

House of Representatives Standing Committee on Economics

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

Chubb Insurance Australia Limited (**Insurer**)

- CHB06QW** *For home and contents claims in general over the last 5 years, 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 all claim pay outs, of the value of these pay outs as a percentage of the insured value of the policy.*

Answer: The Insurer had 14,531 home and contents claims¹ over the last 5 years. 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 over the last 5 years and payout is 68 days.
- (b) The most common length of time between registering a home and contents claim over the last 5 years and payout is between 0 and 9 days, with 31% of claims settled in that length of time.
- (c) The average percentage², across all home and contents claim pay outs over the last 5 years, of the value of these pay outs as a percentage of the insured value of the policy³ is 0.6%⁴. 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'.

⁴ See assumption 4 regarding matching of claim pay outs to the insured value.

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.
4. The Insurer has provided data where the claim pay outs are matched to the insured value on a best endeavours basis. There are some limitations due to the need for manual review and access to information held by intermediaries.