

## Commercial Building Insurance Rate Review

### Background

This dispute concerned an alleged failure to reassess an insurance premium following the commencement of the policy.

In May 2019 Ms B sought the services of an insurance broker (the Provider), to secure insurance for a commercial building. In July 2019 an offer of insurance with Insurer C was made by the Provider to Ms B, who accepted this on the basis that the terms and conditions allowed for a rate review.

From October 2019 Ms B began undertaking the required work on the premises to seek a rate review reduction. In November 2019 the provider sought an update on the remaining actions required. No update was received and in July 2020 the Provider presented the renewal of the insurance policy which included a premium reduction.

Ms B filed a complaint on the basis that the Provider failed to keep her informed of developments with the insurer and failed in its undertaking to obtain a rate reduction from the insurer for the 2019 year.

### Next steps

FDRS assisted the parties to exchange further information in support of their respective views but a facilitated resolution could not be reached. The dispute proceeded to adjudication and submissions were sought.

### Outcome

The complaint was not upheld. The adjudicator noted the Provider is an insurance broker. As such any policy taken out by a customer from the broker is not an insurance policy with the broker, but a policy with the insurer. This means that it is not for the Provider to fix the rates that will be charged for the insurance, and that the rates must be set by the insurer. The best that could be said is that there could be an expectation that the Provider would raise with the insurer if conditions for a rate reduction were met, but ultimately it would be for the insurer to decide if any reduction in rates was to be extended.

Further, Ms B had not met the required conditions for the rate review prior to the expiry of the first term of the insurance policy and the adjudicator was not persuaded that the Provider had failed to act in a reasonable way in relation to the potential rates review.

The Provider accepted the decision, but Ms B did not.