

SUBMISSION

17 December 2021

Treasury
Langton Crescent
PARKES ACT 2600

By email: reinsurancepool@treasury.gov.au

Dear Sir or Madam,

Exposure draft legislation: cyclone and related flood damage reinsurance pool

Sedgwick (Australia) welcomes the opportunity to comment on the exposure draft legislation for the proposed cyclone and related flood damage reinsurance pool.

Sedgwick is a service supplier to the general insurance industry and government agencies, providing claims management support of all claim types, providing expert advice on building repairs, fraud matters and financial valuations. Sedgwick employs over 600 colleagues located in metropolitan and regional areas across Australia, including far-north Queensland, specialising in residential and commercial property matters.

Cyclone reinsurance scheme coverage – coverage period

Under section 1.30, in the explanatory memorandum, Sedgwick note referring to the coverage period or date of loss is not clearly defined. The claim period implies that claimants can only lodge a claim during the claim period, not from subsequent damage deriving from the event at a later date.

Sedgwick suggests Treasury provide clarity as to whether there is a period in which a policyholder must lodge a claim following an event to obtain coverage under the scheme. If there is no limitation to when a policyholder can lodge a claim under the legislation, Sedgwick recommends Treasury clarify this.

Policy coverage

Under section 1.44, the comment specifying ‘the sum insured is the maximum amount a policyholder can claim under their policy if their property is damaged or destroyed due to an insured event’ fails to consider additional policy benefits over and above the sum insured.

Additional comments

Assume coverage for all claims for cyclone-related damage under the scheme is for the next three years. It is unclear what measures will be taken if an insurer or claims service provider chooses to increase coverage under the PDS for cyclone events. In particular, the legislation does not address any provisions for additional features and benefits and/or relaxing adherence to strict policy coverage or making a business decision to include additional items for the event to retain policyholders.

Where community pressure focuses on remediation standards (e.g. floor tiles in Townsville), does the scheme include guidelines for how the ARPC would respond and would additional consultation be required with all insurers to ensure consistency across recovery remains in place?

Where a claim is denied due to other contributing factors, how will the scheme respond to disputes that are escalated to AFCA? In addition, if AFCA determines the claim should be paid under unfair contract terms and enforce additional penalties, will the legislation provide additional interest or financial compensation?

If you have any questions concerning this submission, please contact Clare Cordingley, Senior Manager, Major Event Response on [REDACTED] or [REDACTED].

Kind regards



Diego Ascani
Chief Executive Officer - Australia