

House of Representatives Standing Committee on Economics

Review of the Four Major Banks and other Financial Institutions Insurance Sector

Chubb Insurance Australia Limited (**Insurer**)

CHB05QW *For home and contents claims relating to the 2019-20 bushfire disasters, please provide:*

- (a) *the average length of time between registering a claim and payout;*
- (b) *the most common length of time between registering a claim and payout; and*
- (c) *the average percentage, across these bushfire claim pay outs, of the value of these bushfire related pay outs as a percentage of the insured value of the policy.*

Answer: The Insurer had 5 home and contents claims¹ relating to the 2019-20 bushfire disasters. This very small dataset is statistically insignificant meaning that drawing reliable conclusions is not possible. Even so, the Insurer's responses, subject to the assumptions outlined in this document, are as follows:

- (a) The average length of time between registering a home and contents claim relating to the 2019-20 bushfire disasters and payout is 23 days.
- (b) The most common length of time between registering a home and contents claim relating to the 2019-20 bushfire disasters and payout is between 1 and 8 days, with 80% of claims settled in that length of time.
- (c) The average percentage², across these 2019-20 bushfire home and contents claim pay outs, of the value of these bushfire related pay outs as a percentage of the insured value of the policy³ is 1%. This average percentage reflects the low value of claim pay outs relative to the insured value of the policy and is not indicative in any way of the claim pay outs relative to the amount claimed.

In answering the questions, the Insurer has made the following assumptions:

1. A 'home and contents claim':
 - a. is a claim for building and/or contents cover under a home and contents policy or residential landlord policy that has been closed and settled with a payout;
 - b. is not a claim for public liability cover under a home and contents policy or residential landlord policy; and
 - c. is not a claim under a standalone valuable article policy, such as a worldwide standalone jewellery or bicycle policy.

¹ See assumption 1 regarding a 'home and contents claim'.

² See assumption 3 regarding the 'average percentage'.

³ See assumption 2 regarding the 'insured value of the policy'.

2. The 'insured value of the policy' is the 'sum insured' for the section of the policy under which the claim pay out was made. For example, if the claim pay out was for contents, such as a fire-damaged table, under a policy which covered both building and contents, only the 'sum insured' for contents is used for the 'insured value of the policy', rather than the combined 'sum insured' for building and contents.
3. The 'average percentage' of the value of claim pay outs, across all claim payouts, as a percentage of the 'insured value of the policy' can, in our opinion, be calculated different methods. The method we used divides the sum of all claim payouts by the sum of the insured value of the corresponding coverage in a policy for all policies subject to a claim payout.