*)
- I am under the age of 18 (*exit the survey*)

We first want to understand a little bit more about car and house/contents insurance. Then there are a few questions about other types of insurance.

1. Do you have car insurance?

- Yes
- No

If yes:

What kind of car insurance do you have?

- Compulsory 3rd party (CTP) – this covers personal injury only
- 3rd party – this covers damage to another car only
- Comprehensive – covers personal injury and damage to your own or someone else’s car
- Other (please specify):

Do you insure with...

- Essentials by AAI
- A mainstream insurance company (e.g., Suncorp, Youi, AAMI, QBE, Allianz)
- Through another large company (e.g., Coles, Woolworths, the post office)
- Other (please specify):

What is the main value you see from having car insurance? (open response)

How could car insurance better suit your needs? (open response)

If no:

Can you tell us why you don’t have car insurance?

- I don’t have a car
- I don’t have a driver’s license
- It is included in my car registration
- I can’t afford it
- I don’t think it’s valuable to have
- Other (please specify):_____

How could car insurance better suit your needs? (open response)

2. Do you have house and/or contents insurance?

Yes

No

If yes:

What does your policy include?

Structural integrity/damage only

Internal contents only

Both structural and contents

Other (please specify):

Do you insure with...

Essentials by AAI

A mainstream insurance company (e.g., Suncorp, Youi, AAMI, QBE, Allianz)

Through another large company (e.g., Coles, Woolworths, the post office)

Other (please specify):

What is the main value you see from having house and/or contents insurance?

(open response)

How could house and/or contents insurance better suit your needs? (open response)

If no:

Can you tell us why you don't have house and/or contents insurance?

I don't own my home

I can't afford it

I don't think it's valuable to have

Other (please specify)

How could house and/or contents insurance better suit your needs? (open response)

3. Can you tell us whether you have other kinds of insurance – or if not, what you think about other types of insurance?

<i>Insurance type</i>	<i>I have a policy</i>	<i>I don't have a policy but think it would be valuable to have</i>	<i>I don't have a policy and I don't see a need for it</i>	<i>I don't know much about this type of insurance but would like to learn more</i>
<i>Health insurance (private)</i>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<i>Funeral policy</i>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<i>Life insurance</i>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<i>Unemployment insurance</i>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<i>Disability insurance (NDIS)</i>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<i>Disability insurance (private)</i>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<i>Pet insurance</i>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<i>Other kind (specify):</i>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Is there anything else you would like to tell us about these other types of insurance? (open response):

Is there anything else you would like to tell us about insurance in general? (open response):

4. Here are a few questions to help us understand a little bit more about you.

Are you:

Female

Male

- Intersex
- Other
- Prefer not to say

Are you:

- 18-24 years
- 25-34 years
- 35-44 years
- 45-54 years
- 55-64 years
- 65+
- Prefer not to say

Do you identify as Indigenous?

- Yes
- No
- Prefer not to say

Are you:

- Single
- Partnered
- Separated/divorced
- Prefer not to say

Do you have any dependents?

- No
- Yes: 1
- Yes: 2 - 3
- Yes: 4 - 5
- Yes: 6+
- Prefer not to say

What is your post code: (open response)

Are you:

- Own/purchasing home
- Renting home
- Living with a family member or friend (no rent)
- Other
- Prefer not to say

Is your primary income source from:

- Employment
- Self-employment
- Receiving the DSP
- Receiving JobSeeker
- Receiving Parenting Payment Single
- Receiving the Age Pension
- Receiving another Centrelink payment (please specify):
- Have another form of income (please specify):
- Prefer not to say

Would you estimate your annual income, excluding the temporary COVID-19 supplements, as closest to:

- Below \$10,000
- Between \$10,000 - \$18,000
- Between \$18,000 - \$25,000
- Between \$25,000 - \$30,000
- Between \$30,000 - \$40,000
- Between \$40,000 - \$60,000
- \$60,000+

Prefer not to say

Thank you for your time! We are looking to follow up with some people who have responded to this survey with a phone call to better understand how you have made your insurance decisions, and the value you place on different types of insurance policies. This phone call will be kept short (not more than 15 minutes), and will be compensated with a \$20 Woolworth's gift card.

If you are willing for us to call you, please leave your contact information below.

