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QUEENSLAND FLOODS COMMISSION OF INQUIRY  
SIXTH AFFIDAVIT OF GRAHAM IAN DALE SWORN 13/10/2011

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VOLUME 1 of 2

**QFCI**

Date:

27/10/11

Jm

Exhibit Number:

896

QUEENSLAND FLOODS COMMISSION OF INQUIRY

Commissions of Inquiry Act 1950

SIXTH AFFIDAVIT

I, **GRAHAM IAN DALE** c/- 2649 Logan Road Eight Mile Plains, Brisbane in the State of Queensland, General Manager, say on oath:

**BACKGROUND**

1. I am the General Manager, Personal Insurance Claims of RACQ Insurance Limited (**RACQ Insurance**).
2. This affidavit is provided on behalf of RACQ Insurance in response to a notice served on me on 7 October 2011 by Justice C E Holmes, Commissioner of Inquiry, pursuant to section 5(1)(d) of the *Commissions of Inquiry Act 1950* (Qld) to provide information in respect of matters listed in that notice (**Sixth Letter of Inquiry**).
3. Copies of the Sixth Letter of Inquiry and its cover letter are **Exhibits 1 and 2** to this affidavit.

**RESPONSE TO SIXTH LETTER OF INQUIRY**

4. The matters set out below are not, or are not necessarily, matters of which I have direct knowledge other than by having regard to the records of RACQ Insurance (which I have done in order to provide this affidavit). I have, in answering the questions in the Sixth Letter of Inquiry done so based on my experience, my own knowledge where possible and relying on material maintained by RACQ Insurance or provided by others.
5. Also I have, with the assistance of others, assembled information and material to respond to the questions the subject of the Sixth Letter of Inquiry. I have, however, not been able to personally review all of the material which has been assembled for that purpose or exhibited to this affidavit.
6. While I have made every reasonable effort to ensure that my answers are accurate, the very short period of time that has been allowed for my response to this and a number of other Requirements has limited the scope of my possible investigations.

Page 1

Signed

**AFFIDAVIT**  
Filed on behalf of RACQ Insurance Limited

Taken by

**COOPER GRACE WARD** *Solicitor*  
Level 21, 400 George Street  
Brisbane 4000 Australia

T 61 7 3231 2444  
F 61 7 3221 4356

7. For ease of reference I have set out in this affidavit the headings and questions from the Sixth Letter of Inquiry and provided my response to them below.

**The Commission requires Mr Dale to provide the following information in his statement:**

1. **In respect of the above information, please set out anything with which Mr Dale disagrees, and the reasons why.**
8. **Exhibit 3** to this affidavit is a schedule which sets out the contents of paragraphs 1 to 14 of the Sixth Letter of Inquiry and which identifies the matters I agree with, the matters I disagree with and, where necessary, references to my responses in this affidavit for a more detailed reply.
2. **Please provide a copy of the contract of insurance which applied in respect of her claim.**
9. The following documents make up the policy documentation for Mrs Sledge's policy:
  - (a) Certificate of Insurance;
  - (b) [REDACTED] for the period from 16 February 2009; and
  - (c) [REDACTED] for the period from 16 February 2010.
10. **Exhibit 4** to this affidavit is a bundle of these documents.
3. **Please set out a chronology of the claim, which includes:**
  - 3.1. **All steps taken, and investigations made, in determining the claim.**
  - 3.2. **Details of all communications between RACQ Insurance and Mr and Mrs Sledge**
11. **Exhibit 5** to this affidavit is a chronology which includes the relevant steps taken and investigations made in relation to both claims, together with all communications between Mr and Mrs Sledge and RACQ Insurance about both claims which in the time available I have been able to identify. A brief summary of key events is set out below.
12. Mr and Mrs Sledge lodged two claims with RACQ Insurance under the household policy in relation to the Queensland Floods.
13. Mr and Mrs Sledge lodged a claim for damage which they advised was caused by the inundation of their property on 11 January 2011, which was notified to RACQ Insurance on 13 January 2011 and given claim number [REDACTED]

Signed:

[REDACTED]

Taken by:

[REDACTED]

