

**For immediate release: Wednesday, 29 October, 2014**

## Bushfire regulations could leave homes under-insured

Safety requirements in bushfire-prone areas could add more than \$100,000 to the cost of rebuilding a damaged home, leaving owners significantly under-insured, the National Insurance Brokers Association (NIBA) has warned.

With large areas of Australia facing an above-average bushfire threat again this year, NIBA is urging consumers to make sure they have adequate insurance arrangements in place for the summer ahead.

One year ago this month fires decimated areas of the NSW's Blue Mountains, which caused the complete loss of more than 200 properties and resulted in nearly \$200m worth of insurance claims.

With above average temperatures and below average rainfall predicted over the coming months for large parts of the country, NIBA's Chief Executive Officer, Dallas Booth, said that consumers should seek expert advice about insurance cover as soon as possible.

"There are significant variations between insurance policies, so we recommend consumers speak to an insurance broker to make sure that the things that are most important to them are adequately covered.

"Brokers know the market and they really understand policy wordings, so consumers can be confident that they have the very best cover in place should the worst happen. Last year's bushfires were a stark reminder of how quickly natural catastrophes can strike, and why it's so important to have the right level of cover."

One of the major issues to emerge from recent fire catastrophes is the gap between the average sum insured and the actual rebuilding cost, combined with a lack of consumer understanding about properties being required to comply with the Bushfire Attack Levels (BAL) rating system.

"Over the past 10 years there have been some quite dramatic changes in regulation around planning, developing, building and rebuilding properties in fire-prone areas," Mr Booth says.

"Many properties are now required to comply with the BAL rating system and for the average house it can add \$80,000 to \$120,000 to the rebuilding costs just to comply with BAL. It has a dramatic impact."

Mr Booth added that as many policyholders are simply not aware of these changes, brokers can play an important role in ensuring they are adequately advised.



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“Brokers are a source of advice on insurance matters and a core area of insurance advice is on the sum insured,” he says.

“They are qualified to give professional advice tailored to a policyholder’s personal needs and their role is to get the best deal for the policyholder – including in the event of a claim being made.”

NIBA operates a free broker finder service called Need a Broker, which puts business owners and consumers in touch with qualified insurance brokers in their geographic area.

The service can be accessed at [www.needabroker.com.au](http://www.needabroker.com.au) or by calling **1300-53-10-73**. The website also provides information about understanding insurance, consumer issues and what services a broker can provide.

*A video case study outlining the crucial role a broker played in helping a client recover after losing their home in the Springwood bushfires of 2013 can be viewed here: <http://bit.ly/1t0yfDf>*

*A follow-up video filmed a year later shows how the client's life is returning to normal as the home rebuilding process nears its conclusion: <http://bit.ly/10bccmb>*

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*NIBA is a not-for-profit, independent industry association representing 360 firms and more than 2000 individual Qualified Practising Insurance Brokers (QPIBs), who handle almost 90% of the commercial insurance transacted in Australia. Brokers play a major role in insurance distribution, handling around \$17 billion in premiums annually and placing around half of Australia's total insurance business.*