# Financial counselling sector

Submission to the inquiry into insurers' responses to 2022 major flood claims

financial counselling australia

FINANCIAL COUNSELLORS' Association of Queensland Inc.

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## About us

The financial counselling sector in Australia plays a pivotal role in supporting individuals and communities navigating financial crises, including those arising from natural disasters like the 2022 major floods.

These professionals provide essential guidance, advocacy, and support to individuals grappling with insurance-related issues, housing concerns, debt, and overall financial instability. They help policyholders in understanding their rights and options when dealing with insurers, assist in pursuing claims, and offer critical insights into potential financial support programs and grants.

The financial counselling sector is instrumental in helping policyholders find a path to recovery and regain financial stability during the arduous process of post-disaster insurance claims. Their expertise and commitment to serving the community are indispensable in the context of insurance-related challenges arising from natural disasters.

Financial counselling agencies in Queensland (Qld) and New South Wales (NSW) received funding from the Department of Social Services (DSS) in 2022 to provide recovery services, firstly in the wake of the south-east Qld and northern NSW floods of February and March 2022, then following the central-west NSW floods of November and December 2022. Financial counselling agencies in Victoria received funding from Consumer Affairs Victoria and the Victorian State Department of Jobs, Skills, Industries and Regions to provide recovery services following the October 2022 floods.

Financial Counselling Australia has been working closely with agencies in Qld and NSW to coordinate the recovery effort. This coordination role has involved the delivery of training to financial counsellors (see the photos on the front page), the monthly collection and aggregation of data for submission to DSS, and systemic advocacy across banking, insurance and the two Resilient Homes programs. Since the sector's recovery efforts began in Qld and NSW, financial counsellors have spoken with more than 7,800 people about their service, assisted more than 1,200 flood-affected community members, and completed more than 5,700 casework sessions. Please refer to Appendix 1 for the latest data as of September 30, 2023.

This report is submitted on behalf of Financial Counselling Australia, Financial Counsellors Association of Qld, Financial Counsellors Association of NSW, Financial Counselling Victoria, and Financial Counsellors Association of Tasmania. We wish to thank the financial counsellors who have taken the time out of their busy schedules to contribute to this report by submitting case studies and participating as part of a working group which has helped to shape and inform this report.

## The Experiences of Policyholders Before, During, and After Making Claims

The policyholders we worked with shared experiences that underscore the profound impact of the 2022 major floods. It is important to recognise that before making claims, many of these individuals were already grappling with substantial hardships that made them particularly vulnerable to the devastation caused by the floods. Many of them lived in flood-prone areas, where the harsh reality for some was that insurance coverage, especially flood insurance, was unaffordable or altogether unavailable. For those fortunate enough to have coverage, their experiences presented distinct but equally formidable challenges.

When the floods occurred, their homes, in which they had invested years of hard work and savings, were inundated. The floodwaters caused extensive damage to their properties, from structural issues to the loss of personal belongings and cherished memories. This experience was not only financially devastating but also emotionally traumatic. Witnessing the destruction of one's home and struggling to salvage any remnants can have severe effects on mental and emotional wellbeing. Appendix 2 references research from the 2011 Brisbane floods and the 2017 NSW floods which showed that people whose households or businesses were inundated or evacuated were at higher risk of experiencing psychological distress and PTSD.

After making claims, these policyholders faced long, emotionally draining battles with insurers to secure fair settlements. The claims process, rather than providing the relief they so desperately needed, added layers of frustration, anxiety, and uncertainty. The narratives from these individuals echo the sentiments of being lost in a bureaucratic maze, where seemingly endless paperwork, requests for documentation and protracted negotiations with insurers eroded their resilience and deepened their trauma.

A compelling illustration of the "before, during, and after" narrative is exemplified by Barry and Liz (case study 17), a couple living in regional NSW. Their remarkable loyalty to the same insurer spanned an astonishing 43 years, during which they had never initiated a claim. This loyalty was tested when the central-west NSW floods damaged their home in November 2022. Their first-ever claim encounter has been marred by relentless obstacles and resistance. Despite the relatively modest nature of their claim, securing a cash settlement for the flood-induced damages has become an arduous battle, casting a shadow on their long-held trust in their insurer.

The enduring impact of these experiences is evident in the toll it has taken on the mental and financial wellbeing of our clients. While they hoped for a lifeline during a time of crisis, the protracted claims processes left them in limbo, with mounting stress and a sense of helplessness.

## Timeframes for Resolving Claims

The case studies reveal a distressing pattern of delayed claim resolutions, with timeframes ranging from several months to well over a year, and in some instances, claims still pending even after an extended period. Policyholders reported being mired in uncertainty and enduring persistent anxiety as they navigated this lengthy ordeal. The extreme length of time to reach a resolution has caused severe financial strain, emotional distress, and continued disruption to their lives.

Peta (case study 12), a 57-year-old woman whose investment property was affected by the Victorian floods in October 2022, reported that her property had sat vacant with no strip-out completed as of April 2023. An engineer had attended the property in December 2022, but the report was not received until April 2023, only to then have the insurer and loss adjuster reject it. Peta described her property as "sinking in mud" and said that "mould had grown up to the ceilings".

Tony (case study 15), a 67-year-old man whose mother's house was inundated by floodwaters in October 2022, reported that the essential stripping and drying of the water-logged property did not begin until August 2023. This prolonged inaction resulted in mould proliferation, damaging both the property and its contents. This loss of valuable possessions was particularly devastating, given the recent passing of Tony's mother.

For clients whose principal place of residence was affected, the extensive delays also resulted in policyholders being left in unsatisfactory living conditions. Returning to flood-damaged homes with structural damage, exposed electrical issues and mould growth, further deteriorated their quality of life. Mary (case study 3) is a 56-year-old woman from Qld who is the full-time carer for her autistic adult son. She reached out for financial counselling assistance 18 months after the February 2022 floods as both her, and her son were continuing to live in their property with a sagging roof, damaged walls, and pervasive mould.

In situations where policyholders were not covered for the cost of temporary accommodation, prolonged disputes and claims processing times forced them to extend their stay in private rentals, incurring additional costs and further exacerbating their financial burden. Julie (case study 4), a 55-year-old woman from Qld, could no longer afford her private rental having already paid thousands of dollars for emergency accommodation for her severely disabled adult son. The financial pressure significantly impacted the cashflow of her business, and she was left with no choice but to return to her flood-damaged property.

The impacts of prolonged claims processes extend beyond financial and logistical concerns. The severe emotional distress reported in the case studies reveals the psychological toll that prolonged claims processes take on policyholders. Catherine (case study 9), a 34-year-old woman in Victoria, became so depressed from the loss and ongoing delays that she had to reduce her employment from five days to two days per week. This resulted in a shortfall in the household budget which left Catherine and her partner Paul unable to service their debts.

## Obstacles to Resolving Claims

External factors played a substantial role in obstructing the resolution of claims. The disaster-hit regions presented multiple challenges for policyholders. Access to these regions was impeded by damaged infrastructure, road closures, and the inaccessibility of certain areas due to ongoing floodwaters. However, it is important to note that obstacles to resolving claims also arose due to frustrated community members who were verbally aggressive towards insurance staff. Peta (case study 12) from Victoria experienced a last-minute cancellation by her insurer due to this scenario. She was visibly distressed by this turn of events at the time she sought assistance from a financial counsellor at a community insurance forum.

The appropriateness of temporary accommodation was also a concern. John (case study 13), an 85-year-old man in Victoria, had serious mobility issues which his insurer was aware of. Nevertheless, he was provided with a stock standard caravan on his property while building works were carried out. However, due to John's mobility limitations, he was not able to use the toilet inside the caravan. He had no other option but to use the builder's toilet outside. One night while accessing the builder's toilet, he fell and severely damaged his ear resulting in dozens of stitches.

Inadequate communication regarding temporary accommodation sometimes had profound consequences. Leah (case study 2), a 59-year-old woman from Qld who was experiencing domestic violence (DV), was given just 24 hours' notice to vacate the temporary accommodation provided by the insurer. This sudden displacement put her in an extremely vulnerable position, further intensifying the volatility of her situation.

The broader labour market conditions and supply chain disruptions due to the widespread disaster had a direct impact on claim resolutions. Labour shortages and increased demand for construction services resulted in extended wait times for repairs. However, the actions of some insurers only exacerbated these problems. Barry and Liz (case study 17) in regional NSW faced a vexing scenario where their insurer displayed a glaring double standard. Firstly, the insurer rejected the quotes they obtained from local suppliers because they were not from their "preferred" vendor list. Then, the insurer-appointed repairer withdrew from the job sending them back to square one.

## Insurer Communication with Policyholders

The lack of timely and responsive communication from insurers was a consistent challenge faced by policyholders. Clients such as Leah (case study 2) from Qld, who was experiencing DV, had difficulties reaching her insurer, often facing unanswered calls and unreturned emails. This "ghosting" was made worse when the insurer refused to recognise Leah's financial counsellor as an authorised third-party representative.

When vulnerable policyholders are identified, some insurers allocate claims managers to assist. This provides policyholders with a central point of contact and avoids them having to repeat their story every time they call. However, we found this process could also be managed better. For example, Julie (case study 4) from Qld found that her claims manager took leave and did not tell her or organise a replacement. Leah (case study 2) from Qld who was experiencing DV was never even allocated a claims manager.

