Annexure 1

Our ref: 1724334

27 September 2011

Mr Peter Harmer
Chief Executive Officer
CGU Insurance Limited
C/- Ms Alison Haly
Partner
DLA Piper Australia
GPO Box 7804
WATERFRONT PLACE QLD 4001

REQUIREMENT TO PROVIDE STATEMENT TO COMMISSION OF INQUIRY

I, Justice Catherine E Holmes, Commissioner of Inquiry, pursuant to section 5(1)(b) of the *Commissions of Inquiry Act 1950* (Qld), require Mr Peter Harmer, Chief Executive Officer, CGU Insurance Limited, to provide a written statement, under oath or affirmation, to the Queensland Floods Commission of Inquiry, in respect of the matters listed in correspondence from Ms Jane Moynihan to Ms Alison Haly regarding Ms Sally Doyle dated 27 September 2011 (Doc 1724336).

In addressing those matters, Mr Harmer is to:

- provide all information in his possession and identify the source or sources of that information;
- make commentary and provide opinions he is qualified to give as to the appropriateness of particular actions or decisions and the basis of that commentary or opinion.

Mr Harmer may also address other topics relevant to Term of Reference (b) of the Commission in the statement, if he wishes.

In accordance with section 5(2) of the *Commissions of Inquiry Act 1950* (Qld), Mr Harmer must comply in all respects with this Requirement, or satisfy me that he has a reasonable excuse for not complying, by 4 pm, Monday, 3 October 2011.

The statement can be provided by post, email or by arranging delivery to the Commission by emailing info@floodcommission.qld.gov.au.

[redacted]

Commissioner
Justice C E Holmes

400 George Street Brisbane
GPO Box 1738 Brisbane
Queensland 4001 Australia
Telephone 1300 309 634
Facsimile +61 7 3405 9750
www.floodcommission.qld.gov.au
ABN 82 696 762 534

Our ref: 1724336

27 September 2011

Ms Alison Haly
Partner
DLA Piper Australia
GPO Box 7804
WATERFRONT PLACE QLD 4001

Dear Ms Haly

CGU Insurance Limited – Requirement to Provide Information

As foreshadowed in our previous communications, please find enclosed a Requirement directed to Mr Peter Harmer for a statement, pursuant to section 5(1)(b) of the *Commissions of Inquiry Act 1950* (Qld), in response to information received from an individual policyholder, Ms Sally Doyle. This letter notifies you of the information Ms Doyle has given to the Commission. Ms Doyle holds a house and contents insurance policy with CGU Insurance Limited (policy number [redacted] for a property at [redacted] Gray Road, West End. A separate requirement has been issued to Mr Merchant which requires, amongst other things, a detailed chronology of the processing of Ms Doyle's claim.

Please note that Ms Doyle may be called to give oral evidence in the Commission's public hearings in Brisbane in the week commencing 3 October 2011. If Ms Doyle is to be called, her statement will be provided to you as soon as the Commission is able to do so.

You will observe that the information which has been provided by Ms Doyle, and which is set out below, does include:

a) communications between Ms Doyle and her broker;
b) that the Courier Mail published an article relating to Ms Doyle; and
c) that the Premier visited Ms Doyle's property.

That information has been provided so as to narrate as complete a chronology as possible in relation to the matter. In providing his response to the Requirement, Mr Harmer is not required to respond to that information:

a) save where CGU had direct knowledge of the communications and those communications were relevant in the processing of the claim; and/or
b) save where CGU had knowledge of the article and/or the visit and it/they were factors taken into account in processing Ms Doyle's claim.

Ms Doyle has given the Commission the following information which is relevant to the Commission's inquiry pursuant to term of reference (b):

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GPO Box 1738 Brisbane
Queensland 4001 Australia
Telephone 1300 309 634
Facsimile +61 7 3405 9750
www.floodcommission.qld.gov.au
ABN 82 696 762 534

