

NSW Emergency Services Levy Price Comparison Order



Introduction

On 2 November 2018, the Emergency Services Levy Insurance Monitor ('the Monitor') published the [price comparison order](#) for the purposes of section 30(1) of the *Emergency Services Levy Insurance Monitor Act 2016* ('the Act') requiring insurance companies, their agents, authorised representatives or other persons otherwise acting on their behalf to provide particular price information in invoices and statements in relation to the renewal of certain classes of contracts of insurance (i.e., home and/or contents, commercial property, motor vehicle and personal insurance).

The Guidance replaced the earlier published order in the Gazette on 11 August 2017.

The Monitor will undertake compliance checks after 1 July 2019 to ensure that regulated companies including Chubb and their intermediaries are compliant with the price comparison obligations under the order.

Who does the section 30 order apply to?

In line with the Guidance released by the Monitor, the price comparison obligation applies to all insurance companies (as defined in the Act). Also the obligation will apply to the following persons and entities (collectively referred to as "representatives") who act on behalf of Chubb in providing policyholders with price communications:

- an insurance company's agents ;
- an insurance company's authorised representatives;
- an insurance broker or insurance intermediaries acting under a binder, but not an insurance broker who acts solely for a policyholder and has no involvement in issuing affected policies of insurance on behalf of the issuer of an affected policy of insurance, or
- persons issuing affected policies of insurance under any other arrangement contemplated by Part 7.6 of the Corporations Act 2001.

What policies of insurance are affected by the price comparison order?

The price comparison order applies to insurance contracts that are regulated under Schedule 1 of the *Emergency Services Levy Act 2017* policy class 1,2,3 and 4. As an issuer of regulated insurance, renewal statements and invoices issued by Chubb or on behalf of Chubb by its representatives must comply with the requirements of the order. The categories of insurance policies affected by the order include:

- Home and/or contents;
- Motor vehicle (individuals and small business only);
- Commercial property (individuals and small business only); and
- Personal insurance (jewellery, clothing, personal effects and works of art).

The price comparison order also applies to strata-titled properties, community titled properties or properties associated with a body corporate or owners corporation, which provide cover to buildings and common areas that are the responsibility of the body corporate or owners corporation for insurance purposes and which have a household residential component.

Application to Small Business

The order applies to small businesses as defined in the Corporations Act 2001(Cth) and the Duties Act.

- Under the Corporations Act if a business is a manufacturer of goods and employs less than 100 people or otherwise a business which employs less than 20 people.
- A business with an annual turnover of less than AUD\$2 million for the income year in which the policy of insurance is issued and which has provided the insurance company, or any person acting on their behalf, with a small business declaration for the purposes of section 259C(2) of the Duties Act 1997.

What information must be provided to policyholders?

Renewal statements and invoices issued to policyholders of regulated contracts of insurance by Chubb or on behalf of Chubb from 1 July 2019 must provide information outlined in the table below.

Please note: If you are a broker or an intermediary who issues a renewal invoice or statement to a policyholder, it is your responsibility to ensure that you communicate information about any fees charged by you to a policyholder in the renewal invoice or statement. It is also your responsibility to ensure such information is accurate.

Table 1

Price Comparison	Last Year	This Year
Base Premium	x (\$)	x (\$)
Emergency Services Levy (ESL)	x (\$)	x (\$)
Goods and Services Tax	x (\$)	x (\$)
Stamp Duty	x (\$)	x (\$)
Fees (commission and other costs) charged by intermediaries including any Government related charges	x (\$)	x (\$)
Total Premium	x (\$)	x (\$)

When does the price comparison order come into effect?

The price comparison obligations will come into effect for policies renewing **from 1 July 2019**. Renewal statements and invoices issued by Chubb or representatives who act on behalf of Chubb in providing policyholders with price communications must be compliant from that date.

What is being done to ensure Chubb and its intermediaries are compliant from 1 July 2019?

System changes and fulfilment materials are being progressively updated to ensure Chubb is compliant by 1 July 2019. As the obligation applies to Chubb's representatives, Chubb is required to take reasonable steps to ensure that its representatives are compliant.

When issuing an invoice or statement relating to the renewal of the above classes of insurance, Chubb representatives must be able to include a year-on-year price comparison of the total premium.

By 1 July 2019, please update your systems and fulfilment material to reflect this requirement.

Frequently Asked Questions

1. What is changing?

From 1 July 2019, Chubb statements and invoices issued to policyholders for regulated contracts of insurance under Schedule 1 to the Emergency Services Levy Act 2017 will be required to contain certain information set out in Table 1.

2. What do we need to do?

Chubb

Chubb information systems that issue or provide price information to policyholders of regulated contracts of insurance under the Act will need to be updated in advance of 1 July 2019 when the price comparison obligations take effect.

Chubb representatives (Chubb agents, authorised representatives, insurance brokers or intermediaries acting under a binder)

When issuing an invoice or statement relating to the renewal of the above classes of insurance, Chubb representatives must be able to include a year-on-year price comparison of the total premium.

By 1 July 2019, please update your systems and fulfilment material to reflect this requirement.

3. Does the order apply to new policies?

No. The price comparison order only applies to renewals. New business is excluded including variation to existing affected policies.

4. Will Chubb extend the price comparison information to policyholders outside of NSW?

No. At this stage there are no plans to provide comparative information to policyholders outside NSW.

5. Who does not have to comply with the order?

Brokers acting solely for a policyholder with no involvement in issuing affected policies of insurance are not required to comply with the order, however, where such information is made available to the Broker they should pass it on to the policyholder.

6. Can we combine multiple classes of affected policies of insurance in the one document?

No. After 1 July 2019, price comparison for multiple classes of affected policies of insurance must be provided separately for each class of affected policy.

Any other questions?

If you have any questions, please contact the Chubb Compliance team: Compliance.AU@Chubb.com

Useful Terminology

ESL Monitor:

The insurance Monitor is appointed under the Emergency Services Levy Insurance Monitor Act 2016 to oversee, among other things, the re-establishment of the ESL and issue from time to time Guidance materials for the efficient re-establishment of the ESL.