Name:

Phone number or email:

I understand that by giving my name and contact information, a researcher from Good Shepherd may call me to have a further conversation about insurance. I also understand that my time will be compensated with a Woolworth's \$20 gift card.

Appendix B: Script for telephone interviews

Suncorp Insurance Research Qualitative Guide (November 2020)

Interviewer:

Code: [insert from your Excel Database]

Date/time of interview:

Method for voucher distribution – email or postal address [be sure to get details – don't assume we have]:

Can you tell me whether you are in your 20's, 30's, 40's...:

Are you single with no dependents?:

What state do you live in?:

Intro:

Thank you for agreeing to talk with me today. We'd love to better understand how you've made choices about your insurance, whether or not you have any. We are not looking to promote any kind of insurance, just to understand your relationship to insurance and what you think about different types. The interview will take no more than 15 minutes and nothing will be attributed back to you. We won't be using your name on our notes. We are trying to understand overarching themes only.

Did you have any questions before we start? Do I have your consent to participate? Do I have your consent to take notes (I won't be recording)?

Question	Response
Question 1: Before we start, can you please tell me if you have insurance? [if yes, proceed. If no, skip to question 4]	
Question 2: You've just told me that you have insurance, do you mind telling me what you have insurance for?	

<p>(prompt: car, house/contents, private health, disability, funeral policy, unemployment, life, pet)</p>	
<p>Question 3: Thinking of your experience in choosing [pick one of the insurance types they have mentioned] do you mind telling me:</p> <p>a) What led you to make a choice to have this insurance?*</p> <p>[*repeat a-e for each category of insurance they have. For multiple types, list responses by insurance type in response box]</p>	
<p>b) How did you make the choice of company*</p> <p>(prompt: word of mouth/advertising/family influence/price)?</p>	
<p>c) How did you buy the insurance?*</p> <p>(prompt: referred by Good Money, directly via a call centre, directly via the internet, indirectly through an intermediary, via your bank)</p>	
<p>d) Have you had a claimable event [don't need full detail]? Did you claim? If not, why?*</p> <p>(prompt: fear of increasing premium, excess payable)</p>	
<p>e) What benefit do you feel you get out of having this insurance?*</p> <p>[skip to Question 5]</p>	

<p>Question 4: Thanks for telling me that you do not have insurance. We'd like to understand your choices a bit more.</p> <p>[note: without judgement!]</p>	
<p>a) Would you mind telling me the reasons you've chosen not to be insured at this time?</p> <p>(prompt: perception of risk; other methods to reduce risk; barriers to purchasing insurance)</p>	
<p>b) Would there be a 'tipping point' or something that would make you change your mind and get insurance?</p> <p>(prompt: would they like insurance/what type; what would be an incentive to do so?)</p>	
<p>c) Did you have insurance in the past? If so, what made you decide not to keep the insurance?</p>	
<p>Question 5: Can you tell me, how might insurance companies better help people get through hard times or unexpected financial setbacks?</p>	
<p>Question 6: What three words come to mind when you think about insurance?</p>	
<p>Question 7: Is there anything else you'd like to tell me about insurance?</p>	

Thanks so much for your time!

Appendix C: Summary of comments on Essentials by AAI

This research was focused on low-income households, whether they were or were not insured. However, likely because the sample was drawn from Good Money clients, there were several responses concerning Essentials. This section summarises the key comments and themes. All comments pertaining to Essentials has also been provided separately to Suncorp.

Number of responses

Of the 195 responses received from the online survey, 26 people indicated they held a policy with Essentials by AAI. Twenty-three people indicated they had Essentials car insurance (21 per cent of all people with car insurance), and 11 people indicated they had Essentials contents insurance (18 per cent of all people with house and/or contents insurance).

Of the 98 interviews that were conducted, 23 people mentioned Essentials by AAI in their response.

Positive comments

The majority of comments were positive. The overwhelming majority of individuals were thankful that an affordable insurance option exists for low-income households. Others were appreciative of how the cost can be automatically deducted from Centrelink payments. Other positive comments included no excess on first two claims and covering the taxi to and from the repair shop. Some said Essentials needs to be more widely known for people on low or fixed incomes.

