



## Delight or Alienate? It's a fine line for Bodies Corporate

For insurance customers, the qualities that mark out a good insurer are not always apparent or obvious, especially at the time of purchasing insurance. But with some of the most severe and brutal storms in living memory hitting many States across Australia, insurers' reputations have been put to the test.

With the March storms alone in Victoria and WA topping some \$2 billion in claims, one Victorian strata manager commented,

*“... we had swift and efficient help from our CHU office with claims...our respective clients can be won over, or, alienated for life and we have experienced the former thanks to CHU.”*

But according to some reports, not all insurers are coping as well:

*“...when we rang one large, household name insurer to lodge a claim we were on hold for 75 minutes...and we had to wait days before anyone called back...with CHU we never had to wait more than a few minutes.”*

CHU is encouraged by the letters of support that acknowledge our ability to respond to customers quickly and effectively. It's at times like this, when the pressure is really on, that CHU faces up to the challenge and swings into action by using its experience and long standing relationships with managers and suppliers to get things moving as quickly as possible.

It's all about engaging the right suppliers and ensuring everyone is working seamlessly together towards a common aim; a quick and painless claims resolution.

## The WA hail storm

It's hard to imagine but in just one hour, the March hail storm that hit Perth, blacking out about 200 thousand homes and businesses, generated a 400% increase for CHU in the number of claims lodged.

This unprecedented number of damaged strata buildings severely hampered the availability of both assessors and repairers throughout Perth. It was also the major factor behind the rise in costs for building materials such as glass and patio doors, and its impact was immediate on skilled labour costs. We would like to thank all CHU customers who have lodged claims, not just in Perth, but across the country, for their patience throughout the claims process and their support during these testing times.

## Increased costs of services

Following the recent Vic storms, CHU asked one of its leading loss adjustors to tell us more about the impact on costs when a large storm hits. David Brown of DL Brown Adjusting said

*“As soon as a big storm hits, the costs of trades and services seem to rise...examples of at least 50% dearer glazier costs or for skylight replacement are not uncommon.”*

No doubt, this reflects the very long hours that many skilled repairers have to work to keep up with demand and also the shortage in supply of materials that occurs during these large scale events pushes up prices. But remaining vigilant is essential. And the best protection is to stay with suppliers who you know and trust. As David puts it

*“...the problem comes with non-panel suppliers who take an event like a severe storm to make a huge profit in the short term and it's the insured and insurer who foots the bill.”*

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# Helpful tips when lodging claims



Assessing and paying claims is one of the most important things we do at CHU. Our claims service is fast and easy and in most cases a call is all that is needed to kick start the process.

Even though many of our claims can be Fast Tracked, which enables settlement to be within 2 – 3 days of being lodged, around 40% of claims received by email or fax will have some basic information missing which causes some unnecessary work and delay. For example, we are not told the:

- ◆ Cause of the damage
- ◆ Date of loss
- ◆ GST status of the Owners Corporation
- ◆ Third party details for motor vehicle impact damage claims, or
- ◆ If the cause has been rectified – especially for leaking roofs or shower bases
- ◆ Whether damaged fences are dividing a neighbouring property address
- ◆ Provided with detailed repair invoices

## Fast track your claim

Some points that will help:

### 1. Does a claim exist?

Before lodging a claim, double check that a strata claim exists e.g.

Is it accidental damage and NOT wear and tear or a maintenance/upkeep issue? Is it common property, a fixture and/or structural improvement? Check the claim is NOT for personal property/item.

### 2. Is it insured?

Ask yourself 'Is it insured property under the Policy?' i.e. as mentioned above, it must be common property, a fixture AND not specifically excluded under the policy. You can opt to include contents such as carpets within hallways and lobbies, pot plants, mirrors and other decoration, within common areas.

Also included are washing machines and dryers owned by the body corporate or owners corporation and used by all unit owners and housed in common laundries. Any barbeque equipment, gardening equipment and garden or indoor furniture owned by the body corporate or owners corporation should be insured as common area contents.

### 3. Are the costs reasonable?

When a major storm hits, this often triggers a large number of claims in a localised area that quickly leads to a shortage of skilled tradesmen and building materials. This can cause a spiking in costs so be careful of opportunistic charging by suppliers. Remember, in all cases, to keep all quotes and receipts for passing on to CHU.

### 4. Emergency Protocol

Where the situation is critical emergency work should be undertaken immediately. This includes minor damage such as broken glass which can be attended straight away. Please take all reasonable steps to prevent further damage to the property e.g. tarping a roof, or installing temporary shuttering.

### 5. Lodgement and advice

Be sure you lodge your claim as quickly as possible by advising us early on in the process. Remember to tell us the basic facts as mentioned above. Whenever in doubt, please contact us for advice and for larger or more complex claims, CHU will normally appoint an assessor.

Generally, standard claims are turned around in 24 hours which for many customers means a cheque in the hand within a week. CHU has one aim when it comes to claims; to deal with them fairly and promptly. The CHU after hours emergencies hotline is 1800 022 444.

# News from around the country

## Aftermath of Ului

2010-03-28 - *Sunday Mail (Qld)*

QUEENSLAND residents are still reeling in the aftermath of Cyclone Ului after seven days without power. The category-three cyclone unleashed 200km/h winds, devastating the region from Proserpine to Sarina. The disaster-declared region lost power to 60,000 homes, while houses were damaged and about 50 yachts destroyed. Some industries welcomed the downpour after almost a decade of drought, while the tourism industry expected a boost, despite a new tourism campaign with the slogan "Cyclone: What cyclone?" outraging cyclone victims.

