**Observation**

Inspection was undertaken at the subject property in the presence of the Insured to which the following was noted:

1. In schematically illustrating the damaged areas affected by the escape of liquid, we provided **Figure 2** below highlighting the elements and areas of sustained water damage.



Figure 2- Schematic Plan of Subject Property

## We acknowledge receipt of the following information provided by the Insured:

1. *Inspect it First Visual Property Inspection Report, dated 12 September 2022*
2. *ZIGZ Plumbing Solutions Tax Invoice 2241, dated 28 November 2022*
3. At the time of our inspection, we note the Bathroom was locked and therefore we were unable to inspect this area.
4. From the onsite provided advice, the subject property was purchased as an investment property and therefore the property has been vacant since the purchase settlement approximately one (1) month prior to the claimed event.

## Internal Resultant Water Damage

1. From our onsite inspection and assessment, we note the following findings:

### Living room ground floor

1. A section of the plasterboard ceiling has collapsed, corresponding with Bedroom 1 located directly above. **Images 2 - 3**
2. Mould growth and water staining to the plasterboard ceiling and wall linings and cornice. **Images 4 - 5**
3. Disengagement to the timber trim about the window reveal, not consistent with water damage. **Image 6**
4. Pre-existing deterioration to the timber window reveal, not consistent with water damage. **Image 7**
5. From review of the Inspect it *First Visual Property Inspection Report*, no evidence of water damage was noted.
6. In our opinion, the observed damage to the plasterboard ceiling and wall lining and cornice is consistent with water damage resulting from the burst flexihose to the Ensuite.

### Entry

1. Mould growth and water staining to the plasterboard ceiling and wall linings and cornice was observed, corresponding with Bedroom 2 and the Hallway. **Images 8 - 9**
2. Bowing to the plasterboard ceiling was noted. **Image 10**
3. Water staining was sighted to the timber skirting boards. **Image 11**
4. From review of the Inspect it *First Visual Property Inspection Report*, evidence of lateral damp was noted to the Entry internal walls, indicating cavity bridge, plumbing leak or an undetected leak.
5. Additionally, the Inspect it *First Visual Property Inspection Report* notes evidence of falling damp to the Entry internal walls, indicating defective roofing, roof flashings or faulty waterproofing membrane.
6. Given the above, there is evidence of pre-existing damp the wall linings, indicating pre-existing moisture issues within the subject property.
7. Notwithstanding the above, in our opinion, the observed water damage to the plasterboard ceiling and wall linings, cornice and skirting boards is consistent with water damage resulting from the burst flexihose to the Ensuite.

### Garage

1. Mould growth and water staining to the plasterboard ceiling and wall linings and cornice was observed, corresponding with Bedroom 3 and 4 located directly above. **Images 12 - 13**
2. Bowing to the water damaged plasterboard ceiling was noted. **Image 14**
3. Water staining was sighted to the concrete deep edge beam corresponding with the Entry wall. **Image 15**
4. From review of the Inspect it *First Visual Property Inspection Report*, nail popping to the ceiling lining due to movement within the timber framing and poor joint setting due to workmanship was noted.
5. Notwithstanding the above, in our opinion, the observed water damage to the plasterboard ceiling and wall linings and cornice is consistent with water damage resulting from the burst flexihose to the Ensuite.

### Stairwell lower

1. Swelling to the MDF staircase was observed, resulting in delamination to the floor tiles. **Images 16 - 18**
2. Water staining was noted to the wall lining. **Image 19**
3. We note the Inspect it *First Visual Property Inspection Report* states the condition of the stairs is fair and there is no reference of damage.
4. In our opinion, the observed water damage to the staircase is consistent with water damage resulting from the burst flexihose to the Ensuite.

### Dining room

1. Minor water staining to the wall about the timber balustrade was noted. **Images 20 - 21**
2. Water staining to the floor tiles was observed. **Image 22**
3. From review of the Inspect it *First Visual Property Inspection Report*, evidence of lateral damp was noted to the Dining room internal walls, indicating cavity bridge, plumbing leak or an undetected leak.
4. Additionally, the Inspect it *First Visual Property Inspection Report* references evidence of falling damp to the Dining room internal walls, indicating defective roofing, roof flashings or faulty waterproofing membrane.
5. In our opinion, the evidence of pre-existing damp to the wall linings, indicates pre-existing moisture issues within the subject property.
6. Notwithstanding the above, in our opinion, the observed water damage to the plasterboard wall lining and floor tiles is consistent with water damage resulting from the burst flexihose to the Ensuite.

