

BROKERWISE™



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BW Market Value-v-Agreed Value Car Insurance

Deciding between agreed value or market value car insurance typically boiled down to two things: the car you drive and how much you wanted to spend on the premium?

However, since 2020, this question has becoming much more complex to answer.

‘Market Value’ is a recognised insurance industry term for what your car would fetch in the open market at the time of making a claim. It is determined by your insurer based on a number of factors such as the make and model of your vehicle, its condition, age, the accessories fitted, how many kilometres it has travelled, and its service and accident history.

‘Agreed Value’ is a sum that has been fixed after discussion and agreement between you and the insurer when you take out or renew a policy. An agreed value car insurance policy generally attracts a higher premium as the agreed value of your car is usually higher than what it would sell for on the open market, i.e., its market value.

Since the start of this decade, vehicle prices have soared due to a number of factors, but there is one overarching factor that has thrown the entire car industry into shambles – its ongoing semiconductor shortage.

Although automotive isn't the only industry affected, the sheer number of electronic components in modern cars that require semiconductors is what has made it such a pressing issue. The shortage of new cars has also been fuelled by colossal demand, closure of manufacturing facilities for Covid lockdowns, and Russia's invasion of Ukraine which is causing nickel shortages used in the production of electric vehicles.

Given the short supply of new cars, high prices, and long waiting lists for those who have ordered new vehicles, many Australians are choosing to buy second-hand cars as an alternative. According to recently released data by Moodys, the credit rating company, the current prices of used cars has increased on average by 34%.

With these industry dynamics in play, it is no longer a reasonable assumption to consider Agreed Value will yield a better total loss settlement payout compared to Market Value. In fact, many used vehicles are now worth more than when they were first manufactured and sold!

Also, if you have managed to source a new vehicle, it's worth noting that most motor vehicle insurers now offer a replacement vehicle when the insured vehicle is written off or stolen if the vehicle was purchased new from the manufacturer and is less than 24 months old from when it was first registered.

Clearly, it would be prudent to seek advice from an insurance professional before deciding the basis of the insuring value for any vehicle you own or acquire.



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BW To Repair or Not Repair - That is the Question

Undertaking construction work can be stressful at the best of times, and almost inevitably not everything will go to plan. In Queensland, the Queensland Building and Construction Commission (QBCC) provides a Statutory Insurance Scheme design to cover defective building work.

However, in a decision that highlights the competing interests of an insurer to be able to properly investigate a loss, and the duty (and desire) of insureds to mitigate their loss, or prevent any ongoing loss, the decision of the Queensland Civil Administrative Tribunal in *Perry v Queensland Building and Construction Commission* [2022] QCAT 234 serves as a cautionary tale.

Mr Perry, a property owner, made a claim under the QBCC's Statutory Insurance Scheme following a builder completing defective roofing works to his home. The QBCC agreed the work was defective and directed the builder to rectify the defect. The builder, however, failed to comply with the direction.

Mr Perry, after a protracted period of time where the QBCC did not take any action in relation to the defective works, attempted to rectify the defective works himself, and then sought to seek reimbursement from the QBCC, pursuant to the Scheme, for the costs of that.

While there were several factual issues in dispute, including whether the defective works was covered by the Scheme in the first place, the issue before the QCAT was whether, because the property owner rectified the defective work without approval of the QBCC, that voided the property owner's entitlement for assistance under the Statutory Scheme.



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The short answer is yes: taking steps to rectify the work without prior approval of QBCC did disentitle the property owner to assistance under the Statutory Scheme. The QCAT Member stated that this was because the carrying out of any unapproved work, like rectification work, could impact the assessment of the allegedly defective work and would impact the ability of the QBCC to direct the person who carried out the building work to rectify such work.

While the Statutory Scheme offered by the QBCC is somewhat unique, this matter highlight's the prejudice an insurer may suffer if an insured takes action and rectifies damage without involvement or knowledge of the insurer. This is particularly so if the insurer may have concerns whether the damage was caused by an insured event, or if there is a right of recovery against a third party in respect of any claim paid out under the policy.

However, this needs to be contrasted with the duty to mitigate loss, and to take steps to prevent further loss, that is found in most policies (or would be implied in any event).

