

# The Australian

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## Victims cry foul over insurer's flood pledge

- by: Chip Le Grand
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**VICTORIA'S insurance watchdog is examining claims the RACV, the state's largest personal insurer, welsed on a public pledge to stand by all victims of last year's devastating floods.**

The RACV broke from other major insurers when it issued a public statement on February 25 last year declaring it would honour the claims of all policy holders, irrespective of whether their homes had been damaged by flood or storm water.

Under the heading "RACV stands by its members", the statement added that in cases of flood damage -- often not covered by home insurance policies -- ex-gratia payments would be made to the "value of the claims".

Michael Bates, an associate with law firm Maurice Blackburn, is acting on behalf of four flood victims who were insured with the RACV and received either no money or payments that met only a fraction of the cost of repairing their houses. "That press release is no longer on their website and they are not doing what they said," he said. "They are not paying out to the value of people's claims. They seem to have released the statement, got the glory and then done an about-face."

RACV Insurance general manager Paul Northey, the executive who made the pledge, said the insurer had stood by its promise, making nearly \$7.5 million worth of ex-gratia payments to more than 300 members.

"These goodwill payments were in addition to more than 10,000 payments made to RACV members whose properties were assessed as being storm damaged from the same weather event," Mr Northey said. He declined to comment on the cases still in dispute or whether other policy holders had accepted payments of less than the value of their claims.

Kim Horvath, whose Charlton house was left uninhabitable after the floods, still has a cheque for \$10,000 initially offered to her by the RACV to cover a damages claim of nearly \$150,000.

She said she was "appalled" at the conduct of the company, which eventually offered her a payment of \$21,000 for the house and \$5000 for the contents.

"One person I spoke to said 'We don't have to give you one cent. We are doing this as a favour'," said Ms Horvath.

"Saying here is \$10,000, go away, isn't honouring a claim."

Another flood victim pursuing a claim against the RACV is Jan Wirtanen, a 58-year-old registered nurse who lives in the small central Victorian town of Wanalta. Ms Wirtanen's case is complicated because of damage to her house caused by three separate floods in November and December 2010 and January 2011.

Her house has been uninhabitable since the first flood.

She said the RACV initially treated her well, putting her up in a nearby hotel while staff assessed her claims.

Her claims were denied and she received no offer of an ex-gratia payment. She is now living in a state-supplied caravan on her property and says she feels let down. "Where on earth do I turn to from here?" she said.

The RACV says its promise to flood victims was removed from its website on June 25 when its scheduled posting expired. The pledge to make payments to the value of claims is repeated in the company's most recent annual report.

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