### Kitchen

1. Swelling was observed to the kitchen cabinetry end panels, back bar, kickboards and two (2) door fronts. **Images 23 - 26**
2. Cracking was observed to several floor tiles adjacent to the swollen kitchen cabinetry, consistent with swelling to the particleboard flooring. **Image 27**
3. Elevated moisture levels were noted to the cabinetry and flooring. **Images 28 - 29**
4. We note the Inspect it *First Visual Property Inspection Report* states the condition of the kitchen fixtures is generally fair.
5. Additionally, the Inspect it *First Visual Property Inspection Report* notes the condition of floor tiles are generally acceptable and no reference of damage is noted.
6. In our opinion, the observed water damage to the cabinetry and floor tiles is consistent with water damage resulting from the burst flexihose to the Ensuite.

### Stairwell upper

1. Swelling to the MDF staircase was observed, resulting in delamination to the floor tiles. **Images 30 - 31**
2. We note the Inspect it *First Visual Property Inspection Report* states the condition of the stairs is fair and there is no reference of damage.
3. In our opinion, the observed water damage to the staircase is consistent with water damage from the burst flexi hose to the Ensuite.

### Ensuite

1. Swelling and water staining was observed to the vanity. **Images 32 - 33**
2. An inspection opening to the rear of the vanity and corresponding fibre cement wall lining was noted. **Image 34**
3. No evidence of water damage was observed to the cavity behind the vanity. **Image 35**
4. Water staining to the door jamb and architrave was sighted. **Image 36**
5. Elevated moisture levels to the bifold doors and door jamb was evident. **Images 37 - 38**
6. We note the Inspect it *First Visual Property Inspection Report* states the shower recess was tested and failed, indicating failure to the waterproofing membrane or a plumbing leak.
7. Additionally, high moisture levels in the range of 14 - 40% were detected to the Ensuite walls which is considered higher than acceptable and indicative of a water leak or possible timber pest activity.
8. In our opinion, evidence of the failed shower recess test and high moisture levels to the wall linings indicate pre-existing moisture issues within the subject property.
9. Notwithstanding the above information, we note the Inspect it *First Visual Property Inspection Report* advises the condition of the vanity is generally acceptable.
10. On that basis, in our opinion, at the time of the *First* *Visual Property Inspection Report*, evidence of a burst flexihose was not present and the escape of liquids occurred subsequent to the inspection.
11. We note the vanity and door jamb and architrave has been installed onto the floor substrate and advise the removal will inevitably compromise the waterproofing membrane.
12. Given the above, we recommend a complete removal and reinstatement of the Ensuite is required to provide a warrantable repair in accordance with *Australian Standard AS 3740:2021 Waterproofing of domestic areas.*

### Bedroom 1

1. Heavy saturation and water staining was present to the carpet. **Images 39 - 41**
2. From inspection of the particleboard flooring from the Living room below, we observed heavy saturation, swelling and mould growth to the floor substrate. **Image 42**
3. In our opinion, the structural integrity of the flooring substrate has been compromised and requires replacement.
4. Furthermore, extensive mould growth was observed to the floor cavity and corresponding flooring members. **Image 43**
5. In our opinion, the observed damage to the particleboard and presence of extensive mould growth is consistent with water pooling on the flooring substrate for an extended period of time.
6. Water staining was observed to the robe wall linings. **Image 44**
7. Elevated moisture levels up to 85% were detected to the plasterboard wall linings. **Image 45**
8. From review of the Inspect it *First Visual Property Inspection Report* there is no reference of damage to the bedroom.
9. In our opinion, the observed water damage to the carpet, flooring and wall linings is consistent with water damage resulting from the burst flexi hose to the Ensuite.

