Six months on, insurers making strong headway with $1.243b in Townsville catastrophe claims

Sixty per cent of insurance claims lodged since the Insurance Council of Australia (ICA) declared a catastrophe for the Townsville monsoonal deluge have been closed, marking a significant milestone in the city’s recovery.

ICA Head of Risk and Operations Karl Sullivan said insurers had received 29,935 claims since the catastrophe was declared on February 2, with estimated insurance losses of $1.243 billion.

They have already paid more than $521 million in repairs, rebuilding works, replacement items, services, business interruption, emergency accommodation and settlements:

- More than three-quarters of 4529 domestic motor vehicles claims have been closed (vehicles repaired or replaced, or payments provided)
- More than 60 per cent of 9213 contents claims have been closed (items repaired or replaced, or payments made)
- Almost half of 12,850 home building claims have been closed (repairs and rebuilding works completed or payments made)
- About 45 per cent of critical home building claims have been closed
- Insurers have engaged more than 1800 local workers and suppliers

Mr Sullivan said: “Since the catastrophe struck the region, the insurance industry has kept its focus on assisting Townsville’s recovery. It is ahead of its past response times for a natural disaster of this size despite the remoteness of the city.

“Insurance assessors and ICA staff were on the first flights into the city when the airport reopened, and the industry has maintained a constant presence in the city to help businesses and property owners. Several insurance companies have a permanent presence in the city or have set up shops to help their customers when they need it. However, the industry acknowledges a small number of customers may be experiencing issues.”

Since February 2, the ICA has hosted four policyholder forums in conjunction with insurance companies, which attracted several hundred attendees. The ICA has also conducted more than 300 one-on-one consultations to assist local policyholders, in addition to more than 700 one-on-one consultations between insurance companies and their customers.

Next Friday and Saturday (August 9 and 10) the ICA will be holding one-on-one consultations with insurance claimants to assist with claims issues and provide guidance on insurance issues. Registration is required. Interested policyholders should phone 1800 734 621 or visit disasters.org.au/townsvillemeeetings to book a time.
Mr Sullivan said: “About 1.5 per cent of claims received from this catastrophe have been denied by insurers because the policy bought by the customer did not cover the losses. In many instances this was due to a decision by the policyholder to not take out flood cover.

“This is a challenging time, and insurers have pledged to handle these cases swiftly and in good faith. Many of these cases are being dealt with through each company’s internal dispute resolution process, and a small number of claims have progressed to the Australian Financial Complaints Authority.

“Townsville is one of Australia’s most flood-exposed cities, and the February catastrophe is an unfortunate example of the significant impact tropical storms and catastrophic floods can have on homes and businesses.”

Mr Sullivan said a number of factors may contribute to the time a claim takes to reach closure. These include:

- The remoteness of the region, which has led to a shortage of materials and skilled trades and services
- Policyholders not understanding the scope of works process and not signing off in a timely manner so repair work can commence
- The need to undertake expert hydrology in cases where a customer may have chosen not to purchase flood cover
- Disputes over hydrology report findings
- Disputes over claims for damage to poorly maintained properties
- Involvement by so-called claims advisors, unqualified stakeholders, unlicensed builders and others who in many instances will further delay a positive outcome