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14. Mr and Mrs Sledge also lodged a claim for damage which they advised was caused by storm on 8 January 2011, which was notified to RACQ Insurance on 4 February 2011 and given claim number [REDACTED]
15. The storm claim was settled for \$3,722.44 and the inundation claim was settled by way of a cash settlement for the building claim of \$74,050.06 and \$37,700 for contents. Further details of these claims are provided below.
4. **Please provide copies of all records, including file notes and audio recordings, in respect of the claim, including, but not limited to, all communications between RACQ Insurance and Mr and Mrs Sledge.**
16. As I have described in my Second Affidavit to the Commission, RACQ Insurance maintains an electronic claim file through a computer system known as ClaimCenter.
17. The loss adjusters and building consultants engaged by RACQ Insurance in relation to the two claims made by Mrs Sledge (MYI Freemans and Stream) also maintain similar systems.
18. **Exhibit 6** to this affidavit is an indexed bundle comprising the RACQ Insurance claim file for the storm claim, supplemented with documents provided to me by MYI Freemans and Stream.
19. **Exhibit 7** to this affidavit is an indexed bundle comprising the RACQ Insurance claim file for the inundation claim, supplemented with documents provided to me by MYI Freemans and Stream.
20. In paragraphs 218 to 229 of my Second Affidavit to the Commission, I have explained the process by which telephone calls are recorded by RACQ Insurance and the process for searching and locating those recordings.
21. **Exhibit 8** is a bundle of transcripts of call recordings RACQ Insurance has been able to locate in the time available relating to both of Mr and Mrs Sledge's claims. **Exhibit 9** is a CD containing electronic copies of the recordings.
5. **Please provide copies of all correspondence passing between RACQ Insurance and Mr & Mrs Sledge.**
22. Copies of all written correspondence passing between RACQ Insurance and Mr and Mrs Sledge which RACQ Insurance was able to locate in the time available are included in **Exhibit 10 to 13** of this affidavit.
6. **In respect of points 2, 4 and 5 above:**

Signed: [REDACTED]

Taken by: [REDACTED]  
*S. Sledge*

**6.1. What was the purpose of each assessment conducted in respect of the claim?**

23. Points, 2, 4 and 5 of the Sixth Letter of Inquiry provide as follows:

2. *An assessor from MYI Freemans attended the property on 2 February 2011.*

...

4. *Following lodgement of the second claim, a second assessor, also from MYI Freemans, attended at the property on 10 February 2011 to inspect the damage to the ceiling.*

5. *A third assessor, from Stream Build, attended the property on 15 March 2011 to inspect the roof, and a fourth assessor, also from Stream Build, attended the property on 22 June 2011.*

24. The inundation claim and the storm claim were managed separately.

25. The inspection by MYI Freemans on 2 February 2011 was an initial inspection for the purpose of conducting an investigation of the damage and to enable MYI Freemans to provide a report to RACQ Insurance in relation to the inundation claim.

26. At that stage Mr and Mrs Sledge had not made their storm claim.

27. The inspection by MYI Freemans on 10 February 2011 was an initial inspection for the purpose of conducting an investigation of the damage and to enable MYI Freemans to provide a report to RACQ Insurance in relation to the storm claim.

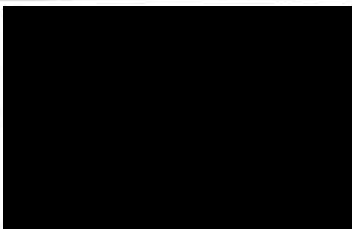
28. The Stream inspection on 15 March 2011 related to the storm claim. Its purpose was the preparation of a scope of work for the repairs required for this claim.

29. The Stream inspection on 22 June 2011 related to the inundation claim, and was arranged after the inundation claim had been accepted as being covered under the policy. Its purpose was the preparation of a scope of work for the repairs required for this claim.

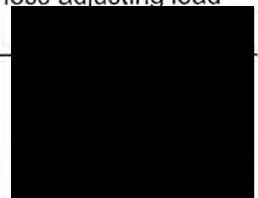
**6.2. Please provide copies of RACQ Insurance/s instructions, written or oral, to the assessor(s) concerning the claim.**

30. Paragraphs 7 to 10 of my First Affidavit sworn 1 September 2011 outline RACQ Insurance's arrangements with loss adjusters MYI Freemans and Stream during the Queensland flood events. As stated in that affidavit, after the floods associated with ex-Cyclone Tasha occurred in December 2010, I made the decision that MYI Freemans would take the loss adjusting lead on claims which occurred outside of South East Queensland. When the January floods occurred, I decided that MYI Freemans would take the loss adjusting lead

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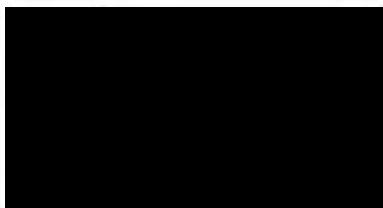
from claims arising from these events as well. This role entailed, amongst other things, MYI Freemans inspecting affected properties and co-ordinating the involvement of Stream if required.

31. RACQ Insurance instructed MYI Freemans in relation to the inundation claim by email on 14 January 2011. A copy of this email is included in **Exhibit 14**.
32. RACQ Insurance instructed Stream in relation to the inundation claim by email on 8 June 2011. A copy of this email is included in **Exhibit 15**.
33. RACQ Insurance instructed MYI Freemans in relation to the storm claim by email on 4 February 2011. I have not been able to locate a copy of that email, as it appears that it was deleted in error. However, an email from MYI Freemans acknowledging our instructions on 4 February 2011 is included in **Exhibit 16**.
34. Stream was instructed in relation to the storm claim by MYI Freemans on behalf of RACQ Insurance on 22 February 2011. A copy of the facsimile containing this instruction is included in **Exhibit 17**.
35. All the records I have been able to obtain containing supplementary instructions or subsequent correspondence with MYI Freemans and Stream about either claim is included in **Exhibit 18 to 32**.