### Bedroom 2

1. Heavy saturation and water staining was present to the carpet. **Images 46 - 47**
2. Elevated moisture levels up to 91% were detected to the plasterboard wall linings. **Image 48**
3. From review of the Inspect it *First Visual Property Inspection Report*, high moisture levels in the range of 14 - 40% were detected to Bedroom 2 walls which is considered higher than acceptable and indicative of a water leak or possible timber pest activity.
4. Additionally, the report states evidence of lateral damp was noted to Bedroom 2 internal walls, indicating cavity bridge, plumbing leak or an undetected leak.
5. Furthermore, the report notes evidence of falling damp to Bedroom 2 internal walls, indicating defective roofing, roof flashings or faulty waterproofing membrane.
6. In our opinion, evidence of pre-existing damp the wall linings, indicates pre-existing moisture issues within the subject property.
7. Given the above, the evidence of elevated moisture levels and pre-existing damp to the wall linings indicates pre-existing moisture issues within the subject property.
8. Notwithstanding the above, in our opinion, the observed water damage to the carpet and elevated moisture levels to the plasterboard wall lining is consistent with water damage resulting from the burst flexihose to the Ensuite.

### Bedroom 3

1. Heavy saturation and water staining was present to the carpet. **Images 49 - 50**
2. Bubbling paint to the plasterboard wall lining within the robe was observed. **Image 51**
3. Elevated moisture levels up to 89% were detected to the plasterboard wall linings. **Image 52**
4. From review of the Inspect it *First Visual Property Inspection Report* there is no reference of damage to the bedroom.
5. In our opinion, the observed water damage to the carpet and plasterboard wall lining is consistent with water damage resulting from the burst flexihose to the Ensuite.

### Bedroom 4

1. Heavy saturation and water staining was present to the carpet. **Images 53 - 54**
2. Elevated moisture levels up to 46% were detected to the plasterboard wall linings. **Image 55**
3. From review of the Inspect it *First Visual Property Inspection Report*, evidence of lateral damp was noted to Bedroom 4 internal walls, indicating cavity bridge, plumbing leak or an undetected leak.
4. Additionally, the Inspect it *First Visual Property Inspection Report* notes evidence of falling damp to Bedroom 4 internal walls, indicating defective roofing, roof flashings or faulty waterproofing membrane.
5. In our opinion, evidence of pre-existing damp the wall linings, indicates pre-existing moisture issues within the subject property.
6. Notwithstanding the above, in our opinion, the observed water damage to the carpet and elevated moisture levels to the plasterboard wall lining is consistent with water damage resulting from the burst flexi hose to the Ensuite.

### Hallway

1. Undulation to the floor tiles was observed about Bedroom 1 and 2 doorways, consistent with swelling to the particleboard flooring. **Images 56 - 57**
2. From review of the Inspect it *First Visual Property Inspection Report*, high moisture levels in the range of 14-40% were detected to the Hallway walls which is considered higher than acceptable and indicative of a water leak or possible timber pest activity.
3. Additionally, the report states evidence of lateral damp was noted to the Hallway internal walls, indicating cavity bridge, plumbing leak or an undetected leak.
4. Furthermore, the report notes evidence of falling damp to the Hallway internal walls, indicating defective roofing, roof flashings or faulty waterproofing membrane.
5. Given the above, evidence of pre-existing damp the wall linings, indicates pre-existing moisture issues within the subject property.
6. Notwithstanding the above, in our opinion, the observed water damage to the flooring substrate is consistent with water damage resulting from the burst flexihose to the Ensuite.

## External Damage

### Porch

1. Water staining, mould growth and swelling was observed to the soffit lining located directly below Bedroom 1 and 2. **Images 58 - 59**
2. Evidence of water runoff was visible to the masonry wall directly below the soffit lining. **Image 60**
3. From review of the Inspect it *First Visual Property Inspection Report* there is no reference of damage to the Porch.
4. In our opinion, the observed water damage to the soffit lining is consistent with water damage resulting from the burst flexihose to the Ensuite.
5. From review of the Inspect it *First Visual Property Inspection Report*, we note several areas throughout the subject property require maintenance and repair which is not consistent with the observed water damage relating to the claimed escape of liquid.
6. On that basis, comment on these items has not been made.

