



CGU Insurance  
CGU Centre, Level 6, 181 William St, MELBOURNE VIC 3000  
t (03) 9601 8429 f (03) 8804 9354

30 June 2011

[REDACTED]  
Australian Securities & Investment Commission

By Email: [REDACTED]

Dear Ms [REDACTED],

#### Assessment of Home & Contents Insurance Claims Following 2011 (Qld) Flood Events

I refer to my letter to Mr [REDACTED] dated 13 May 2011 and our telephone communication on 20 January 2011. I provide the following additional information as requested.

1. A copy of CGU's standard letter which was used in situations where CGU's decision was to decline cover due to the flood exclusion arising out of the Queensland flood events;
2. A copy of CGU's document titled "Handling Your Complaint" which is sent with the initial decline letter;
3. A copy of CGU's standard letter which was used in situations where the insured sought internal review of the initial decision and the decision was to maintain the denial of cover due to the flood exclusion.

These standard form documents did not change throughout the Queensland flood events.

#### Claims Assessment and the Customer Question Set

As emphasised in our letter of 13 May 2011, the claims handling process relied on a number of sources of information such as Aerial Photography, Flood Extent Mapping, Area Hydrology Reports and a Customer Questionnaire Set. The Customer Questionnaire Set comprised 15 questions which had been developed with expert hydrology advice. Whilst the questions themselves did not change throughout the process, it became apparent relatively early during the events that, some responses to the questions were often put as a narrative rather than as specific responses to specific questions. Some customers also only recalled being asked a few questions when in fact CGU staff had covered all 15 questions during the initial discussion. CGU's procedures were accordingly changed so that our claims officers ensured that each question was made more explicit and distinct.

#### Site Assessment Options

CGU reviewed its position on or around 19 January 2011 in relation to the option to conduct individual site assessments. Up until then, a site assessment option was not conveyed to customers where a clear decision had been made to decline cover on the basis of a flood exclusion. As indicated, the claims assessment was based on a range of data and other information which was conclusive with a high degree of accuracy as to the

cause of the loss. Site assessments were still always conducted where there was doubt about the cause of the loss (eg uncertainty about whether the loss was caused by storm-water or flood).

After 19 January 2011, an option to site assess was offered by claims staff to impacted customers. Whilst CGU's considers that a site assessment was unlikely to add any more relevant information, CGU accepted feedback from some customers that they wanted the option to have a site assessment conducted. It is worth noting that a specific site hydrology assessment option was also offered prior to any Internal Dispute Resolution (IDR) process commencing (if not already conducted).

We estimate that between 80 to 100 CGU customers had claims denied due to the flood exclusion prior to 19 January 2011. All of these denied claims were subsequently reviewed by senior claims staff to ensure that the available data was unequivocal and the denial decision was valid. In cases where an IDR process has been initiated, a site hydrology assessment has also been conducted. It is worth noting that none of the denial decisions have been changed as a result of these additional reviews.

I trust this addresses your additional queries. Please contact me on [REDACTED] if you would like to discuss the matter further.

Yours sincerely,

[REDACTED]  
CGU General Counsel, CGU

CC [REDACTED] General Manager, CGU Claims

CGU Insurance

GPO Box 9902  
BRISBANE QLD 4001

ABN 2704 478 371

Tel:  
Fax:

Dear \_\_\_\_\_,

Your Claim Number:

Your Policy Number:

I am writing to you in relation to a claim you made for damage to your property on or about .....

Your CGU policy covers inundation by storm water but does not provide insurance coverage for losses caused by flood. Flood is clearly defined in your policy, for details you can refer to page ..... of your ...*enter name of policy*...policy.

CGU reviews each claim on its individual merits and we do not deny claims lightly. We have carefully reviewed your claim and based on your advice and information available to us, we conclude that the loss for which you have claimed was caused by flood. As a result we are not in a position to pay your claim.

If you disagree with this decision, please contact our office and we will refer your claim to the CGU Dispute Resolution team. The Dispute Resolution team will independently review your claim and provide a decision within 15 business days of receiving your request and all relevant information.

Enclosed is a brochure that will provide you with further information about the dispute resolution process. Please do not hesitate to contact our office on 1300..... if you wish to discuss this matter or require any further information.

Yours sincerely

Claims Consultant  
CGU Claims



# handling your complaint



## Handling Your Complaint

**Are you unhappy with a decision made by CGU Insurance regarding your insurance and/or do you wish to make a complaint?**

At CGU, we value all our customers.

We understand that occasionally some customers are not satisfied with the services or products we provide or do not agree with decisions we make in relation to their insurance.

We have a process to help you if you wish to make a complaint or have a dispute managed.