**6.3. Please provide copies of all assessor reports.**

36. MYI Freemans provided RACQ Insurance with a written report recording the initial inspection in respect of the inundation claim on 8 February 2011. A copy of this report is included in **Exhibit 33**.
37. MYI Freemans provided RACQ Insurance with a written report recording the initial inspection in respect of the storm claim on 15 February 2011. A copy of this report is included in **Exhibit 34**.
38. MYI Freemans provided an interim report on the storm claim by email on 21 March 2011. A copy of this report is included in **Exhibit 35**.
39. MYI Freemans provided their final report on the storm claim on 6 May 2011. A copy of this report is included in **Exhibit 36**.
40. A copy of Stream's report dated 12 April 2011 for the storm claim including the scope of work is included in **Exhibit 37**.

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41. Stream provided a further report for the storm claim on 26 May 2011, which is included in **Exhibit 38**.

42. A copy of Stream's report for the inundation claim including the scope of work, provided 30 June 2011, is included in **Exhibit 39**.

7. **In respect of point 6 above:**

7.1. **Is RACQ Insurance aware of calls made to it in the period of the December 2010/January 2011 flood, that were left on hold for periods of 15 minutes or longer?**

43. Point 6 provides as follows:

*Mr and Mrs Sledge had difficulty contacting RACQ Insurance via the general number. In the early stages of the claim, Mrs Sledge or her husband were kept on hold for up to 15 or 20 minutes.*

44. Given the unprecedented events of the summer of 2010/2011, the average speed of answer (ASA) in our Teleclaims Call Centre increased (i.e. calls took longer to answer) during December 2010 and January and February 2011. February was the slowest month, with an average wait time of 264 seconds. The ASA was 86 seconds in December 2010 and 227 seconds in January 2011.

45. During peak calling times the wait would have been longer than these averages. I understand that RACQ Insurance is not able to identify the waiting time for individual calls, and accordingly I cannot comment specifically on whether Mr and Mrs Sledge waited for as long as 15 or 20 minutes for a call to be answered.

7.2. **If so, what was the reason for this? And what, if anything, has RACQ done to avoid a recurrence of this in the future?**

46. I refer to my comments above as to whether what is suggested in the Requirement took place. However, I make the following comments.

47. As I have described in my Second Affidavit to the Commission, RACQ Insurance received more than 15,800 claims from the storms in Brisbane and the South East in December 2010, the Queensland Floods and Cyclone Yasi which crossed the Queensland Coast on 2 February 2011. The Queensland Floods alone gave rise to 6,235 claims. The average number of calls received by our Teleclaims Call Centre during 2010 was around 35,000 calls per month. In January 2011, 60,090 calls were received. In February, 71,463 calls were received. These call levels are unprecedented in RACQ Insurance's history.

48. In paragraphs 29 to 46 and 63 to 93 of my Second Affidavit to the Commission, I set out details of the claims made during this period and the response that RACQ Insurance made

Signed:

Taken by:

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in terms of employing and training staff and reallocating resources to deal with this. I refer to those comments in response to this question.

49. As I have also stated in my Second Affidavit to the Commission:
- (a) A total of 18 additional staff were recruited to the Teleclaims Call Centre to cope with this extra workload. Additionally, RACQ call centre staff (who had been trained prior to the traditional summer storm season) supported RACQ Insurance during this period.
  - (b) There were limits to what we could do in response to these events. New staff have to be recruited and trained before they can join the Teleclaims team, which creates unavoidable delays in responding to the additional demand.
50. RACQ Insurance has implemented a forward recruitment strategy for the 2011/2012 traditional summer storm season.
51. Additionally, the number of trained RACQ call centre staff who will be available to assist RACQ Insurance is being increased to 40.
52. A commitment to continuous improvement is embedded within RACQ Insurance. As part of this, RACQ Insurance has been considering its response to the Queensland Floods response and what improvements can be made in areas including resourcing, technology, systems and processes.
53. It is of course not possible to maintain permanent staff levels sufficient to meet the demand created by the combination of events RACQ Insurance was faced with during these extraordinary weather events, which were unprecedented.

**8. In respect of point 8 above:**

**8.1. If the information contained in point 8 is correct, please set out the comment made by Mrs Sledge's daughter and the response by RACQ Insurance.**

54. Point 8 provides as follows:

*In May or June 2011, Mrs Sledge's daughter posted some comments about RACQ Insurance on its official Facebook page criticising it for not calling Mrs Sledge by a date it said it would. RACQ Insurance responded to the comments very quickly, within 15 minutes. In late May or early June 2011, Mrs Sledge received a call from a representative of RACQ Insurance named [REDACTED]. She was given [REDACTED]' direct contact number and communication improved thereafter, although there was a further occasion on which RACQ Insurance did not return a call in a timely manner.*

Signed:

[REDACTED]

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Taken by:

[REDACTED]

