

What is flood damage?

Within the general insurance industry, there is no common definition of the term 'flood'. The *Oxford Dictionary* defines 'flood' as 'an overflow of a large amount of water beyond its normal limits, especially over what is normally dry land'. The property damage caused floods can be categorised as either storm damage or flood damage.

1. Storm damage

The general view taken by the general insurance industry is that flooding of a property by rain water would normally be regarded as storm damage.

2. Flood damage

Currently insurers define 'flood' differently. The definition your insurer is using in your policy will be stated in the Product Disclosure Statement (PDS). Broad agreement has been reached on a common definition of 'flood' as part of the reforms announced by the Federal Government.

Various flood insurance offerings are now available in the market. Some insurers offer mandatory flood cover. Others allow you to opt out of flood cover. Some still exclude flood damage, although this is likely to change with the introduction of amendments to the *Insurance Contracts Act*. It is important that you select the cover that suits your situation.

The source of the water that damages a property will be a critical factor in an insurer's decision about whether or not the damage is covered under an insurance policy. You should refer to your PDS to see whether your insurer covers you for flood and/or storm damage. If you are confused about what you are covered for, contact your insurance company.

How can the Financial Ombudsman Service (FOS) help me?

FOS is an independent, national organisation that resolves disputes between consumers and financial services providers. Our service is free to consumers.

We have set up a dedicated hotline – [1800 337 444](tel:1800337444) – to provide information and assistance on insurance claims, financial hardship and other financial issues experienced as a result of natural disasters. Calls to the hotline will be put directly through to our disaster helpline team. You can also email the team at FOSdisaster@fos.org.au.

We have dedicated staff handling flood-related disputes. A case worker will keep you informed about the progress of your case at every stage. Your case worker will ask you to send them information that will help them assess and progress your case.

The types of information we may ask for includes:

- why you are dissatisfied with the insurer's decision
- how you calculated the amount you are claiming
- copies of relevant correspondence between you and the insurer
- photographs or video footage
- reports and statements
- eyewitness accounts.

What should I do if my property has been damaged?

The first step is to contact your insurer to lodge a claim.

The insurer may send an assessor to inspect your property. The assessor will give the insurer a report on their findings and this will help the insurer to decide whether to accept or decline your claim.

If the assessor cannot determine if the damage was caused by storm or flood, they will organise a hydrologist to visit your property and the surrounding area to determine the cause of the damage.

What will the hydrologist do?

The hydrologist is a water specialist who will assess how your property was affected. They will provide their opinion about whether your property was affected by storm water or flood water. The information collected by the hydrologist is vital in cases where it is not clear which event came first, the storm damage or the flood damage.

The hydrologist's report is passed on to the insurer to help them make a decision on your claim. The report will generally include the following information:

- the amount of rainfall that fell before the creek or river broke its banks
- where the creek or river broke its banks
- the path the flood water took from the time it broke its banks until it reached your home.

What if I disagree with the insurer's decision?

If you disagree with the insurer's decision, you can lodge a complaint directly with them or you can contact FOS, who will forward your complaint on to the insurer.

When lodging your complaint, clearly outline why you believe their decision is incorrect. Include any supporting documentation that might help the insurer to review your complaint.

What if the insurer did not clearly inform me that flood damage was not covered by my policy?

If you believe this has happened, provide brief written details of the discussions you had with the insurer when you took out the policy. FOS will consider this information when dealing with your dispute.

My home is uninhabitable. What should I do?

First, tell your insurer. They may come to some agreement with you while your claim is progressing.

If your insurer cannot help you with this, lodge a dispute with FOS and make us aware that your home is uninhabitable. If FOS decides that your dispute needs to be expedited because you are in financial difficulty or your health or wellbeing is being affected, we will advise the insurer of this.

Am I entitled to temporary accommodation?

Temporary accommodation is a benefit under most building policies. This benefit applies if the claim is accepted.

During times of flood, vast numbers of claims are usually lodged with insurers. As a result, there may be delays with claim decisions. If you need temporary accommodation while your insurer is making a decision, contact them first.

The insurer may ask you to pay for the temporary accommodation. If your claim is later accepted and your policy provides this benefit, the insurer will reimburse you a reasonable amount.

If you can't afford temporary accommodation because of your other expenses, such as mortgage repayments, contact your loan provider and explain your situation. Generally, they will allow you to halt repayments for three months. For more information on what you can do if you are in financial difficulty, go to www.fos.org.au/findif.

When Queensland and Victoria were affected by the recent storms and floods, temporary accommodation was hard to obtain. If you are having trouble finding temporary accommodation in your area, contact your local relief centre for further help.

What if I can't provide proof of ownership?

The insurer is entitled to ask for proof of ownership of the items that were affected. The types of proof of ownership that can help the insurer in settling your claim are:

- receipts/valuations
- invoices
- bank/credit card statements that detail the purchases
- cheque stubs
- manuals, handbooks and guarantees
- photographs of the items
- video clips of the items
- a written statement from the seller of the items

If you no longer have any proof of ownership, it is best to inform your insurer of this and tell them as much as you can recall about the items in order to assist with the settlement.

What can I do about delays?

After a natural disaster, all resources are stretched. Generally, insurers will prioritise claims based on the urgency of the matter.

If you believe your insurer is delaying your repairs or settlement of your claim, contact them and try to resolve the matter. If you are not satisfied with their response, contact us.

Can I use my own repairer?

If you wish to use your own repairer, you need to come to an agreement with your insurer. The insurer might ask you to provide a quote on the repairs so that they can check that the cost is reasonable.

Because of the extent of the damage caused by the recent natural disasters, if you accept a cash settlement and workmanship problems arise, you will need to address them yourself with the repairer.

Do I have to accept store vouchers?

Many insurers will settle claims with store vouchers. If this does not suit you, contact your insurer and explain why.