

INSURANCE INFORMATION FOR BUILDING RECOVERY

Introduction

Insurance plays a big role in the recovery work following a disaster, such as a cyclone or flooding. This fact sheet provides useful information about things to consider concerning insurance cover for buildings, in particular, in arranging building work.

Immediately following a disaster

The first priority after a disaster has struck is to ensure that building occupants are safe, can safely exit a building or can safely remain occupying a building. If there are any identified health and safety risks, building occupants should make themselves safe and notify the insurance company of the risks when they make first contact.

After undertaking a safety check, a building owner should immediately contact their insurance company who will advise on the next steps. These actions may differ between insurance companies. It is important for an affected building owner to speak to their insurer before attempting or authorising any building work, including emergency repairs. The building owner should also ask for the insurer's permission in writing. Otherwise unauthorised work may not be covered by an insurance policy.

Building owner arranging their own building work

Who will perform the recovery work?

An insurance company will usually have a panel of licensed tradespeople who are contracted by the insurance company to undertake repair work. Alternatively, a building owner may be advised by the insurance company that they can arrange their own building works by engaging a licensed tradesperson directly. Another option may be for the insurance company to pay a cash settlement to an insured building owner, who is then responsible for arranging recovery building works.

Whatever option is pursued, it is important that

the tradesperson engaged to undertake the recovery work is appropriately licensed. To check that a tradesperson is appropriately licensed, an online search can be performed on the Queensland Building and Construction Commission's (QBCC) website: www.qbcc.qld.gov.au or by telephoning 139 333.

It should be noted that if a building owner arranges their own licensed tradesperson, this may affect the warranty of the repair work. If the repair work is faulty, the building owner will need to pursue the tradesperson directly for the rectification. Alternatively, if the repair work is conducted by a tradesperson assigned by the insurer, the insurer will rectify any faulty workmanship.

Caution should also be applied when allowing volunteers to undertake building recovery work. Volunteers undertaking specific building work may require a licence to undertake that work, otherwise they will be deemed to be performing unlicensed work and could face hefty penalties. This could also jeopardize a building owner's insurance cover.

Disaster recovery insurance questions answered

If a contractor was engaged to undertake repair work following a disaster and that person did not hold the necessary QBCC licence (and was therefore unlikely to hold professional indemnity insurance) and they performed work that caused an issue, would the building owner be covered by their insurance?

This will depend on the person's policy. If the contractor has been arranged by the building owner to conduct the repairs, an insurer will typically not cover the repair work. Furthermore, any future damage related to those repair works may not be covered by insurance. However, if the contractor is engaged by the insurer to perform the repair work, the insurer will typically be responsible for issues relating to the repair.

If a QBCC licensee performed work during a recovery stage and an issue occurred with that

work, for example, a flexi pipe cracked, leaked and flooded the building - would the QBCC licensee be expected to pay using their professional indemnity insurance, or would the building owner claim on their own building and contents insurance?

Again, this will depend on the policy in place. However, as a general rule, if a licensee causes damage to a property that they are working on, it will be their issue to rectify and not the building owner's insurer.

If a building owner who experienced flooding in their building didn't get their fire doors checked post disaster and the fire doors had diminished fire-resistance level as a result of the disaster, and then a subsequent fire occurred at the building and the fire doors were inadequate, would the building owner be covered by their insurance?

As a general rule yes, unless the degradation is of a gross nature such that the failure of the door would have been obvious and therefore a decision to not replace the door constitutes a failure to maintain the property.

Complaints about insurance companies

Who can I contact to complain about an insurance company?

If you are unhappy with your insurance company's decision on your claim, you can ask for your case to be reviewed.

All insurance companies are required to have their own internal dispute resolution system, and are also required to be a member of an external dispute resolution scheme.

If, after an internal review, you are still unhappy with your insurer's decision you can take your claim to the Financial Ombudsman Service Australia (FOS).

FOS offers free dispute resolution services to all Australian residents.

You can register your dispute with the FOS via their [online dispute form](#) or by calling 1800 337 444.

More information about their dispute resolution process is available at fos.org.au

Alternatively, you can contact the [Credit and Investments Ombudsman](#) for assistance to resolve complaints with financial service providers.

You can also contact the [Australian Securities and Investments Commission](#) (ASIC) to complain about your insurer if you believe the insurer's conduct could affect other customers.