

Monday January 21, 2019

Victims of \$871 million hail storm being exploited by scammers

The Insurance Council of Australia (ICA) has issued a fresh warning to property owners affected by last month's hail storms to be aware of scammers posing as builders, roof inspectors or insurance company assessors.

The December 20, 2018, hail storms that battered Sydney and many other NSW communities has resulted in more than 22,000 residential building claims, many for damaged roofs, skylights and windows. The ICA declared a Catastrophe for this event.

As of today, insurance companies have received 99,638 claims. This includes 71,475 motor vehicle claims, 22,057 home building and 4563 contents claims. Insurance losses are estimated at \$871.34 million, with claims continuing to be lodged.

ICA CEO Rob Whelan said: "Scammers are again trying to con householders affected by the hail storm. The ICA has received many reports of fake tradespeople door-knocking and offering to conduct building inspections and repairs, particularly for damaged roofs.

"Scammers offer special cash deals. They pick vulnerable targets, often seeking out elderly or migrant homeowners. They may pretend to be a builder sent by an insurance company. They take the money and leave the job unstarted, unfinished or badly done.

"Some unscrupulous builders and tradespeople are also seeking to exploit householders in hail-affected regions. They offer to inspect damage, sometimes pretending to be insurance assessors.

"They pressure the property owner to sign agreements for unnecessary or exaggerated repairs at highly inflated prices, with the false promise that the insurer will pay. This may leave the home owner out of pocket by tens of thousands of dollars."

NSW Fair Trading Commissioner Rose Webb said: "It's important consumers check the qualifications of tradespeople they are considering hiring to fix damage to their homes or cars.

"Consumers can go to www.fairtrading.nsw.gov.au to verify licence details and check the qualifications of a contractor or tradesperson."

Mr Whelan said:

- Insurance companies will never send an assessor or builder to a customer's home without first notifying them
- A builder or tradesperson sent by an insurer to undertake repairs will never demand payment from the householder for the work being undertaken

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- If a consumer has any concerns, they should ask for identification and contact the insurer for confirmation
- Insurance customers contacted by a claims advisor should speak to their insurer before signing any agreement (see below)

Dealing with claims advisors

A claims advisor is an independent operator. The claims advisor will approach people who have experienced property damage from a natural disaster and offer to handle all claim activity between the homeowner and their insurance company.

Claims advisors are approaching some hail storm insurance customers in NSW, promising to negotiate a better deal with the insurer.

The use of a claims advisor should be considered carefully and with full transparency - the same as for any service or tradesperson.

Claims advisors may not secure better outcomes for customers than they could have generated themselves.

Before engaging a claims advisor the customer should:

- Ensure they understand the advisor's fee structure and any commissions, in particular how this may influence the advice and services they provide, including the time taken to resolve a claim
- Inquire whether using the claims advisor might further delay a positive outcome
- Check the advisor has appropriate professional indemnity insurance and holds relevant building licences, and request to see proof
- Make sure their agreement with the claims advisor is clear regarding the services they will provide, including timelines and targets for having the claim settled. The customer may choose to seek independent legal advice before signing an agreement

Insurers will not usually pay a customer's costs for the engagement of a claims advisor.

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