The other area of concern was quality of communication from insurers. Policyholders encountered issues such as unhelpful or dismissive attitudes and inadequate guidance. John (case study 13), the 85-year-old man in Victoria described feeling "gaslit" by his insurer. A financial counsellor in Qld who is assisting Anita (case study 5), a hearing-impaired First Nations woman with low levels of literacy, also reported feeling gaslit when trying to deal with Anita's insurer. To date, Anita's financial counsellor has tried at least eight times to have the insurer accept them as an authorised third-party representative and to provide documents regarding Anita's policy and claims.

Policyholders expressed dissatisfaction with the way insurers managed their expectations. Terry (case study 16), a 65-year-old man in regional NSW, was reportedly told by his insurer just weeks after the flood that he should accept their offer as he "may never get it again". In hindsight, Terry has come to realise that the offer from the insurer was far from sufficient to restore his home. He said he felt coerced into accepting the offer at a time when he was still reeling from the life-threatening experience he had endured.

Inadequate communication regarding the stripping-out process further aggravated policyholders' ordeals. A prime example comes from Kylie and Wayne (case study 14), a semi-retired couple in Victoria. Their insurer removed significant sections of their home, including the kitchen, bathroom, laundry, toilets, and wardrobes, without proper consultation or consideration. Shockingly, after these actions were taken, the insurer denied their claim. The unnecessary stripping out of salvageable items, which did not warrant removal, is estimated to incur costs exceeding $50,000.

The language and terminology used in communications with policyholders also posed a considerable barrier. Clients felt they lacked the information required to advocate effectively for themselves which in turn created a power imbalance. Frank (case study 11), an 81-year-old man from Victoria, would have received a meagre cash settlement if not for the intervention of his family and a financial counsellor. Their dedicated advocacy resulted in an adjusted settlement that was eight times higher than the initial offer.

## Affordability of Insurance Coverage to Policyholders

The issue of affordability is a central concern for policyholders, particularly regarding flood insurance. Many faced the untenable choice between high premiums for flood coverage and the risk of going without.

In situations where people could not afford flood insurance, the consequences took our sector by surprise. Three of the case studies highlight instances where homeowners were subsequently denied access to the Federal Government's Home Equity Access Scheme (HEAS), which could have provided much needed funds for property improvements, including flood resilience. Without flood insurance, which is a prerequisite for HEAS eligibility, these individuals were denied an opportunity to access the scheme.

The Home Equity Access Scheme allows Australian homeowners of Age Pension age or older to take out a low-interest loan from Services Australia by using their home as security. Loan amounts can be taken as a fortnightly amount, an advance payment of the loan as a lump sum or a combination of both. The loan must be repaid to Services Australia, plus interest and legal costs in part or full at any time including upon sale of the property.

One example is the case of Brenda (case study 8), a 74-year-old homeowner in the Northern Rivers, NSW, whose home was damaged during the February 2022 floods. She sought assistance to repair her home using flood-resilient materials but faced financial hurdles due to the unaffordability of flood insurance. Despite her desire to fortify her property against future floods, Brenda's inability to secure insurance coverage prevented her from accessing the HEAS.

This issue represents a significant challenge for flood-prone regions and the broader goal of disaster resilience. The lack of affordable insurance coverage, combined with the requirement for flood insurance to access schemes like HEAS, creates a cycle where vulnerable policyholders are left without recourse. Many individuals, especially older citizens, or those with limited income, are forced to forego the opportunity to safeguard their properties against the increasing threat of floods.

## Claimants' Experiences of Internal Dispute Resolution (IDR) Processes

Delays in IDR were a common issue noted by policyholders. This delay primarily resulted from insurers' sluggish responses to customer communications and complaints, compounding the distressing aftermath of floods.

Another recurring problem was the lack of dedicated case managers, which left policyholders dissatisfied. Many policyholders expressed frustration with insurers' frequent changes of case managers. These abrupt changes disrupt the continuity of communication and prolong delays.

Privacy breaches within the IDR processes were also noted by policyholders. Poor handling of sensitive information, especially concerning DV issues, negatively affected policyholders' trust in the insurer. The violation of privacy, as observed in the case of Leah (case study 2) from Qld, who was experiencing DV, put her safety at risk and led to a heightened sense of distress and insecurity.

Inadequate initial cash settlement offers became a source of contention for several policyholders. These initial proposals were frequently perceived as inadequate, failing to cover the actual expenses required for repairs. To seek a more equitable financial outcome, policyholders turned to the IDR process.

Julie (case study 4) from Qld resorted to IDR after receiving an initial cash settlement offer of a mere $18,000. She had taken the initiative to obtain three independent building quotes, each outlining repair costs of approximately $120,000. These costs encompassed extensive repairs to her roof, ceiling, walls, flooring, kitchen, stairs, bedrooms, and doors (the damage to which was directly attributed to the insurer). Following the IDR process, the offer was increased to $39,000, yet a substantial deficit of over $80,000 remains – a burden that will ultimately shift to the government via the Resilient Homes Fund, should Julie accept the insurer's offer.

## Recommendations

A common theme through all the case studies provided by financial counsellors was that change is required not only in the procedural approach to managing claims after a natural disaster, but also in the holistic approach to managing these claims. In response to the experiences shared by policyholders, we offer a set of recommendations that aim to rectify the procedural shortfalls identified, as well as recommendations that acknowledge the innate vulnerability of victims of natural disasters and their heightened risk of psychological distress:

1. **Accept the Financial Counselling Australia Third Party Authority form**
   Insurers must respect the wishes of policyholders to be represented by financial counsellors. To facilitate this, we are calling for consistent recognition of the Financial Counselling Australia Third Party Authority form by all insurers in line with the General Insurance Code of Practice.

2. **Ensure timely strip-outs post-flood**
   Recognising that prolonged delays in strip-outs can lead to the unnecessary loss of salvageable items and pose health risks due to mould growth, it is recommended that insurers prioritise swift and coordinated strip-out processes following floods. Timely strip-outs should be executed in consultation with policyholders to protect salvageable contents and reduce additional financial and emotional burdens on claimants.

3. **Overhaul communication and transparency protocols for strip-outs**
   Insurers should implement robust communication protocols when it comes to strip-out processes. Policyholders must be informed and consulted before any major structural changes occur in their homes. This entails providing comprehensive explanations regarding the necessity of strip-outs, the items to be removed and the implications on the claim. Moreover, insurers should document and photograph the affected areas before the strip-out, allowing for transparency and clarity. Improved communication can prevent misunderstandings, unnecessary losses, and ensure policyholders are informed participants in the claims process.

4. **Enhance general communication practices to reduce delays**
   Insurers should prioritise better overall communication practices. This entails maintaining transparency and timeliness in their interactions with policyholders. To prevent or address confusion, insurers must provide clear, proactive, and transparent communications. This includes updating policyholders on the progress and decisions related to their claims and outlining the next steps in the claims process.

5. **Improve complaint handling**
   Insurers should implement more effective mechanisms for handling complaints. This improvement is essential to ensure fairness in claims resolution. It involves the identification and robust response to expressions of dissatisfaction by policyholders. To meet this objective, insurers must adhere to their obligations in terms of resources and complaint resolution. This includes training staff to promptly detect and appropriately address expressions of dissatisfaction as they arise.

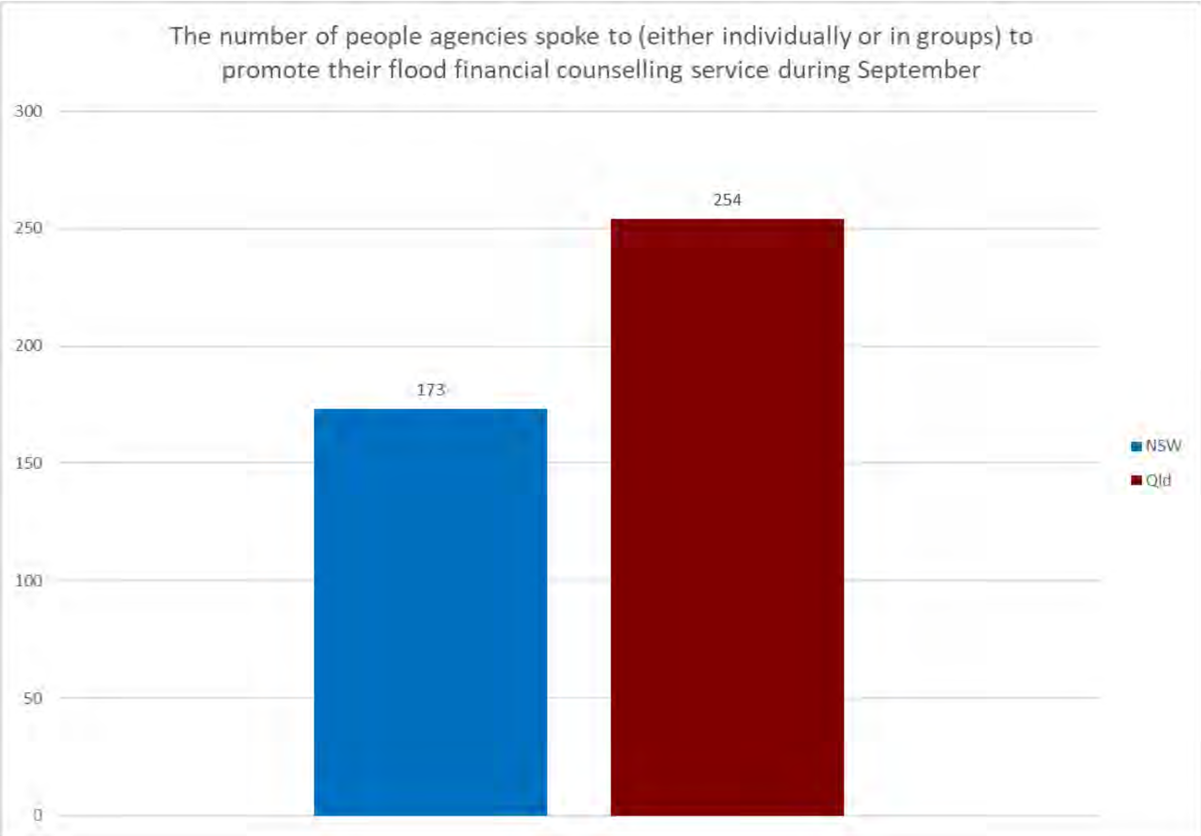
6. **Provide psychological first aid training to all frontline insurance staff**
   Insurers should prioritise the mental and emotional wellbeing of their policyholders during the claims process. To achieve this, we recommend insurers provide their frontline staff with psychological first aid training. This training equips staff with the knowledge and skills to offer immediate psychological support to policyholders who may be experiencing distress due to the traumatic events of a natural disaster. By fostering a more empathetic and supportive environment, insurers can help ease the emotional burden on their policyholders and contribute to a more positive and constructive claims experience.