## CGU's Complaints Process

### Step 1. Talk to us first

The first thing you should do is contact us. You can contact your nearest CGU Insurance office or talk with a relevant staff member in the department concerned. If you do not have the relevant contact details you can call us on the numbers featured on the back cover. If you let a staff member know what your complaint concerns, they may be able to resolve the issue for you. If not, they will refer you to an appropriate manager.

The Manager or a senior staff member in the Manager's area will review and respond to your complaint.

A response to your complaint will usually be provided within 15 business days from receipt of your complaint.

### Step 2. Have your complaint reviewed by the relevant CGU Insurance dispute resolution area

If the Manager or senior staff member cannot resolve your complaint, they will refer it to the relevant CGU Insurance dispute resolution area. Alternatively, you can ask the Manager or senior staff member to refer you to the relevant dispute resolution area.

The relevant dispute resolution area will treat your complaint as a dispute and one of their staff members will liaise with you in relation to the dispute. They will review your dispute and provide you with a decision usually within 15 business days.

### Step 3. Seek an External Review of the decision

If you are unhappy with this decision, you may wish to seek an external review of the decision. The relevant dispute resolution area's letter outlining its decision will provide you with information on external review option(s), such as, if appropriate, referring you to the dispute resolution scheme run by the Financial Ombudsman Service (FOS). The toll free number for the FOS is 1300 780 808. Or you can contact them via their website: [www.fos.org.au](http://www.fos.org.au).



**'our commitment to  
customer service'**

## contact details

### **Adelaide**

80 Flinders Street  
Adelaide SA 5000  
Tel (08) 8405 6300  
Fax (08) 8405 6444

### **Ballarat**

The Gordon  
1-3 Bath Lane  
Ballarat VIC 3350  
Tel (03) 5329 4100  
Fax (03) 5329 4194

### **Brisbane**

189 Grey Street  
South Bank QLD 4101  
Tel (07) 3135 1900  
Fax (07) 3212 7898

### **Hobart**

Level 5 188 Collins Street  
Hobart TAS 7250  
Tel (03) 6230 4748  
Fax (03) 6230 4740

### **Melbourne**

181 William Street  
Melbourne VIC 3000  
Tel (03) 9601 8222  
Fax (03) 9279 5450

### **Newcastle**

3rd Floor The Metro  
Cnr Scott & Watt Streets  
Newcastle NSW 2300  
Tel (02) 4935 7100  
Fax (02) 4935 7110

### **Perth**

46 Colin Street  
West Perth WA 6005  
Tel (08) 9254 3600  
Fax (08) 9254 3601

### **Sydney**

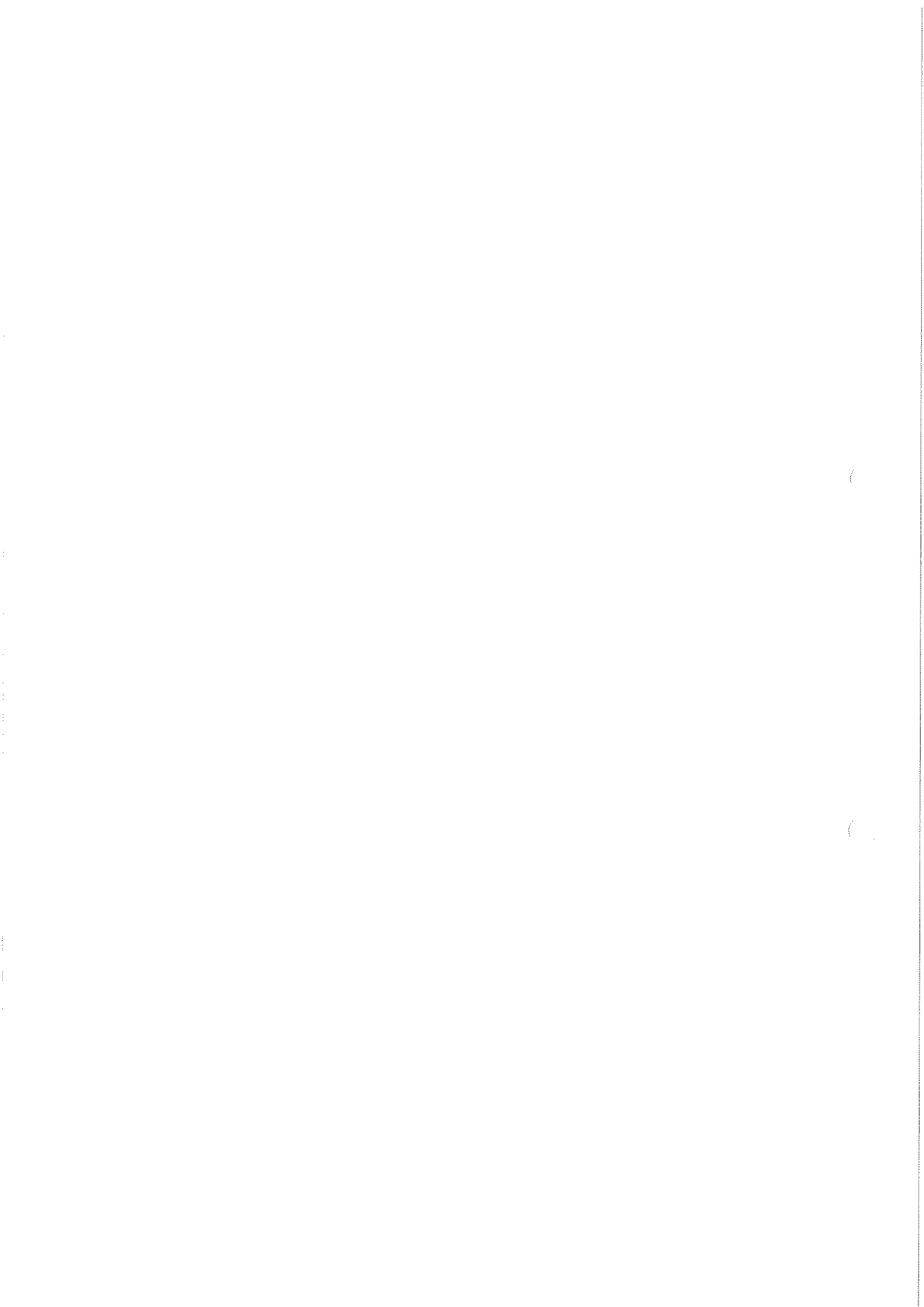
388 George Street  
Sydney NSW 2000  
Tel (02) 8224 4000  
Fax (02) 8224 4025