Things that could be better

Several people requested expanded coverage of one form or another. These comments included:

- Increasing the value of vehicles that can be insured
- Cover portable devices
- Provide more flexibility with special item coverage (specific plea to cover cargo bikes and/or full-sized tricycles)
- Provide specially-trained financial hardship counsellors to provide customer service for Essentials customers
- Provide other forms of insurance (specifically mentioned: funeral, life, TPD, income)
- One person said they had trouble claiming, while another said the repairs took too long

Appendix D: Preliminary analyses of qualitative responses (Interim Report, December 2020)

We are providing the initial analysis of the qualitative responses from the interim report (provided December 2020), because the analysis was conducted differently to that presented in the final report (June 2021). The findings as they are presented here may provide different insights.

All individuals who took part in the survey were offered the opportunity to contribute further through a qualitative interview. As noted earlier, 100 individuals took part in the interviews. Interviews of approximately 15 minutes in duration took place between 30 November and 16 December 2020. Five Good Shepherd researchers were involved in the research and analysis.

Findings and key themes

Preliminary findings are provided under the categories of choice in being insured; rationale for choosing an insurance company; experience of making claims; and suggestions for how insurance companies can better support people on low incomes. Where possible, we have included participant voices but it should be noted that, given time limitations, these are limited. Further analysis in 2021 will provide more comprehensive analysis of this rich qualitative data.

Non-insured

The individuals who are not currently insured have a range of rationales for their choice. These ranged from self-assessment of their current state of risk, attitudes to insurance, as well as an inability to afford insurance.

Self-assessment of risk:

Several interviewees viewed their area or living situation as a reason insurance is unnecessary, particularly pertaining to contents insurance. Multiple interviewees mentioned living in apartments off the ground floor as a reason not to have contents insurance because it was unlikely they would get broken into; as one 70-year-old pensioner said, “you’d have to be so desperate to try to get in here that the likelihood it very remote” (SIMM17). When speaking of his concern that his

policy did not cover the total value of his car, one interviewee in his 60s said, "I live in a safe area with a parking spot so I am not too worried about it. It's better to take the risk than have insurance" (SIMM32). Several interviewees spoke of how neighbours kept an eye out for each other and this made them feel safe. Others spoke of their pets, even pythons, as being a deterrent to theft. This indicates the extent to which individuals self-assess their level of risk.

This self-assessment could be based on a heightened awareness of their environment but could also be based on avoidance. In one instance, an individual reported that her neighbour had lost all of his possessions due to fire. He, and others, had subsequently encouraged her to have insurance but she was still unwilling to get insurance:

"I've never believed in insurance because I've heard so many stories of people paying insurance and then paying high premiums - then difficulty in claiming. No one close to me has had a bad experience this is just what I've heard and it's not worth it. Premiums just go up. Something happened not long ago. The unit next door to me burnt down and he wasn't insured and he has to replace everything so he was saying and others are saying you should get insurance but I'm still funny about it. I'm on a disability support pension and I'd have to make a payment all the time and how would I make a payment." (SIZL30)

Assessment of risk with car insurance was predicated on an individual's assessment of other people's driving with fewer individuals being willing to risk driving without insurance. However, there were still some who made that call, or who had done so in the past, with several individuals indicating they had to pay out of pocket after an accident when they were not insured. Interestingly, one individual noted that she had been hit by someone who was uninsured years ago and had subsequently decided that she would not get insurance "as it was done to me". She stated, "So I had an attitude that I wouldn't get insurance and had an attitude that this was done to me so. For a long time I didn't insure myself. Why couldn't I do to others what was done to me?" (SIZL6)

Nothing of value:

Of those interviewees who did not have any insurance, some said they had nothing valuable enough to insure. One individual spoke of selling all their possessions to move overseas and subsequently, upon returning, felt he had

nothing of value to insure. One mother of adult children said “I didn’t consider I had enough stuff to warrant insurance” but she went on to say that she has built up belongings over her lifetime, so would consider contents insurance now if she could afford it (SIMM15). This alignment of choice with an assessment of value was echoed by many interviewees, across the range of different insurance types discussed.

Others said that if they did purchase something valuable they would get insurance, such as one single in their 20s who said “if I had a car was worth enough I would get it, I wouldn’t risk it” (SIHA3), while a single mother said that she had purchased insurance on her child’s school laptop, which was the only item she considered valuable in the household (SISM7).