## Hailstorm damage bill nudges \$1b

2010-05-25 - *The West Australian*

The extent of damage from Perth's freak hailstorm has been highlighted by a bill approaching \$1 billion. The Insurance Council of Australia said 143,454 claims for the March storm totalling \$932.4 million had been processed so far.

The bill was expected to rise with thousands more claims outstanding.

The councils general manager of risk, Karl Sullivan, said many people were surprised the cost of property **damage** from the **storm** was on par with the devastating Victorian fires. Those fires, which killed 173 people, caused **damage** of \$1.07 billion. Repairs were expected to take several more months. The **insurance** council said the March **storm** was by far WAS most expensive **natural disaster**, outstripping last years fires in Toodyay (\$7.4 million), **cyclones** George and Jacob in 2007 (\$8 million) and a 2005 **storm** that swept through Bunbury and South Perth (\$53.2 million.) It is also one of the most expensive in Australia after a 1999 Sydney hailstorm that cost insurers \$1.7 billion.

## Little safety in balcony numbers

2010-06-19 - *Sydney Morning Herald*

### Flat Chat

Are there really 8000 unstable balconies in Australia? Could there be even more? After a wooden balcony packed with

young people gave way during a party at a house in Lane Cove last week, building advisory service Archicentre said 6 per cent of Australian homes have a timber balcony or deck and about 8000 of them are unsafe. The problem in strata is that a building may have 100 balconies and, although they are much less likely to be wooden, do we know they are solid enough to withstand the numbers that, for instance, crowd on to them to watch the New Year's Eve fireworks?

## Remembering Meckering quake

2010-04-29 - *Kalgoorlie Miner - News Limited*

PEOPLE who experienced the Meckering earthquake 42 years ago may not even have flinched during the 5.0 earthquake that hit Kalgoorlie-Boulder last Tuesday.

At 10.59am on October 14, 1968, the small town of Meckering, 461km west of Kalgoorlie, was destroyed.

The magnitude of the earthquake was 6.9 on the Richter scale, making it one of the largest recorded in the seismic history of Australia. The quake lasted 45 seconds and was felt over a 700km radius and caused damage in many surrounding towns.

## Blueprint to change our ailing tax system - TAX REVIEW

2010-05-04 - *The Daily Telegraph*

79 All specific taxes on insurance products, including the fire services levy, should be abolished. Insurance products should be treated like

## Taxing times for CFA

2010-06-30 - *Leader-Berwick/Pakenham Cardinia*

THE Fire Services Levy funding the CFA gets is being reviewed by the State Government and CFA volunteers agree change is needed.

Any new system for funding fire services should be more equitable, presently the levy is collected through property insurance, so people who don't insure don't contribute to the cost, even though the CFA protects their property too.

# The Insurance cycle and impact on costs

You may have read or seen news reports talking about increases to the costs of claims to insurers due to domestic and global events such as severe weather.

Severe and destructive weather patterns over the last few years have begun to have an effect on insurance premiums.

In September 2009 APRA reported net incurred claims for the Australian industry in the year ended 30 June 2009 were up 20.9 per cent. CHU's own data on strata insurance shows there is still a gap between the costs of average claims, which have risen by 45% over the last three years, and insurance rates which have only recently started to rise.

## Winter Safety Checks

With the arrival of the winter chills and all round colder weather, remaining warm, comfortable and safe is a must for many apartment dwellers.

Dusting off those electric or gas heaters, bringing out the electric blankets and using electric fires will be a common sight in many strata homes.

It's also that time of year when we need to think about the dangers that lurk from a serious fire in our homes or businesses. Some simple precautions can help prevent a tragedy to life and property and make strata living a whole lot safer for everyone.

One of the simplest things all lot owners can all do is visually check out their electrical appliances for any signs of 'wear and tear' and ensure that Smoke Alarms are in good working order.

For some practical tips of fire safety, you can visit [www.fire-extinguisher101.com/hazards.html](http://www.fire-extinguisher101.com/hazards.html)

or talk to your Body Corporate committee member or Strata Manager for more advice on safety.

## What is under insurance?

### Don't risk having an under-insured property

Many lot owners are unsure as to exactly it means to be under-insured, especially when it comes to their strata block or common property.

In simple terms you are under-insured if your property is destroyed or damaged and your insurance payout (commonly referred to as the sum insured) does not cover the real costs of rebuilding or reinstating your property because the sum insured is too low.

With strata, this can be due to inflation of building material costs, renovations and improvements that increase the value of the overall block, or other costs such as type of disaster that strikes as this affects construction costs and impacts the time required to rebuild a block and so on.

These 'unknown' additional costs soon add up and can mean your strata plan is under-insured.

It's vitally important that you don't wait till it's too late to review your insurance coverage. There are many accounts of under-insured properties leaving bodies corporate significantly out of pocket and subject to legal action.

For peace of mind talk to your Strata Manager or visit the CHU web site and download our fact sheet 'Insurance valuations – are they doing the job for you?'

## Via email

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## Back issues online – [www.chu.com.au](http://www.chu.com.au)

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## Need help with repairs?

Contact our After Hours Emergency Help Line (toll free) 1800 022 444



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