

BUSHFIRES AND INSURANCE - WHAT YOU NEED TO KNOW

FACTORS AFFECTING REBUILD COSTS

- For residents of Blue Mountains and Lithgow Councils

*This information sheet should be read together with the information sheet "Insuring Your Home and Contents"

In the 2013 Blue Mountains bushfires, **approximately 80%** of residents who lost their homes and had insurance were underinsured. What that means is, the insurance cover they had was inadequate to rebuild their home to the same standard or otherwise compensate them for their financial losses sustained in the bushfires.

Where a house is destroyed and the insurance covers the type of event (e.g. fire, storm), most policies will allow you to rebuild to the same size and standard of house as you had previously. This will generally involve the same building materials (if available), and the same look, as the original house.

However, new standards and new building codes may mean that certain materials can no longer be used, and that additional features are required.

For example, all homes are required to be built with sufficient water and energy efficiencies, under the NSW Government BASIX initiative which has been

in place since 2004. Expenses to comply with BASIX could include things like insulation, a rainwater tank, grey water recycling, energy saving showerheads, and a solar hot water system. A BASIX certificate has to be included with the Development Application submitted to Council.

To enable you to rebuild if your home is destroyed, you need a home insurance policy with adequate coverage, taking into account the additional rebuild costs under the current standards, and in particular, the current standards applying to buildings on bushfire prone land.

Accurately calculating the cost of rebuilding your home can be extremely difficult if you live in a bush fire prone area. The vast majority of land in the Blue Mountains is bush fire prone land.

In NSW, each local council maps bush fire prone land in their area, and the NSW Rural Fire Service Commissioner then certifies this.

You can check with your local council if your property is on "bush fire prone land" (BPL).

For **Blue Mountains City Council** call the council on (02) 4780 5000 or go to www.bmcc.nsw.gov.au. On the website, go to the Interactive Maps, select "View Interactive Maps", type in your Address or Parcel details, then click Submit. Select "View Map". Then from "Select a map view", you can chose "Map – Bush Fire Prone Land". Anything showing as red, orange or yellow is bushfire prone land.

For **Lithgow City Council**, call (02) 6354 9999 or 1300 661 303 and ask to speak to a duty planner. They also have online mapping at: <http://council.lithgow.com/mapping/>

Rebuild costs for properties on bushfire prone land will be affected by:

- the Australian Standard 3959 (construction of buildings in bushfire-prone areas);
- the NSW planning regime under the Environmental Planning and Assessment Act and local environment plans (e.g. complying development or applying for development consent through the council);
- the Building Code of Australia; and
- NSW Rural Fire Service's Guide Planning for Bush Fire Protection (PBP) NSW 2006

These requirements all refer and link to one another. For example, one way of complying with the performance requirements in the Building Code of Australia in relation to house construction, is to comply with Australian Standard 3959.

Australian Standard 3959-2009 and BAL ratings

After devastating bushfires in 2009, the rules around construction (including rebuilding) in bushfire zones became a lot stricter. The national standard for building in fire zones is Australian Standard 3959-2009, *Construction of buildings in bushfire-prone areas*.

Bushfire Attack Level (BAL) ratings, which rank the intensity level a building is likely to experience during a bushfire, are central to the building standards. The BAL rating for a building is based on a range of factors including the steepness of your block, the type of vegetation in the area, and how close the house will be to vegetation in each direction. The methodology for working out BAL ratings is in Australian Standard 3959.

The BAL rating of the site is needed to determine how, and with what materials, a new house can be built. For each BAL rating, AS-3959 sets out what is required in relation to roofs, external walls, floors, windows, verandahs and carports.

There are six possible BAL ratings:

Bushfire Attack Levels (BALs)

- BAL-Low
- BAL-12.5
- BAL-19
- BAL-29
- BAL-40
- BAL-FZ (Flame Zone)

There are no specific bushfire-related construction requirements if your building is assessed as having a BAL-Low rating. For all other BAL ratings, the higher the BAL rating, the greater the cost will be to comply with fire protection requirements when rebuilding. Additional requirements, depending on your BAL rating, could include building with non-combustible materials, water tanks specifically dedicated for fire-fighting, metal window shutters, fire-rated door screens, and heat-resistant glass.

To find out your property's BAL rating you could:

- 1) apply for a BAL assessment through the local council (Blue Mountains Council charges \$300; Lithgow Council charges \$370);
- 2) use a private Bushfire Planning & Design Consultant (there is a register of accredited practitioners at <http://www.fpaa.com.au/bpad>); or
- 3) attempt to work out your BAL rating yourself using the RFS' free **BAL Risk Assessment Application Kit**.

IDEAS TO ESTIMATE THE COST OF A COMPLETE REBUILD

Here are some ideas:

- estimate the cost of building a similar size and standard home (e.g. using online calculators, talking to builders or kit home companies, and/or using the council building costs calculator), then add extra depending on your BAL rating, site accessibility, higher local costs etc;
- pay a reputable builder or quantity surveyor to give you a quote for the cost of a complete rebuild; and/or
- pay for a professional insurance valuation (although this will be expensive)

The builder, quantity surveyor, or valuer, will need to know the BAL rating for your home.

Bushfire Attack Level (BAL)	Bushfire Loading
BAL FZ (Flame zone)	\$65,000 - \$277,000 +
BAL 40	\$19,000 - \$73,000 +
BAL 12.5 to 40	\$16,000 - \$56,000 +
BAL LOW	NIL

From <http://www.aami.com.au/bushfire-prevention>
(as at 11/8/2015) See website for further details.

Are online insurance calculators accurate?

In general, online calculators, by themselves, are not suitable for estimating rebuild costs in bushfire prone areas. Most online calculators do not take into account the additional regulations / requirements that apply to bushfire prone land. Check with your insurance company about whether their insurance calculator has factored in the additional costs needed to rebuild on bushfire prone land. Even if they do, they are likely to only roughly estimate your BAL rating.

Some insurance providers are recently starting to add bushfire information to their websites. For example, the AAMI website includes the following table showing the “risk rating based on the area a home is built in, and the potential additional rebuild cost”.

DEVELOPMENT APPLICATIONS AND PLANNING FOR BUSH FIRE PROTECTION (PBP) NSW – 2006 EDITION

In general, for land that is classified as “bush fire prone land” (BPL), council cannot give development consent unless the development application complies with the requirements in the NSW Rural Fire Service’s Guide Planning for Bush Fire Protection (PBP) NSW (2006).

PBP is intended for use by councils, town planners, fire authorities, developers, bushfire consultants, surveyors and building practitioners.

The local council cannot consent to certain types of development on bushfire prone land, such as subdivisions for residential and rural residential purposes, unless the Rural Fire Service also consents (due to the *Rural Fires Act*).