Solicitor



55. Within the time available to prepare this affidavit, RACQ Insurance has been able to locate two comments on the official RACQ Facebook page which appear to have been made by Mrs Sledge's daughter, one on 3 June 2011 and the other on 24 June 2011.
56. The first posting on 3 June 2011 stated:
- "It is 5 months since my parents house flooded in Ipswich, and still RACQ have not given an answer on their insurance status. Are they covered or are they not? They are honest hardworking people who have had to come out of retirement and return to work to fund the repairs. It is a disgrace. RACQ you should be ashamed of yourselves".
57. RACQ's response was:
- "Hi [REDACTED], we'll look into it".
58. The second posting on 24 June 2011 stated:
- "RACQ is still making and breaking promises to flood victims. Shame on you. My parents were told 2 weeks ago that finally they will receive some money, once again the money has not come through. They were told today someone would return their call, again no contact."
59. RACQ's response was:
- "Hi again [REDACTED]. Can you please email social@racq.com.au and we'll look into it for you."
60. The comment on 3 June was posted at 5.38pm and the response was posted at 5.54pm.
61. The comment on 24 June was posted at 6.46pm. RACQ Insurance's response was posted at 5.28am the next day.
62. **Exhibit 40** is a copy of each of these postings and the responses to them.
63. [REDACTED] who is a team leader in the dedicated response team, called Mrs Sledge on 19 May 2011, before either of these Facebook posts were made. Her call was unrelated to the Facebook postings. [REDACTED] was not in a position to progress the inundation claim, which was awaiting hydrological investigations, but she was able to progress the storm claim by liaising with Mrs Sledge and with Stream.
64. RACQ monitors its Facebook page. RACQ Insurance has a general policy of not responding in detail on Facebook to specific claim enquiries or statements made on Facebook. Posts of this nature are generally acknowledged and referred to the RACQ Insurance claims department.

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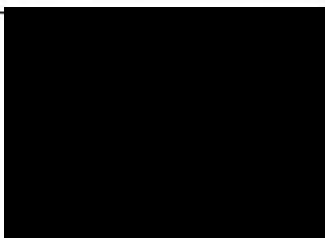
[REDACTED]

Solicitor

65. RACQ Insurance did not adopt a different approach to Mrs Sledge's claim as a result of the posts on the Facebook page.
66. A decision was made to accept Mrs Sledge's inundation claim on 8 June 2011, together with the other claims in One Mile in Ipswich, as soon as the hydrology investigations allowing this decision to be made were available to RACQ Insurance (see further details below). The timing of the acceptance of the claim is unrelated to the posts on Facebook.
9. ~~Further to question 1, in~~ **Further to question 1, in respect of point 9 above:**
- 9.1. **If the information contained in point 9 is correct, please explain why Mrs Sledge was given inconsistent information.**
67. Point 9 provides as follows:
- Mrs Sledge received conflicting information about an assessor's report; at one stage, RACQ advised Mrs Sledge that that assessor had not completed the report, but when Mrs Sledge contacted the assessor, he advised her that the report had already been sent to RACQ Insurance.*
68. It is difficult for me to answer this question without knowing which assessor, or which report, is being referred to.
69. The storm claim was managed by MYI Freemans. This means that the instructions to Stream to inspect the site and prepare a scope of work were given by MYI Freemans on behalf of RACQ Insurance.
70. The information I have received from MYI Freemans indicates that they had the following communications with Mr or Mrs Sledge:
- (a) Telephone call on 18 January 2011 to arrange an inspection for the inundation claim.
  - (b) Attendance at site on 2 February 2011 to carry out an initial inspection for the inundation claim.
  - (c) Telephone call on 8 February 2011 to arrange an initial inspection for the storm claim.
  - (d) Attendance at site on 10 February 2011 to carry out an inspection for the storm claim.
  - (e) Telephone call on 22 February 2011 from Mr or Mrs Sledge which was recorded in the storm claim, but which relates to the need for a hydrology report to be obtained before a decision can be made on the inundation claim.
71. The information I have received from Stream indicates that they had the following communications with Mr or Mrs Sledge:

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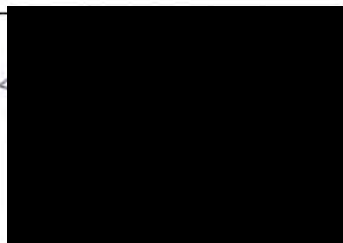
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- (a) Telephone call to Mrs Sledge on 24 February 2011 to confirm their engagement for the storm claim.
  - (b) Telephone call to Mrs Sledge on 9 March 2011 to arrange an inspection for the storm claim.
  - (c) Telephone calls to and from Mrs Sledge on 11 March 2011 to change the date of the inspection for the storm claim because the assessor was ill.
  - (d) Attendance at site on 15 March 2011 to carry out an inspection for the storm claim.
  - (e) Telephone call from Mr Sledge on 25 March 2011 asking for an update on the storm claim. Stream advised that its report would be sent to RACQ Insurance as soon as possible.
  - (f) Telephone call to Mr Sledge on 8 April 2011 to advise that tenders had been issued for the storm claim and that the report would be prepared once responses were received.
  - (g) Telephone call on 9 June 2011 to arrange an inspection for the inundation claim.
  - (h) Telephone call from Mr Sledge on 16 June 2011 to change the date of the inspection for the inundation claim.
  - (i) Attendance at site on 22 June 2011 to carry out an inspection for the inundation claim.
72. Mr Sledge called RACQ Insurance on 17 February 2011 to ask for an update on the storm claim. He spoke to more than one member of staff. During that call Mr Sledge was informed that RACQ Insurance had not yet received a report from MYI Freemans.
73. On 17 February 2011 RACQ Insurance called MYI Freemans to follow up the report, and was told that the first report for the storm claim "only went through today, so it might not have landed in your [i.e. RACQ Insurance's] system yet". RACQ Insurance has access to MYI Freemans system and the report shows in the MYI Freemans system as having been sent on 16 February 2011. This is consistent with the claim notes provided by MYI Freemans.
74. It is possible that Mrs Sledge was told by MYI Freemans that their report had been sent to RACQ Insurance whereas RACQ Insurance had not yet received it.
75. On 6 April 2011 Mr Sledge called RACQ Insurance for an update on the claim and was told that RACQ Insurance had been waiting for the Stream report and "it looks like it's in". The call was then transferred through to the claims team, but the recording for the second part of the call has not been recovered. The report had not in fact been received – the Stream report for the storm claim was not prepared until 12 April 2011.