7. **Allocate trauma-informed claims managers to vulnerable policyholders**
   Insurers must pay special attention to policyholders experiencing vulnerability. It is imperative that insurers recognise and acknowledge consumers who are navigating vulnerability due to various factors. Insurers should allocate claims managers who have undergone specialised trauma-informed care training to these individuals and ensure they are treated with the utmost consideration, empathy, and fairness.

8. **Remove flood insurance from HEAS eligibility criteria**
   To address the challenges faced by policyholders who are unable to afford flood insurance, it is recommended that the eligibility criteria for the Home Equity Access Scheme (HEAS) be changed. While we still support the requirement that eligible applicants hold current building insurance, flood cover is now an additional option which for many parts of the country is unaffordable or not offered. By expanding eligibility to include those unable to secure flood insurance, HEAS can serve as a lifeline for vulnerable policyholders in the aftermath of flood events. This modification to HEAS eligibility criteria will contribute to greater financial resilience for individuals in flood-prone regions, allowing them to address critical repair and recovery needs without the burden of unaffordable insurance costs.

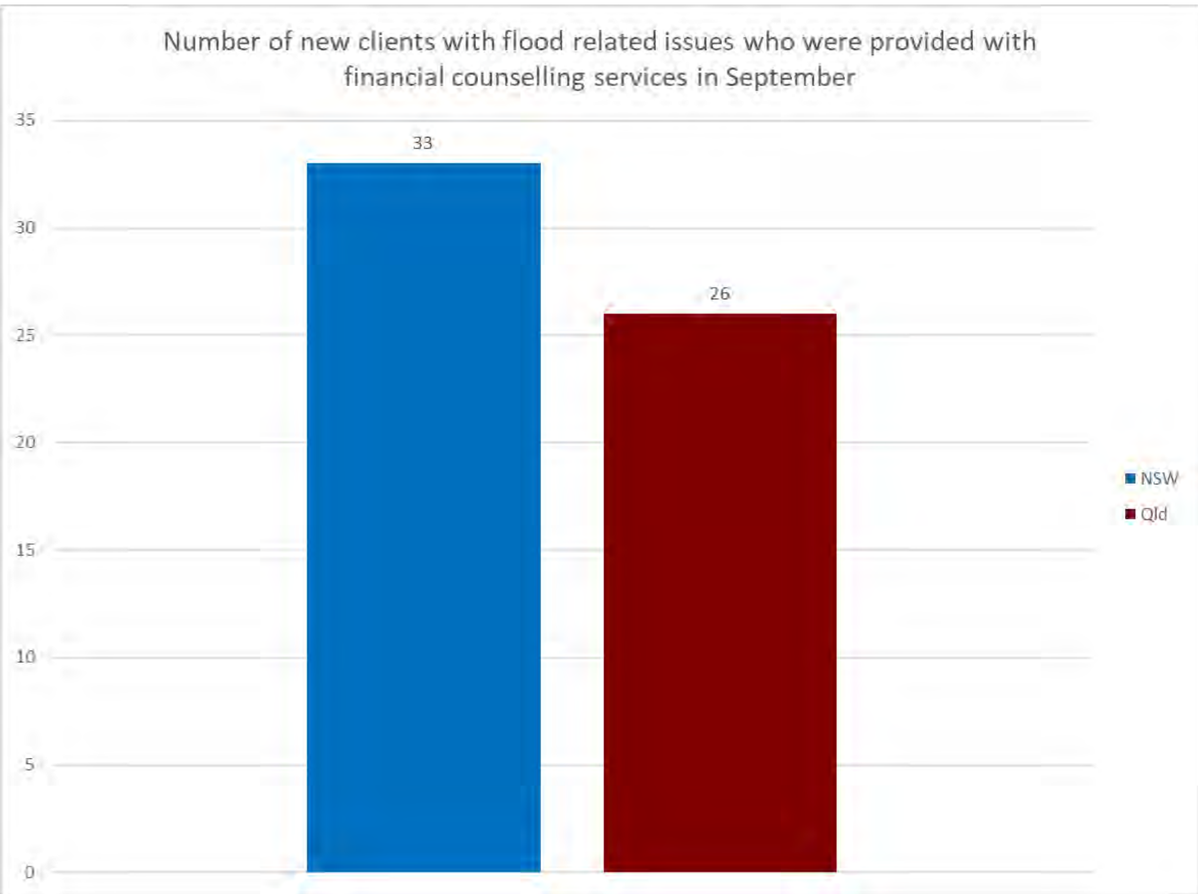
## Appendix 1 – Qld and NSW financial counselling flood data as of 30 September 2023

| 427 | 7,801 |
|---|---|
| Total community contacts this month | Total community contacts since start |



