

Oaths Act 1867

Statutory Declaration

QUEENSLAND

TO WIT

I Peter Harmer, care of CGU Insurance, 181 William Street, Melbourne in the State of Victoria, do solemnly and sincerely declare that:

- 1 I am the Chief Executive Officer of CGU Insurance Ltd. I commenced this role on 8 November 2010.
- 2 I provide this statutory declaration in relation to the requirement by Commissioner Justice C E Holmes to Insurance Australia Group Limited dated 27 September 2011 and received at 4.03pm in relation to the Queensland Floods Commission of Inquiry (**the requirement**). I have provided this statutory declaration to the best of my knowledge having regard to the limited time given by the Commission to respond to these requirements. Attached to this Statutory Declaration and marked '**Annexure 1**' is a copy of the requirement.
- 3 I understand that on 27 September 2011, Commissioner Justice C E Holmes also issued a requirement to James Merchant to provide a statement in response to information received from Ms Sally Doyle. I have read Mr Merchant's statutory declaration in response to that requirement.
- 4 Mr Merchant's statutory declaration of 3 October 2011 addresses a number of matters referred to in my requirement and I refer the Commission to that statutory declaration where I am asked to address the same information. I have noted in this statutory declaration where those matters are addressed in Mr Merchant's statutory declaration.

Response to the request

Question 1

- 5 I have had no direct involvement with Ms Doyle's claim under her Landlord's insurance policy with CGU other than as set out in this statutory declaration. The chronology of Ms Doyle's claim is set out in Mr Merchant's statutory declaration under the heading 'Question 2 - Chronology of Ms Doyle's claim' (**the chronology**).
- 6 I first became aware of Ms Doyle's insurance claim and her concerns about the way CGU were handling her claim when she featured in an article in the Courier Mail on 10 February 2011 (**Courier Mail article**). Annexed to my Statutory Declaration and marked '**Annexure 2**' is a copy of the Courier Mail article.

Question 2

- 7 As set out in the chronology, the issue as to whether an assessor was required was being considered on 2 February 2011. Prior to an assessor being appointed, I understand that various attempts were being made to obtain the details of Ms

Doyle's tenant so that we could gather further information about the circumstances of Ms Doyle's claim. As we had not received this information, on 10 February 2011 we appointed an assessor to prepare a report on the cause of the damage to Ms Doyle's property and to gather the necessary information from the tenant.

- 8 I was not aware of the Premier's visit to Ms Doyle's rental property on 9 February 2011 prior to an assessor being appointed on 10 February 2011. I became aware of this visit on being questioned by the Commission in relation to this matter by its letter dated 27 September 2011.
- 9 I understand that the decision to appoint an assessor was made in order to progress Ms Doyle's claim and to investigate the matters raised by Ms Doyle about the circumstances of the inundation of her rental property. That decision was not influenced by the Premier's visit to Ms Doyle's rental property nor the media attention given to Ms Doyle's claim.

Question 3

- 10 I attended Ms Doyle's rental property at approximately 11am on 14 February 2011, not on 13 February 2011 as stated in the requirement. [REDACTED] General Manager Claims and [REDACTED] Senior Manager Corporate Affairs had arranged to visit Ms Doyle on that day and as I was in Brisbane, I also attended.
- 11 I recall that Ms Doyle met us at the front of her property and she took us down the drive way to the rear yard. I recall Ms Doyle showing us where the water had risen up through her back yard and along the side of her house. I also recall Ms Doyle showing us large storm water drains that were located out the front of her house. To the best of my recollection, I recall Ms Doyle informing us that her tenant had seen quite a lot of the water come up the storm water drain. Ms Doyle's tenant was not present when I visited her property.
- 12 I recall that Ms Doyle then took us on a short tour through the house to show us the extent of the damage. I recall Ms Doyle pointing out where the water had reached. We then went back into the front yard where we spoke to Ms Doyle about her experience with our claims process.
- 13 To the best of my recollection I recall that Ms Doyle stated the following, or words to a similar effect:
- 13.1 the assessment process was hard work from her perspective.
 - 13.2 she felt that we weren't listening to her and that we had too quickly dismissed the claim.
 - 13.3 that many people would suffer psychological stress as a result of CGU declining cover and she asked me if I felt comfortable with the increase in suicide rates which would occur as a result.
 - 13.4 that she felt we had not paid enough attention to the information she had provided about the circumstances of her claim.

