

FLOOD INSURANCE FACTS

Cover for floods is often built into a range of insurance policies, including home and contents insurance policies.

The risk of a flood occurring is reflected in the cost of the premium – property owners with a high risk of flood will typically pay a higher premium than other property owners.

Insurers treat flood in different ways in their policies:

- Many insurers include flood cover as a compulsory part of taking out a household policy
- Some insurers include flood as a standard inclusion, but allow the policyholder to remove it. This is known as opt-out flood cover
- Some insurers will cover flood in policies only up to very low defined values – for instance, damage of \$15,000 or less
- Some insurers will not cover flood under any circumstances

7 %

OF AUSTRALIAN ADDRESSES HAVE SOME FLOOD RISK

2.8 %

HAVE MODERATE TO EXTREME RISK

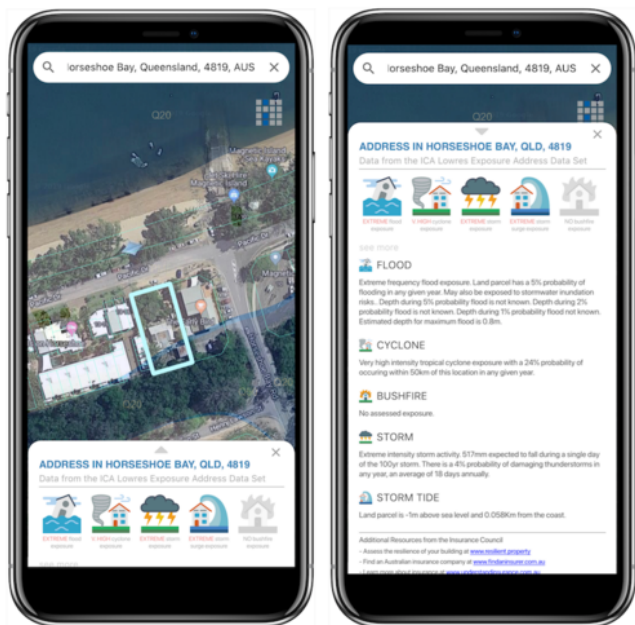
80 %

OF INSURANCE LOSSES FROM FLOODS OCCUR IN AREAS THAT HAVE BEEN FLOODED IN THE PAST

Legal definition of flood:

The covering of normally dry land by water that has escaped or been released from the normal confines of:

- any lake, river, creek, or other natural watercourse, whether or not altered or modified; or
- any reservoir, canal, or dam



When choosing or renewing your policy, make sure you understand your flood risk.

- Check your policy wording carefully before buying your policy and make sure you understand whether your policy includes flood damage and what type of flood damage is included
- If you are not sure, speak to your insurer. If you are at risk of flood damage, carefully review the terms and conditions of your cover (in particular, your home and contents insurance policies) by reading your Policy Disclosure Statement
- Restrictions on what your policy will and won't cover are usually listed as exclusions
- The cost of cover is typically proportional to the risk of flooding in your location and the rebuild value of the assets you seek to protect
- If in doubt, contact your insurer to clarify the extent of cover held and your insurance needs
- Though most insurers regard rainwater runoff as part of storm cover, some insurers won't cover rainwater runoff or storm surge when the customer chooses not to take flood cover. These options are explained in the product disclosure statement for your policy.

MyHazards app can help you understand your risk and start conversations with your insurer

CLIMATE CHANGE

Insurers do not cover the future impact of climate change. Insurers price premiums for the risks that may affect the property within the next 12 months.

OTHER IMPORTANT FACTS TO CONSIDER

Flash Flooding

Most policies cover flash flooding flood risk, but check your policy carefully if you have a particular risk for this kind of damage, for example if your house is at the bottom of a slope.

Actions of the sea, coastal erosion

Coastal properties can often be very exposed to inundation caused by the movement of sea water and any other type of risk or associated damage (such as erosion). If you own a coastal property, it is important to understand exactly what damage is covered and not covered in your policy. **Most insurance policies do not cover actions of the sea.**