Too costly:

For the majority without insurance who wanted insurance, it was due to cost. One single mother of three said “I simply just can’t afford it. If I was to have car insurance, there wouldn’t be money left to pay for everyday expenses” (SIHA7). Another interviewee who described being a victim/survivor of family violence said, “the belongings inside my house are the only belongings I have and I would like to know I can get them replaced” (SIMM34), however she indicated she could not afford the premiums.

One interviewee expressed her dilemma in this way:

“You live in poverty, you make decisions about how your money is allocated and insurance is the first thing to go. So when I got divorced the first thing I cancelled was my car insurance. Then I tried to keep up my contents insurance but this fell by the wayside. When you are poor, you can’t even consider insurance a luxury, it’s not a necessity. You just have to take your chance in life. Premiums are based on where you live or what you own and not on your financial situation. You need two tiers of pricing...so that the price can be specific to the poverty line. Otherwise you just go without.” (SIZL20)

Some interviewees highlighted specific additional expenses they wanted to or were required to spend money on rather than on insurance policies. Many mentioned the cost of raising children, such as one parent in a de facto couple who said, “It [having insurance] would be handy but having five kids is limiting to finances.” Numerous others reported caring for dependents with disabilities which created added expenses, and one interviewee said, “I’m an old age pensioner so I

don't have money lying around and I like to be able to donate to people who need it" (SIMM17). Others spoke of sudden changes in life circumstances and the impact on their finances.

Numerous interviewees mentioned having previously had insurance, but that the cost had become too much, such as one woman in her 70s who said, "when we were younger we had all the insurances but it seems so unaffordable so we let it go. We couldn't keep up the payments" (SIHA2). Another interviewee spoke of having had health insurance before being made redundant and it became too expensive. He said, "now my income is going up again I will be jumping on it because while I don't have it I can't get teeth done or new glasses - things I need which I can't afford" (SIMM6). When deciding which type of insurance to drop, people were least inclined to drop car or contents insurance. One individual spoke of how difficult it was to make a decision to lose her contents insurance, as her possessions were all she had left of a former life as a professional.

Insurance does not meet needs:

A number of interviewees observed that there were gaps in current insurance policies, resulting in their needs not being met; this was a source of frustration. One interviewee (a woman in her 40s with two children, one of whom has a disability) spoke of her frustration at "strict" definitions in some policies. Her family own two specialised bikes, including a cargo bike which is her key source of transport, and a tricycle for her son who lives with a disability. When she tried to take out cover from one of the affordable insurers, she found that they would not cover the "expensive specialised" bikes as their definition of a bike is two-wheel and both of her bikes have three wheels (SIMM3).

Multiple people mentioned health insurance as being useless to meet their specific needs. One man who was diagnosed with cancer said "when that law was brought in that you should have health insurance at a certain age or pay extra tax, I got it. But when I needed it, it was pointless" (SIMM18). Another was frustrated that they ask your details and history and then will not cover you for anything you may need insurance for (SIMM14). Still another said that he used to have private health insurance but when his wife needed surgery, they found out it was not covered; the exclusions were not explained to them up front and they were confronted with a shock (SISM19).

A man who was made redundant due to COVID-19 said that prior to losing employment he had purchased a "fancy Apple watch" along with his phone, and

while the phone was insurable, the watch was not. He said, "I would definitely have paid for insurance for that", but it is only offered through extras under contents insurance which he cannot currently afford (SIMM6). Another man said he had tried multiple companies to purchase travel insurance but that none would cover him due to his diabetes (SIMM18). Another individual spoke of wanting to get pet insurance for his pet only to discover that his type of pet was considered too risky for insurance companies to cover.

Negative perspective on insurance:

Some others felt that insurance was not worth it at all, with some saying it is "pointless" and "useless" (SIMM18) or that the insurance sector is "predatory" in general (SIMM17). When asked to nominate their choice of words for insurance, many of those who did not have insurance mentioned words like "expensive", "overpriced", "costly" and "scam". Interestingly, many of those who did have insurance used similar words.

The insured

Interviewees who did have insurance highlighted numerous and various reasons that led them to make that choice, some of which are outlined in further detail below.