**59**
Total new clients this month

**1,205**
Total new clients since start

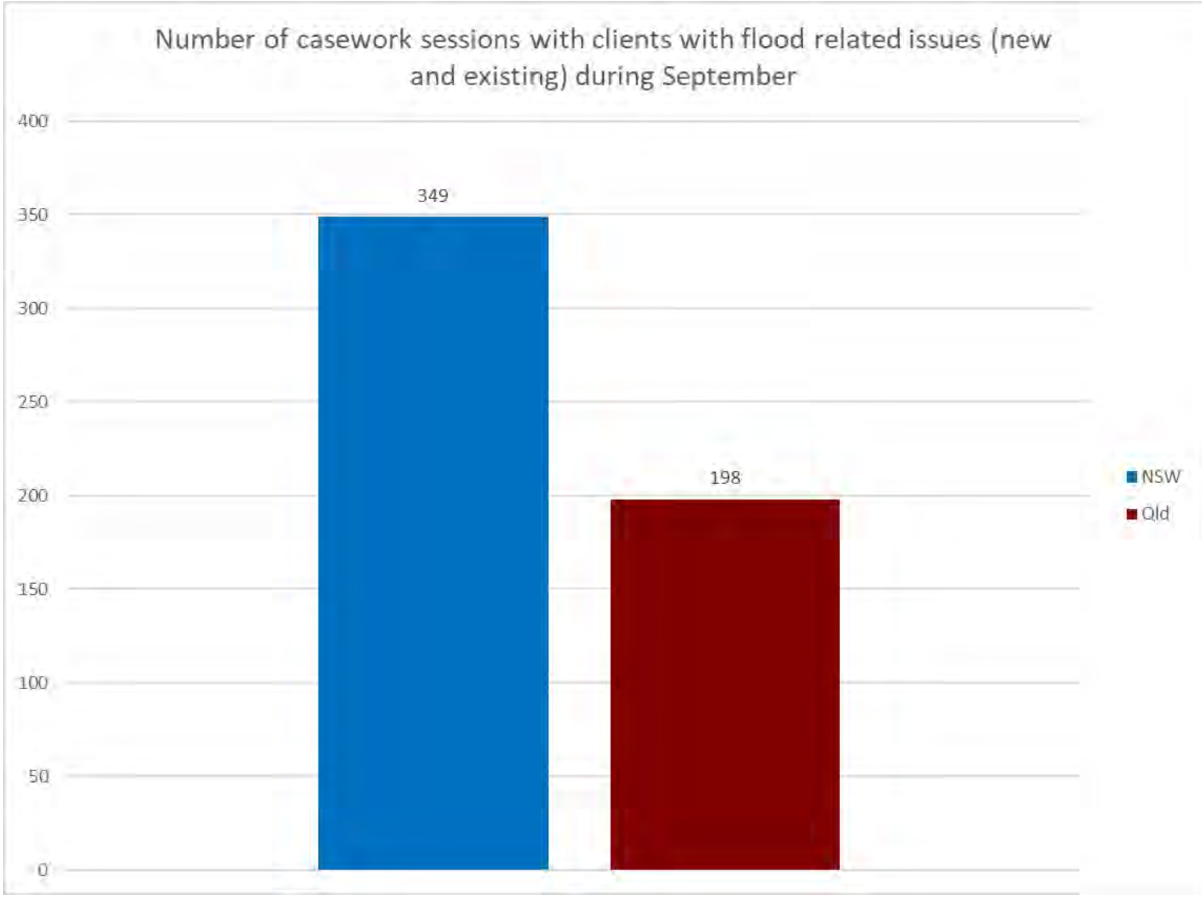


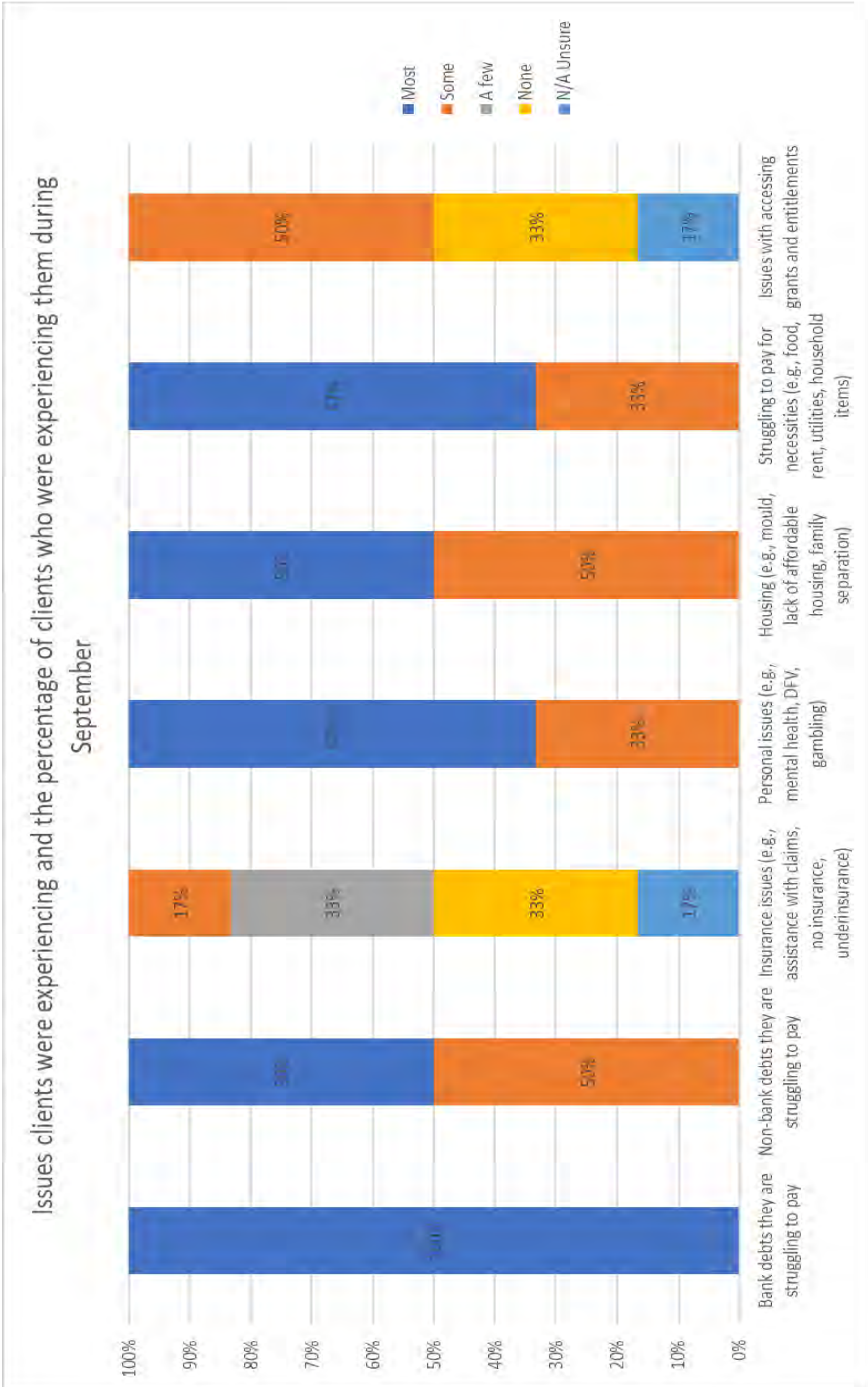
547

Total casework sessions this month

5,767

Total casework sessions since start




Issues clients were experiencing and the percentage of clients who were experiencing them during September
Most
Some
A few
None
N/A Unsure
100%
90%
80%
70%
60%
50%
40%
30%
20%
10%
0%
Bank debts they are struggling to pay
Non-bank debts they are struggling to pay
50%
Insurance issues (e.g., assistance with claims, no insurance, underinsurance)
17%
33%
33%
17%
Personal issues (e.g., mental health, DFV, gambling)
33%
Housing (e.g., mould, lack of affordable housing, family separation)
50%
Struggling to pay for necessities (e.g., food, rent, utilities, household items)
33%
Issues with accessing grants and entitlements
50%
33%
17%

## Appendix 2 – Mental health impact of floods

Science.
Compassion.
Action.

# Mental health impacts of floods

Black Dog Institute, March 2021

Black Dog Institute

We anticipate that Australians living in areas affected by the current New South Wales and Queensland floods are likely to experience psychological distress. While some level of distress is a normal and understandable response to these events, we know from previous disasters that for many this may lead to more chronic mental health problems. We urge governments to recognise and respond to the mental health consequences of recent events in flood-affected areas.

## Background

Torrential downpours and flash flooding has resulted in the Australian government declaring a state of natural disaster in large areas of New South Wales and Queensland. Over 18,000 people have already been evacuated from their homes in New South Wales, and residents of the south-east Queensland are on high alert. Flooding in Australia is very common, with many coastal and river catchment regions experiencing repeated and regular flooding, causing damage to homes, infrastructure, and livelihoods. Flood damages cost the government approximately $300 million per year, making it the most expensive type of natural disaster experienced in Australia (1). As with any kind natural disaster, short-term psychological distress is expected in people affected by the floods. Although most people recover from these stress reactions, mental health problems will persist for a significant minority of those affected (2-4).

Recent incidence of other stressors including bushfires and Covid-19 and associated financial hardship in areas now impacted by floods may compound the prevalence and severity of psychological distress in these communities. 76% of the local government areas in NSW affected by the 2019-2020 bushfire season have also been given a flood warning or experienced damage since Saturday 21st March. In particular, the Mid-North Coast, the Central Coast, the Snowy Monaro region, and the Hawksbury-Nepean region have faced multiple natural disasters, leaving communities more vulnerable to long-term mental health impacts. There is ample evidence that the mental health impacts of adversity and trauma accumulate. While most may be able to bounce back from a single event, the fact that many communities and individuals have suffered from drought, then bushfires, then COVID-related isolation and economic disadvantage makes us more concerned about the mental health impacts of current events.

## Expected mental health consequences after floods

We know that direct and indirect exposure to floods can lead to a range of negative mental health impacts. A global systematic review of 83 studies (5) identified that risk of experiencing post traumatic stress disorder (PTSD), psychological distress, depression, and anxiety is heightened in flood-affected areas compared to unaffected areas.

Australian studies of the 2011 Brisbane floods (6) and the 2017 New South wales floods (7) found that people whose households or businesses were inundated or evacuated had higher risk of experiencing psychological distress and PTSD. One of these studies also found that Aboriginal and Torres Strait Islander people were more likely to be evacuated or displaced, and more likely to report probable depression and anxiety compared to non-Indigenous Australians (7). Another Australian study in older adults found that 1 in 6 among those personally affected by a flood reported symptoms consistent with PTSD that were likely to require clinical treatment, with more reporting mildly elevated trauma symptoms (8).

## Gaps in the research evidence

Notably, there is limited Australian or worldwide research on the duration of these flood-related mental health impacts. We do not yet know how pervasive and long-lasting psychological distress, post-traumatic distress, depression, and anxiety are in the months and years after exposure to a flood. However, evidence from other natural disasters in an Australian context such as the Victorian Black Saturday Bushfires shows that 5 years post-fires, the prevalence of mental ill health remains elevated in affected communities compared to the general population (3). Other Australian bushfire research similarly shows long-term mental health consequences, including in children of affected families (9, 10).

Flood exposure may also increase suicidal ideation. A recent study of impacts of the 2017 New South Wales floods found suicidal ideation was elevated for people who had their homes or businesses inundated compared to those not directly affected (7). However, another Australian study did not find differences in suicide rates related to floods (11). There is also some evidence to suggest that flood exposure may also result increase in tobacco, alcohol, and medication use but further research is needed (12).

## Risk factors for flood-related psychological distress

A number factors increase the risk of adverse mental health impacts following flooding including:

- High level of exposure – greater incidence of mental-health problems is likely for people who experience greater damages or threat of harm (13, 14), financial losses (8), disruption to routine or employment (8, 15)
- Limited forewarning – greater distress is expected in communities who have less warning about upcoming floods (16) or who experience rapid flash floods (13)
- Pre-existing mental and physical difficulties – people with poorer psychological and physical health prior to a flood are more likely to experience psychological difficulties after floods (6, 17)
- Low social support – social support appears to be protective against onset of mental illness after floods (18)

## Compounding impacts

Many Australian communities have recently experienced great loss and distress as a result of the 2019-2020 bushfire season in addition to impacts of COVID-19. We expect that the mental health consequences will be exacerbated in these areas. The majority of fire-affected local government areas are now experiencing flooding. Although there is limited evidence on the effect of multiple floods (19) or multiple disaster exposures (20) on the general population, we know that repeated trauma exposure is linked to the severity of adverse mental health impacts in emergency service workers (21, 22).

## Mental health interventions to deploy after disasters

Please refer to the Black Dog Institute 2020 briefing, *Mental Health Interventions Following Disasters*, for a summary of recommended strategies to protect population mental health. We outline immediate phase, intermediate phase, and long-term responses.

