



Inquiry into the operation of the insurance industry during disaster events

Submission by the Australian Communications Consumer
Action Network to the Standing Committee on Social
Policy and Legal Affairs



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About ACCAN

The Australian Communications Consumer Action Network (ACCAN) is the peak body that represents all consumers on communications issues including telecommunications, broadband and emerging new services. ACCAN provides a strong unified voice to industry and government as consumers work towards availability, accessibility and affordability of communications services for all Australians.

Consumers need ACCAN to promote better consumer protection outcomes ensuring speedy responses to complaints and issues. ACCAN aims to empower consumers so that they are well informed and can make good choices about products and services. As a peak body, ACCAN will activate its broad and diverse membership base to campaign to get a better deal for all communications consumers.

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Introduction

ACCAN welcomes the opportunity to contribute to this inquiry into the operation of the insurance industry during natural disasters. There is an overriding barrier that consumers face when attempting to contact an insurance company to make a claim, access external dispute resolution services or free legal advice – the cost of the phone call. All of these services use 1800, 1300 or 13 numbers as a way for consumers to contact them.

1. The cost of a ‘free’ call

1800 numbers are free for a consumer to call from a landline and 13/1300 numbers cost a flat-fee (the rate of a local call, approx. 30c). These numbers were established in their current form by the *Telecommunications Numbering Plan 1997* which specifies that the above charging system only applies to ‘standard telephone services’, i.e. landlines and not mobile or VoIP phones.

From a mobile, calls to 1800, 1300 and 13 cost between 22 cents to \$1.78 per minute.¹ These calls are often excluded from post-paid plans, adding extra costs to a post-paid monthly charge. For pre-paid customers, there is a genuine risk that calls to 1800, 1300 or 13 numbers will rapidly erode credit and the call will cut out after a long wait to get through to customer service.

ACCAN has been raising this issue with our **Fair Calls For All** campaign.²

2. Call costs as a barrier to processing insurance claims in a natural disaster

Many companies that provide personal home insurance only allow initial claims and enquiries to be made over the phone or online. In order to make a home insurance claim a consumer either has to have access to a computer to complete an online form or call a 13 or 1300 number.

Table: Personal home insurance claim numbers, a selection from major insurance companies

Organisation	Claim reporting number
Allianz	131 000
GIO	131 436
CGU	1300 886 022
QBE	133 723

¹ ACCAN,(2011), *Fair Calls For All* , page 4, available at: <http://accan.org.au/files/Campaigns/Fair%20Calls%20For%20All%20PDF.pdf>

² See www.accan.org.au/numberwoman for more information



APIA	135 050
NRMA Insurance	131 123
Youi	1300 009 684
Budget Direct	1300 139 591
Real insurance	131 948
AAMI	132 244

Source: company websites.

People affected by extreme weather events that have lost or no longer have access to their own home cannot make calls from a landline or use their home internet connections. In these cases, a mobile phone is the only personal communications device these people have left.

Even if someone is still in their home, a mobile phone may be the only device with which they can contact an insurance company. Currently 14% of Australians have a mobile phone and but no landline.³ Vulnerable consumers are more likely to be represented in this group, for example, fixed-line usage in single parent households is at 84 per cent, dropping to 60 per cent of single parents under 34 years.⁴ It should be noted that along side the move to mobile-only communications, there has been a decrease in the number of payphones made available to the Australian public. As of 30th June 2010 there were 35, 012 payphones in operation across Australia, an 11% decrease on the previous year.⁵

ACCAN has received a case study which demonstrates how the cost of calling 1800, 1300 and 13 numbers from a mobile phone adds significant financial stress in the aftermath of a natural disaster.

Case study: Cost of contacting insurance companies from a mobile phone.

