

s22

**From:** s22  
**Sent:** Monday, 14 November 2016 3:04 PM  
**To:** s22  
**Cc:** MRFS.DLO; s22  
**Subject:** FW: AAMI insurance [SEC=PROTECTED]  
**Attachments:** 161114 GA Show us the money.pdf

Hi s22

Thanks for your time a moment ago. As discussed, I am seeking advice from the Department in relation to the following question:

Under the Insurance Contracts Act and/or associated regulations, is it legal for insurance premiums to be required to continue to be paid to the insurer by the policyholder where a loss has already occurred and a claim has been submitted and/or is under assessment by the insurer?

The article which covers this issue is attached FYI.

Appreciate if you can come back to me via email ASAP and by COB today. If needed, I will request a formal brief – as discussed.

Thanks  
s22

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**From:** Henderson, Sarah (MP) [<mailto:Sarah.Henderson.MP@aph.gov.au>]  
**Sent:** Monday, 14 November 2016 9:56 AM  
**To:** s22  
**Cc:** s22 (S. Henderson, MP); s22  
**Subject:** AAMI insurance

Dear s22

See attached article on the AAMI insurance dispute – front page of today's Geelong Advertiser.

I intend to write to the PM this week (reports of a meeting are not correct).

Can you advise on how we might be able to respond legally to these issues:

- AAMI is charging insurances for houses that don't exist which I don't think should be lawful – can we have a look at this?
- The complete replacement cover (CRC) has the potential to rip off customers when insurers don't act ethically – in every case here there is systemic underquoting. AAMI using building repair companies on its "panel" which have a vested interest in under quoting and which never have to re-build the houses, meaning they carry none of the risk. What I would like to see is legislative protection to ensure that if an insurer offers CRC cover, it must be required to pay the difference where the cost of building a house exceeds the estimate. These policy holders all paid a premium to take out a CRC policy – and are being completely done over.

I am keen to write to the PM today – and will copy s22 in – so any initial advice you can provide would be very much appreciated.

Kind regards, Sarah

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**Sarah Henderson MP**  
Federal Member for Corangamite

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## Wye River bushfire victims battle insurance giant



FROM  
THIS



TO  
THIS



ALEX SINNOTT

OUTRAGED Wye River residents have voiced their frustration with AAMI for the first time following 10 months of pain dealing with the insurer. The group claims AAMI has shown little interest following the loss of their houses in the Black Christmas bushfires. FULL STORY: Page 4

# SHOW US THE MONEY

## Fire victims talk class action

ALEX SINNOTT

OUTRAGED Wye River residents have voiced their frustration with AAMI for the first time following 10 months of alleged inertia and indifference from the leading insurer.

The group, who all took out complete replacement cover, met in Geelong yesterday after-

noon to outline how AAMI had failed to show interest and compassion following the loss of their properties in the Black Christmas bushfires. In several

instances, the AAMI customers allege the insurer kept in place full monthly premiums covering house and contents despite

the fact all their Wye River possessions had been incinerated.

Corangamite MP Sarah Henderson is scheduled to meet Prime Minister Malcolm Turnbull this week to relay the group's anger with AAMI and has warned others not to do business with the household



14 Nov 2016

Geelong Advertiser, Geelong VIC

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Audience : 18,574 • Page: 1 • Printed Size: 1042.00cm<sup>2</sup> • Market: VIC  
Country: Australia • Words: 491 • Item ID: 685840441

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name insurer.

Alex Aldis and Meaghan Montgomery paid for an independent quote on their razed

property which equated the loss at \$658,000. However, AAMI's quote came back at around \$498,000.

"There could be potentially a class action here because there's a lot of people who have been disadvantaged by this misleading and deceptive policy," Ms Montgomery said.

"At a very high level, there's been no commitment from AAMI, no timelines, there's been no face-to-face contact. They've never even been to our property. We're still paying an insurance premium and they've

said we have to continue to pay it."

Geelong photographer Mark Strachan has been a long-time AAMI customer and upgraded to the complete replacement cover a few years ago.

When his Wye River house burnt down, AAMI requested a cash settlement, which was rejected by Mr Strachan who wanted it rebuilt by the insurer, which was an option available under the policy. AAMI offered to rebuild the home but at a cost Mr Strachan claimed was

\$200,000 lower than it should be.

Ms Henderson raised the issue in Federal Parliament last week and claimed AAMI had used companies which had no local knowledge and carried none of the risk of rebuilding, meaning they were free to underquote.

"The response has been so poor that I would be suggesting to anyone who has complete replacement cover with AAMI to get out of that policy," the Liberal MP said.

A spokesman for AAMI said

the insurer was "committed to resolving these claims as a priority".

"The majority of AAMI customers at Wye River had purchased the optional 'Complete Replacement Cover' for their home policy," the AAMI spokesman said.

"This provides full insurance cover, meaning customers cannot be underinsured. However, claims under these policies can take slightly longer to settle as there is more work required to ensure the customer's settlement is the correct amount."

s22


**From:** s22  
**Sent:** Friday, 2 December 2016 9:34 AM  
**To:** s22  
**Subject:** re: AAMI -Wye river MC [SEC=UNCLASSIFIED]

Hi s22 – I have a AAMI/Wye river MC and obviously want to highlight the Minister’s referral to ASIC; is there any info on this? I can’t find anything other than a few media article references.

cheers

s22

Senior Adviser  
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 Langton Crescent PARKES ACT 2600

s22

**From:** s22  
**Sent:** Monday, 5 December 2016 3:23 PM  
**To:** s22  
**Subject:** RE: re: AAMI/Wye River [SEC=UNCLASSIFIED]

Thanks s22

s22

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**From:** s22  
**Sent:** Monday, 5 December 2016 3:20 PM  
**To:** s22  
**Subject:** RE: re: AAMI/Wye River [SEC=UNCLASSIFIED]

Hi s22 – suggested amendments to the sentence below.

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**From:** s22  
**Sent:** Monday, 5 December 2016 12:55 PM  
**To:** s22  
**Subject:** re: AAMI/Wye River [SEC=UNCLASSIFIED]

Hi s22

Sorry to bother you, but I was wondering if the sentence below is correct on the Wye River/AAMI issue? It is for some MC I need to clear.


*Given the nature of the allegations that have been made, I have also asked the Australian Securities and Investments Commission to consider conducting a review into AAMI's 'Complete Replacement Cover' policy and its conduct in relation to the matters raised to ensure that it is meeting all obligations under the law and whether there are regulatory issues that need to be addressed. ASIC has agreed to the review and it is currently underway.*

cheers

s22

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