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## Appendix 3 – case studies from SEQ and northern NSW floods of February and March 2022

**Case study 1: Sarah**

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| **Client background** | Sarah* is a 73-year-old woman living on 2.4 hectares in south-east Queensland. Her property was flooded in February 2022, and while her home was not affected, the access bridge over a creek leading to her property was damaged, as well as some fencing. |
| **Presenting issue(s)** | Sarah had flood insurance through Hollard who initially paid out $4,000 for fence repairs.<br><br>The claim approval to repair the access bridge had been delayed for over nine months when Sarah sought help from a financial counsellor (FC) to resolve the claim with Hollard. |
| **Casework summary** | Sarah initially made contact in December 2022, by which time the repair work had been delayed by nine months. The FC advised Sarah of the Internal Dispute Resolution (IDR) process available to her, and the further option to escalate the matter to AFCA, if necessary.<br><br>Sarah, with the help of her daughter, self-advocated to lodge an IDR with Hollard.<br><br>In February 2023, Sarah advised that Hollard claimed the damage to the bridge was not covered by her policy, but verbally agreed to cover the cost of the repairs as an "act of goodwill".<br><br>Sarah has been tied up in red tape since receiving this verbal agreement and the bridge remained unrepaired. The FC advised Sarah to lodge a complaint with AFCA, which she did with the help of her daughter. |
| **Outcome** | In May 2023, the AFCA complaint was settled, with Hollard agreeing to a settlement.<br><br>As of October 2023, Sarah is waiting on a quote to finalise the claim.<br><br>AFCA will be monitoring the case for six months. |

**Case study 2: Leah**

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| **Client background** | Leah* is a 59-year-old woman living in south-east Queensland and experiencing domestic violence (DV). Her property was under a contract of sale when it flooded on February 27, 2022. Although the contracted owners were happy to continue with the purchase if the house was cleaned out, the insurer, Hollard failed to clean out the property and the sale subsequently fell through. |
| **Presenting issue(s)** | Leah first contacted a financial counsellor (FC) in November 2022, by which time she had made multiple internal complaints to Hollard, and subsequently initiated two complaints to AFCA.<br><br>At the time of meeting with the FC the AFCA case was still open.<br><br>Leah sought assistance to finalise the insurance payout. |
| **Casework summary** | During the course of her involvement with Hollard, Leah experienced extensive delays – Hollard did not respond to her calls or emails, the Scope of Work (SoW) was not completed by Hollard causing further delays; and Leah had no dedicated case manager, despite experiencing DV.<br><br>Hollard correctly noted on their files that Leah was experiencing DV. However, they breached her privacy when a domestic violence specialist worker from Hollard contacted Leah's perpetrator in error, and advised they were calling from the Hollard DV department. This forced Leah to have continued interactions with her perpetrator while the claims matter was resolved.<br><br>In addition to this, Leah's property was uninhabitable after the flooding event, and while Hollard provided temporary accommodation for Leah, in January 2023, Leah was given only 24 hours' notice by Hollard to vacate the temporary accommodation. No further accommodation was provided.<br><br>Between December 2022 and July 2023, Hollard offered Leah three separate, and unacceptable cash settlements. The first in December 2022 was for $193,000, despite the home being insured for $495,000 + 25% (and no completed SoW). After AFCA involvement and mediation, Hollard offered a second cash settlement in June 2023 for around $250,000. This was again rejected by Leah, as quotes obtained to repair her home exceeded $300,000. Hollard offered a third cash settlement of approximately $280,000 in July 2023, but this was again rejected by Leah.<br><br>In August 2023 the matter was finally resolved as a result of an AFCA panel determination, and Hollard was ordered to pay a total of around $310,000 to Leah, which included a cash settlement for additional temporary accommodation, as well as a non-financial loss compensation component.<br><br>The FC advocated on Leah's behalf with both AFCA and the insurer to facilitate finalisation of the claim, culminating in an AFCA panel review to Leah's satisfaction. |

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| **Outcome** | The AFCA determination was accepted by all parties and the file was closed on 13 September 2023. |

**Case study 3: Mary**

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| **Client background** | Mary* is a 56-year-old woman from south-east Queensland. She has multiple health concerns, and her only source of income is the Carers Pension, which she receives for caring for her autistic son (who receives the Disability Support Pension). |
| **Presenting issue(s)** | Mary first met with a financial counsellor (FC) in July 2023 seeking assistance to resolve her outstanding claims.<br><br>Mary's home was impacted by heavy rain in February 2022, resulting in damage to her roof as well as excessive mould throughout the home.<br><br>Mary was claiming under her car, contents and building insurance and first contacted Suncorp in May 2022. |
| **Casework summary** | While Suncorp initially made Mary's home safe, there have been continued delays with Mary's claim and 16 months after it was first lodged, it remained unresolved.<br><br>Suncorp offered Mary an initial cash settlement of $10,200, which was rejected by Mary. Mary subsequently lodged an Internal Dispute Resolution with Suncorp. Suncorp is claiming pre-existing conditions existed and Mary was not satisfied with the result.<br><br>Mary's house has a sagging roof, damaged walls and mould. Suncorp has been provided with a medical letter describing the effects the state of the home is having on Mary's physical and mental health. However, Suncorp had not agreed to relocate Mary and her son and provide temporary accommodation.<br><br>The FC referred Mary to the Caxton Legal Centre to assist her in escalating her complaint to AFCA. |
| **Outcome** | The FC was unable to contact Mary for an update. |

**Case study 4: Julie**

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| **Client background** | Julie* is 55-year-old woman from south-east Queensland.  She owns her own small business and has a disabled adult son on NDIS.<br><br>As a result of the trauma Julie experienced from the flood, combined with her experience of dealing with her insurer, CGU, she now suffers from significant mental and physical health issues.<br><br>Julie experienced a mental health breakdown, and as a result now suffers from a condition whereby her nervous system shuts down and she requires a support dog.<br><br>At the time of writing, Julie's adult son had been hospitalised for the previous 20 weeks in a near-catatonic state, as a direct result of the family's experience post-flood. Julie's son remains in hospital. |
| **Presenting issue(s)** | Julie was referred to a financial counsellor (FC) by Legal Aid in May 2023, who had been assisting Julie with her insurance matters.<br><br>As a result of the delays in settling her insurance, Julie's cashflow could no longer sustain both the costs of a private rental property and running her business.<br><br>Julie felt she had no choice but to move back into her flood-damaged home, despite limited repairs being completed.<br><br>Julie sought assistance from the FC to negotiate her mortgage with her lender to help provide some relief to her cashflow situation. |
| **Casework summary** | While Julie was appointed a claims manager by CGU, the claims manager took leave, and Julie was not advised, nor was a replacement case manager appointed. Julie also advised that CGU did not return her calls, leaving her without any meaningful form of communication.<br><br>Despite Julie's home being significantly impacted by the flood, CGU did not provide Julie and her son with emergency accommodation, nor did CGU provide long-term temporary accommodation. As a result, Julie was forced to find private rental accommodation. However, paying rent plus the mortgage on her damaged property meant significant cashflow issues for Julie's business.<br><br>As a result of these cashflow issues, Julie felt she had no option but to move back into her flood-damaged property in June 2023, which was in a state of disrepair, as well as having electrical and plumbing issues. At the time of writing, Julie was sleeping on a mattress on the floor of an upstairs room.<br><br>Compounding Julie's stress, her son remained in hospital after suffering extreme mental and physical effects from the impact of the flood. The cost to Julie to fund emergency care/accommodation for the initial two weeks for her son was $28,000 (via NDIS). Julie has advised that the ongoing care/accommodation costs for her son were $5,500 per week |

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| | until her son was offered a hospital bed (this cost was on top of Julie's private rental costs).<br><br>CGU declined Julie's claim citing maintenance issues with her roof and initially offered a cash settlement of $18,000 to repair her roof, flooring, walls, kitchen, doors (broken by Insurer), ceiling, stairs and bedrooms.<br><br>Julie had sought three independent building quotes, each detailing costs of $120,000 for repairs.<br><br>CGU rejected the builder's quotes provided by Julie, stating she was seeking to 'improve' the property and not repair the property.<br><br>At the time of writing CGU had offered a new cash settlement of $39,000. |
| **Outcome** | The Community Resilience and Recovery team is currently working with Julie and has helped her apply for funding to raise her home via the Resilient Homes Fund.<br><br>As a result of this interaction with the Community Resilience and Recovery Team, Julie has been provided with a caravan and pod on site to ensure she has safe accommodation.<br><br>The FC advocated on Julie's behalf with the mortgagee and finalised an arrangement she is satisfied with. |

