



Flood Insurance

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BACKGROUND

- Flood insurance/exclusions are often misunderstood
- There are a number of considerations when claiming and also buying insurance.
- Parts of this presentation may apply to other non-strata properties.

AGENDA

- What is Flood?
- Considerations at time of a claim.
- Disputing flood claims.
- Buying a policy



FLOOD DEFINITION

Generally, the definition of flood is the covering of normally dry land with water released or that has escaped from the normal confines of any watercourse, river, lake, creek, reservoir, canal, or dam

Please check your policy wording for the exact definition.



FLOOD IS NOT...

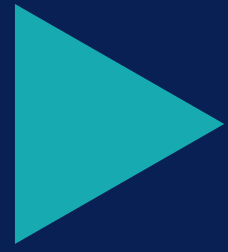
Common misconceptions about flood include:

- Localised flooding from blocked drains
- Build up of water from severe downpour
- Burst Pipe
- Roof Leaks



Provided water does not come from the normal confines of any watercourse, river, lake, creek, reservoir, canal, dam.





CLAIMS

FLOOD CAN BE DIFFICULT TO DETERMINE

Insurers may use a range of tools at their disposal to determine flood:

- Flood Mapping
- BOM Data
- Insurance Council Reports
- Site Specific Hydrology Reports



WAYNE TANK PRINCIPAL

What happens when damage comes from a combination of flood water (excluded) & other water (not excluded)?

Concurrent Events

Water damage & Flood Damage at the same time.

Consecutive Events

One event after the other as separate events.

Insured damage must apply first

APPLICATION OF THE EXCLUSION

The onus falls on the insurer to demonstrate on the balance of probabilities that the flood exclusion applies



THINGS TO CONSIDER



- Arrival of water prior to the declared flooding events (such as localised flooding);
- Failure of pumps that are designed to pump out flood water;
- Water entering through utility infrastructure such as sewerage pipes;
- Failure of other infrastructure such as council backflow valves;
- Water damage from blocked or overflowing pipes, drains, gutters etc.
- Whether there are other factors at play;

RECORD KEEPING

If you believe the damage has occurred from an event other than a flood – record keeping is essential. Things to keep a record of are:

1. A statement of events with dates and times;
2. A description of what you saw;
3. Details of the property that was being damaged;
4. Supporting evidence such as photos & videos of the water inundation or damage (if available).