1. Ms Doyle made a claim on her policy (claim number [redacted], through her insurance broker, RockSure, on 13 January 2011. During the telephone conversation with her broker, she was advised that the claim would be passed on to CGU.
2. On 14 January 2011, Ms Doyle sent an email to RockSure which detailed her concern that damage was caused by stormwater. She attached a photograph of her house to the email. RockSure advised her that every claim was looked at closely and on its individual merits.
3. Between 14 January 2011 and 1 February 2011, Ms Doyle made numerous phone calls to the insurance broker RockSure. She also made two calls directly to CGU; messages were taken for the Flood Team to return her calls. In this regard, CGU file notes (copies of which were provided as an attachment to a letter Ms Doyle received from Mr Harmer, dated 1 March 2010) record that on 20 January 2011, Ms Doyle telephoned asking for an update and that she was told that a dedicated flood team would be looking after the claims when the CGU office was back up and running. The records note that a message was taken for the Queensland Flood Team to call Ms Doyle.
4. Ms Doyle did not receive a return telephone call to either of her two calls to CGU until 1 February 2011 when Ms Danielle Tarabay telephoned her. This conversation is set out below.
5. CGU file notes record that on 18 January 2011, RockSure called and advised that Ms Doyle was very irate and wanted an assessor appointed.
6. CGU files notes record that on 22 January 2011, [redacted] from RockSure called for an update on the claim. The claims consultant advised that a dedicated team was working through the claims for the event and someone would be in contact with her in the near future. [redacted] emailed a photo of the property by Ms Doyle which showed the property inundated by water.
7. CGU file notes record that [redacted] from RockSure called on 24 January 2011 and advised Ms Doyle was very persistent and wanted to know what was going on. The claims consultant advised [redacted] that the response team was working to contact every customer as soon as possible, but did not have a time frame at that point. [redacted] stated that she told Ms Doyle to go ahead and remove the internal walls, but to keep a bit for inspection by CGU.
8. CGU file notes record that on 25 January 2011, CGU received an email from [redacted] at RockSure with an email attached from Ms Doyle which outlined that the tenant had advised the circumstances of the loss.
9. CGU file notes record that on 1 February 2011, [redacted] from RockSure called for another update, and that the response team had not actioned the file yet due to a high volume of claims. The claims consultant advised [redacted] that someone would call her within 24 hours.
10. CGU file notes record that later that day, Ms Tarabay called Ms Doyle and left a voice message for her to call CGU back.
11. Later that day, Ms Doyle telephoned Ms Tarabay.
12. Ms Tarabay asked Ms Doyle several questions regarding her property and the water damage, for example, "Is your house highset or lowset?".
13. Ms Tarabay advised Ms Doyle that on the basis of her description, the damage was caused by flood; CGU did not cover flood; and her claim was therefore denied. Ms Tarabay told her that the decision was to decline her claim as her house was flooded by

the Brisbane River. She was also advised that a hydrology report for Brisbane showed that Brisbane had been affected by flood, and hence her claim was denied. She argued with Ms Tarabay for at least thirty minutes to take into account information she (Ms Doyle) thought was relevant. Ms Doyle argued that the stormwater drains on her property were key factors. Each time Ms Doyle provided information that she believed contradicted Ms Tarabay's finding of flood, Ms Tarabay stated that it supported CGU's decision that flood had caused the damage and its decision to deny the claim. Ms Doyle argued that it did not support CGU's decision, but rather, that it contradicted its decision.

14. At not time during the conversation did Ms Tarabay offer to send an assessor to assess the property.
15. The telephone call finished with Ms Tarabay telling Ms Doyle that maybe the tenants should give CGU more information about what had happened as Ms Doyle was not present at the time of damage.
16. On 2 February 2011, Ms Doyle made another telephone call reiterating that she did not believe that CGU's decision to decline her claim was correct. She reiterated her belief that stormwater was a key factor in the damage to her house. She was not offered an assessor visit.
17. On 3 February 2011, Ms Doyle sent an email to CGU and to RockSure in which she outlined her concerns regarding her claim, in particular, that an onsite assessment of her property had not been conducted. RockSure advised that her claim "would be escalated". She was not offered an assessor visit.
18. From 13 January 2011 until 10 February 2011, Ms Doyle was not offered an assessor visit, nor given any information on what action, if any, CGU planned to take to review her claim.
19. On 9 February 2011, Ms Doyle received a visit to her property from the Premier of Queensland, Anna Bligh MP.
20. On 10 February 2011, the Courier Mail published a story showing the damage to Ms Doyle's property and outlining plans by CGU policyholders to stage a demonstration against CGU regarding their response to claims.
21. On 10 February 2011, Ms Doyle contacted her broker requesting a letter confirming the denial of her claim. Ms Doyle was advised by her broker that CGU was still reviewing her claim.
22. On 11 February 2011, Ms Doyle was contacted in order to arrange for an assessor to inspect her property, at a time when the tenant could attend.
23. Also on 11 February 2011, Ms Doyle received a telephone call from [redacted], Corporate Affairs Manager of CGU, requesting that Ms Doyle meet with her, [redacted], CGU General Manager of Claims, and Peter Harmer, CEO of CGU. [redacted] said that [redacted] was concerned regarding comments Ms Doyle [the insured] had made in the Courier Mail newspaper and wished to speak with her face-to-face. Ms Doyle [the insured] agreed to meet on 14 February 2011.
24. On 13 February 2011, Ms Doyle attended a meeting with [redacted] and Mr Harmer at her property. During this meeting, Ms Doyle outlined her concerns regarding the deficiencies in CGU's management of her claim and other policyholders' claims. Ms Doyle showed the group through her house, and showed the location of large stormwater drains, and expressed her concern that much damage had been caused by stormwater. Ms Doyle expressed her concern at poor processes that she and

many other CGU customers had experienced in the management of their claims. Ms Doyle stated that her claim had been summarily dismissed after several perfunctory questions over the phone. Ms Doyle expressed her view that biased and unfair questioning heavily skewed toward looking for any possible evidence of 'flood' was used, leaving her believing the process would not be fair, and feeling disheartened and discouraged from pursuing the claim. Mr Harmer did most of the talking by the CGU representatives there. He said that CGU never did and never would cover flood. He stated that CGU did not send out assessors as 'often people know it was flood, they don't want an assessor, they just want a piece of paper they can take to Centrelink or wherever to say insurance has been denied'. He stated that CGU had a 'triage' process whereby a number of standard questions were asked, and this 'often determines whether it was flood or not'.