**Case study 5: Anita**

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| **Client background** | Anita* is a First Nations woman with a hearing disability. She was referred to financial counselling by her NDIS support worker. During the first appointment, the financial counsellor (FC) learned that Anita has limited literacy skills and a recent history of being hospitalised for mental ill health.<br><br>Anita owns her own home with a very small mortgage and receives the Disability Support Pension. She is insured through RACQ. |
| **Presenting issue(s)** | In February 2022, Anita's house was inundated by flood waters up to her ankles. The carpets were wet for months, and the house is now full of mould. The washing machine and air conditioning units were also damaged.<br><br>When Anita first sought assistance from the FC in July 2023, she didn't know if there was a claim open, but she could show a small payment received from the insurer last year. Anita told the FC that she wants to make an insurance claim for flood damage. |
| **Casework summary** | Anita and the FC called RACQ together. They were given the claim number relating to the small payment Anita received last year but were told there was no claim currently open.<br><br>The FC emailed a signed Financial Counselling Australia (FCA) Third Party Authority (TPA) form to RACQ, outlining Anita's vulnerabilities, and requesting a copy of the policy and documentation relating to the previous claim.<br><br>RACQ rejected the FCA TPA and referred the FC to their privacy policy. The FC made several more attempts to lodge the FCA TPA and quoted the relevant sections of the General Insurance Code of Practice but was still rejected.<br><br>The FC tried to lodge an internal complaint but was told by RACQ this would not be possible because a company-branded RACQ TPA was not in place.<br><br>The FC requested and received a copy of the RACQ TPA, which the FC then organised for Anita to sign before emailing it back to RACQ.<br><br>RACQ rejected its own TPA because it was sent from the FC's email address and not from Anita's email address. RACQ also said that Anita's details were not up to date and stated that she must call from her phone number (not the FC's phone number) to verbally open a new claim and add the FC as an authorised person.<br><br>Getting the FC on the member's policy/claim as an authorised person took eight separate attempts over the course of two months. The FC has described feeling gaslit by RACQ during the process. An AFCA complaint has been lodged for non-financial loss. |

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| **Outcome** | Anita has now been passed on to RACQ's Hypercare team for monitoring.<br><br>A new claim is open. RACQ has referred the claim to a construction group, and the FC is assisting Anita to arrange a time for an assessor to come out.<br><br>The FC is still waiting for documents requested two months ago. The AFCA complaint has not been resolved.<br><br>Anita has been with RACQ for a very long time and would like to stay with them, but she has spoken of her anger at the delay in accessing the support she needs from her FC, and this delay has been significantly detrimental to her mental health. |

**Case study 6: Jenny**

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| **Client background** | Jenny* is a 68-year-old woman living in the Northern Rivers, NSW and receiving the Age Pension. Her home had 50 centimetres of water through it in February 2022, however the home is built of flood resistant materials and is in good shape and liveable. This is the first time the house has flooded.<br><br>Jenny was insured with NRMA but did not have flood cover as the cost was prohibitive. She did not receive an insurance payout as the damage was deemed to be as a result of flood not stormwater. Jenny did receive a Back to Home grant of $20,000.<br><br>Jenny no longer has home and contents insurance. An initial exercise of obtaining quotes for re-insurance has proven difficult due to the property being located in a flood zone. In addition, flood insurance could prove prohibitively expensive if it were offered. |
| **Presenting issue(s)** | Due to rising interest rates, Jenny has been unable to keep up with her monthly mortgage repayments.<br><br>Due to Jenny's age and employment status, she is unable to access any equity in her property via traditional means. |
| **Casework summary** | FC determined that the Home Equity Access Scheme (HEAS) was one of the best options for Jenny to be able to pay her mortgage and provide funds for a better quality of life (e.g., obtain health insurance).<br><br>Jenny was wanting to receive a fortnightly payment of $536 through HEAS, resulting in a Maximum Loan Amount of $48,000 by 24 September 2026. The purpose of these fortnightly payments would be to (1) assist in meeting current mortgage obligations and (2) provide funds to get health insurance and home and contents insurance.<br><br>To be eligible for the HEAS, the property offered for security must be adequately insured. As per para 3.4.5.10 of the Social Security Guidelines, this includes coverage for standard events such as fire, storm and flood. |
| **Outcome** | Jenny has been found ineligible for HEAS because she cannot afford to obtain flood insurance.<br><br>She is experiencing significant anxiety over her financial position and is suffering from ongoing trauma as a result of the 2022 flood events – this is being exacerbated by the process of getting insurance quotes and the issues around flood insurance.<br><br>An inability to access HEAS limits Jenny's options to improve her financial position and increases the reliance on the bank's hardship policies. |

**Case study 7: Steve**

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| **Client background** | Steve is a 67-year-old man living in the Northern Rivers, NSW and receiving the Age Pension, topped up by superannuation. His home was affected by floods in February 2022.<br><br>Steve was insured with NRMA but did not have flood cover as the cost was prohibitive. He did not receive an insurance payout as the damage was deemed to be as a result of flood not stormwater. |
| **Presenting issue(s)** | Steve was wanting to access funds for the purpose of repairing the foundations of his property that were severely damaged in the flood.<br><br>As a priority, the slab needs to be reinforced to preserve the integrity of the home – it has various cracks in it that is causing structural damage to the upstairs living area. This could cost approx. $10,000 at a minimum (the Johns Lyng group prepared a Flood Assessment of the property and quoted necessary repairs at over $200,000).<br><br>Steve applied for the Disaster Recovery Grant but was denied as he was deemed to have too many assets. |
| **Casework summary** | FC determined that the Home Equity Access Scheme (HEAS) was one of the best options for Steve to access a lump sum payment of $14,257 which would enable him to fund the most urgent of the necessary repairs to his property.<br><br>In order to be eligible for the HEAS, the property offered for security must be adequately insured. As per para 3.4.5.10 of the Social Security Guidelines, this includes coverage for standard events such as fire, storm and flood. |
| **Outcome** | Steve has been found ineligible for HEAS because he cannot afford to obtain flood insurance.<br><br>Due to Steve's age and health status, he is unable to access any equity in his property via traditional means. If he were to use his remaining superannuation to remedy the structure to the extent quoted by the Johns Lyng group, this will leave Steve without funds to meet any future cost of living increases or unexpected expenses.<br><br>An inability to access HEAS limits the client's options to stabilise his property and prevent further damage. |

**Case study 8: Brenda**

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| **Client background** | Brenda is a 74-year-old woman living in the Northern Rivers, NSW and receiving the Age Pension. Her home was affected by floods in February 2022.<br><br>Brenda was insured and did receive an insurance payout, but it was only for "like for like" replacement. Her home was not deemed eligible for a buyback or a retrofit under the Resilient Homes program.<br><br>Brenda estimates it would cost her an additional $30,000 to complete the rehabilitation of her home using flood resistant materials. She has home and contents insurance, but this does not cover flood events. In addition, flood insurance could prove prohibitively expensive if it were offered. |
| **Presenting issue(s)** | Brenda was struggling to repay her mortgage due to increased interest rates. She wants to complete the repairs to her home using flood resistant materials.<br><br>Due to Brenda's age and employment status, she is unable to access any equity in her property via traditional means. |
| **Casework summary** | The FC determined that the Home Equity Access Scheme (HEAS) was one of the best options for Brenda to be able to fund her mortgage repayments and rehabilitation of her property.<br><br>Brenda was wanting to receive assistance of a lump sum payment of $10,000 to assist with rebuilding her home AND a fortnightly payment of $196 to assist in meeting current mortgage obligations. This would result in a Maximum Loan Amount of $202,500 by 3 August 2045.<br><br>In order to be eligible for the HEAS, the property offered for security must be adequately insured. As per para 3.4.5.10 of the Social Security Guidelines, this includes coverage for standard events such as fire, storm and flood. |
| **Outcome** | Brenda was deemed ineligible for HEAS because she could not afford flood insurance.<br><br>An inability to access HEAS limits Brenda's options to improve her financial position. |

## Appendix 4 – case studies from Victorian, NSW and Tasmanian floods of October 2022

**Case study 9: Paul & Catherine**

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| **Client background** | Paul* and Catherine* are partners aged 40 and 34 respectively. They lived in a riverside, five-acre property in regional Victoria. They were forced to vacate their property due to total inundation by flood water in October 2022. |
| **Presenting issue(s)** | Catherine had become overwhelmed by their loss and suffered depression. This reduced the number of days she could work from five days to two days per week. Consequently, this caused a shortage of cash in their budget, and they sought financial counselling assistance to negotiate with their creditors.<br><br>Paul works remotely for a professional firm in Melbourne and Sydney. He found that he had to be around the property all the time for assessors, tradespeople, etc. This meant he could not take on larger assignments outside of his town. This impacted his income which further exacerbated the couple's financial problems. |
| **Casework summary** | The financial counsellor (FC) negotiated around the following:<br><br>**Hollard** – tried to expedite finalisation of the claim, which was painfully slow and only settled in May 2023<br>**Commonwealth Bank** – negotiated payment arrangements for; mortgage (on the inundated property), personal loan and credit card.<br><br>**Local City Council** – negotiated extended payment terms for property rates<br>**Water provider** – extended payment terms and Utility Relief Grant<br>**Electricity provider** – Utility Relief Grant |
| **Outcome** | The case was assessed by Hollard as a total loss. The insurer paid $450,000 for the loss of the property and $100,000 for the loss of contents.<br>An unwelcome comment by one of the assessors just prior to settlement was that as the property was a total loss, Hollard may have had to settle directly with the Commonwealth Bank and bypass Paul and Catherine. This caused unnecessary stress for the couple as they would not have had any funds to rebuild their home.<br><br>The FC advised Paul and Catherine that the assessor was wrong, and that Hollard would settle with the Insured and not the bank which proved to be the case.<br><br>The length of time it took for Hollard to assess and finalise the claim was incredibly exhausting for the couple at a time when they were already struggling both mentally and financially. |

