

## RE: Northern Australia Insurance Enquiry

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**From:** [REDACTED]  
**To:** Insurance <insurance@acc.gov.au>  
**Cc:** [REDACTED]  
**Date:** Wed, 15 Nov 2017 13:20:34 +1100  
**Attachments:** Insur. Claim Emails.pdf (536.25 kB)

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### Attention: ACCC Deputy Chair – Delia Rickard & Commissioner Mick Keogh

Delia and Mick,

#### RE: NORTHERN AUSTRALIA INSURANCE ENQUIRY

Further to our today's submission regarding the disparity between Strata/Building Insurance Premiums please receive an attached redacted email received yesterday from an insured whose property is located in the Mackay area.

This exchange of emails and comments is typical of what we receive from insured clients regarding the problems that they have with insurers when endeavouring to make a claim for cyclone damage to their properties.

One of the fundamental issues is that Loss Assessors, engineers and building consultants who are sent to these properties to make the damage assessments, effectively are working for the Insurers. The independence of their reports and assessments are questionable as on almost all occasions we have provided evidence in our reports that the assessments/conclusions reached, and the subsequent builder's Scope of Works, were flawed.

We are able to provide copies of these reports should the enquiry be further interested.

The insured should be educated regarding what actions need to be implemented prior to and immediately following a severe storm event, so that they achieve the best possible result from making a claim to their insurer.

For example, most communities are alerted a day or two prior to the severe weather event occurring and should take the opportunity to obtain a video record of their properties both internally and externally. Following the severe weather event and when damage has occurred to the property, obtain a video record immediately it is safe to do so. Additionally, engage an independent building consultant to investigate the property and prepare a report that details the findings. Despite the advice in the attached email, most of our clients have advised that their insurer does in fact cover our building consultancy costs and is included in the claim.

Regarding the builders' Scope of Works documentation which generally includes costings, significant issues have been identified for some of our clients. For example, the majority of the older homes are constructed with asbestos containing materials (ACM's) e.g. 'Super 6' corrugated roof sheeting, internal and external asbestos cement sheeting, friable vinyl floor sheeting et cetera. I have not yet received a Scope of Works from one of these properties where an asbestos audit complete with testing of materials, has been undertaken.

Furthermore, toxic mould can grow on floor, walls and ceiling materials within 1 – 2 months following stormwater inundation of a property. The Scope of Works provided by one builder proposed to simply paint over the mouldy surfaces which, under the Australian health procedures for mould in residential buildings, does not remove the health risk or hazard.

There should be standard procedures e.g. Codes of Practice that loss assessors, engineers and building consultants are required to comply with, and a standard format for builders when preparing a Scope of Works together with the costings. A qualified and experienced building consultant could provide assistance in the preparation of a standard format consultant's Code of Practice and a

standard format Scope of Works.

Trusting the above information is satisfactory for your purposes.

Yours faithfully,

**Stephen Malcolm**  
**Managing Director**



*MBAQ Institute of Building Consultants 2017 Award Winner*

steve [REDACTED]

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**To:** Steve Malcolm [REDACTED]  
**Subject:** FW: CYCLONE DEBBIE DEFECTS AUDIT -

**From:** [REDACTED]  
**Sent:** Tuesday, 14 November 2017 4:55 PM  
**To:** [steve@\[REDACTED\]](mailto:steve@[REDACTED])  
**Subject:** FW: CYCLONE DEBBIE DEFECTS AUDIT

Hi Steve as you can see from the below comments they are not willing to cover your costs.

Kind Regards  
 [REDACTED]

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**From:** [REDACTED]  
**Sent:** Saturday, 11 November 2017 17:17  
**To:** [REDACTED]  
**Cc:** [REDACTED] (Elders)  
**Subject:** RE: CYCLONE DEBBIE DEFECTS AUDIT

Thanks [REDACTED], once again the information is totally incorrect I did not tell the assessor this and in fact told them I had noticed an ant infestation following the cyclone and water damage which was evident when they inspected. It is noted they inspected the property some 5 months after the event. If you go back into your records and my notes back to Elders I have raised this issue on more than one occasion. I am still awaiting advice as to the floor coverings in the cabins. Kindly advise what the outcome is for this some 8 months down the track.

Kind Regards  
 [REDACTED]

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**From:** [REDACTED]  
**Sent:** Wednesday, 8 November 2017 17:00  
**To:** [REDACTED]  
**Cc:** [REDACTED]  
**Subject:** RE: CYCLONE DEBBIE DEFECTS AUDIT -

Dear [REDACTED]

In regard to the Cabin [REDACTED] this was initially denied as it was noted by the adjuster that;

“the amount of damage would not be possible from a one off storm event, and the water entry problem appeared to be an ongoing issue. We believe this was confirmed by the insured advising they had noticed they could not remove ants nesting along this wall for some time, which is a typical sign of moisture presence. We believe the damage to the internal lounge room wall would have been evident prior to the storm event.”

Which is an exclusion on the policy. Note that engaging a building audit is your option however, note that this will be on your own cost.

**From:** [REDACTED]  
**Sent:** Wednesday, 8 November 2017 5:37 AM  
**To:** [REDACTED] (Elders)  
[REDACTED]  
**Cc:** [REDACTED]  
**Subject:** FW: CYCLONE DEBBIE DEFECTS AUDIT -

Hi [REDACTED] as I have had part of my claim denied from cyclone Debbie (and have still heard nothing back from Elders or Assessors regarding my concerns) and am also still awaiting on advice if the floor coverings in the cabins have been approved. As it is now 8 months on, our intentions are now to use the services of a building consultancy service who use moisture detectors to confirm if water entered our buildings and walls. As mentioned on numerous occasions it is very clear that water actually ran down our walls both in the house and in the cabins and those marks still remain. My main concern is our cabin [REDACTED] and the main house where Elders have only approved the repainting of the architraves and not the replacement of them nor any of the gyprock from the window sill down.

Would you kindly advise if Elders will cover the costs of this building audit. Your response would be appreciated as soon as possible.

Kind Regards

[REDACTED]