- 14 To the best of my recollection, during that conversation I recall stating the following, or words to a similar effect:
- 14.1 I explained that we were working with her to arrange a time to meet with her tenant so that we could gather an eye witness account of the events that led to the damage to her property.
- 14.2 I explained that we had implemented a new claims management process as a result of the Coffs Harbour floods in 2009. After the Coffs Harbour floods, our customers told us that they felt that there had been lengthy delays from the time they lodged their claim to the time they were advised of the coverage of their policy. The feedback that we received was that customers wanted to know sooner whether their policy covered the events that led to the damage. In order to address our customers concerns from the Coffs Harbour floods, we introduced a process to expedite the initial claims process.
- 14.3 I explained to Ms Doyle that this process consisted of consultants reviewing area hydrology reports, time stamped satellite imagery as well as the customers' responses to the question set. The question set was designed by an independent hydrologist to assist us in gathering consistent and accurate information from our customers. Based on that assessment, we then advised the customer as to whether we deemed the loss to be covered under their policy. If a customer did not agree with the assessment, then an assessor would be appointed to gather further information about the circumstances of the claim.
- 14.4 I invited Ms Doyle to meet with us to provide us with feedback about her experience with the claims process so that we could learn about how we could better improve our communications about this process. I also asked Ms Doyle if she thought it would be useful for us to offer customers access to counselling services that are offered to our staff.
- 14.5 I recall noting to Ms Doyle that our staff had also experienced significant trauma through this process and that it was a very difficult time for everyone.
- 14.6 I recall Mr [REDACTED] confirming with Ms Doyle that we would make an appointment with her tenant to obtain further information about her claim so that it could be assessed.
- 15 As a result of the Courier Mail article, I became aware that Ms Doyle and other policy holders were intending to hold a protest outside our offices in Brisbane. On 16 February 2011, I sent an email to Ms Doyle in relation to that protest. In that email I offered to meet with Ms Doyle so that we could better understand her concerns. Annexed to the statutory declaration and marked '**Annexure 3**' is a copy of the email.

Question 4.1

- 16 This statement is not an accurate reflection of what I said. To the best of my memory I recall stating that CGU has never offered flood insurance on its home

insurance policies and has made it clear that in the absence of the necessary flood mapping data, we were unable to price the risk and as such were unable to issue coverage for flood.

Question 4.2

- 17 This statement is not an accurate reflection of what I said. To the best of my recollection, I recall stating that in many cases, when customers contact us after a flood loss, they are already aware that their policy does not cover flood. In those cases, our customers often need a letter from us stating that their insurance policy did not cover flood so that they are able to access other services and funds.
- 18 In this claim, we were awaiting the details of Ms Doyle's tenant to gather information about the circumstances of her claim. As that information had not yet been provided, a decision was made to appoint an assessor to prepare a report based on the information provided by Ms Doyle and to gather information from the tenant. I understand an assessor attended Ms Doyle's property on 16 February 2011 and met with Ms Doyle along with her tenant.

Question 4.3

- 19 As to the 'triage process' referred to in the Requirement, I recall that I informed Ms Doyle with words to the effect that after the Coffs Harbour feedback from customers where they wanted a faster determination of their claim, we put in place a system using area hydrology reports, time stamped satellite photos and a question set designed by an independent hydrologist to better determine whether the loss was caused by flood or not. I may have referred to this as a triage system or process.
- 20 I have read James Merchant's statement and his response to Question 9 contained in his requirement dealing with the 'triage process' and accept this is an accurate description of the process we implemented as a result of the feedback we received from customers after the Coffs Harbour floods in 2009.

Question 5

- 21 My recollection of my telephone call with Ms Doyle differs to the account set out in paragraph 29 of the requirement. To the best of my recollection:
- 21.1 I informed Ms Doyle that we would be making a media release responding to the requests made by policy holders.
- 21.2 I informed Ms Doyle that we would be working towards improving the way we communicate with our customers and that we would be much clearer when we inform customers that if they are dissatisfied with our determination, we would appoint an assessor to gather more information about their claim.
- 21.3 I informed Ms Doyle that we had call recordings and that those recordings could be checked about whether a site assessment had been considered prior to Ms Doyle contacting the media. I did not state that I had listened to the tapes of conversations Ms Doyle has had with

CGU staff. I have not listened to the audio recordings of conversations with Ms Doyle.