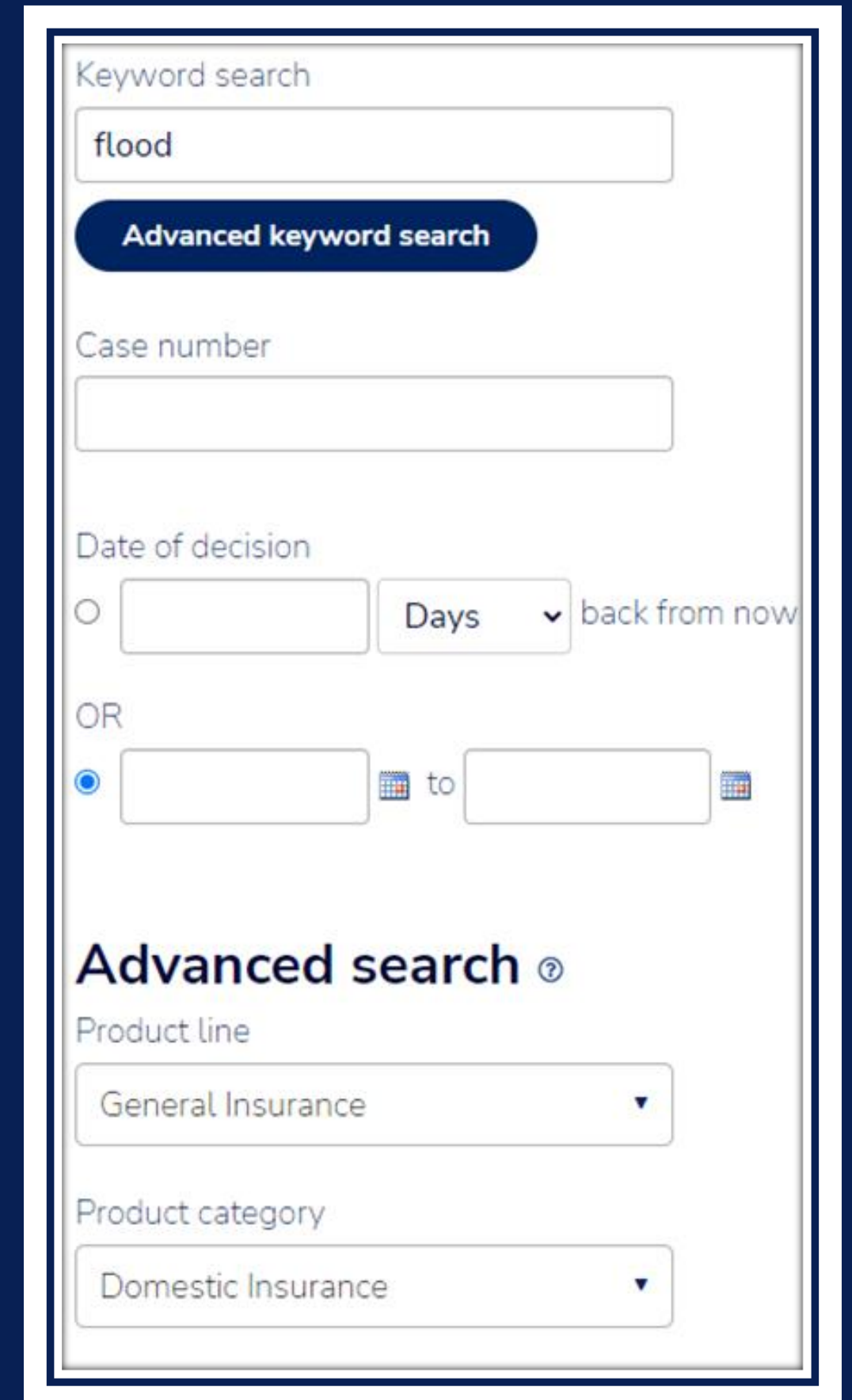


DO YOUR RESEARCH

Two ways of pursuing a dispute:

- Proving the event was not flood;
- Proving the insurer has not demonstrated the event was flood.

Search AFCA
Decisions



Keyword search

flood

Advanced keyword search

Case number

Date of decision

Days back from now

OR

to

Advanced search ⓘ

Product line

General Insurance

Product category

Domestic Insurance

DISPUTE PROCESS

Claims handler

- Discuss concerns dispute/issue with claims handler.
- It is not recommended you automatically refer to IDR. Wait for formal response.

Internal Dispute Resolution

- Lodge Dispute Insurer has 15 business days to respond.

Australian Financial Complaints Authority (Free)

- Limit \$542,500 (as at 1 Jan 2021) – if you have damage to multiple units you may consider disputing a portion of the claim.
- Response will be more than 1 year
- Binding on insurer not binding on you

Litigation

- Claims over \$542,500
- Claims that you have been unsuccessful in AFCA

NOT COVERED – SOME THINGS TO CONSIDER

- Other policies:
Contents/Landlords (loss of rent/temp accom, prevention of access, food spoilage)
- Government Assistance
- Repairing Damage: Outcome may take up to 6 months or Longer. Don't wait – act as a prudent uninsured.



CASE STUDY

- Townsville flooding event – Water Inundation to ground Level of 3-storey complex.
- 38 lots damaged
- 8 lots in one block (with more severe damage) reported sewerage inundation prior to waters arriving.
- Insurer initially declined claim due to flood