Feeling "protected":

The majority of those with car insurance highlighted the likelihood of an accident happening at some stage, for example a single man in his 40s said, "accidents are always happening so I always think it's a prudent idea to be insured; we should always have car insurance" (SIMM2). The feeling of being protected appeared to also be correlated to an individual's status as a parent, although this requires further analysis. One mother mentioned that she had switched to comprehensive insurance when her first child was born, while another said the birth of her first child led her to getting a life insurance policy. A single mother with one child in her 20s stated, "I couldn't replace my things if there was a fire or flood. Being a single parent made this important to me. If it was just me I could couch surf and I wouldn't need insurance but with a child I need stability and to know that I am covered." (SIZL11)

Being unable to afford the cost of replacement:

Many interviewees, particularly those with car insurance, said that if something did happen and they were uninsured, they could not afford to replace their property. One single father said, "I don't have the money to replace the vehicle and having a kid I need the vehicle" (SIHA18); while a single mother offered a similar response, "I would not be able to buy a new car if it was broken" (SIMM19). The cost of replacement was often not just about the actual cost of the item, but in what it signified for that person's livelihood. For example, one mother stated how important it was for her to get to work and how she could not afford to be without her car; "I have to get to work. I need a road worthy vehicle and I need to have my car repaired immediately." (SIZL16) Another mother stated that she needed her vehicle to be able to take her daughter to the hospital quickly due to the health conditions her daughter was experiencing.

Some respondents were particularly worried about the cost to insure mobile phones and computers that are essential to their studies, "What's the point if I have to pay \$30 to take out insurance for a mobile and a laptop, I am a student" (SIMJ25). Parents also noted the need to insure their children's electronics. As one single dad in his 40s said, "with kids with phones and laptops because of school, it could be a big deal to replace these...I have a teen with about \$2,000 worth of computer equipment for school – I can't be sure he can look after it so it's important to have insurance." (SIZL3) A choice being made by some interviewees is to take out insurance from the store when they buy items that they deem as valuable.

Not wanting to burden family and friends:

On the topic of funeral insurance, everyone who had funeral insurance spoke of not wanting to burden their family with the "ridiculous" (SIMM17) and "excessive" (SIHA4) cost of a funeral. When asked what led him to make the choice to have funeral insurance, one 80-year-old interviewee said, "I'm poor, I'm old and I'm going to die one day and I don't want there to be no money to bury me. I didn't want whoever is left in the family to have that burden" (SIMM33). One single father stated, "I'm raising three kids on my own so I'd hate to have them have to pay if something happens plus when COVID hit, I panicked and I thought I needed something. I bought funeral insurance just before the lockdowns." (SIZL28) Several individuals talked of seeing the cost of funeral expenses cause financial

distress for their relatives, so the purchase of funeral insurance was based on lived experience.

Something to leave behind:

Several individuals who had life insurance spoke of how they wanted to leave something of value to their children or to ensure that their pets were looked after when they passed. One respondent spoke of her history as a victim of domestic violence and needing to make sure her four children could survive if something were to happen to her (SIMJ28).

Specific situations or experiences:

While many interviewees spoke of the security or “peace of mind” they felt through having insurance, some others mentioned specific life circumstances or situations that had led them to make their choice. One single mother had a near-death experience, and this had led to her getting life insurance when she was still quite young. She felt the small payments were worth the “peace of mind” this provided to her. One single mother in her 30s explained the reason for having contents, pet and voluntary nurse insurance respectively: because she moved into an old house with ‘dodgy wiring that could burn down tomorrow’, she got a puppy whose breed “has a lot of hip problems” and that as a volunteer nurse she is not covered by professional indemnity (SIHA20). One young single mum explained that she cancelled her car insurance when she lost her license but that it is a “priority” for her when she gets her car and license back (SIMM27). Lots of interviewees mentioned having children as a reason to have insurance as things get broken often; “when you have kids around you need insurance” (SIMM19). Another had recently bought a house and was required to have house insurance with her mortgage (SIMM9). Some others mentioned their neighbourhood as a reason to have insurance; “many vehicles in the area are destroyed by young people” (SIHA18).

One person said she has contents insurance because her house burned down and she lost everything. That was the first time she had ever heard of contents insurance; she wished she had known about it before the fire (SISM4). No one that we spoke with had been in a natural disaster (flood, cyclone, or bushfire) but one individual had recently lost her home to a house fire. In this case, she was not insured and living in a rental property with her family. She was being pursued by debt collectors.