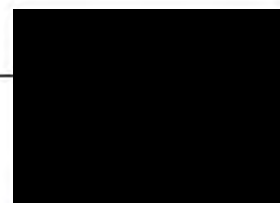
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Solicitor

76. On 8 April Mr Sledge called RACQ Insurance to ask for an update on the claims. During this call he told the customer service operator that he was told by someone at RACQ Insurance "last week" that the Stream report for the storm claim had been received. The customer service operator explained that this was not the case and apologised for the error. RACQ insurance then called MYI Freemans to follow up on the Stream report (as set out above, MYI Freemans was managing the storm claim) and then called Mr Sledge back to give him contact details at MYI Freemans to follow up on the Stream report.
77. The customer service operator from RACQ Insurance called Mr Sledge again on 8 April 2011 to inform him that MYI Freemans had followed this claim up with Stream and that their report should be ready by the following week.
78. The Stream claim record indicates that on 12 April 2011 Stream provided their first report to MYI Freemans by email.
79. On 18 May 2011 Mr Sledge called RACQ Insurance for an update on the claims. He was told that RACQ Insurance was still waiting for a report from Stream for the storm claim. As stated above, the first Stream report appears to have been provided to MYI Freemans on 12 April 2011, but as at the time of this call RACQ Insurance had not received the report.
80. RACQ Insurance then contacted Stream and requested their report, which was emailed to RACQ Insurance. It appears from the claim file that the original report provided by Stream omitted the need to replace batts in the ceiling. It appears that Stream updated their report of 12 April 2011 to include this requirement before emailing it to RACQ Insurance, but didn't change the date on the report.

10. In respect of points 10 to 12 above:

10.1. What information did RACQ:

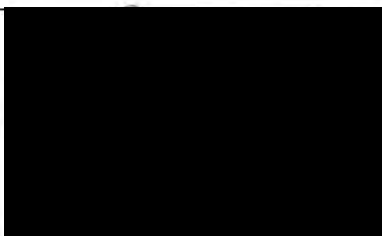
- (a) obtain; and
- (b) rely upon in assessing and determining the claim?

**Please provide copies of the information (unless any piece of information has already been provided to the Commission, in which case please identify where it can be found).**

81. Points 10, 11 and 12 provide as follows:

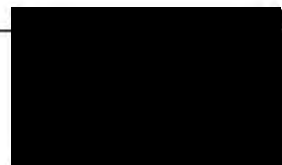
10. *Mrs Sledge also received conflicting information from RACQ Insurance regarding a hydrology report: on one occasion, Mrs Sledge was told that RACQ Insurance did not have a hydrology report and on a subsequent occasion she was told that a model was needed to assess the hydrology situation because the area in which the property was located was unique. RACQ Insurance advised Mrs Sledge that a*

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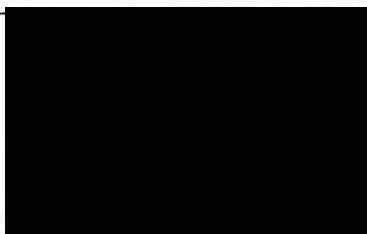
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*hydrologist would attend the property, but to her knowledge, no hydrologist came to the property.*

