



Insurance Information Sheet

How to Compare Insurance Quotes

Making a decision on which insurance to purchase is a little more complicated than comparing the bottom line: different providers could be quoting for quite different policies, even if the same information has been supplied for each quote. This information sheet lists some of the factors to consider in order to make an informed choice between quotations.

A convenient checklist table is also included (see Attachment 1).

Introduction

There are many insurance companies and an increasing number of insurers catering specifically for the community sector. For an organisation just starting out, or when renewal time comes around, it's sensible to get a few different estimates of cost.

Are the policies comparable in the way that they will respond if a claim is made?

What other things should you look for besides price when making comparisons?

Compare the number of days quoted for

Are you being quoted for the same number of days? Insurers often have a specific renewal date for all policies and any new policies may be quoted taking that date into account.

Example

An insurer may commence all policies on 1st July. An organisation requesting cover from June 1 would be quoted on 13 months. If the request was made for cover from Aug 1, the quote would be for 11 months.

To make a fair comparison between quotes divide the total premium by the number of days quoted, then multiply by 365.

Compare the cover

1. Check the sums insured

Compare the liability limits or sums insured between policies and decide which is more appropriate.

Examples

- The liability limit may be for \$10 million in one quote and \$20 million in another. The premium will be higher for the higher liability limit.
- One insurer may quote a \$30,000 limit for burglary and \$10,000 for theft whilst a second insurer may combine the two into a \$30,000 limit combined burglary/theft package.

2. Compare the excess on each policy

Negotiating the excess is one way to make insurance more affordable since a larger excess generally means that the premium is reduced. However, a large excess could leave the

organisation exposed in the event of more than one claim. Check the excess on each quote and calculate which one would be more appropriate for your organisation.

3. Compare the exclusions and definitions

Does each policy insure the organisation for the same things? In order to make these comparisons you will need to have a copy of the policy documents to see the listed definitions and exclusions. You can request a copy of the policy documents from the insurer.

Examples

- a. The definition of 'the insured' could be different; one policy may not include volunteers whilst another does. 'Burglary' and 'theft' definitions also vary between policies.
- b. The schedule's exclusions could be different. For example, one policy could exclude fund raising activities whilst the other does not.
- c. Professional Indemnity definitions and exclusions in particular can be quite different between different insurers. Check that the cover is suitable for the specific needs of the organisation.

Compare the Insurers

1. Does the insurer know your industry?

An insurance provider with experience of the community sector should have a good understanding of the particular risks faced by not-for-profit organisations. Policies may be written and priced to better address these risks.

2. Is the insurer or broker approachable?

How easy is it to get in contact with the insurer? Is there one person nominated to deal with your account? Insurance has to be tailored to suit the particular needs of the organisation and this can be done most effectively when client and insurance provider are able to communicate easily with each other.

3. Is the insurer APRA approved?

An insurance policy should normally be placed with authorised Australian Prudential Regulation Authority (APRA) approved insurers.¹

Insurance is an important organisational 'safety net' and it makes sense to get effective insurance at the best possible price. Accessing several quotes and comparing the details of the policies, as well as the price, is a good investment of time and effort for the future safety of the organisation, its clients and its staff.

There are many other factors to consider with insurance and this article provides a starting point and general information only. Every organisation's insurance needs will be different so it is strongly recommended that specific insurance and/or legal advice is sought before making insurance decisions.

¹ <http://www.apra.gov.au/GI/Pages/general-insurers.aspx>, downloaded Aug 2011

Useful Links

NCOSS Web Site: <http://www.ncoss.org.au/insurance> , downloaded Aug 2011

The NCOSS book “Insurance: What’s It All About” can be purchased from
<http://www.ncoss.org.au/publications>

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Attachment 1 Insurance Checklist

Policy Type	Policy 1		Policy 2		Policy 3	
Insurance Provider	Insurer X	Insurer Y	Insurer X	Insurer Y	Insurer X	Insurer Y
Number of days quoted						
Annual cost (\$)						
Sum insured/Liability Limit						
Excess or deductible						
Cover definition						
Other information						