Family history of being insured:

Some people spoke of being influenced by parents or peers, or being taught the importance of insurance at a young age. One woman noted that her parents were insurance underwriters, so she always understood its importance (SIMM3). Another interviewee said he was taught from a young age that you do not drive a car unless you have insurance (SIMM6), and another said they used to own an auto wrecker company, so “I know how important it is to have car insurance” (SIMM22). Another interviewee stated, “I was brought up to believe that no matter how unfortunate you are, you need to have contents insurance because if anything ever happens to you, you have to be able to replace goods in your house. I had struggled to afford it until Essentials.” (SIZL8)

The choice of insurance company

Affordability was a primary driver for choice of insurance company, with one interviewee noting, “it is all about money in the end” (SIHA17). However, there were often secondary reasons, such as what was covered in the policy or good customer service.

Many interviewees, especially those with dependents, spoke of needing certain extras covered within a policy, including items such as a cargo bike, hire car and roadside assist. One interviewee explained, “I dropped keys down an elevator shaft- they sent out a locksmith to the hotel – that was part of our roadside assist”. The same woman now had a cheaper policy without that cover, so had separately purchased roadside assist through her state RAC. Another interviewee said, “I’ve also got roadside assistance and no call-out fees so I look for benefits like that” (SIMM12). Health insurance was one area in particular where individuals made assessments based on what was covered.

One person spoke of choosing the second-cheapest option due to a negative experience with the cheapest, saying, “it cost me an extra nearly \$20 per month but I don’t want bad service if I’m already stressing over an accident” (SIMM6).

Numerous interviewees complained that their premiums were going up but with no change or even decreased value from their cover. A single man in his 40s had recently purchased his first “brand new car;” he insured with a company via a referral from the car dealership, however he said, “I’ve only had my insurance for 1

year and it's already gone up \$80 - no claims, no explanations, and no extra value." (SIMM14)

Indeed, many questioned why premiums go up with some reporting significant increases in the years since they initially bought their policy. "When I had the quote I thought it was really good so I had no idea premiums would creep up like that so fast." (SIZL5). One individual blamed natural disasters in other states for making his insurance increase:

"With normal insurance premiums they go up all the time - if fires and floods in Queensland what does this have to do with me? I ended up in the past paying more because premiums go up because of what happened in other states. So I changed companies. I don't agree with them taking the attitude that problems in other parts of country should impact on me. I feel that insurance companies should take the risk but instead they just make profits and make you pay more and put your premiums up if something goes wrong that impacts on them." (SIZL14)

This common narrative of the "crooked" nature of insurance companies was present in several interviews. One individual even compared insurance companies to the "mafia" (SIZL32).

Another interviewee (a single parent of five children) spoke of their "hunt" for more affordable coverage, having changed insurance company three times in the past five years due to their perception of not getting value for money; "they up the premium but lower the cover". They were particularly unhappy when their car was devalued by \$4,000 in one year due to the car being 15 years old (SIMM11).

Some people talked about insuring with non-traditional insurers. Quite a few interviewees chose to purchase insurance through their bank for convenience and because they took up an opportunity that was offered to them. One chose to go with her bank because she "figured with the amount that I owe them, they have an interest in protecting me and my house" (SIMM9). One interviewee noted they had chosen to go with RSPCA pet insurance because part of her premium payment goes to "looking after animals" and with Coles contents insurance because of the "points" offered (SIMM21). These examples highlight that, for some, reputation and positive associations led to the choice of company. Reputation came both from known institutions as well as hearing good stories and endorsements from friends and family.

As with other aspects of choosing and purchasing insurance, interviewees had differing experiences of how they bought their insurance. It can be easier to buy

some types of insurance over the internet such as car insurance but others, such as contents and health insurance, are seen as complex and requiring additional assistance.

Quite a few said they would first go online to search and compare offers, sometimes obtaining a quote, then talk to someone on the phone. One interviewee said "I use comparison websites to find the cheapest options [...] then call them up and start negotiating. Usually they take a good \$15 off. It's a bit messy but it works" (SIMM12). Some go online to buy because there are "deals," such as buy online and get free roadside assist (SIMM11).

But many others preferred to speak to somebody. "I always call because I want to touch base with people in person - talk to them" (SIMM6). One 80-year-old explained that a Good Money Customer Service Officer had called the insurance company to organise his insurance for him (SIMM33).