Particularly in situations where, following severe storm events, there can be significant delays in investigating, let alone rectifying, damage, if you have the means to, should you take steps to attend to the damage yourself? Or will that put your policy coverage at risk?

Each policy and each loss is different, but based on the QCAT's decision, you would be right to think about it twice. But as always, if you are uncertain about how your policy would respond, contact your broker to discuss.



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BW Lessons We Learned From The Rain Bomb

Earlier this year, we suffered the worst natural disaster in history, after heavy and sustained rainfall caused a series of floods along the east coast, killing 22 people, destroying thousands of homes and costing over \$5.2bn

Brisbane recorded 676.8mm of rainfall over a 3 day period breaking the previous record of 600.4mm in 1974. This is equal to 80% of the city's annual rainfall.

One aspect of this event, which has not been widely discussed, is the realisation that many people simply expect their roof to keep them safe, but have no regular maintenance program to help it do its job. Your roof takes a beating from the harsh Australian conditions every day, from wind, hail, rain and shine.

While ageing is part of a roofs lifespan, some defects from ageing will require attention to maintain its structural integrity and extend its lifespan.

Here are 6 signs you should look for...

#1 - RUST OR LOOSE SCREWS ON METAL ROOVES

Corrosion is a common sign that the roof is deteriorating and missing nails or loose screws allow the roof sheets to lift up

#2 - CRACKED OR LOOSE TILES

Broken/cracked or missing tiles need to be replaced to avoid leaks. Often old tiles will have lost their protective coating and the tiles become brittle.

#3 - DEGRADATION OF POINTING AND RIDGE CAPPING

Older tiles rooves often suffer from issues when the capping or bedding is weak or broken. If not addressed, rain can easily seep through the gaps or the capping can be blown off. Rebedding and repointing will provide strength and protection to a tile roof.



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#4 - DAMAGED FLASHINGS

Roof flashing is a thin membrane which stops water from entering into roof holes for windows, skylights, vents or chimneys. When they're damaged or missing, water can easily leak through the opening.

#5 - BLOCKED GUTTERS OR VALLEYS

Leaves, branches and other debris can easily clog up your roof. When it does, it causes water to pool and lead to water leaks inside.

#6 - ROOF SAGGING

Roof leaks are usually the result of months or years of conditions where the roofing system has been under pressure, but hasn't received any love and attention. This becomes evident with rotting timber leading to sagging ridge lines

Internally, discolouration marks indicate mould mildew or fungus is forming and apart from the health issues it causes, it's telling us that the protective outer layer of the roof is compromised and with the indication that we're moving into another period of high rainfall, now is the time to get prepared. Having said that, we don't suggest that you get on your roof to carry out this inspection, unless you really know what you're doing. As rooves get older, tiles and gutters can give way and metal rooves can be very slippery.



BW CQIB Convention & Wesley Kids

Across the weekend at the 2021 CQIB Convention, we managed to blitz our target of \$35,000 by raising \$40,257 for the Wesley Kids. The money has gone towards building a sensory playground and offer therapy sessions for children. The money has also gone towards:

- The painting of a large yarning circle mural created by an Aboriginal artist.
- The creation of sensory garden and a hanging wall garden with different scented, textured, plants, herbs and shiny pebbles.
- The purchase of kid's gardening tools eg. wheel barrows, gardening gloves, shovels and rakes.
- The purchase of a wooden outdoor cubby.
- The purchase of beanbags, kid's chairs and tables and a rug for outdoor group sessions.
- The purchase of an outdoor mud kitchen, sand & water play activity tables.
- The purchase of a large drawing/painting wall.

Thank you all very much for your support, your kindness is greatly appreciated and will help in making a difference in the lives of children in the community.



“You can’t control the direction of the wind,
but you can adjust your sails.”

– Jimmy Dean

BW Fun Facts!!

- #1 About 24 thousand people are killed by lightning strikes each year, and about 240 thousand more are injured.
- #2 There weren’t always a lot of trees on the Earth. The Earth used to be covered in giant mushrooms.
- #3 Scientists believe that the Earth may have had two moons at one point in time.
- #4 The deadliest earthquake in recorded history took place in southwest Syria in 1201. The deaths were counted as high as 1.1 million.

THANKS FOR READING!

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