

Finance and Public Administration References Committee

ANSWERS TO QUESTIONS ON NOTICE

Lessons to be learned in relation to the preparation and planning for, response to and recovery efforts following the 2019-20 Australian bushfire season

**Insurance Council of Australia**

**Senator:** Ayres

**Question reference number:** 1

**Topic:** Latest Bushfire Claims Data

**Type of question:** 10 July 2020 – Hansard p. 21

**Question:**

**CHAIR:** I've seen your submissions to the royal commission into the New South Wales inquiry. I think it's your dashboard that aggregates claims data across the industry and provides a pretty helpful outline of what's happening in claims. Are you in a position to provide us with a short overview of where that's up to, to date, or would you provide us on notice the most recent data?

**Mr Whelan:** I think we will take it on notice.

**Answer:**

Estimated Value \$2,327,837,442 (62% domestic, 38% commercial)

Lodged Claims @ 23 August 2020 38,416 (68% domestic, 32% commercial)

Breakdown

- 9,389 Residential Building Claims, 83.57% closed
- 14,237 Contents Claims, 93.72% closed
- 1,613 Domestic Motor Claims, 88.54% closed
- 813 Domestic Other
- 8,738 Commercial Property Claims, 81.37% closed
- 1,332 Commercial Motor Claims, 90.54% closed
- 1,285 Business Interruption Claims, 81.32% closed
- 1,009 Commercial Other (including crop, marine, aviation)

**Senator:** Paterson

**Question reference number:** 2

**Topic:** Non-insurance

**Type of question:** 10 July 2020 – Hansard p. 24

**Question:**

**Mr Sullivan:** It is a difficult question to come up with a precise number or percentage, but our early investigations show that perhaps 10 or 11 per cent of properties that were a total loss may not have been insured. The difficulty or the context of why that's not a precise number is that often you can't locate an owner for the property that has been lost. It's very difficult to tell, based on the pile of ashes, what the property was, and so it may indeed have been something that nobody would have been insuring in the first place. Our investigations also show that in Victoria that number's quite a bit lower, and I think some of the reasons why fewer people may be insuring in New South Wales are things that we've gone into in some detail, as the insurers—

**Senator PATERSON:** Yes, and I want to come to that in a second. You mentioned you're doing some ongoing data collecting in that area. If that's something that you could share with the committee subsequently that would be very helpful. Perhaps you could take that as a question on notice and provide it to us or, if not, in the form of a supplementary submission or some other way of getting it to the committee. That would be very useful, thank you.

**Answer:**

Work continues on assessing the rate of non-insurance for this event. In order to accurately calculate the number of properties lost who did not have insurance, it is first necessary to have an accurate list of all properties lost (insured and non-insured). The industry has an accurate list of all insured properties lost from policy and claim records. However, in the absence of an accurate list of all properties destroyed from state governments, it is not possible to identify those that were not covered at the time of the loss. This work is continuing and it is hoped that once state governments provide access to building impact assessment data.

**Senator:** Ayres

**Question reference number:** 3

**Topic:** Cost of retrofitting

**Type of question:** 10 July 2020 – Hansard p. 27

**Question:**

**CHAIR:** I have one final question for you. You might have information that will assist our deliberations in terms of mitigation of cost. The Victorian Building Authority released a report about retrofitting homes. I will table that in the way I can table something on a videoconference, which I think means it will be provided to you. It has a low-cost, moderate-cost and high-cost matrix for retrofitting homes. It doesn't provide data on what low cost, moderate cost or high cost mean, but I imagine the insurance industry would have a pretty good idea of the range of costs for retrofitting homes in bushfire affected areas. I wonder if, on notice, you would consider that table for us and come back to us with an outline of what you think, based on the council's and the industry's experience, the range of costs is likely to be for homeowners to achieve those scales of retrofitting.

**Mr Whelan:** I think we can do that, yes. We're happy to do that, Chair.

**Answer:**

The industry does not have information regarding the cost of retrofitting an older property, as no Australian Standard exists for this activity. Sum-insured estimation calculators, used to estimate the cost of a total rebuild, show that the additional costs involved for rebuilding in a high risk zone vary from \$25K to \$100K depending on the level of risk in the location and age of the original property. The Insurance Council is currently engaged in discussions to establish guidance on retrofitting for bushfire risk to older property.