**Case study 10: Patrick & Maureen**

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| **Client background** | Patrick* and Maureen* are partners aged 72 and 68 respectively. They are both retired and live on a rural property in Victoria which suffered flood damage in October 2022. |
| **Presenting issue(s)** | Patrick and Maureen reported feeling "exhausted" when they sought financial counselling assistance. They had been trying to deal with their Insurer, AAMI but were not getting very far.<br>The couple's claim was for a large replacement farm shed. AAMI had declined their claim because they had deemed some of the flood damage was due to wear and tear. |
| **Casework summary** | Firstly, the FC had to get some clarity around where the couple was up to in the claims process.<br>From there the FC was able to assist Patrick and Maureen to negotiate with AAMI for a second assessment to take place. The results of this second assessment differed from the initial assessment. |
| **Outcome** | This matter has now been settled. Patrick and Maureen were not awarded a replacement shed, however AAMI paid for some remedial works to the shed and the couple addressed other maintenance issues.<br>The claim took a very long time to assess which made progress very slow and left Patrick and Maureen with a lack of clarity. This seemingly never-ending feeling of uncertainty is what contributed to the couple's sense of exhaustion. |

**Case study 11: Frank**

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| **Client background** | Frank* is an 81-year-old retiree who resides in his mortgage free unit in Victoria. He is a widow with adult children who do not live with him but provide ongoing support.<br><br>Frank has sciatica nerve damage and mild emphysema.<br><br>He is in receipt of Centrelink's age pension at the full rate, he does not receive any other income. |
| **Presenting issue(s)** | Frank is supported by his adult children to remain in his home. He is heavily supported by his son Boris* and is engaged with Flood Case Support.<br><br>Frank is a born and bred Rochester resident who had his home flooded by the October 2022 floods. He chose to remain in his home irrespective of the damage caused by the floods as, due to his age he was concerned he would never return.<br><br>Boris had been assisting Frank with his insurance claim following the floods however was having issues with the insurer – Hollard offering suitable cash settlement for the claim. As a result, a referral was sent through to our program to review the claim and aid in progressing it. |
| **Casework summary** | The insurer, Hollard had initially offered $24,000.00 to settle both building and contents. Boris was able to advocate to have this increased to $124,000.00 after four months of backward and forwards with them. Boris was concerned that this may not be sufficient to repair the home for Frank and needed assistance ensuring it was the best outcome available.<br><br>There were no other financial concerns present during case work.<br><br>The financial counsellor spoke with both Frank and Boris regarding the claim. Following a review of the documents available was able to assist by:<br><br>- Providing an overview of the Product Disclosure Statement (PDS)<br>- Explain additional benefits available to Frank, including Temporary Accommodation Benefit<br>- Explain transfer of risk by taking cash settlement and how to mitigate this risk<br>- Explain Hollard Internal Dispute Resolution process along with option of lodging External Complaint via Australian Financial Complaints Authority (AFCA)<br>- Draft email to send to Hollard requesting additional 30% towards building claim (bringing this to $131,000.00), temporary accommodation benefit cash settlement and non-financial loss. |

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| | The financial counsellor had offered to send the draft email to Hollard on Frank's behalf however was waiting for Boris to provide the signed authority to do so. |
| **Outcome** | Boris took the draft email to Hollard who offered the following to resolve the dispute:<br>- Additional 20% on building cash settlement offer totalling $120,000.00.<br>- Temporary Accommodation Benefit cash settlement of $43,000.00<br>- Ex-Gratia, non-financial loss compensation of $5,000.00<br>- Contents cash settlement of $25,000.00<br>This brought the total claim outcome from $124,000.00 to $193,000 in a matter of 48 hours. Both Frank and Boris were pleased with this outcome as it was likely that Frank would have some funds remaining after the rebuild.<br>Frank was surprised and satisfied with the outcome. His son Boris had called and spoken with the program team leader and asked how they could give back to the program for the assistance. They had offered to donate a portion of the non-financial loss compensation to the Agency to say thank you. |

**Case study 12: Peta**

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| **Client background** | Peta* is 57-year-old woman who lives with her partner in his property. Both their home and her rental property were flooded during the October 2022 flood event. Peta's rental property was insured through ANZ and underwritten by QBE.<br><br>Peta works part time. |
| **Presenting issue(s)** | The financial counsellor approached Peta at an insurance forum where she was visibly distressed while on the phone to her insurer. QBE decided to cancel all face-to-face appointments following an incident the day before where a policyholder had to be removed by security due to verbal aggression towards their staff.<br><br>Peta's rental property had sat vacant with no strip out completed as of April 2023. An engineer had attended the property in December 2022, but the report was only received in April 2023 – the insurer and loss adjuster indicated that the report was not up to the required standard.<br><br>Peta stated the home was sinking in mud and mould had grown up to the ceilings as no remediation works or drying had occurred. |
| **Casework summary** | Peta was supported to lodge an AFCA complaint due to the significant delays in receiving engineer reports, this also ensured her claim continued to progress while on the active holding list for financial counselling services.<br><br>The financial counsellor supported Peta to engage a structural assessment offered by the state government which recommended demolishing the property.<br><br>The financial counsellor supported Peta to access all reports and documents from the insurer to support her request for a cash settlement.<br><br>The financial counsellor worked with senior complaints resolution officer to cash settle the claim at $285,000 with additional 20% uplift for contingencies for building.<br><br>Writer supported Peta to finalise contents claim at $16,000. |
| **Outcome** | The case is now closed, the property is in the process of being demolished. Peta moved back into her other home with her partner.<br><br>Peta expressed a great improvement in her mental wellbeing since resolving her ANZ claim and moving back home. |

**Case study 13: John**

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| **Client background** | John* is an 85-year-old man who lived independently in his home that was flooded during the October 2022 flood event. John does not have any family and is isolated within the community and at home.<br><br>John suffers hearing loss so wears hearing aids and struggles to hear on the phone or in loud environments. John is of sound mind and is incredibly intelligent. John suffers poor mobility and can be unsteady on his feet at times. Following a recent fall, he was transported to hospital where her was referred to a cardiologist as his heart rate was 40 beats per minute. John would ordinarily sleep in an electric bed and use an electric armchair as it was easier for him to get up and down – these items were destroyed in the floods. |
| **Presenting issue(s)** | John required assistance communicating with RACV to progress his claim and access appropriate temporary accommodation. The relationship had broken down and John described feeling gaslit and not listened to by RACV. John had been supported by the local community legal centre community engagement officers who had on several occasions raised concerns about his vulnerabilities – RACV did not offer to take extra care with his claim at any time.<br><br>John was asked to accept cash settlement for a caravan on the spot and felt he was not given an opportunity to think it through. The caravan purchased was not suitable – John needed to step in and out of the shower and use the shower head to support himself. He was not able to use the toilet so needed to use the builder's toilet outside, this resulted in him falling at night-time and severely damaging his ear with dozens of stitches.<br><br>John had made selections for his custom kitchen in March however had not received the final selections to sign so it could be ordered. RACV stated over the next 6 months that he had signed them however were unable to produce the paperwork and the kitchen was delaying his rebuild. |
| **Casework summary** | The financial counsellor assisted John to move into a disability pod at the local caravan which suited his mobility needs which RACV have agreed to pay for despite him having received a cash settlement for temporary accommodation. RACV explained that broadly they offered caravans because John lives rurally there is no other option available – they have not been able to articulate clearly why he was offered to purchase a caravan when they were aware of his vulnerabilities.<br><br>The financial counsellor has escalated his building claim within RACV and is now working directly with senior and lead claim handlers and senior builders. John was able to meet with the financial counsellor, RACV and case support to go through his concerns with the rebuild. |
| **Outcome** | John is still living in the caravan park with an expected repair completion date of November 2023. |

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| | Due to delays in the kitchen being ordered, this has meant that John could have RACV redo many areas in his home that he made concessions on – thinking it would get him home sooner.<br><br>John has stated several times that he doesn't have much time left to live and he just wants to do it at home. John explained he doesn't feel like his insurer cares, and he is still incredibly frustrated at how silly they have tried to portray him.<br><br>The case is still ongoing, the financial counsellor intends to discuss lodging a formal complaint with John against RACV once he has returned home. John is not able to focus on anything more than progressing the repairs and getting home. |

**Case study 14: Kylie & Wayne**

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| **Client background** | Kylie* and Wayne* are 67 and 72 respectively. Kylie is semi-retired working a few hours each week while Wayne is fully retired. They own their home outright. Wayne is a retired builder and the main carer for his 92-year-old mother who lived in the same street. |
| **Presenting issue(s)** | Kylie and Wayne's home was impacted by the October 2022 flood event and held insurance with Budget Direct however their policy did not cover them for flood. They accessed financial counselling services because they were concerned that Budget Direct had stripped their home fully and disposed of salvageable items without confirming their claim had been approved. Salvageable items included entire kitchen and bathroom, laundry, toilets, and wardrobes – quotes for replacement came in at over $50,000.<br><br>A hydrologist attended the property in November 2022, but the report was not received until March 2023.<br><br>The builder's engaged by Budget Direct, JP Flynn, had Kylie and Wayne sign a waiver form to commence the strip out of their home however this did not detail disposal of salvageable items. |
| **Casework summary** | The financial counsellor sought legal advice regarding the waiver form to understand their rights regarding the disposal of salvageable goods.<br><br>Once the hydrologist report was received and claim subsequently declined, they were supported to apply for reestablishment grants.<br><br>The financial counsellor lodged an internal dispute resolution (IDR) complaint regarding the disposal of salvageable items without their explicit consent. |
| **Outcome** | Budget Direct responded to the IDR and declined any liability for the disposal of salvageable goods falling back on the policy inclusions and exclusions. Given the claim was declined it was difficult to understand how they could rely on this.<br><br>The financial counsellor referred the matter to a legal service provider who agreed to take the case on. To date they are preparing an AFCA complaint to argue the decision to decline the claim. |