11. *Mrs Sledge also received conflicting information from RACQ Insurance as to whether the claim had been accepted or rejected. In May 2011, Mrs Sledge was advised by a female RACQ Insurance claims consultant, over the telephone, that the claim had been refused. In a subsequent phone call, when Mrs Sledge asked for RACQ Insurance to confirm its decision in writing, she was told that the claim had not been refused.*
12. *The claim was later accepted in June on the basis that the damage was caused by flash flooding, and this was first communicated to Mrs Sledge by telephone.*
82. Mr and Mrs Sledge's property is located in One Mile which is reasonably proximate to the centre of Ipswich. The hydrology information relating to Ipswich and One Mile is complex which gave rise to delays in RACQ Insurance being able to make claims decisions in these localities.
83. On 9 March 2011, RACQ Insurance's hydrologists, Water Technology, provided a report dealing with the inundation in Ipswich. This report is exhibited to my Second Affidavit. Water Technology's report for Ipswich divided the claims from this locality into a number of schedules and sub-schedules. It identified, in schedule B part 1, properties where in Water Technology's opinion the likely mechanism of inundation of these properties was the dual effect of rainfall in the Bremer River catchment and Brisbane River tailwater. The report also identified areas where Water Technology considered there was a need to conduct further investigations for one reason or another. These comprised the properties identified in paragraph 10.2 (with schedule B part 3), paragraph 10.3 (with schedule A), and paragraph 10.4 (with schedule B part 2).
84. A number of properties from One Mile, including Mr and Mrs Sledge's, were placed in Schedule B Part 1. However, some other properties from One Mile were placed in Schedule B Part 2 which meant these properties were outside of the "inundation zone" and may or may not have been subject to the same inundation mechanism as the properties in Schedule B Part 1.
85. RACQ Insurance took legal advice on this report and its application to its policy. RACQ Insurance subsequently decided that homes inundated (effectively or in a real sense) by the combined effect of the Bremer River and the influence of the elevated level of the Brisbane River, were not covered by the terms of the RACQ Insurance policy. This meant that the majority of the claims in the Ipswich locality (including the Sledge's) were to be declined. But, as mentioned above, the Water Technology report also indicated that for many other properties further investigations would have to be carried out before a claim's

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decision should be made, including properties in Schedule B Part 2 because of the uncertainty surrounding the mechanism of inundation of those properties.

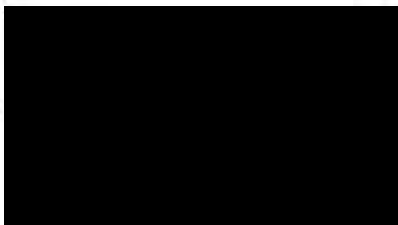
86. Shortly after the original Ipswich report was received, I understand that Water Technology conducted an investigation of one such property, namely 67 Old Toowoomba Road, One Mile. As a result of doing so Water Technology considered that it should look again at the inundation mechanism for all One Mile properties.
87. Consequently, on 22 March 2011, RACQ Insurance decided to stop processing decisions to decline claims in respect of properties in One Mile (and the neighbouring suburb, Churchill) to allow further hydrological investigations to be carried out. The decision in relation to Mr and Mrs Sledge's inundation claim was therefore deferred while the matter was investigated further.
88. The affidavit of Bradley Heath sworn 23 September 2011 sets out details of attempts made by Water Technology and RACQ Insurance's solicitors to obtain (from local governments and SEQ Water) a hydrology model called MIKE11 and associated data to assist Water Technology in its investigations. I am informed by RACQ Insurance's solicitors that at some point in around April/May 2011 Water Technology informed RACQ Insurance's solicitors that this model and additional data (if obtained) might allow them to conduct more accurate modelling for the One Mile and Churchill areas.
89. As explained in the affidavit of Bradley Heath sworn 23 September 2011 the data for the model was ultimately provided to Water Technology on 17 May 2011. The process of calibrating and refining the model took some time. On 6 June 2011, Water Technology provided a report to RACQ Insurance's solicitors relating to the specific findings of the new modelling as they applied to One Mile and Churchill. That report was provided to RACQ Insurance with legal advice on its effect on 7 June 2011 and is Exhibit 86 to my second affidavit sworn 19 September 2011.
90. After receiving the report and legal advice, RACQ Insurance decided the claims in One Mile and Churchill should be accepted as flash flooding. This included Mr and Mrs Sledge's claim.

**10.2. Did hydrology information relate to:**

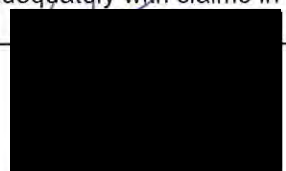
- (a) the Ipswich area generally;
- (b) One Mile in particular; and/or
- (c) Mr & Mrs Sledge's property?

91. As set out above, RACQ Insurance relied first on a report dealing with Ipswich generally, and then when it became apparent that this report may not deal adequately with claims in

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One Mile and Churchill a further report was commissioned using additional data which later became available.

**10.3. If the information contained in point 10 is correct, please explain why Mrs Sledge was given inconsistent information.**