25. CGU file notes of 15 February 2011 state that Ms Doyle telephoned CGU and advised that the tenant worked and could only attend an assessment at specified times.
26. On 16 February 2011, a CGU assessor [redacted] visited and advised Ms Doyle that the next step would be to get a hydrologist's report. The tenant was in attendance at that visit and answered all questions asked of the tenant by the assessor.
27. On 18 February 2011, a rally occurred outside CGU's offices at Southbank. A delegation of policyholders, including Ms Doyle, met with senior management representatives. During that meeting, the policy holders made three key requests. They were that:
    - on site assessment occur automatically where there was a major loss;
    - financial compensation be given to customers whose claims had been mismanaged; and
    - financial assistance be given to CGU customers where water damage had occurred.
28. The representatives of CGU indicated that they would provide feedback by 23 February 2011.
29. On 22 February 2011, Ms Doyle received a telephone call from Mr Harmer. Mr Harmer advised her that CGU would be making a media release regarding the requests made by CGU policyholders on 18 February 2011 and he wanted to 'walk' her through it. He advised that none of the requests would be agreed to. This included the request for automatic onsite assessment. Mr Harmer stated that the triage system would remain in place and that 'if someone wants an assessor, they can ask for one'. At the end of the conversation, Mr Harmer stated 'I have copies of the tapes of conversations you have had with CGU staff, and I have listened to them. I know you have misled the media'. This comment was about claims by Ms Doyle and that media intervention was the reason for Ms Doyle being offered an assessor.
30. A media statement by CGU on 22 February 2011 contained the following:

    > 'We have reviewed and made changes to how we communicate our claims assessment process to customers. We apologise to any customers for whom the process not previously made clear', said Peter Harmer, CEO, CGU Insurance.
    >
    > 'In particular, I want to make sure it's clear that an individual site assessment is available to all of our customers should they want one.'

31. In the days following her conversation with Mr Harmer, Ms Doyle contacted CGU and RockSure, requesting copies of all tape recordings of her conversations with CGU. Ms Doyle was advised by RockSure that conversations with customers are not recorded. Ms Tarabay advised that some conversations with customers are recorded.
32. On 23 February 2011, at 1.32 pm, Ms Doyle sent an email to Ms Tarabay asking her to advise as soon as possible the process by which Ms Doyle could be provided with copies of all tapes of conversations she had had with CGU consultants.
33. On 23 February 2011, at 2.54 pm, Ms Tarabay sent an email to Ms Doyle stating that not all calls with the clients were recorded, but 'my understanding is that while we can in some instances retrieve and listen to these, to confirm conversation details, they are for internal use only and we do not release these'. Ms Tarabay stated that to find a call recording CGU required very specific information such as the person who was speaking, the exact date and time of the call, the phone number used for the call and the length of the call. Ms Tarabay said, 'If you are able to gather as much information as possible that would be helpful'.
34. On 23 February 2011, at 4.06 pm, Ms Doyle sent an email to Ms Tarabay which set out some aspects of what had occurred in her claim. This email included a request for copies of all and any tape recordings of conversations Ms Doyle had had with CGU.
35. On 23 February 2011, Ms Doyle received an email from Ms Tarabay, advising that her request for tapes recordings had been escalated to the Queensland Claims Manager 'who will take the time to look into any available call recordings for you'.
36. On 24 February 2011, representatives of Worley Parsons attended the property and stated that determining the details of the water damage at her property was complicated.
37. Ms Doyle received a letter from Mr Harmer, dated 1 March 2011, in which Mr Harmer stated:

    'When we last spoke by phone on 22 February 2010, I indicated that CGU was working towards individual site assessment at your property prior to you contacting the media about your claim. At the time, I made reference to this being reflected in call recordings. Unfortunately, I made a mistake and it was the file notes of the call made by the claims officer that support this sequence of events.

    Call recordings are not made of customer calls to the Brisbane Flood Claims Team which Ms Danielle Tarabay is part of, due to technology limitations and, as a result, no recording was made of this particular call. I apologise for any confusion I have caused.

    I have attached a copy of the file notes relating to your claim. If you would like copies of available call recordings between you/your broker and CGU's Parramatta landlords Claims Team, we are happy to provide them. A number of these conversations involve your broker and we will need their permission to release them for privacy reasons. Please note, some aspects of the conversations involving your broker relate to other customers' claims and will need to be deleted.

    Please contact [redacted] – National Manager, Claims directly on [redacted] or [redacted] if you would like to access the available call recordings, or if you have further queries regarding your claim.'

38. At no time during any of her conversations with CGU staff had Ms Doyle been advised that the conversation may be recorded. However, approximately in the middle of March 2011, Ms Doyle telephoned Ms Tarabay. For the first time, the call did not go directly to her telephone, but instead a voice message came over the telephone stating that the call might be recorded. On 18 March 2011, Ms Doyle made several telephone calls to her broker requesting feedback regarding her claim and a copy of the hydrology report.
39. Ms Doyle's claim was denied, such denial being confirmed in a letter dated 27 April 2011. The stated reason for denial of the claim was that CGU's investigations determined that the damage to her property had been caused by flood and her policy did not provide cover for flood.
40. Following the denial of her claim, Ms Doyle filed a complaint through CGU's internal dispute resolution process. The internal dispute resolution process resulted in the denial of the claim being maintained. This was communicated to Ms Doyle in a letter dated 5 May 2011
41. Ms Doyle referred her matter to the Financial Ombudsman Service. The matter is still currently before the Financial Ombudsman Service.