**Case study 15: Tony, Kevin & Cynthia**

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| **Client background** | Tony* is a 67-year-old man who was living with his 97-year-old mother Cynthia* (as her primary carer) and his 65-year-old brother Kevin* at the time of the floods.<br><br>Tony had moved into Cynthia's home to be her full-time carer and rented his property out. Kevin suffers from mental health issues and is substance affected.<br><br>Tony and Kevin are in receipt of Centrelink benefits. Approximately 1 month after the October 2022 Flood Cynthia passed away with Tony being the executor of her Estate.<br><br>Kevin's rental property was insured but did not have flood cover. Cynthia's property was insured with CommInsure/Hollard. |
| **Presenting issue(s)** | Cynthia has a reverse mortgage on the home of approximately $600,000 accruing interest at approximately $5,000 per month. Tony was concerned about what may happen now Cynthia has passed away and that any equity in the property/Estate was being consumed by interest due to the delays of Hollard.<br><br>The insurance claim on Cynthia's home was accepted in February 2023 however the property had not been stripped out or dried – this did not occur until August 2023 and is still not completed fully. Tony was concerned that the mould in the home was spreading to the second story which had not been impacted by flood waters during the event.<br><br>Tony explained that he was staying in a family friends holiday home and his brother Kevin was being supported by someone else for accommodation. |
| **Casework summary** | The financial counsellor lodged an AFCA complaint to address the temporary accommodation benefit and delays in remediating the mould/strip out of the property.<br><br>Tony had signed authority for Hollard as the executor, they contacted him and requested that he sign a Hollard specific authority form rather than accepting the Financial Counselling Australia Third Party Authority form. From the financial counsellor emailing the authority to them and them contacting Tony to sign a different form, 3 weeks had lapsed with no updates or movement on the claim.<br><br>AFCA contacted the financial counsellor and explained Hollard had resolved the complaint despite them not having contacted the financial counsellor to discuss at all. Hollard indicated that Tony had been difficult to contact which had caused delays with the claim however upon reviewing Hollard case notes, it was established that Tony had missed two phone calls from them – one the week Cynthia had passed and another which the call was returned by Tony within 3 business days.<br><br>The financial counsellor was able to assist Tony in completing a contents list which saw the contents paid as a total loss plus a 25% gap. |

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| | The financial counsellor was able to assist Tony to access temporary accommodation benefit under 'staying with friends/family' at $600.00 per week for 12 months. However, Kevin was unable to find suitable accommodation and unable to stay at the same residence at Tony. Hollard had declined cash settling a rental property for Kevin without a signed lease agreement, but Kevin wasn't able to secure the rental property due to his low income. Hollard also declined to purchase a caravan for Kevin to live in at Tony's property. This left the Victorian Government continuing to fund his accommodation for approximately 10 months.<br><br>The financial counsellor was able to negotiate 12 months interest free on the reverse mortgage which totalled approximately $55,000. |
| **Outcome** | The 12 months temporary accommodation has expired. Tony gave the tenants a notice to vacate his home and moved back in with Kevin, so he has somewhere to live. We are still negotiating with Hollard to cover additional temporary accommodation given the loss of rent Tony now experiences and that repairs to the home have not commenced.<br><br>Hollard provided $2,500 ex-gratia payment following the AFCA complaint.<br><br>To date, the property has been sanitised, stripped and asbestos removed except for one room, this has been included in the scope of works.<br><br>A scope of works was only produced in September 2023 to the financial counsellor however it has not been signed. A recent visit to the property by the builder and Tony has indicated that an engineer needs to attend the property due to structural issues with the granny flat.<br><br>Tony is devastated that the delays have resulted in almost all contents being disposed of due to mould growth. It is further complicated because Cynthia has passed, and his family have now lost those precious items.<br><br>Tony continues to experience frustration with how the claim has and is being handled – there appears to be no true claims manager which one would expect given the vulnerabilities and complexities of the claim. |

## Appendix 5 – case studies from central west NSW floods of November and December 2022

**Case study 16: Terry**

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| **Client background** | Terry* is a 65-year-old man living next to a creek in regional NSW. His home was totally inundated with floodwater in November 2022. Terry had to be rescued from his property and transported an hour away to a neighbouring town where he stayed for one month in temporary accommodation.<br><br>Terry was initially placed in a caravan and then in May 2023, moved into a pod. He reported feeling extremely traumatised, stressed, exhausted and frustrated from his experience with CommInsure/Hollard. |
| **Presenting issue(s)** | Terry presented for assistance on the 7th of December 2022. The financial counsellor (FC) asked if there was anything they could do to assist him. Terry explained that he had lost everything but stated that he was "one of the lucky ones who had insurance".<br><br>Terry had accepted a settlement from Hollard via CommInsure for repairs to the back room of his house. All other damage was deemed pre-existing, including the flooring.<br><br>Terry was approved for $12,000 worth of repairs which was then reduced to $10,000. He informed the FC he has to repair the floors and everything else at his own expense. |
| **Casework summary** | The FC accessed and applied for a grant from the Commonwealth Bank for $1,000 on Terry's behalf. The FC also negotiated with Terry's energy company for bill relief and organised some vouchers from Saint Vincent's De Paul.<br><br>By August 2023, Terry reported there had been no further movement from the insurer with regards to the repairs on his home. He reported feeling like he had been coerced and bullied into accepting the offer of repair within a month of the disaster and now realises the repairs are going to cost much more.<br><br>Terry recalled his insurer telling him in those early days that "you would be best accepting this offer as you may never get it again" realising now that he was in no state of mind to be making these decisions. He said he feels that Hollard took advantage of his vulnerability in the aftermath of his near-death experience.<br><br>The FC referred Terry to the Disaster Response Legal Service/Legal Aid. |
| **Outcome** | In September 2023, works commenced on Terry's property. Repairs have been carried out to his back room, with skirting boards, painting and the fitting of a toilet still to be completed. |

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| | The Disaster Response Legal Service (DRLS) advised Terry to submit a claim for damages to the front veranda, as no assessment had been carried out on the condition of the footings.<br><br>DRLS also advised Terry to submit a claim for his temporary accommodation expenses.<br><br>Terry no longer feels like one of the lucky ones. He said he knows now that he was most definitely persuaded by Hollard's false sense of urgency at a time when he was not thinking straight. |

**Case study 17: Barry & Liz**

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| **Client background** | Barry* and Liz* are a married couple aged 75 and 71 respectively. They live in regional NSW and are both in receipt of the Age Pension. In November 2022 their home was inundated with floodwater up to the floor level. Even though they did not lose any personal belongings, the couple were still required to vacate their property. Thankfully they were able to stay with a family member.<br><br>Barry and Liz were insured with NRMA and have been members for 43 years. Up until the November 2022 flood, they had never made a claim.<br><br>The couple turned down the offer of a temporary pod home as they thought there may not be enough space in the yard. They wanted to return home though, so they decided to sleep on makeshift beds in their shed. At this point in time, Barry is still sleeping in the shed, but once the drying machines were removed from the house, Liz began sleeping on the loungeroom floor on a mattress.<br><br>The couple said they did not realise it would take this long to have their insurance claim finalised, especially considering it was only the floors that needed repairing and now regret the decision to turn down the offer of a pod. To date, Barry and Liz have had to remove mould and paint at their own expense. |
| **Presenting issue(s)** | When Liz initially sought assistance from a financial counsellor, she said both her and Barry felt extremely stressed and traumatised by the whole experience. She spoke of feeling overwhelmed and angry at how poorly they had been treated by NRMA and how dealing with them felt like going round in circles.<br><br>The couple had provided NRMA with a quote for the carpet in the bedrooms for $8,500. NRMA refused to accept quotes from local businesses stating they were not a "preferred supplier". Instead, NRMA insisted on quotes from businesses in towns that were up to two hours away.<br><br>NRMA offered a cash settlement for the carpet for $4,500 to which the couple asked for some time to consider until seeking further advice.<br><br>In the meantime, NRMA told Liz to look for floor tiles to the value of $55 per square metre. The couple have Italian porcelain tiles in the living area of their home. Quotes for removing the tiles and replacing them with a different type of tile flooring are in excess of $7,500 which is far greater than $55 per square metre. |
| **Casework summary** | The FC advised Liz that if the policy states "like for like" replacement, she is within her rights to get a quote for the same type of flooring she currently has.<br><br>The FC advised Liz not to accept any settlement payment until seeking further advice and referred her to the Disaster Response Legal Service/Legal Aid. |

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| **Outcome** | Barry and Liz have since accepted a cash settlement for the carpet at the quoted price from the local business of $8,500. The couple have been offered a cash settlement for the tiles at $55 per square metre, which they have not yet accepted and are seeking further advice.<br><br>The repairers appointed by NRMA have now pulled out of the job and the couple have been asked to get quotes from other builders.<br><br>It has also been discovered that the previous quote for the tile flooring is only to replace and not to remove and replace, revealing inconsistences with the scope of works. It is now ten months on, and they face having to start the process all over again.<br><br>Liz said that her and Barry feel their insurer have taken advantage of them, especially considering their age and their situation. She said that NRMA have shown very little empathy and kindness throughout this process. Had the insurer allowed the couple to source supplies locally in the first place, it would have saved them a lot of time and stress.<br><br>NRMA have now increased the couple's insurance premium. |