



# MEDIA RELEASE

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## LET'S CALL A FLOOD A FLOOD AND GIVE AUSTRALIANS A FAIR GO IN INSURANCE

A twelve point plan released today by the country's leading insurance law experts for households and consumers clearly sets out the current problems with insurance and their solutions, and puts the pressure on the Government to secure some real actions ahead of its meeting with the insurance industry today.

Katherine Lane, Principal Solicitor with the national Insurance Law Service, said Australian policy holders would continue to be let down by their insurers unless the Government went in to bat for their interests and secured immediate action in response to the twelve point plan.

"We know what needs to be fixed if Australians are going to get a fair go from their insurers. The recent floods have highlighted, once again, the disastrous impact of not having a fair standard flood definition in all insurance policies. No doubt, in coming weeks, we'll see many of those affected being surprised and devastated to find that their policies don't cover them for this loss," she said.

"This debate has been going on for years and the Insurance Council will say that it has tried to introduce a standard definition. However, by its own admission, it insists that the adoption of a standard definition should be voluntary *'to maintain competition and consumer choice'*," Ms Lane said.

Nicole Rich, Director of Policy and Campaigns at the Consumer Action Law Centre said that a clear definition of 'flood' was just one of the issues that could be resolved quickly – others include:

- mandatory key facts sheets for general insurance policies,
- applying national unfair contract terms protections to insurance contracts,
- encouraging the industry to offer total replacement policies instead of sum insured policies, and
- requiring insurers to offer fortnightly payment and Centrepay payment options.

"People need to know what they are covered for. In the recent Victorian bushfires we saw victims lose everything and, because they'd been insured for years, they thought they'd be okay. Unfortunately, they found out too late that they had a sum insured policy rather than a replacement policy which meant they were often only covered for a fraction of the cost to rebuild," she said.

Ms Rich said that while the Insurance Council was actively trying to encourage greater take up of private insurance, they did not yet do enough to extend this to developing policies for lower income families who can't afford current premiums but can't afford the clean-up bill after disasters either. Ms Rich also said the industry should be focussed on ensuring existing policy holders understood what they were covered for so there were no nasty surprises if disaster eventually struck.

"Many of these issues could be resolved quickly and with little fuss if the insurance industry started acting in a more balanced manner."

However, she said there was also a pressing need for the government to establish a serious inquiry into the long term issues of how to deal with disaster recovery in the future.

"The government has to conduct a review of the ways in which we should be dealing with future disasters but that doesn't mean they should delay acting on issues that could be resolved now to the benefit of thousands of Australian policy holders – many of whom have been dutifully paying their insurance premiums for years in the misguided belief their policy would cover them for flood damage."

See the attached "A Fair Go in Insurance" to read the twelve recommendations made to the Government.

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