The Commission requires Mr Harmer to provide the following information in his statement:

1. Details, in chronological order, of all aspects of Mr Harmer's direct involvement with Ms Doyle's claim.
2. Any knowledge Mr Harmer has as to why an assessor's visit was not offered until 10 February 2011, indicating whether: (a) he was aware of the Premier's visit; and (b) whether the visit to Ms Doyle by the Premier on 9 February 2011 and/or the media attention influenced the decision to offer an assessor.
3. CGU's account of the visit to Ms Doyle's property on 13 February 2011, referred to at point 24 above, including details of any aspect of Ms Doyle's account with which Mr Harmer does not agree.
4. In respect of point 24 above:
   4.1. Did Mr Harmer say that CGU 'never did and never would cover flood', or words to that effect? If so, was this statement correct; and if not correct, why was this statement made?
   4.2. Did Mr Harmer say that 'CGU do not send out assessors as often people know it was flood, they don't want an assessor, they just want a piece of paper they can take to Centrelink or wherever to say insurance has been denied'? Is it the case that CGU does not send out assessors, and if so, why does it not send out assessors? If it is not the case, why was this statement made?
   4.3. Did Mr Harmer say that CGU has a triage process whereby a number of standard questions are asked, and this 'often determines whether it was flood or not'? If so, was this statement correct? If so, describe in detail the triage process and provide all and any guidelines/directions/instructions to staff in respect of the triage process. (If this information has already been provided to the Commission, it is not necessary to provide it again. However, please provide references to where the information was provided). If the statement was not correct, why was this statement made?

5. In respect of point 29, CGU's account of the telephone call with Ms Doyle on 22 February 2011, including any details of any aspect of Ms Doyle's account with which Mr Harmer does not agree.
6. In respect of point 29 above:
   6.1. If Mr Harmer did say that CGU would not agree to have automatic onsite assessment, why was this request not acceded to? What are CGU's guidelines for when onsite assessments will and will not occur?
   6.2. If Mr Harmer did say that the triage system would remain in place, why does CGU have the triage system? Is there any intention to change the triage system? If so, in what respects and when?
   6.3. If Mr Harmer did say 'I have copies of the tapes of conversations you have had with CGU staff, and I have listened to them. I know you have misled the media':
      6.3.1. Was this statement correct?
      6.3.2. Did Mr Harmer have copies of the tapes of conversations Ms Doyle had had with CGU staff? If so, please provide them. Had Mr Harmer listened to the tapes? If so, please specify how they, or any other thing, led Mr Harmer to make the statement, 'I know you have misled the media'.
      6.3.3. What was the purpose of saying to Ms Doyle 'I have copies of the tapes of conversations you have had with CGU staff, and I have listened to them. I know you have misled the media'.
7. In respect of point 30 above, was this media statement authorised by Mr Harmer? If so, had, at that time, CGU reviewed and made changes to how CGU communicated its claims assessment process to customers? What were the issues which led to the review? How were the issues reviewed? What changes were made by CGU? Was the statement that 'an individual site assessment is available to all our customers' correct? If not, why was the statement made? If so, what was the process at that time by which an individual site assessment would be triggered?
8. In respect of point 37 above:
   8.1. At the time of writing the letter of 1 March 2011, was Mr Harmer aware of Ms Doyle's attempts to obtain copies of the recordings of calls between CGU and her, as set out in points 36 and 37?
   8.2. What caused Mr Harmer to write the letter, dated 1 March 2011?
   8.3. Provide a copy of the file notes referred to in this excerpt of the letter: – 'I made a mistake and it was the file notes of the call made by the claims officer that support this sequence of events'.
   8.4. What is 'the sequence of events' to which Mr Harmer referred in the letter?
   8.5. How did the file notes of the call made by the claims officer support this 'sequence of events'?
   8.6. What are the 'technology limitations' which prevent recordings being made of customer calls to the Brisbane Flood Claims Team? Are those limitations still present? When did Mr Harmer first become aware of the technology limitations?

The Commission would be pleased to receive any other information which Mr Harmer may wish to provide in response to the information received from Ms Doyle outlined above, or which it may wish to bring to the Commission's attention.

Please note that, pursuant to section 5(2) of the Act Mr Harmer must comply with the Requirement by 4 pm, Monday, 3 October 2011 (being the end of the prescribed period for the purposes of section 5(2)). In addition, Mr Harmer may be required to give evidence in the Commission's public hearings during sittings in Brisbane in the week of 3 October 2011 and/or 25 October 2011.

Please contact Mr Lachlan Zangari on telephone [redacted] should you have any queries.

Yours sincerely

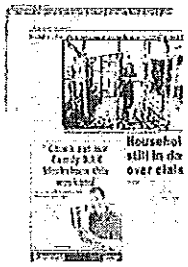
[redacted]

Jane Moynihan
Executive Director

Encl.

Annexure 2

MEDIA MONITORS



Courier Mail
10-Feb-2011
Page: 6
General News
By: Mark Solomons
Market: Brisbane
Circulation: 206110
Type: Capital City Daily
Size: 380.01 sq.cms
Frequency: MTWTFS-

Social worker plans insurance protests over victims' ruined lives

Mark Solomons

SOCIAL worker Sally Doyle picks up the pieces of shattered flood victims' lives – situations too often made worse by her clients having been told "no" by their insurers.