**Discussion**

## Review of Insureds Provided Documentation

1. From the Insured provided information, we note the following findings:

### Inspect it First Visual Property Inspection Report, dated 12 September 2022

1. The overall condition of the inspected areas in the context of age, type and general expectations of similar properties is average, with areas of the building requiring repair or maintenance.
2. No major defects were identified.
3. Minor defects were observed which are consistent with the average condition of similar buildings of approximately the same age that have been reasonably maintained.
4. High moisture levels in the range of 20 - 22% were detected to the Garage masonry walls, which is considered higher than acceptable and indicative of a water leak or possible timber pest activity.
5. High moisture levels in the range of 14 - 40% were detected to the Bathroom, Ensuite, Bedroom 2 and Hallway, which is considered higher than acceptable and indicative of a water leak or possible timber pest activity.
6. Evidence of lateral damp was noted to the Bathroom, Ensuite, Laundry, Kitchen, Bedroom 2, Bedroom 4, Dining room, Family room, Entry, Hallway and Stairwell.
7. Falling damp noted consistent with defective roofing, roof flashings or faulty waterproofing membrane was noted to the Bathroom, Ensuite, Laundry, Kitchen, Bedroom 2, Bedroom 4, Dining room, Family room, Entry, Hallway and Stairwell.
8. Failed shower recess test to the Bathroom and Ensuite showers, consistent with failed waterproofing membrane or plumbing leak.
9. Evidence of previous water penetration through the ceiling lining to the Bathroom, Ensuite, Kitchen, Bedroom 2 and Bedroom 3, consistent with a roof leak.
10. No evidence of water damage relating to the claimed burst flexihose was noted to the subject property.

### ZIGZ Plumbing Solutions Tax Invoice 2241, dated 28 November 2022 **(Appendix A)**

1. Leak detection was carried out to the subject property and a burst cold water flexihose to the Ensuite vanity was identified.
2. A loose kinko nut and olive connection to rear of vanity was noted.
3. Imagery verifying the aforementioned burst flexihose and replacement to the Ensuite vanity.
4. We note we are not privy to the leak detection report and on that basis, we recommend a comprehensive leak detection test is carried out by a suitably qualified Plumber to identify any further leaks as referenced in the Inspect it *First Visual Property Inspection Report*.
5. Given the above, in our opinion, there is evidence of significant pre-existing moisture issues throughout the property predating the claimed escape of liquid event.
6. Although no reference to water damage was remarked in the *First Visual Property Inspection Report*, given the elevated moisture levels, we envisage there is long-term concealed damage to the subject property behind the building fabric not relating to the escape of liquid.

## Assessment of Causation

1. From review of the provided Inspect it *First Visual Property Inspection Report*, elevated moisture levels up to 40% were detected to internal walls to the Bathroom, Ensuite, Bedroom 2 and Hallway with no evidence of water damage to these areas.
2. At the time of our inspection, we noted excessively high moisture levels up to 91% to Bedroom 1, 2, 3, 4 and the Hallway, with resultant damage.
3. These elevated moisture level indicate saturation to the building substrates and is consistent with the escape of liquid from the Ensuite vanity flexihose.
4. In our opinion, the subject property has experienced the escape of liquid from the Ensuite vanity flexihose subsequent to the property inspection in September 2022.

We opine, given the extent of the observed water damage, water has escaped from the burst flexihose over a period of time when the property was not occupied and pooled on the upper level of the subject property, permeating through the flooring substrate and tracking down the stair case to the lower levels, resulting in water damage to all levels of the subject property.

**Conclusion**

From our inspection and assessment, we provide the following table which summarises the claimed damages and their proximate causation.