92. It is difficult for me to answer this requirement without knowing when the alleged conversations are supposed to have taken place; in particular, because the need for hydrology reports and the status of the process of obtaining hydrology reports was discussed in almost every call recording with Mrs Sledge.
93. I am also not sure that the information set out in point 10 is inconsistent. As is set out above, initially a regional hydrology report was commissioned for Ipswich. Until that report was provided on 9 March 2011, RACQ Insurance did not have a hydrology report. Once the different characteristics of the One Mile area were identified a further hydrology report was commissioned for One Mile, for which additional data (referred to as a "model") was utilised.
94. However, I have summarised below as best I can in the time available to prepare this affidavit the relevant sections of the call transcripts included in **Exhibit 8** which deal with the need to obtain hydrology evidence.
95. On 10 March 2011 RACQ Insurance called Mr Sledge to give him an update on the claims. He was told that RACQ Insurance had received hydrology information, and that RACQ Insurance would now be working through and reviewing conclusions for each region.
96. On 15 March 2011 Mr Sledge called RACQ Insurance. He was told that RACQ Insurance had received first reports with hydrology information, but that a decision hadn't been made on their claim yet.
97. On 25 March 2011 Mr Sledge called RACQ Insurance to ask for an update. He was told that some areas in Ipswich were harder to assess, and that their claim must be one of them. Later that same day a voicemail message was left for Mrs Sledge advising that RACQ Insurance was in receipt of the hydrology information it had been waiting on, but that conclusions from that information needed to be reviewed for each area.
98. On 8 April 2011, Mr Sledge called RACQ Insurance to ask for an update. He was told that the hydrology investigations had all been done but that further investigations might be required, and that this was being determined on a regional basis.
99. On 18 May 2011 Mr Sledge called RACQ Insurance to ask for an update. He was told that the hydrology investigations were completed but that for some claims it wasn't clear whether the loss was caused by flooding or flash flood and that someone had probably

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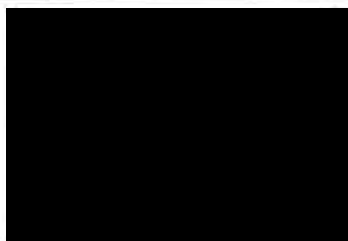
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either already been out to their site or would need to go out to carry out further investigations. Mr Sledge was told that if access was actually needed to their property, as opposed to a report at the street level, they would be contacted first to provide their consent.

100. On 19 May 2011 an RACQ Insurance customer service operator called Mrs Sledge to discuss the claims. Mrs Sledge was told that RACQ Insurance was still waiting for hydrology findings, and that in the area of One Mile in particular further investigations were required.
101. On 26 May 2011 an RACQ Insurance customer service operator called Mr Sledge to provide an update on the claims. Mr Sledge was told that RACQ Insurance was still waiting for the hydrology outcome. Mr Sledge objected that he had been told about two months ago that RACQ Insurance had that report. He was told that some claims came back as requiring additional information and that their claim was one of these.
102. On 3 June 2011 RACQ Insurance called Mrs Sledge. She was told that further investigations were required in One Mile and that the additional information should be to hand very shortly.
103. On 4 June 2011 RACQ Insurance called Mrs Sledge. During this call she was given a more detailed explanation of the issues relating to their inundation claim. In particular, she was told that:
  - (a) The additional investigations were nearly complete and a decision would be made in the next few days.
  - (b) There were two events involved in the flooding: the elevated level of the Bremer River and the level of the Brisbane River.
  - (c) The Bremer River levels were an insured event but the Brisbane River levels were not.
  - (d) RACQ Insurance required access to a hydrological model in order to understand the effects of these two events on their property.
  - (e) This model had only recently become available.
  - (f) The hydrologists had to do work with the model to understand what happened at their property.
104. On 8 June 2011 RACQ Insurance informed Mrs Sledge that the inundation claim had been accepted.

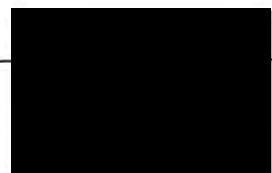
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**10.4. If the information contained in point 11 is correct, please explain why Mrs Sledge was advised the claim had been denied and later told the claim had not been denied?**

105. On 15 March 2011 Mr Sledge advised RACQ Insurance during a telephone call that Mrs Sledge had received a call from RACQ Insurance to say that the inundation claim had been refused. He informed the customer service operator that his wife had received this call on Wednesday or Thursday of the previous week. He requested confirmation of this decision in writing and a copy of the relevant hydrology report.
106. In that same call, Mr Sledge was informed that in fact no decision had been made on the inundation claim and there was no record of him having been informed that the claim was declined.
107. Mr Sledge raised this again with RACQ Insurance in calls on 25 March 2011 and 8 April 2011.
108. I have read the call transcripts and reviewed RACQ Insurance's file. I can find no record of anyone from RACQ Insurance telling Mr or Mrs Sledge that their inundation claim had been declined.
109. RACQ Insurance has a record of calls on 24 February, 8 March 2011, 9 March and 10 March 2011. I have read all of these call transcripts. None of them contain advice that the inundation claim has been declined.
110. I am unable to explain why Mrs Sledge formed the view that her inundation claim had been declined. I can only assume that she misunderstood something that was said to her during one of these calls.

