



## OFFICE OF INSURANCE COMMISSIONER

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Mr. Thomas Abe  
Commissioner & CEO  
Independent Consumer and Competition Commission  
1<sup>st</sup> Floor Garden City, Angau Drive  
P O Box 6394, BOROKO  
National Capital District

September 14, 2009

Dear Mr. Abe,

**Re: PNG Housing Industry Review - Issues Paper**

We refer to your issues paper of 12<sup>th</sup> August 2009, in particular Section 5.3 on page 23.

We advise as follows:

1. Whether the process and requirement of obtaining insurance cover for the housing industry is comprehensive and user friendly.
  - *The General insurance industry is willing to insure clients to the housing industry. The industry is competitive and is therefore able to provide comprehensive and user friendly services. We have international insurance companies operating alongside national companies in PNG and this should give the benchmark for industry performance.*
2. Whether customers are given all information necessary to understand fully the terms and conditions of insurance covers before committing financially,
  - *We understand that there is an appropriate level of information provided by insurer on a direct basis or indirectly by the broker in their dealing with customers. The customer should not accept an insurance cover unless he or she is fully satisfied with the information provided by the insurer.*

3. Whether customers are given the choice to choose between different insurance providers on what package suits them best;
  - *There is sufficient information that is available on request at any insurer's or broker's offices. Further information is also available on newspaper, radio, TV, etc. Moreover the customer is encouraged to approach a couple of insurers rather than just one or few to be able to make an informed judgment on the type of housing insurance cover which he or she is willing to purchase.*
4. The type and amount of the insurance cover that is applied to housing industry;
  - *The type and amount of insurance cover varies according to size, location, construction, value, age, claims history, etc of the property concerned.*
5. The extent to which the government has implemented the recommendation in the General Insurance Industry Review Final Report
  - *The ICCC should respect the fact that the Review of the General Insurance (GII) has been submitted to Government and that Government will make its decision in due course.*

*We do not see the relevance of the recommendation of the Review of the GII in the Housing industry review because the Review of the Housing industry was not part of the Review of the GII. The Housing industry review was not part of the terms of reference of the GII.*

*The main purpose of the GII review was to see if there were impediments to competition which we believe is ICCC main charter. The ICCC concluded that GII was competitive and it should be satisfied with its finding rather than to propose measures which are not within its terms of reference. Some of these recommendations are not justified and are not relevant to the issue of competition.*

*Furthermore we are not aware that there is a National Executive Council submission on the Review of GII to Government. If there is such as a submission it should be provided to all stakeholders in accordance with the Guidelines on National Executive Council policy submissions. The Guidelines do not exempt ICCC from this requirement. As the regulator of the GII, the Office of Insurance Commissioner is a major stakeholder in this matter but have not been provided a copy of the submission.*

If you have any further queries, do not hesitate to contact the undersigned at the above contact address.

Yours sincerely,

*S. Elema*

**Salamo Elema  
Insurance Commissioner**