Jane is a 62 year old woman on a disability services pension. She is also currently looking after her 30 year old disabled son and a husband who has emphysema. Jane's home was destroyed in the recent Queensland floods and she is renting another house, meaning that on top of usual expenses she is also paying rent. As Jane had no home phone line, after the floods she needed to make all her calls through her mobile phone. This was very costly and she went through over \$500 worth of credit in three weeks. Eventually she was given a \$200 phone voucher by a charitable organisation, which helped to cover these costs but she was still left significantly out of pocket. Jane suffered significant financial hardship and looked into bankruptcy options.

After the floods Jane had difficulties contacting her insurance company, as it was a 1300 number and she was put on hold for a significant period of time - making these calls cost

3 ACMA, (2010) 2009 – 10 Communications report series, Report 2—Take-up and use of voice services by Australian consumers, p 2.

4 ABS, 4102.0-Australian Social Trends, December 2009.

5 ACMA, (2010) 2009-2010 Communications report, pg 77.

prohibitive.

About a month after the flood, Telstra providing significant assistance to Jane and her family, and assisted so she was only charged the land-line costs for numbers. Telstra's actions provided Jane with significant relief from the additional mobile call costs and access to internet for information on flood services however she had already incurred substantial costs and emotional distress in the month after the floods.

Source: Case study reported to ACCAN by a Community Legal Centre, names have been changed

Calls to insurance claim lines take time. When natural disasters occur there are many people calling claim lines with the potential for call wait times to extend.

Calls to insurance companies can add up to a significant portion of a customer's credit or result in large bills. The image in box one is taken from a consumer bill provided to ACCAN. The consumer had to contact GIO insurance from her mobile phone to claim for a car accident. A 51 minute call cost \$41.17.

Box one: cost of calling insurance claim numbers from a mobile phone.

23 Apr	03:41pm	Campsie	0410297707	Off Peak	00:34		\$1.170
28 Apr	01:49pm	Campsie	0292884000	Peak	03:21		\$3.570
28 Apr	01:54pm	Earlwood	0410297707	Peak	00:26	Called GIO due to car accident.	\$1.170
28 Apr	01:54pm	Campsie	0292884000	Peak	04:28		\$4.370
28 Apr	02:15pm	Campsie	0292884000	Peak	00:25		\$1.170
29 Apr	05:10pm	Tempe	0293443874	Peak	01:27		\$1.970
29 Apr	05:13pm	Tempe	131446	Peak	51:00		\$41.170
29 Apr	06:32pm	St Peters	0410297707	Peak	00:55		\$1.170
29 Apr	06:34pm	St Peters	0410297707	Peak	00:22		\$1.170
29 Apr	06:35pm	St Peters	0416034462	Peak	01:02		\$1.970
29 Apr	06:50pm	Mascot	0410297707	Peak	00:27		\$1.170
29 Apr	08:03pm	IntlAirport	0416226521	Off Peak	02:27		\$2.770
01 May	11:55am	Earlwood	0416034462	Off Peak	01:06		\$1.970
02 May	10:02am	Kingsford	0299639293	Peak	01:03		\$1.970

3. Call costs as a barrier to accessing external dispute resolution or free legal services

If a consumer has difficulty with an insurance claim they can seek assistance via the Financial Ombudsman Service (FOS). Consumers may be referred to this service by a legal aid service.

The FOS can be contacted online, by post or on 1300 78 08 08. In its submission to the ACMA Numbering review, the FOS raised concerns about the cost of calling this number from a mobile phone.⁶ At least 14.76% of the calls taken by the FOS in the 2009-2010 financial year were from mobile phones. This agency has put in place call back

⁶ See FOS Submission , ACMA Numbering Plan Consultation paper one, available at http://www.acma.gov.au/WEB/STANDARD/pc=PC_312323



arrangements to reduce the cost for consumers but notes that this adds an additional cost to the FOS:

“In some situations, we call consumers so that they do not incur the costs of contacting us by mobile phone. This imposes costs on us and would not be necessary if calls to our local rate [13] number from mobile phones were charged at the same rates as calls from landlines.”⁷