**11. In respect of point 14 above:**

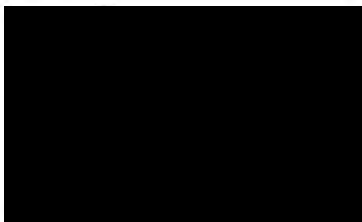
**11.1. What information by way of explanation did RACQ Insurance provide to Mrs Sledge as to how the settlement figure was reached?**

111. Point 14 provides as follows:


*RACQ Insurance advised Mrs Sledge, via telephone, of the settlement figure for the home building claim. Mrs Sledge disputed this figure. It became apparent that RACQ Insurance had lost receipts which Mrs Sledge had previously provided. As a result, Mrs Sledge provided new copies of the receipts and the settlement figure was increased by approximately \$27,000. She was not given a breakdown of the settlement figure.*

112. Stream's initial report was provided on 30 June 2011. That report indicated that receipts had been received from Mr and Mrs Sledge for works to the value of \$18,000 but that

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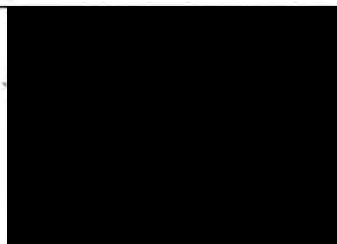
  
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further receipts were need for works they had carried out in relation to the kitchen and tiling. Outside the works that had been completed (including kitchen and tiling) there were works and defect rectification required in the order of \$25,000.

113. Information about the Stream report was provided to Mrs Sledge in a telephone call with RACQ Insurance on 11 July 2011. I have reviewed the transcript of this call. Although the operator requested receipts for all the work that had been done already; it is clear that there was some confusion over the value of this work.
114. In order to settle the claim, RACQ Insurance required evidence of the money already spent by Mr and Mrs Sledge in carrying out repairs and quantification of the repairs still to be done. Mr Sledge advised RACQ Insurance that the invoices for work already done had been provided to Stream during their inspection, and that his understanding was that Stream was to obtain quotes for the work still to be done. However, it was agreed that Mrs Sledge would provide the invoices again directly to RACQ Insurance and that RACQ Insurance would have Stream obtain tenders for the remaining work.
115. On 13 July 2011 Stream provided RACQ Insurance with a scope of work for the remaining work to be done in the amount of \$37,595.91.
116. On 19 July 2011 RACQ Insurance called Mrs Sledge to discuss the settlement of the building claim. Mrs Sledge was advised that Stream had obtained tenders and provided a revised scope of work of \$37,500 for the work still to be done, but that it would be necessary to check this against the invoices for work already done to ensure that there was no double up.
117. Mrs Sledge sent copies of relevant invoices and receipts to RACQ Insurance on 22 July 2011. These totalled \$36,454.15.
118. On 25 July 2011 Mrs Sledge called RACQ Insurance to discuss the settlement of the building claim. She was advised that the amount of the settlement was likely to be around \$70,000 or \$71,000 inclusive of the work already done and the work still to be done.
119. On 28 July 2011 RACQ Insurance called Mrs Sledge to advise her that a cash settlement of the building claim had been approved in the amount of \$74,050.06 (being the sum of the Stream scope of work in the amount of \$37,595.91 and the invoices provided by Mr and Mrs Sledge in the amount of \$36,454.15). A letter was sent to her the same day confirming this figure which is exhibited to this affidavit as **Exhibit 13**.

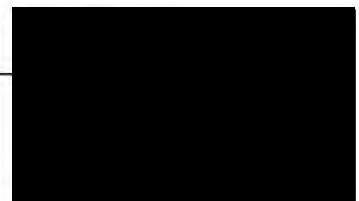
**11.2. If the information in point 14 is correct to the extent that the settlement figure was adjusted upwards, please explain why this occurred.**

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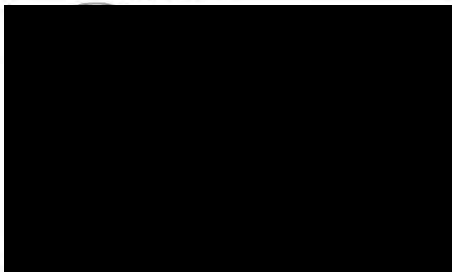
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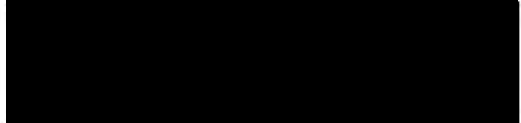


120. The process by which the building component of the inundation claim was decided is set out above. The information in point 14 does not accord with the information on RACQ Insurance's file.
121. The settlement figure was not adjusted upwards. I am not sure what Mrs Sledge's complaint relates to; it might be to do with her having provided invoices for the work already done to Stream and then having to provide the same invoices directly to RACQ Insurance, or it might relate to the lack of clarity as to whether Stream or Mr and Mrs Sledge were required to obtain quotes for the work still to be done.
122. Until all of the material was available to RACQ Insurance, no settlement figure was calculated, although the initial Stream report contained an estimated figure as to the works to be completed. This was only ever an initial estimate. Once the receipts for the work that had been completed were received, these were combined with the value of the work yet to be completed, to arrive at a final settlement figure.
123. All the facts and circumstances above deposed to are within my own knowledge save such as are deposed to from information only and the means of my knowledge and sources of information appear on the face of this my Affidavit.

SWORN by **GRAHAM IAN DALE** on 13 October 2011 at Brisbane in the presence of:

Deponent



  
Barrister/Solicitor/Justice of the Peace/  
Commissioner for Declarations

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