

# "DISASTER CHASERS"

A warning by the Insurance Council of Australia (ICA)

There have been several significant and extreme weather events recently and a number have been identified by the Insurance Council of Australia (ICA) as Catastrophes.

The ICA has previously issued warnings about "Disaster Chasers" who "typically present themselves in a disaster impacted area shortly after the event occurs but can also appear months later. They may door knock neighbourhoods, claiming to have identified damage at your property, or in some very bold cases they may claim that they are here at the behest of your insurance company."

A number of these firms have been identified in Queensland following hailstorms, however, they have also appeared in other states and may appear following a disaster in any area.

**A Strata Plan may have only one representative to manage their rights and interests and where a contract is signed with another party, BCB will be unable to help manage the claim covered by that contract.**



## ICA WARNINGS:

### 1. DISASTER CHASERS MAY DO ANY OF THE FOLLOWING.

- Claim to be able to identify damage to your property that you were unaware of and may offer a free inspection
- Ask for money up front
- Promise to get the repairs done in a short amount of time
- Promise to get the repairs done for an amount that is far below legitimate competitors' bids
- Not have insurance or necessary licenses
- Ask or pressure you to sign a contract, on the spot
- Claim that they will be able to get your insurer to pay more for an insurance claim than you could manage yourself
- State they will pay your insurance excess

### 2. IF YOU ARE STILL CONSIDERING LETTING A DISASTER CHASER ONTO YOUR PROPERTY, PLEASE ENSURE YOU DO THE FOLLOWING.

- Understand the contract before you sign and obtain professional advice if unsure
- Understand the financial obligations created by the contract, and that you will not regret them
- Look for the penalties that will apply if you want to terminate the contract
- Confirm they are licensed and insured, ask for identification, and check that they are legitimate
- **They don't work for nothing!** How are they getting paid? Do they charge a flat fee, or do they get a percentage of a cash settlement from your insurer? Are you agreeing to have their choice of contractor

undertake your repairs? Is their fee a percentage of the value of your damage?

- Understand the repercussions of terminating the contract. What if you decide to use your own or your insurer's repairer instead of the one proposed by the disaster chaser? Is there a penalty?
- Notify your insurance broker before you sign the Contract, and we will explain the pitfalls of signing up

### 3. IF THE CONTRACT DICTATES THAT YOU MUST USE THEIR CHOICE OF CONTRACTOR, YOU SHOULD ENSURE THEY PROVIDE YOU WITH THE FOLLOWING.

- A written quote and an agreed scope of works which must include the cost of labour and materials to reinstate your property to the pre-loss condition
- Evidence they are a licensed contractor
- Evidence of current public liability and professional indemnity insurance
- Proof of their experience. They should be able to offer references
- An estimated time-frame for the project

BCB doesn't charge additional costs to the Strata Plan for claim management. Our costs are fully covered by the Broker Fee paid by the Strata Plan and the commission received from the Insurer. BCB doesn't receive any additional payment from any party for protecting your interests, irrespective of the complexity, quantum, or time required to manage your claim.

BCB and the ICA view the engagement of a disaster chaser as being of no benefit to the Insured, especially where an insurance broker is appointed. But, if you do proceed, please read the contract carefully and obtain legal advice before signing. The penalties contained in these contracts may be substantial.

One of the benefits of using the Insurer's choice of contractor is that the General Insurance Code of Practice (GICOP) requires the Insurer to provide a lifetime warranty on repairs **which are authorised by the Insurer to their preferred or panel builder**. This lifetime warranty lies with the Insurer, not the contractor, and will be honoured by the Insurer irrespective of whether the builder is still operating in the future.

When a non-insurer approved builder is used to complete your repairs, the insurer is unable to provide the life-time warranty on the repairs. If the works are not completed, or there are poor workmanship issues, the insurer will be unable to assist, and you will have to take the problem up directly with the contractor or the disaster chaser if they can be found.

If your Strata Plan has undertaken to engage a third-party firm to manage their claim, please advise BCB immediately and provide a copy of the engagement contract so the Insurer can be notified of their involvement. As your Insurance Broker BCB will remain available to help where possible. However, we are unable to liaise with your Insurer and other suppliers on your behalf.

The ICA's warning "Beware of Disaster Chasers" is timely as we come into our catastrophe season.

## QUESTIONS?

If you have any questions, please contact your local BCB branch via one of the options below.

[WWW.BCB.COM.AU](http://WWW.BCB.COM.AU)

### NEW SOUTH WALES

☎ 02 9024 3850  
@ nsw@bcb.com.au  
📍 Level 11, 338 Pitt Street  
Sydney NSW 2000  
✉ PO Box 20288  
World Square NSW 2002

### QUEENSLAND

☎ 07 5668 7800  
@ qld@bcb.com.au  
📍 Suite 1, 7-9 Burra Street  
Chevron Island QLD 4217  
✉ PO Box 5579  
Gold Coast MC QLD 9726

### WESTERN AUSTRALIA

☎ 08 6245 5300  
@ wa@bcb.com.au  
📍 155b, 22 St Georges Terrace  
Perth WA 6000  
✉ PO Box 5655  
Perth St Georges Terrace WA 6831

### VICTORIA

☎ 03 8609 2300  
@ vic@bcb.com.au  
📍 Level 12, 390 St Kilda Road  
Melbourne VIC 3004

