

Flood insurance

Are you covered?

INFORMATION FOR CONSUMERS



This brochure will help you do three things:

- find out if you live in a flood prone area
- understand insurance policy wording
- find out if flood insurance is available to you

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Different types of **water damage**

Insurance companies describe water damage in several ways:

- **Storm damage** normally occurs when rainwater enters your home through an opening created by a storm, eg after the roof or a window is damaged.

Storm damage is covered by all household policies.

Note: Some policies may exclude cover for damage caused if you leave a window or door open or the building is in poor repair.

- **Urban drainage overflow** normally occurs when gutters and storm water drains in urban areas become blocked, eg by debris, overflow after heavy rain and the water enters your home. This is particularly hazardous in heavily populated areas.

Urban drainage overflow is normally covered by home building and contents policies.

- **Flood damage** normally occurs when water enters your home because bodies of water such as rivers, dams and other watercourses overflow and cover normally dry land.

You may not be covered for flood by your home building and contents policies.





Is your house in a flood prone area?

Start with your local council. Many councils have historic records of flooding in their area. Some have used new technology to determine where floods are predicted to occur.

If they can't help then ask your State Emergency Service, your local water authority, speak with your neighbours or check with local conveyancers, solicitors and insurers. They may be able to assist you to find out if your property is in a flood prone area.

If your property is near a watercourse or is low-lying, it could be flooded in the future.





Examples of flooding

- **Flash flooding** occurs after intense bursts of rainfall, often from thunderstorms, in a local area over a short period of time. It causes rivers, creeks and other watercourses to quickly overflow and then subside. Flash floods are common in Australia, and, due to the speed with which they occur, can cause significant property damage.

Some insurers include cover for flash flooding in their home and contents policies. There may be some limits on the cover.

- **Riverine or mainstream flooding** occurs when rain falls or snow melts (whether in the immediate region or elsewhere) causing rivers, creeks or other watercourses to overflow. This can occur over a wide area, often remote from the location where the rain fell, and some time after it occurred.

In mountain and coastal areas these floods may only last 2 or 3 days. However, in inland areas, flooding can spread across thousands of square kilometres, particularly if several flooded rivers join. These floods may last for weeks or even months.

Riverine flooding is usually excluded in home building and contents policies.

Some insurers will cover all types of flood damage in their home building and contents policies. However, they may charge an additional premium or not offer cover in highly vulnerable areas.



Other types of **Damage**

Other types of damage associated with storms and heavy rain that may not be covered by your insurance are:

- **Storm surge**, when the combination of high tides and heavy seas usually associated with tropical cyclones lead to the inundation of coastal property.
- **Tsunami**, a series of large ocean waves caused by under-sea events like earthquakes, landslides and volcanic eruptions.
- **Landslip**, large amounts of earth shifting as a result of soil saturation, often with the contribution of human activity.



What to ask your insurer

If you think your property could be exposed to any type of flooding you need to check with your insurance company to see if your existing policy covers you for flood damage.

Your policy should tell you what your insurance company will cover you for. You will only be compensated if those particular events occur.

Ask your insurance company these questions:

- 1 Is flood cover currently **excluded** in my insurance policy?
- 2 Do you offer flood cover?
- 3 If you offer flood cover does it include:
 - a) flash flooding
 - b) riverine flooding
 - c) storm surge
 - d) tsunami
 - e) landslip
- 4 If you offer flood cover, are there any other 'exclusions'?

All policies specify the events they do not cover. These events are listed as 'exclusions'.

- 5 Am I covered for losses under both my building and contents policies?

General insurance is an extremely competitive industry. The type of cover offered or the specific wording used in policies will vary between individual insurers as they tailor their products to best suit their customers' needs.

That is why it is very important to read the terms and conditions of the policy closely and ask any questions of the insurer if there is something you don't understand.



General Insurance Code of Practice

Members of the Insurance Council of Australia must adhere to the General Insurance Code of Practice, which sets out requirements such as proper training of staff, plain language wording and internal dispute handling procedures.

Insurance Enquiries and Complaints Limited (IEC) is responsible for the administration of the Code. IEC can provide independent advice to consumers and is also responsible for the administration of the General Insurance Enquiries and Complaints Scheme. The scheme is free to consumers and the IEC can be contacted on free call 1300 78 08 08.

Flood insurance is not universally available because insurers believe that not enough has been done to reduce the risk of flood in many communities. This brochure and further information about flood insurance, the Insurance Council of Australia and the general insurance industry is also available on the ICA's website: www.ica.com.au.



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