**Website:** [www.cgu.com.au](http://www.cgu.com.au)



Insurer  
**CGU Insurance Limited**  
ABN 27 004 478 371

Your insurance adviser is







CGU Insurance

GPO Box 9902  
BRISBANE QLD 4001

ABN 2704 478 371

Tel: 1300 882 788  
Fax: 07 3135 1413

5 April 2011

MR AND MRS [REDACTED]  
C/ IC FIRTH & ASSOCIATES  
PRIVATE MAIL BAG 14  
CASTLE HILL NSW 1765

Dear Mr and Mrs Brimson,

Your Claim Number: [REDACTED]  
Your Policy Number: [REDACTED]  
Situation Address: [REDACTED] DONATELLO ST FIG TREE POCKET QLD

I am writing to you in relation to a claim you made for damage to your property on or about the 12<sup>th</sup> January 2011.

As requested I have reviewed your claim and after careful consideration of the information provided, I concur with the original decision to decline the claim for the following reasons;

#### Summary of the decision

##### **The circumstances of the claim**

We received correspondence on the 9<sup>th</sup> February 2011 requesting reconsideration of your claim.

##### **Your policy coverage relating to the claim**

Your CGU policy covers inundation by storm water but does not provide insurance coverage for losses caused by flood. Flood is clearly defined in your policy, for details you can refer to the glossary of your CGU home policy.

##### **The information we have considered in making this decision**

CGU reviews each claim on its individual merits and we do not deny claims lightly. We have carefully reviewed your claim; water has escaped from the Brisbane River via storm drains. Where water has escaped a water course by backing up through storm water drains to find an equal level to the river, this is also considered to fall within the definition of Flood under the CGU Policy.

Furthermore, rising storm waters that can not drain into a watercourse because the watercourse is already in flood is also considered flood water

The source of the inundation is from the Brisbane River. I refer to your definition of flood under your CGU policy:

***Flood:***

*The covering of normal dry land by water escaping or released from the 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.*

Flood water that mixes with storm water run off that inundates your property is viewed as damage from floodwater.

Based on your advice and information available to us, we conclude that the loss for which you have claimed was caused by flood. As a result we are not in a position to pay your claim.

If you disagree with this decision, please contact me and I will refer your claim to the CGU Dispute Resolution team. The Dispute Resolution team will independently review your claim and provide a decision within 15 business days of receiving your request and all relevant information.

Enclosed is a brochure that will provide you with further information about the dispute resolution process. Please do not hesitate to contact me on [REDACTED] if you wish to discuss this matter or require any further information.

Yours Sincerely,

[REDACTED]  
Team Manager  
CGU Claims