

Rochester Community House submission to Inquiry into insurers responses to 2022 major floods claims.

RCH has been on the ground since the October 2022 flood event which decimated the community of Rochester. During that time, we have seen the many faces of insurance. We have heard all the stories, good, bad and everything in between.

There seems to be so many inconsistencies, and while most insurance companies are happy to take their clients payments, they are not very forthcoming with supporting their customers at the other end of the policy.

The following are some examples of what we have seen over the past twelve months.

- Delays in payments to clients
- Underpayment of cash settlement amounts
- Lack of details within scope of works provided (in some cases, whole rooms have been missed)
- Very poor communication between insurers and their clients
- Engagement of incompetent tradespeople
- Lack of empathy
- Lack of mental health support

Given the following scenario – If your house is insured for \$400k and it burns to the ground, there is no question around the quality of the home prior. A payout of \$400k is paid to the client. We have seen in numerous cases, where the insurer is questioning the quality of the home insured and while the client agrees that in some instances (like termite damage) that is on the client, there has been significant decrease in the amount of money being offered for the payout sum. The insurer is happy to take the premium for an agreed value but then will do all that they can to get out of paying that back. This is not ok.

Stumps have been another issue in the Rochester community. There have been numerous occasions where insurance companies have disregarded clients when advised that the stumps were ok before the October event. In some cases, the stumps in question were replaced after the 2011 flood event. When challenged, the insurance company have advised that the clients can pursue this disagreement at their own cost, which most of the time, replacement of said stumps costs thousands of dollars. Money that the clients, generally do not have.

There have also been other occasions when payouts have been made to clients who are in distress and feel pressured to sign on the dotted line because they are mentally exhausted and just can't take any more. In most cases these payout amounts are much less than they should be. The number of insurance companies that are putting the onus back onto the residents to source quotes from trades if they are not happy with the payout amount.

While we have had the Insurance Council of Australia here, along with many insurance companies, (which has only occurred after much advocating) on many occasions, after being told one thing by the person the clients are speaking to on the day, after not hearing from the insurer, and following up, the client is being told that what they were told on the day was wrong and whatever was going to happen doesn't. On some occasions, when clients were waiting for a payment (for example) it was as simple as having a conversation with a visiting insurance staff member and getting a simple yes and the money is in the bank within 24 hours. THERE IS NO CONSISTANCY.

We understand that with insurance that you get what you pay for, however there are so many inconsistencies between companies, and policy types. It's almost like there should be a gold, silver and bronze type of insurance with standards for each and at least that way there would be more consistency for people. We are not sure what the answer is, but there needs to be some sort of review so that people are not faced with the same heartache they are currently experiencing.

Another issue which we have witnessed is the lack of empathy, and support, it is our understanding that some (possibly all) insurance companies have mental health support for their clients, but unless it is asked for then there is no offer from the insurance company. In most cases the clients is totally unaware that it is even an option. This again is not good enough....

While it may appear that we are being quite negative towards the insurance companies, it is because we always tend to hear the negative experiences, there are some clients who have a great experience, but when the damage and impact is so widespread, there has been far too many horror stories as opposed to the feelgood stories.

We would be happy to have further conversations regarding this issue should the opportunity or need arise.

Kind Regards

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