"Queensland is one big ball of trauma at the moment," she said.

"There's a spike in people I'm seeing with very severe depression (and) there's people who are very actively suicidal."

Ms Doyle, whose own property in West End was damaged during the floods, is risking her job by organising a series of demonstrations against insurance companies.

She said the insurance industry was "very good at plugging into people's desire for security" but equally good at finding ways to avoid paying out.

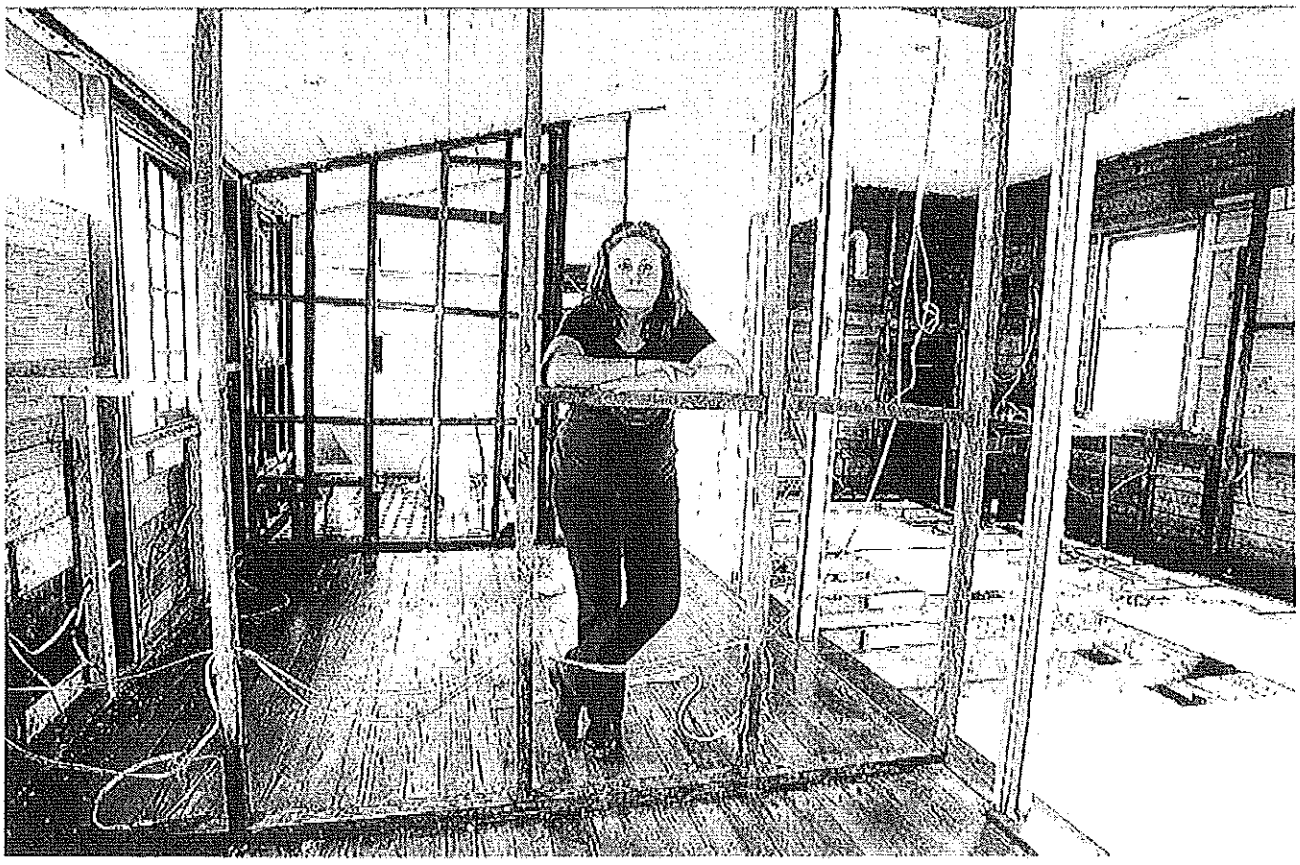
That meant an increase in people seeking professional help from counsellors like her after discovering they would receive nothing to help them rebuild their homes.

"They're facing financial ruin," she said. "Do they live in semi-derelict properties, do they live in spare rooms and on couches for the next however many years?

"Public housing isn't going to be able to help – they've already got five-year waiting lists."

Ms Doyle plans to demonstrate outside CGU's offices in Brisbane on February 18, with "guerrilla" actions later against other companies.

The plan is for protesters to dump trailer-loads of flood debris from their damaged homes in the street outside insurance company offices "to put pressure on parties that should be picking up part of the tab for this".



TRAUMATIC DAMAGE: Social worker Sally Doyle surveys the damage at her flood-wrecked West End home

Annexure 3

[redacted]

From: Peter Harmer
Sent: Wednesday, 16 February 2011 7:03 PM
To: [redacted]
Subject: Attention Ms Sally Doyle

Dear Sally,

Thank you again for your time on Monday, it was a pleasure to meet with you.

I really appreciated your candour and constructive observations of where our process, and service, failed you and possibly others.