| **Area of Damage** | **Claimed Damage** | **Proximate Cause of Damage** | **Direct Result of Claimed EOL?** |
| --- | --- | --- | --- |
| Living room | Collapsed ceiling lining  Water staining and mould growth to ceiling lining, wall lining, cornice and skirting boards | The observed failure pattern and mechanism of the exhibited damage is consistent with escape of liquid from the Ensuite vanity flexihose. | Yes |
| Living room | Disengaged timber trim to window reveal | The observed failure pattern and mechanism of the exhibited damage is consistent with removal of previously affixed cable. | No |
| Living room | Deterioration to timber window reveal | The observed failure pattern and mechanism of the exhibited damage is consistent with poor maintenance upkeep. | No |
| Entry | Water staining and mould growth to ceiling lining, wall lining, cornice and  skirting boards | The observed failure pattern and mechanism of the exhibited damage is consistent with escape of liquid from the Ensuite vanity flexihose. | Yes |
| Garage | Water staining to ceiling lining, wall lining and cornice | The observed failure pattern and mechanism of the exhibited damage is consistent with escape of liquid from the Ensuite vanity flexihose. | Yes |
| Garage | Bowing to ceiling lining | The observed failure pattern and mechanism of the exhibited damage is consistent with general building movement. | No |
| Stairwell lower | Swelling to the staircase and delaminated floor tiles | The observed failure pattern and mechanism of the exhibited damage is consistent with escape of liquid from the Ensuite vanity flexihose. | Yes |
| Dining room | Water staining to the wall lining | The observed failure pattern and mechanism of the exhibited damage is consistent with escape of liquid from the Ensuite vanity flexihose. | Yes |
| Dining room | Water staining to the floor tiles | The observed failure pattern and mechanism of the exhibited damage is consistent with escape of liquid from the Ensuite vanity flexihose. | Yes |
| Kitchen | Swelling to the cabinetry | The observed failure pattern and mechanism of the exhibited damage is consistent with escape of liquid from the Ensuite vanity flexihose. | Yes |
| Kitchen | Swollen particleboard flooring and cracked floor tiles | The observed failure pattern and mechanism of the exhibited damage is consistent with escape of liquid from the Ensuite vanity flexihose. | Yes |
| Stairwell upper | Swelling to the staircase and delaminated floor tiles | The observed failure pattern and mechanism of the exhibited damage is consistent with escape of liquid from the Ensuite vanity flexihose. | Yes |
| Ensuite | Swollen vanity | The observed failure pattern and mechanism of the exhibited damage is consistent with escape of liquid from the Ensuite vanity flexihose. | Yes |
| Ensuite | Inspection opening to vanity and wall lining | The observed failure pattern and mechanism of the exhibited damage is consistent with escape of liquid from the Ensuite vanity flexihose. | Yes |
| Ensuite | Water staining to the timber door jamb and architrave | The observed failure pattern and mechanism of the exhibited damage is consistent with escape of liquid from the Ensuite vanity flexihose. | Yes |
| Bedroom 1 | Heavy saturation and water staining to carpet | The observed failure pattern and mechanism of the exhibited damage is consistent with escape of liquid from the Ensuite vanity flexihose. | Yes |
| Bedroom 1 | Swollen particleboard flooring | The observed failure pattern and mechanism of the exhibited damage is consistent with escape of liquid from the Ensuite vanity flexihose. | Yes |
| Bedroom 1 | Mould growth to floor cavity | The observed failure pattern and mechanism of the exhibited damage is consistent with escape of liquid from the Ensuite vanity flexihose. | Yes |
| Bedroom 1 | Water staining to the wall lining | The observed failure pattern and mechanism of the exhibited damage is consistent with escape of liquid from the Ensuite vanity flexihose. | Yes |
| Bedroom 2 | Heavy saturation and water staining to carpet | The observed failure pattern and mechanism of the exhibited damage is consistent with escape of liquid from the Ensuite vanity flexihose. | Yes |
| Bedroom 3 | Heavy saturation and water staining to carpet | The observed failure pattern and mechanism of the exhibited damage is consistent with escape of liquid from the Ensuite vanity flexihose. | Yes |
| Bedroom 3 | Bubbling paint to wall lining | The observed failure pattern and mechanism of the exhibited damage is consistent with escape of liquid from the Ensuite vanity flexihose. | Yes |
| Bedroom 4 | Heavy saturation and water staining to carpet | The observed failure pattern and mechanism of the exhibited damage is consistent with escape of liquid from the Ensuite vanity flexihose. | Yes |
| Hallway | Swollen particleboard flooring | The observed failure pattern and mechanism of the exhibited damage is consistent with escape of liquid from the Ensuite vanity flexihose. | Yes |
| Porch | Water staining and swelling to soffit lining | The observed failure pattern and mechanism of the exhibited damage is consistent with escape of liquid from the Ensuite vanity flexihose. | Yes |
| Porch | Water staining to masonry wall | The observed failure pattern and mechanism of the exhibited damage is consistent with escape of liquid from the Ensuite vanity flexihose. | Yes |