

Insurers Response to Flood Inquiry 2024

Disaster Legal Help Victoria (DLHV) – Questions taken on notice.

Mr Gee-Page 27, Paragraph 5.

Would that information you referred to include the National Flood Information Database? Do you know much about that?

“In partnership with state and territory governments, the general insurance industry has developed and licensed the National Flood Information Database (NFID) for use by insurers in determining the flood risk to individual properties.

NFID is an address database containing 13.7 million property addresses, overlaid with the known flood risk according to government flood mapping. Commercial licensing arrangements between many governments and the specialist flood risk experts who prepare the flood maps means it is not a public database.

Most insurers use NFID to determine the flood risk to individual properties, and calculate the premium based on this risk and other criteria including building type, location and claims history.¹”

There are numerous ways in Victoria people can check their own flood risk. These include, but are not limited to:

- [Local flood guides \(ses.vic.gov.au\)](https://ses.vic.gov.au)
- [Climate Valuation | How Will Climate Change Impact Your Property?](#)
- [WGCMA | My flood risk](#) (local Gippsland guide)

The challenge for consumers is firstly identifying where to access this information, and then understanding what this means in terms of potential risk and insurance consequences. There needs to be a single source of truth for information around risk that is accessible to government, insurers and community alike. This will help to ensure transparency and to support consumers to make informed decisions on where to live and to better understand insurers decisions on premium pricing.

Mr Van Manen -Page 28, Paragraph 5.

What's your experience in Victoria with tenants of properties and the issues they face in the event of making an insurance claim, obviously particularly for contents et cetera, but in the first event not really even being aware that the property is a flood risk. A big issue we've identified here in Queensland is that there is no requirement for landlords or real estate agents to advise tenants that the property is a flood risk, let alone

¹ [Flood insurance explained - Insurance Council of Australia](#)

any other risk, as I understand it. What's your experience? What have you seen on the ground when assisting people in that space?

Similarly, to Queensland the Victorian *Residential Tenancies Act 1997* creates no obligation on rental providers to disclose flood risks to property. Nor is there a positive obligation for rental providers to provide detail of the flood (or other extreme weather event) history of a property. The following outline the current obligations of disclosure:

'These are the matters the rental provider must tell you before you enter into a rental agreement:

- *If they intend to sell the property*
- *If they are not the owner, that they have the right to rent out the property*
- *If they have a mortgage, whether any action is being taken by the lender to take possession of the property*
- *If there is an embedded energy network, the name and contact details, and where to find details of the electricity charges. An embedded energy network is a joint supplier to all the apartments in a development*
- *If there has been a homicide on the property in the last 5 years*
- *If the property complies with [rental minimum standards](#)*
- *If the rental provider has received a repair notice for mould or damp related to the building structure within the last 3 years. This requirement will apply from 21 December 2021*
- *The date of the most recent safety checks, for gas, electrical safety and pool barrier compliance, and any outstanding recommendations for work on the property's gas or electricity*
- *If the property is heritage listed*
- *If the rental provider knows about:*
 - *Contamination because of drug trafficking or cultivation on the property within the last 5 years*
 - *Asbestos found after inspection by a qualified inspector*
 - *A building or planning application lodged about the property*
 - *Any notice, report or order about a building defect or safety concern*
- *If there is a current building work dispute*
- *If there is an owners' corporation dispute'²*

Amendments to these obligations to include details of flood risk and history would facilitate greater understanding of risks for renters and allow for more informed agreement and understanding of potential insurance needs.

DLHV and local Partner experience from this flood event also highlighted the lack of understanding of tenant's rights when Notices to Vacate were served in the immediate aftermath of this event. Where there is a dispute relating to the rental provider wishing to evict the renter due to the disaster (for example if they serve a Notice to Vacate for repairs or uninhabitable) the renter can defend this at VCAT to seek orders that they are able to remain in the property whilst the repairs are undertaken. This was not sufficiently understood by tenants or other support services that may have early access to help seekers but do not identify these issues as legal and therefore do not refer people to appropriate legal services.

² [Before you sign - Tenants Victoria](#)

The issue of urgent repairs also created barriers to recovery for tenants who may not have understood landlord obligations for this work or pathways for remedy. In some circumstances rental providers have used insurance to repair property damage but the tenant was then encumbered with project management of trades and work if they remained in the property.

Ms Templeman-Page 29, Paragraph 6.

Whether you have seen people better off because insurance has been through a broker as opposed to direct to the insurer, or whether it has been better, worse or not able to be assessed? (there was no note of DLHV taking this on notice however DLHV advised that they wouldn't be able to comment on whether one has had worse experience than others.

The vast majority of matters that were referred to DLHV and reflected in local Partner experience were for matters where there were no insurance brokers involved. Whether this is an indication that people have less issues with insurance payouts when using a broker or merely that for reasons unknown they are not seeking legal assistance for these issues cannot be determined from the data we have available.

Chair - Page 30, paragraph 2.

I'm interested in what your experience might have been in people rebuilding in a more resilient way and whether they are seeing lower premiums.

Very few matters referred to us provided examples of people who were at the rebuilding stage of recovery. No help seekers ever disclosed an example where a lower premium was offered due to their rebuilding mitigating risks in any future flood event. For those renewing policies the consistent feedback was around the increase in premiums creating uncertainty of affordability of purchase. The current competitive insurance market means that each insurance company can approach mitigation works differently and policy holders would need to shop around to see if these improvements in property would be rewarded through lowered premiums.

Mr Van Manen-Page 30-Paragraph 8.

In addition to Ms Templeman's question on notice: But if you could maybe add to it as to whether there's value in that relationship in ensuring that there's less of a risk of people being underinsured or even having the wrong type of insurance for potential risk factors that affect their property.

Any additional opportunity for people purchasing insurance to ask questions and better understand the practical and substantive differences between policies and what that might mean in real terms is positive. Brokers, like insurance companies need to be able to explain the terms of a policy in ways that are meaningful to clients so they better understand their options and can make informed decisions. Insurance advisors or brokers need to ensure that their advice or recommendation is not just about cheaper insurance pricing as this may increase the risk of underinsurance. As well as providing competitive insurance prices, they must also provide advice and guidance in respect of the cover provided as well as their limits, gaps and exclusions.