As we discussed, it is possible that I won't be able to get to Brisbane until around lunch time, and I note your protest is planned to commence around 7.00am.

I propose that [redacted] come down around 8.30am and greet you and your delegation, and take you back up to our offices where we can listen to the experiences and concerns of the group, as well as share with you all some background to what we have been trying to achieve on behalf of our customers.

Later, when I arrive, I would appreciate the opportunity to re-group with you (and anyone else you thought appropriate to attend) and refine our action plan.

For security purposes, it would be appreciated if you could provide the names and contact numbers for members of the delegation who will visit our site.

I will continue to work hard towards being there myself early in the morning, but one way or the other I will see you on Friday.

All the best.

Regards,

Peter Harmer

Peter Harmer
CEO
CGU Insurance

T [redacted]
F
E [redacted]

www.cgu.com.au **We put the You in CGU.**

Annexure 4

MEDIA STATEMENT

22.02.11

CGU responds to protestor demands

CGU Insurance today responded to demands made by protestors outside its Grey Street offices in Brisbane on Friday 18th February 2011.

"We have reviewed and made changes to how we communicate our claims assessment process to customers. We apologise to any customers for whom the process was not previously made clear," said Peter Harmer, CEO, CGU Insurance.

"In particular, I want to make sure it's clear that an individual site assessment is available to all of our customers should they want one."

"If any of our customers have questions about their claim, the assessment process or the options available if they disagree with the outcome, they should call us on 1800 252 461."

CGU also announced it will not be making ex-gratia payments to customers affected by flood.

Mr Harmer said, "CGU is acutely aware of the hardship faced by those affected by the floods, so this has been a difficult decision. However, making payments to customers outside of their policy terms is unsustainable and unfair to customers who have been affected by flood in previous years, both in Queensland and in other states, who have not received payments for damages caused by flood."

"CGU is paying many thousands of claims for Queensland customers in relation to the recent severe weather, for damage from causes other than flood. CGU does not provide cover for flood in its standard home and business policies in any part of Australia. This is clear in our policies and we don't charge our customers for flood cover as part of their premium."

CGU is committed to working with all levels of government and the Insurance Council of Australia to ensure that the right information is made available to enable CGU to provide flood insurance in the future.

ENDS

Media enquiries:

[redacted]

About CGU
CGU Insurance is the largest provider of general insurance to Australia's regional and rural communities, a leading workers' compensation provider and one of Australia's leading commercial insurers. CGU offers a comprehensive range of commercial, rural and personal insurance products through a network of over 1,000 insurance brokers and authorised representatives. CGU has been operating in Australia for almost 160 years and is part of Insurance Australia Group (IAG).

Annexure 5

CGU Insurance
388 George Street, Sydney, NSW, 2000
t 02 9088 9531 f 02 9292 3434

Ms Sally Doyle
[redacted]

1 March 2010

Dear Sally

I am writing in relation to your recent email requesting access to call recordings of conversations you have had with CGU claims representatives.

When we last spoke by phone on 22 February 2010, I indicated that CGU was working towards individual site assessment at your property prior to you contacting the media about your claim. At the time, I made reference to this being reflected in call recordings. Unfortunately, I made a mistake, and it was the file notes of the call made by the claims officer that support this sequence of events.

Call recordings are not made of customer calls to the Brisbane Flood Claims Team which Ms Danielle Tarabay is part of, due to technology limitations and, as a result, no recording was made of this particular call. I apologise for any confusion I have caused.

I have attached a copy of the file notes relating to your claim. If you would like copies of available call recordings between you/your broker and CGU's Parramatta Landlords Claims Team, we are happy to provide them. A number of these conversations involve your broker and we will need their permission to release them for privacy reasons. Please note, some aspects of the conversations involving your broker relate to other customers' claims and will need to be deleted.

Please contact [redacted] – National Manager, Claims directly on [redacted] or [redacted] if you would like to access the available call recordings, or if you have further queries regarding your claim.

Yours sincerely

[redacted]

Peter Harmer
Chief Executive Officer

CGU Insurance Ltd

GPO Box 9902
Brisbane QLD 4001

ABN: 27 004 478 371

QLD Landlord Claims

Tel: 1300 735 491
Fax: 07 3135 1413

28 February 2011

CLAIM: [redacted]

Claim Number: [redacted] (Sally Doyle)
Policy Number: [redacted]

CGU records of communications recorded on file to date:

13/01/2011 18:01:42, Claim Lodgement, CGU NSW
New claim lodged by broker [redacted] of Rocksure.
Incident description: Rain water has come down the hill and drain filled, causing water damage to home
Date of Loss: 12/01/2011
Property Address: [redacted] Gray Road, West End QLD 4101
Excess: $250

14/01/2011 Email from Rocksure received with photo of the property

17/01/2011 Claim referred to the Claims Management Centre QLD

18/01/2011 09:45:28 Phone call, NSW Claims
Rocksure called and advised that the insured is very irate and wants an assessor appointed, advised broker that the claim will be handled by a dedicated flood team which will be up and running on Thursday. CGU QLD Office had been evacuated and closed to all staff on the 11th January due to rising flood waters and did not open until the 18th January. Consultant has confirmed there will be delays due to the office closure and number of claims lodged and there will be a dedicated response team beginning to review all of these claims on the 20th January.

