

# Australian bushfires

## January 2020

### About the current bushfire situation in Australia

A period of severe drought and record breaking high temperatures has contributed to widespread bushfires currently ravaging many parts of Australia. Although the country has always experienced bushfires in the summer months, this season is far worse than normal.

Whilst fires have been burning in some areas for several months, activity intensified over the Christmas and New Year period, exacerbated by a heatwave and strong winds.

Complicating the situation has been the location of fires in many coastal regions, filled with holiday makers enjoying their annual summer break. For example, in Mallacoota in Victoria, around 4000 of residents and tourists were forced to shelter on the beach as fire cut off roads and menaced the town. The Australian navy has since assisted in evacuating thousands of those stranded, with the military sending troops, ships and aircraft to the region to help relocation and firefighting efforts.

The fires are causing unprecedented smoke pollution, with many parts of south-eastern Australia blanketed in smoke. On 1 January, the air quality index reading in Canberra (Australia's capital) was 4,650 — more than 23 times the hazardous level of 200 - meaning this was the worst air quality index of any major city in the world. Smoke from the fires has also travelled more than 2,000 kilometres to blanket New Zealand's South Island.<sup>1</sup>

It's reported that Australians breathing toxic bushfire smoke will have to wait years to know what long-term health impacts they may suffer, as experts say there is no precedent for the ongoing crisis.<sup>2</sup>

Many bushfires remain burning and, while rain has fallen in some bushfire affected areas, worse fire conditions are forecast to return.

### The bushfires in numbers

(as at 6 Jan 2020)



- At least 25 people have lost their lives around the nation<sup>3</sup> to date, including three volunteer firefighters, and more than 6.3 million hectares have been burned<sup>4</sup>.
- There are concerns that entire species of plants and animals may have been wiped out by bushfires following estimations that 480 million animals may die as a result of the crisis.<sup>5</sup>
- New South Wales (NSW) is currently the worst hit state, with more than 4 million hectares burned since mid-2019. To put this in perspective, the 2019 Amazon fires burned around 900,000 hectares, while the 2018 California wildfires burned 800,000 hectares.<sup>4</sup>
- Insurance Council of Australia (ICA) data indicates that approximately 10% of home buildings inside the physical footprint of the bushfires have been destroyed, as at 4 January 2020. Estimates are based on number of total home building policies (16,280) inside fire scars. Approximately 95% of buildings are insured.<sup>6</sup>
- Estimated claims value as at 6 January 2020 is \$644 million, with a total of 8263 claims lodged between 1 November 2019 and 6 Jan 2020.<sup>6</sup>
- Domestic property losses confirmed so far include 1405 in NSW, 45 in Queensland, 88 in South Australia and 300 in Victoria. These loss numbers are expected to increase, as much fire ground still needs to be inspected.<sup>6</sup>
- The Australian government has announced at least AU\$2 billion will be channelled into a national bushfire recovery fund over the next two years.<sup>7</sup>

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### Insurance industry response

A catastrophe (CAT195) was declared by the Australian insurance industry on 8th November 2019 and remains open whilst the fire emergency continues. The area defined by this declaration has grown over the bushfire season as losses have continued to occur. The event now encompasses 183 postcodes across four states.<sup>6</sup>

Insurance companies have assessors, recovery specialists and tradespeople mobilised in affected areas and / or standing by to assist impacted customers when safe access is available. However, some of the hardest-hit regions in the southeast of NSW and parts of Victoria remain too unsafe to enter, particularly with bushfires ongoing.

The ICA has representatives on the ground at the ICA-organised reception centre for those customers impacted by the Mallacoota bushfire in Victoria, and will also set up dedicated recovery centres at government established disaster assistance points in NSW.

NIBA (the National Insurance Brokers Association) has offered ICA any assistance required to support the insurance industry's bushfire response.

Insurers have additional teams taking calls and lodging claims for customers, and various insurers have released information to their broker partners with comprehensive claims information and instructions.

We await further industry response to the unprecedented situations occurring as a result of the bushfires and will share additional information with clients as it becomes available.

#### References:

- <sup>1</sup> <https://www.abc.net.au/news/2020-01-01/smoke-shrouds-australia-as-nsw-bushfires-continue/11835734>
- <sup>2</sup> <https://www.smh.com.au/politics/federal/health-impacts-of-bushfires-won-t-be-known-for-years-experts-say-20200106-p53p87.html>
- <sup>3</sup> <https://www.news.com.au/technology/environment/climate-expert-warns-worst-is-yet-to-come-with-cyclones-and-floods-predicted/news-story/ec429f86a682343f65b74655266822ca>
- <sup>4</sup> <https://www.bbc.com/news/world-australia-50951043>
- <sup>5</sup> <https://www.news.com.au/technology/science/animals/half-a-billion-animals-perish-in-bushfires/news-story/b316adb4f3af7b1c8464cf186ab9f52c>
- <sup>6</sup> <https://disasters.org.au/current-catastrophes/2019/11/13/november-bushfires>
- <sup>7</sup> <https://www.9news.com.au/national/australia-bushfire-insurers-must-pay-out-400m-claims-quickly/a6c5e85f-c43d-49f9-9329-b28fecf5d598>

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### How can Willis Towers Watson help?

Willis Towers Watson is ready and available to offer immediate assistance and advice to all affected clients. **We encourage clients to contact Willis Towers Watson as soon as possible to discuss their unique situation.**

Please note, this offer extends to assisting with insurance placed via Willis Towers Watson, as well as any insurance that clients may have placed via other channels (for example, personal insurances direct with an insurer).

To enable prioritisation, we recommend clients lodge claims immediately / as soon as possible.

Clients can also [view this fact sheet](#) that outlines appropriate steps to take when returning to a business or home that has been damaged but not destroyed by bushfire.

#### How to lodge a claim

Claims can be notified directly to the Willis Towers Watson Claims team on 1300 854 544.

Alternatively, for those who may have access to email, claims should be sent to [au\\_claimsadmin@willistowerswatson.com](mailto:au_claimsadmin@willistowerswatson.com) (or [cynthia.mills@willistowerswatson.com](mailto:cynthia.mills@willistowerswatson.com) for WA) as soon as possible, including "New Claim notification" within the subject line.

Additionally, for assistance with all insurance matters and queries, please **contact your Willis Towers Watson broker directly**, or call your local Willis Towers Watson office on the number provided below:

- New South Wales - **02 9285 4000**
- Victoria - **03 8681 9800**
- South Australia - **08 8223 1200**
- Western Australia - **08 9214 7400**
- Queensland - **07 3167 8500**