

Allianz Australia Insurance Limited

ABN 15 000 122 850

8 June 2022

James & Deirdre Dobbin
16 Aaran CI
Endeavour Hills Vic 3802

Only via email: jimmydobbs@hotmail.com

Dear Mr & Mrs Dobbin,

Claim Number: 6210287371
Policy Number: 621S153685DMP
Complaint Number: 00082971

We write regarding your dissatisfaction with the partial denial of your claim for damage to your property following a flood event in February of 2020.

Your reported cracks appearing internally and externally across your property which you believe to be due to flood damage. Allianz appointed Crawford & Company Loss Adjusters (Crawford) who subsequently engaged the services of Project Plus and CRD Building Consultants and Engineers (CRD) to assess your loss and provide a causation report. Their reports have been previously provided to you.

Following independent physical inspection, CRD identified that the cracking throughout your property is unrelated to the reported flooding event. Further, a broken pipe and leaking stormwater drain was also ruled out. CRD concluded that the proximate cause of the cracking is differential footing movement. This movement was caused by variations in the soil conditions and atmospheric conditions. Accordingly, Allianz determined that the damage was not caused by the flood event and did not fall within the terms of cover. You have disputed this and requested a review of this decision.

We have now reviewed the circumstances of your claim, taking into account the reports provided, photographs of the damage, the provisions of your Allianz Home Insurance Product Disclosure Statement (PDS).

Policy Coverage

Your policy provides cover for losses arising out of certain listed events, which are subject to certain restrictions, exclusions and conditions. These events are set out on pages 16 to 23 of your PDS.

As outlined on page 17 of your PDS, under the heading '*Storm, cyclone, rainwater or run-off*' we explain that your policy provides cover for damage as a result of storm or rainwater. Cover applies for loss or damage caused by or arising from 'soil movement, including erosion, landslide, mudslide or subsidence if it is caused *directly* by and occurs within 72 hours of a storm.'

However, on pages 53 to 56 of the PDS, you are advised of the general exclusions applicable to the policy. Specifically, damage as a result of or caused by or arising from inherent defects (including faulty design or materials, structural defects or poor workmanship) and wear and tear including gradual deterioration is excluded from cover. Further, injury or legal liability as a result of, caused by or arising from the action of light, atmospheric or other climatic conditions is also excluded from cover.

Cause of Damage

Upon inspection, CRD observed the cracking to the render at the north-west corner to be consistent with damage caused primarily by normal and expected thermal expansion and contraction of building

materials and the quality of the original construction. CRD explained that cyclical changes in climatic conditions caused the building materials to constantly expand and contract, which over a period of time caused cracks and separation gaps to occur.

Project Plus advised of a broken pipe at the north-west corner of the property and noted that a drain was completely blocked by roots and caused water to seep out of the cracks. Leak detection testing confirmed that this did not contribute to the reported damage.

Based on the above, the cause of cracking and subsequent damage was not the result of a singular flood event, rather cracks appeared from thermal expansion and contraction of building materials, quality of the original construction and differential footing movement.

Your policy only provides cover for loss or damage as a direct result of an insured event hence your loss does not fall within the terms of cover. In addition, your policy excludes damage caused by gradual deterioration and poor workmanship.

Outcome

Based on the above, the evidence does not support a conclusion that this reported damage was the result of the flood event or any other insured event.

The information available confirms that the causes of damage are soil variations causing movement, poor workmanship and gradual deterioration, all of which are expressly excluded from cover.

As the cause of your loss is excluded from cover, Allianz is maintaining the decision to decline your claim.

In these circumstances we regret to advise that we are unable to assist you further in your claim.

You should be aware that because this is our final decision, if you wish to pursue this complaint further by taking it to the Australian Financial Complaints Authority (AFCA), you will need to do so within 2 years of the date of this letter.

AFCA is an independent external dispute resolution scheme approved by the Australian Securities and Investments Commission. We are a member of this scheme and we agree to be bound by its determinations about a dispute. AFCA's contact details are as follows:

The Australian Financial Complaints Authority
Online: www.afca.org.au
Email: info@afca.org.au
Phone: 1800 931 678
Mail: Australian Financial Complaints Authority, GPO Box 3 Melbourne VIC 3001

If you have any further questions or require copies of the information we relied on in making this decision, please do not hesitate to contact me.

Yours sincerely,

VWhelan

Veronica Whelan
Dispute Resolution Officer
Mobile : 0478 948 055
Email : veronica.whelan@allianz.com.au