19/01/2011 19:04:52, QLD New Claim Review
Claim reviewed, policy confirmed valid, claim has been referred to QLD Flood Team to Action

20/01/2011 15:30:06 Phone call, NSW Claims
Received phone call from insured Sally Doyle asking for an update. Claims consultant has advised Sally that the claim is being looked after by our QLD Flood Team, consultant advised the QLD office is not up and running yet following the floods and offered to take a message. Consultant explained that a dedicated flood team is going to be looking after these claims when the office is back up and running.

Message taken to call insured Sally Doyle, sent to QLD Flood Team.

22/01/2011 08:39:06 Phone call, QLD Claims
[redacted] from Rocksure called for an update on the claim. Claims Consultant advised that a dedicated team is working through the high volume of claims for this event and someone will be in contact with her in the near future.

[redacted] also emailed a photo of the property provided by the insured which shows property inundated by water, also stating there is an email attached; however, there was no email from the insured attached. Claims consultant has requested she resend this.

24/01/2011 12:56:13 Phone call, QLD Claims
[redacted] from Rocksure called, she advised the insured is very persistent and wanting to know what is going on. Claims consultant advised broker the dedicated response team are working hard to contact every customer ASAP, don't have a time frame at this point.

[redacted] advised she told the insured to go ahead and remove the internal walls, but to keep a bit for inspection by CGU.

25/01/2011 11:18:39 Email Received, QLD Claims
Received email from [redacted] at Rocksure with attached email from Insured, This outlines that tenant has advised circumstances of loss.

01/02/2011 09:54:49 Phone call, QLD Claims

[redacted] from Rocksure called for another update. The response Team has not actioned this file yet due to high volume of claims.

Claims Consultant has emailed QLD Flood Team to contact broker ASAP.

Claims Consultant advised [redacted] someone will call her within 24 hours.

01/02/2011 13:19:31 Phone call, QLD Claims
Phone call to [redacted] at Rocksure, they have provided permission from CGU to contact their customer directly.
Customer is Sally Doyle, Ph: [redacted]

01/02/2011 14:43:36 File Action & Phone call, QLD Claims
Attached image of property from the Internet showing water inundation from the Brisbane River.

Phone call to customer Sally Doyle, left 10 second voicemail message to call CGU back.

01/02/2011 16:20:58 Phone call, QLD Claims
Received phone call from customer, Sally Doyle.

Advised Flood is excluded from CGU's policy, Sally advised she already knows this. Asked the template question set for all water inundation claims:

The Brisbane River has flooded a number of homes in the Brisbane Region.

You have lodged a claim for consideration for water inundation.

To better understand what has caused the damage to your property I need to ask a series of questions:

Is you house high-set or low set?
Sally advised the home is at approximately ground level at the front of the house, however is highset at the rear as it is on a downward sloping block.

Approx how high is the habitable floor above the surround ground level?
Sally advised it is at approximately ground level at the front and approx 1-2m at the rear.

Is the street higher or lower than the ground level of the house?
Sally advised the street slopes down to her home on each side, and the home is at the lowest lying point on this street. The road immediately in front is approximately the same level as the home.

What was the date and approx time of the inundation of the property?
Sally advised that the it began on the 11th of January when drains could not cope with the water and began rising. She thinks this is rain water and then flood may have reached the home some time on the 13th January.

What was the date and approx time when the inundation of the house/garage/shed/etc occurred?
She doesn't know the exact time as she was not there, but does know the tenants saw the water rising and packed up and left immediately on the 11th.

What was the date and approx time when the inundation of the house/garage/shed/etc peak? Sally believes it was on the 13th January

At its peak, how high did the water inside the house reach? Sally advised it was approximately 50cm below the ceiling.

At its peak, how high did the water in the yard reach? Sally advised that it's a downward sloping block, unknown height of water in the yard.

Do you know which direction the water came from? Sally advised the tenant first saw the water at the rear storm water drains down the hill. It also then came from the front of the property.

Was the water inundating the property "clean" or "dirty"?
Sally advised it was very muddy and dirty, it left a muddy residue through out the home.

What date and time was the rain heaviest (since Xmas day)?
Sally does not know as she was not there, only has information from tenant & property manager.

How long has it been since heavy rain has fallen?
Sally does not know as she was not there, only has information from tenant & property manager.

As per the hydrology report to hand for the Brisbane Region, the dates and source of the water is consistent with flooding of the Brisbane River. I advised the insured that in this instance it appears the proximate cause of damage is flood and will be declined.

Customer did not agree with this, she thinks sheets of water came running down the block into the home before the flood water reached it.

However, customer also advised she was not there so she does not know the exact circumstances of the loss.

Consultant explained to the customer that the information she has provided is consistent with the hydrology report, which confirms the flooding began on the morning of the 11th January and that from the 10th of January at 10am over the next 36 hours Brisbane only received between 40-50mm of rain. Consultant explained that this would be insufficient to inundate the property to this height.

Consultant advised that water rising from the Brisbane River via storm water drains, does also fall within the definition of flood, as this is water "escaping" the normal confines of a water course, as per the definition in the policy:
"The covering of normally dry land by water escaping or released from the normal confines of a watercourse or lake, whether or not it is altered or modified. Flood also includes water escaping from the confines of any reservoir, channel, canal or dam."