Some individuals were active in continuing to examine their choice of insurer, often leading to a change of company. However, others spoke of staying with the same company out of loyalty. One individual was using the same company that her parents had used. Another has used the same car insurance company since her mother helped her to buy her first car forty years ago (SIMJ21). Several who had stayed with the same company expressed frustration with rising premiums and acknowledged they perhaps could get a better deal elsewhere, but they still were reluctant to make a change to another company. One individual said, "they are all the same anyway" (SIZL15).

Experience of making a claim

Interviewees had differing perspectives and experiences on making claims. Some said that they would always make a claim. For example, one woman whose parents had worked in insurance said, "I would never not make a claim - everything is claimable" (SIMM3). Another said that she always makes the claim, and had made many in her life, but that it is "often really frustrating" as "they make it so much harder and traumatic and annoying than the actual incident" (SIMM11).

Some interviewees talked about negative experiences of making a claim. These included times when they were not believed, helped or paid out; one single woman in her 20s with three dependents said, "Unfortunately they didn't want to cover it. They said it was pre-existing damage, even though that wasn't possible. So I left" (SIMM12).

One interviewee spoke of taking a “common sense” approach; “if it’s worth it I’ll claim it” ((SIMM6). Others said they had never made a claim. Among those who had not made a claim, the sentiment of many was that the process should be simple, prompt and that “you need to feel they are helpful” (SIMM2). One person said that she had never made a claim and felt as though she was “shelling out so much money every year with nothing to show for it” (SISM9).

Ways in which insurance companies could better support people

When asked how insurance companies could better help people get through hard times or unexpected financial setbacks, the majority of interviewees focussed on making insurance more affordable. Their suggestions included reducing the cost of premiums and excess, having a concession discount, and enabling those in hardship to defer payments for a time whilst still being covered. Other suggestions included having a sliding scale for price depending on your income; as one interviewee put it, “It would be great if more affordable – I’m low income so why am I paying the same amount as someone who is on \$1000 per week and I’m on Carer payment?” (SIMM9) Another interviewee wondered whether there could be a drawdown capacity similar to that with the early release of superannuation; “if you were stuck, only in extreme circumstances”. There was also a sense that insurance companies should re-examine their hardship policies to better support people on low incomes:

“When in financial difficulty they say contact us but if webchat or phone call it’s not as quick to get through so they need a dedicated team for financial hardship and then to speak to someone who can be empathetic. When COVID came you could suspend but only for two months – often you need 3 to 6 months to get yourself organised.” (SIZL24)

Other than making it more affordable, the other overriding suggestion was to make insurance “easier to understand” (SIMM12) and “make the process simple, consistent and easy” (SIMM18). One interviewee who did not have insurance did not believe it could be as easy as they advertise on TV, saying, “I can’t read or write properly” so it needs to be very easy to understand (SIHA1). Others had similar concerns, highlighting learning difficulties, mental health, kids, certain medications, and lack of time as reasons why offering “20 to 30 pages of the PDS to read and understand all the loopholes makes it difficult” (SIMM12). Another interviewee said, “we need layman’s terms” (SIMM34). Others suggested the rules should be the same for all companies and policies so it is not so hard to compare. Some people spoke of positive experiences with insurance companies and many

of the examples were because the process and documentation had been “so straight forward” (SIMM12).

There were also a range of other suggestions made, including free counselling to support those who had been through a distressing event, quicker claims process, hire cars and more help for small businesses. One interviewee had the idea of a trusted broker to help individuals on low incomes determine which type of insurance would be most valuable to them:

“They need to have different rates for low income households. If you are a low income household you only have limited money so we need to know what type of insurance is most important if we have to choose.” (SIZL22)

A number of interviewees spoke of positive things their insurance companies provided, including online claims and offering deals such as first two incidents claimed without any excess. Others spoke of help they had received during COVID-19 which had been appreciated, including COVID-19 rebates and no premiums for three months.

While this is not an evaluation of Essentials, many people spoke very positively about this product. They said it is filling a gap in the market, provides affordable insurance, is timed to an appropriate payment schedule, and is simple and straightforward. One woman said she talks to everyone on her housing estate about Essentials and the importance of insurance; “‘Oh, you’re the one who goes on about insurance...’ The psychology of low-income people is all wrong. The less you have the more you need to insure!” (SISM12)