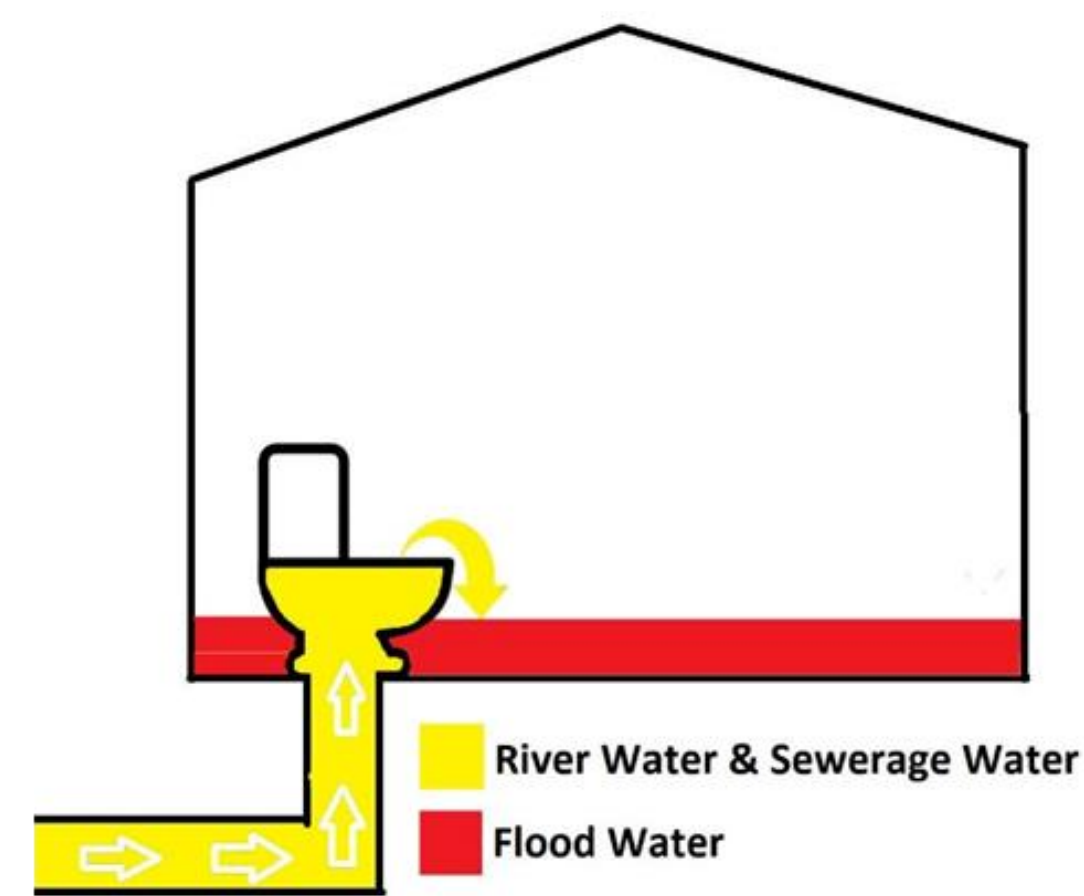
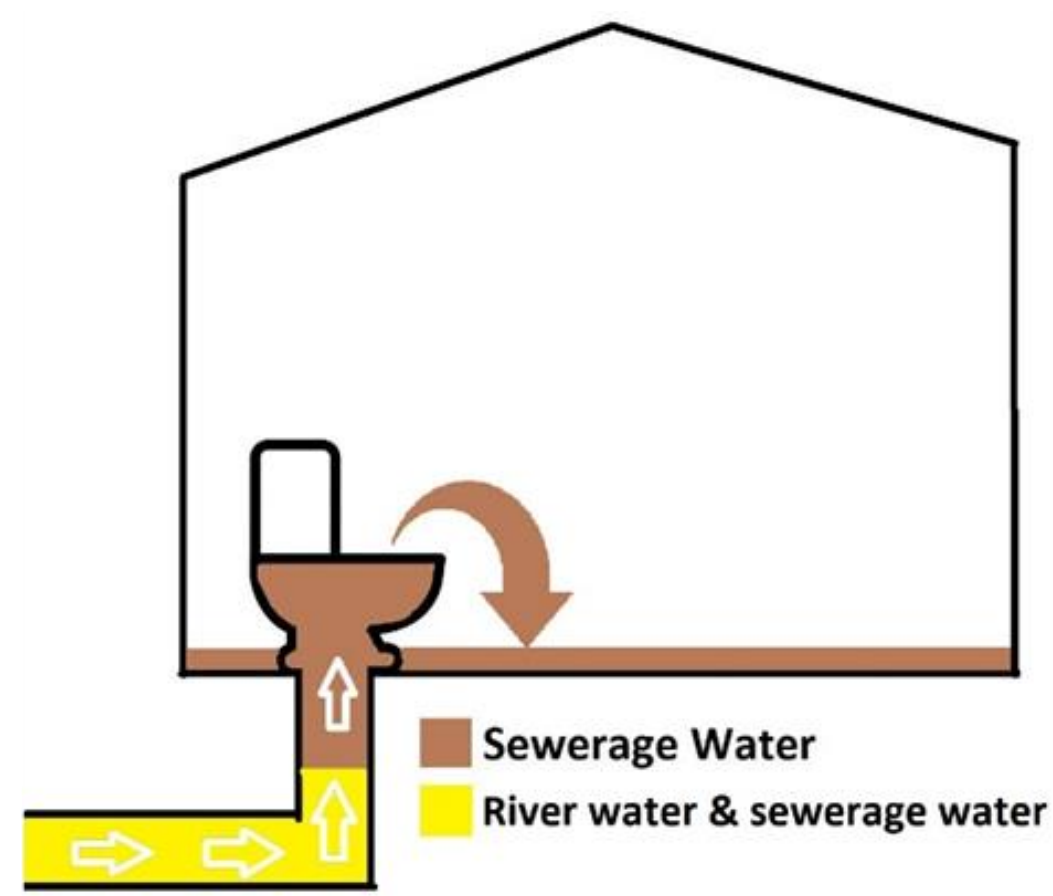
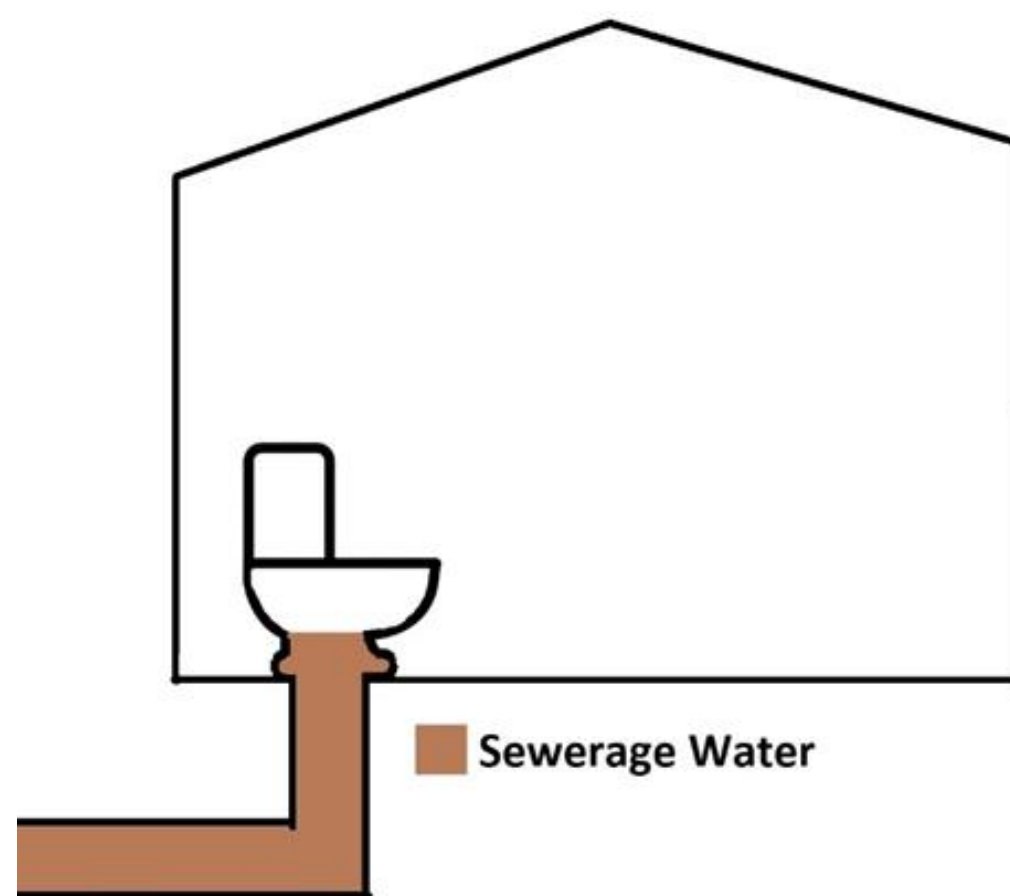
Dispute – Was coming through the sewage pipe flood water

Argument 1 Source of Water

Generally, the definition of flood is the covering of normally dry land with water released or that has escaped from the normal confines of **Ross River** (*any watercourse, river, lake, creek, reservoir, canal or dam*)

Wayne Tank Principal (Consecutive Events)
Inundation by sewerage (covered),
inundation by flood (excluded).

Argument 2 - Wayne Tank Principal (Consecutive Events) Inundation by sewerage (covered), inundation by flood (excluded).



OUTCOME

- Insurer advised it was likely flood damage – but they were not able to establish this.
- Insurer agreed to pay first 5cm of water inundation as a sewerage inundation
- Required to strip Gyprock up to 1m in such instances & remove ground level cabinetry
- \$1.09m settlement



BUYING A POLICY



▶ Do I need flood?



Flood maps



Proximity to a body of water (google maps)



Hydrologist



Arguments for Insuring Flood

- Evidence of flood exposure (Flood mapping)
- No flood devalues units if buyers can not secure loans
- Would you insure flood if you owned the entire building?
- What is the premium & excess



Strata
Insurance
SOLUTIONS

QUESTIONS

 **LookUpStrata**