

## Victorian Bushfires 30/6/2009 Update

Delays on remaining properties remain related in part to probate issues and in part to the need in some cases for complex engineering and reporting to be carried out for some structures being assessed. (Note: Probate issues may take lengthy time to be resolved).

- Approximately **10,100** claims have been received by Insurance Council member companies to **30/06** (an increase of 60 claims since 29/05).
  - Approximately **15%** of total claims received remain related to Motor Vehicles.
  - Approximately **85%** of total claims received remain related to Property and Contents.
- Post the initial assessment phase, with increasingly accurate rebuilding, trades and replacement costs becoming available, the approximate insured value of claims received now stands at **\$1.09 billion**, including residential, commercial, industrial and farming losses.
  - Approximately **2%** of claims cost relate to Motor Vehicles (22% Commercial & Farming / 78% Domestic).
  - Approximately **98%** of claims cost relate to Property or Contents (26% Commercial, Industrial & Farming / 74% Domestic).
- To **30/06**, Insurance Council member companies have made approximately **\$703 million** in emergency payments and cash settlements to affected policyholders – i.e. **65%** of the current total insured cost for this event, an increase of **8%** or **\$92 million** since 29/05.
  - Approximately **4%** of the value settled to date relates to Motor Vehicles.
  - Approximately **96%** of the value settled to date relates to Property, Contents or Commercial Losses.

With regard to residential property damage, insurers have reported in aggregate to **29/05**:

- **Category A – ‘total loss’ insured residential properties:** Of the **1,652** properties requiring reconstruction or significant repair before reoccupation [an increase of 133 since the 29/05 report due to further assessment of some properties as a total economic loss following receipt of full engineering and other assessment reports]. Note: This number includes insured residences that have been completely destroyed by fire leaving nothing habitable, and others that have now been assessed as having damage to such an extent that they are a “total loss” because they are an economic write off and the property is not repairable, but needs to be demolished and replaced with a completely new structure. Consequently the number of residential properties in this Category reported by the general insurance industry may differ to reports from other sources on “total loss” properties.
  - Approximately **67%** (1,111) of the **1,652** Category A properties have now been cash settled.
    - Reporting from insurers indicates that many cash settlements are being requested by policyholders with many preferring to seek a cash payment with a view to undertaking rebuilding elsewhere or at a later date.
    - Many insurers are continuing to strongly encourage policyholders to seek financial advice when seeking or receiving a cash settlement, particularly in relation to Category A properties where sizeable cash settlements may be involved.
    - Once a policyholder has cash settled, insurers lose ‘visibility’ of the status of the property and any subsequent reconstruction or repairs undertaken by the property owner.
  - Of the remaining **541** Category A properties:
    - Approximately **92% (499)** are awaiting building quotes or decision from the policyholder to rebuild. Note: Insurers have indicated that many remaining policyholders are still debating whether or not to rebuild, and further cash settlements are expected for those who do not wish to rebuild. Cash settlements are also being requested in many cases by policyholders who wish to delay the rebuild decision for some time, or to carry out the rebuild as an owner builder.
    - Approximately **6% (30)** have building contracts and start dates agreed with the policyholder. Note: Since the 29/05 report, some policyholders have decided to take cash settlement rather than continue with the building contract received.

- Approximately **2% (12)** have builders [appointed by insurers] onsite carrying out work.
- **Category B - presently liveable insured residential properties:** Of the 993 (unchanged since 30/04) Category B properties (defined as “presently liveable insured residential properties”): the total remaining as at 30/06 is 301 (last reported on 29/05 as 364).
  - Approximately **70%** (695) of the original **993** Category B properties have been cash settled.
    - Where a claim is cash settled, insurers lose ‘visibility’ of the status of the property and any subsequent repairs undertaken by the property owner.
  - Of the remaining **298** Category B properties [down from 364 at 29/05 - 66 having been closed through cash settlement or completion of repairs]:
    - Approximately **60% (179)** are awaiting quotes for repair,
    - Approximately **35% (104)** have contracts, work orders and start dates agreed,
    - Approximately **5% (15)** have builders [appointed by insurers] onsite completing repairs.