The customer said she believes rain water came through the property first, before the flood water, on the 11th, because they are at the lowest point of the street and water drains down the road to this area. Sally believes this would have caused significant damage prior to the flooding.

Consultant has advised that in this instance as customer has now said she believes water ran down road and not just rising up storm water drains, they will consider the claim further before declining and asked if CGU are able to contact the tenant for a witness account of the event to gather more information for consideration, as the customer has already confirmed she was not there and does not know the full details.

Sally agreed to this and said she will contact her property manager and call CGU back.

Sent email to Broker Rocksure confirming details of conversation.

02/02/2011 13:52:16 Phone call, QLD Claims
Customer Sally has called, she explained again that she believes the water that first inundated the property on the 11th was rain water run off and not flood.

Sally then also said she is now wishing to dispute the entire claim and not just the initial rain event and she does not believe water rising from the storm water drains is flood water, she wants to dispute CGU's interpretation of the meaning of flood.

Claims consultant advised customer Sally, she will pass on her feedback, that she does not think CGU is interpreting the policy correctly and that she wants to dispute the cause of damage on the entire claim.

Consultant advised Team Manager of Feedback and recommended CGU appoint an assessor, due to the nature of the event and possible rain water & flood damage together. As per all assessor requests, this has been made to Team Manager.

04/02/2011 12:46:19 Letter from Insured
Complaint Letter received from Customer, Sally Doyle.

Complaint referred by consultant to Team Manager, recommending the appointment of an assessor.

08/02/2011 09:00:10 Phone call, QLD Claims
CGU Rockhampton office called asking for an update on this claim. Consultant has advised that the claim is being reviewed by a Team Manager, a request has been made to appoint an assessor. Consultant also advised that, Claims are waiting on response from Sally Doyle, providing contact details for tenant to gather more information about the loss from a person who was present.

10/02/2011 09:28:54 Claim review, QLD Claims
Team Manager has advised Claims Consultant, that due to the nature of the loss as advised by the customer it is in order to appoint an assessor to inspect the property.

Consultant has appointed Crawford & Company External Assessors.

Consultant has sent email to broker Rocksure, advising Crawford & Company have been appointed to assess the claim.

10/02/2011 09:40:18 Claim Review
Team Manager has advised there are several delays with Assessment by Crawford & Company. It is best to appoint a CGU Assessor to speed up the process for the customer.

Sent cancellation of assessment to Crawford & Company and sent new assessment request to CGU Assessing.

Sent email to Broker Rocksure to advise of new assessor appointment.

10/02/2011 15:05:54 Phone Call, QLD Claims
Received call from CGU Office in Rockhampton asking for an update on this claim. Consultant has advised that a CGU assessor has been appointed to inspect the property.

10/02/2011 16:19:31 Phone Call, QLD Claims
[redacted] from Rocksure called, she asked for a copy of CGU's decline letter. Consultant advised [redacted] that CGU has not declined the claim at this point and as per our emails, an assessor has been appointed to inspect the loss.

11/02/2011 10:44:36 Phone Call, VIC Assessing
Assessing Support Officer has called customer Sally. Customer advised she will need to coordinate a time with her tenant regarding the assessment, she said they will be able to provide more details as to what happened, as they were present.

Consultant advised Sally that an assessment time is available at 11am on Monday, and that we would like to assess this as soon as possible, however, if this time is not suited to the tenant, we can look at other availabilities.

Sally will call back to confirm whether this assessment time is suitable for the tenants.

14/02/2011 09:09:18 Claim Review, VIC Assessing
Assessing Support Office reviewed and noted, no return call received from the Insured regarding possible assessment today.

Support Officer called customer who advised she has not been able to get hold of the tenant and she will call me as soon as she has done so.

Customer requested that I text my contact number to her so this is available for her to return my call and book assessment - this has been done.

No booking yet made – customer has been offered appointment for today at 11am on two occasions, but has not been able to take this appointment time. Await call from customer before reviewing assessing opportunities available.

15/02/2011 11:23:37 Phone call, VIC Assessing
Call received from customer, Sally Doyle. She advised tenant has advised that they work and cannot attend assessments unless they are booked for:
- 7am - 8.30am in the morning
- After 5.30pm in the afternoon
- Any day Thursday.

Assessing Support Officer have confirmed with customer that she is also available at these times - yes.

Have advised I will check assessor calendar and call back to confirm the assessment time.

15/02/2011 11:26:35 Phone Call, VIC Assessing
Assessor has been called to discuss available booking times

15/02/2011 14:28:10 Phone Call, VIC Assessing
Assessor is available to meet customer at 8am tomorrow morning.

Assessing Consultant has called customer. Confirmed booking for tomorrow morning at 8am, however call unsuccessful.

Consultant passed message to Team Manager to advise Insured of appointment Time.

16/02/2011 16:56:21 Claim Review, QLD Claims
Due to the nature of the loss, Team Manager has appointed a Hydrologist to attend the situation and provide a report detailing the cause of loss, in relation to weather conditions as well as flooding of the Brisbane River.

17/02/2011 09:44:46 Claim Review, QLD Claims
Assessor Report has been received on file, await Hydrologist report in order to determine liability.

Authorised for Release: ***25/2/11***
[redacted]
Claims Manager
CGU Ins Personal Lines QLD
CGU Insurance Ltd