- 21.4 I did not state that Ms Doyle had misled the media. I did discuss with Ms Doyle the fact that she had been offered a site inspection which was not reported in the Courier Mail article.

Question 6

- 22 In response to Question 6.1, I recall stating that we were going to make sure that our staff made customers aware that if they did not agree with the determination, we would provide an assessor to gather further information.
- 23 In response to Question 6.2, I have addressed the 'triage' process above in relation to Question 4.3. The triage process was introduced to better meet our customers' needs.
- 24 In response to Question 6.3.1 to 6.3.3, as set out under Question 5 above, I did not state that I had taped telephone conversations with Ms Doyle and that I had listened to them. I have not listened to any taped telephone conversations with Ms Doyle. I understand that copies of audio recordings relating to Ms Doyle's claim have now been provided to her.

Question 7

- 25 In response to Question 7, I authorised a Media Statement dated 22 February 2011. Annexed to this Statutory Declaration and marked '**Annexure 4**' is a copy of the Media Statement dated 22 January 2011. This Media Statement arose out of a protest at our office on 18 February 2011. I was not in attendance but it was attended by [REDACTED] General Manager Claims and [REDACTED] Senior Manger Corporate Affairs. [REDACTED] informed me of the issues arising out of the protest and that the following demands were made at that meeting by Sally Doyle:
- 25.1 That we admit that CGU's claims assessment process 'is illegal' and change the process by conducting an individual assessment of every rejected claimant's property;
- 25.2 That we acknowledge the damage and trauma 'its illegal processes' have caused to customers and issue a public apology;
- 25.3 That all our customers who have been traumatised by these processes be compensated in the form of general damages of \$10,000 each; and
- 25.4 That we make payments to customers whose claims are not covered in the form of ex-gratia payments or other arrangement.
- 26 As set out in the media statement, at the time I authorised that statement, we had reviewed the way in which we communicated our claims assessment process. We wanted to ensure that our customers could better understand our process so that we could assist them more quickly and so that they understood their options.

- 27 The issue that led to the review was the feedback we had received from Ms Doyle. Ms Doyle told us that we had not made it clear to her that an assessor would be appointed by CGU if the customer did not agree with our assessment of their claim and sought for the claim to be assessed. We subsequently provided our claims staff with further training to ensure that consultants proactively offered assessments to customers in circumstances where we had not appointed an assessor.
- 28 The statement that 'an individual site assessment is available to all customers' is correct.

Question 8

- 29 In response to question 8, at the time I wrote the letter to Ms Doyle dated 1 March 2011, I was aware that Ms Doyle had requested copies of audio recordings. Annexed to the Statutory Declaration and marked '**Annexure 5**' is a copy of the letter dated 1 March 2011, including the attached file notes.
- 30 I sent the letter dated 1 March 2011 to Ms Doyle in response to her requests for copies of audio recordings relating to her claim.
- 31 The file notes referred to in my letter to Ms Doyle dated 1 March 2011 were attached to that letter (see Annexure 5). The file notes were prepared by the Claims Manager based on the CIS records (see Annexure 3 of Mr Merchant's statement). I understand in preparing these notes, the Claims Manager spoke to various members of the flood team to gather their recollections of events relating to Ms Doyle's claim.
- 32 When I used the words 'sequence of events' what I was referring to was Ms Doyle's claim process and the process which was underway to arrange to obtain the details of her tenant and to gather further information.
- 33 The file notes supported the sequence of events in so far as they showed that we were attempting to obtain the details of Ms Doyle's tenant so that we could obtain further information relating to her claim.
- 34 I have reviewed Mr Merchant's statement and refer to question 19. This is an accurate description of the technology limitations which prevented calls made to the Brisbane Flood Team from being recorded.
- 35 I became aware of these limitations in relation to call recording with respect to the Flood Team when Ms Doyle requested the call recordings and I requested the files from my team.



Signature of declarant

Taken and declared before me at Brisbane

this 3rd day of October 2011.



Justice of the Peace/Commissioner for Declarations/Solicitor