Consumers who need access to legal services will often turn to a 1800, 1300 and 13 number to access a service that offers free or low-cost legal information. The NSW Legal Assistance Forum (NLAF) has provided comprehensive feedback to ACCAN that details the key legal services in New South Wales that use 1800, 1300 or 13 numbers.⁸ These include the Legal Aid Youth Hotline, the Child Support Advice Service, the Disability Discrimination Legal Centre and the Aboriginal Legal Service (NSW/ACT). Law Access is a free government telephone service that uses a 1300 number to provide legal information, advice and referrals with a focus on assisting vulnerable consumers. Over the last 12 months 49,953 calls (23% of calls overall) to the LawAccess 1300 number came from a mobile phone.

NLAF have expressed their concern about the costs associated with making phone calls from mobile phones to 1800, 1300 and 13 numbers. A number of Community Legal Centres and organisations that offer legal referral or advice have officially endorsed ACCAN’s **Fair Calls For All** campaign. These include Kingsford Legal Centre, the National Association of Community Legal Centres (NACLC), Consumer Credit Legal Centre (NSW), Gosnells Community Legal Centre Inc, Hume Riverina Community Legal Centre, Illawarra Legal Centre Inc, National Welfare Rights Network, North & North West Community Legal Service Inc, Pilbara Community Legal Service Inc, Redfern Legal Centre, Shoalcoast Community Legal Centre, Western NSW Community Legal Centre Inc and Women’s Legal Services NSW.⁹

4. Conclusion: Solutions

A call to insurance company, the FOS or a legal assistance service is likely to be via a 1800, 1300 or 13 number. People affected by a natural disaster may need to call all of these services but without access to their internet connection or home phone, a mobile is the only personal communications device they will have available to do so. With charges of up to \$1.78 per minute and potentially long call wait times, the cost of accessing the services maybe an unnessesary burden that the caller has to bear.

It must be stressed that organisations who use these numbers pay to receive calls, often paying more to receive calls from mobiles.¹⁰ Organisations are unable to offer a freephone or low cost calling option for their customers even though many, like the FOS, would like to.

⁷ FOS submission, ACMA Numbering Plan 1, pp4-5

⁸ See ACCAN (2011), *Numbering: Consultation paper four*, Appendix two. Available at: <http://accan.org.au/files/Submissions/Numbering%20consultation%20four%20FINAL.pdf>

⁹ For a full list of organisations that have endorsed the **Fair Calls For All** campaign go to: http://accan.org.au/index.php?option=com_content&view=article&id=319&Itemid=274

¹⁰ See ACCAN (2011), *Numbering: Consultation paper four*, pp26 -30 for further detail about the costs businesses incur to receive calls on their 1800, 1300 or 13 number.



The solution to this difficulty lies not with the insurance industry or other organisations that use these numbers but with the telecommunications industry. Freephone or local-rate numbers can work from mobile phones. The United States, Italy, the Netherlands all have freephone ranges that are available from mobile phones and the United Kingdom is exploring how to make their 0800 range free to call from mobiles.¹¹

ACCAN has been concerned about this issue for some time, and has raised this with the Australian Communication and Media Authority (ACMA), the Australian Competition and Consumer Commission (ACCC), the Department of Broadband, Communications and the Digital Economy (DBCDE), industry bodies and with the Senate Standing Committee on Environment and Communications.¹²

We have asked the ACMA to exercise its information gathering powers to investigate this range of numbers and for the wider telecommunications industry to change revenue sharing arrangements for mobile calls to 1800, 1300 and 13 numbers.

We urge the committee to support reforms to ensure that people can contact essential services at fair rates during disaster events.

¹¹ Ibid.

¹² Raised as part of the *Senate Inquiry into the capacity of communications networks and emergency warning systems to deal with emergencies and natural disasters*, submission and transcript of presentation available at: http://www.apf.gov.au/senate/committee/ec_cte/emergency_communications/hearings/index.htm