



Insurance Council
of Australia



Cash settlements under a home building policy

This information sheet is only a sample document of the kind of information that your insurer may provide to you.

We are offering to pay you money to settle your home building insurance claim.

We may use a cash settlement, having taken into account your individual circumstances and your claim, and by applying your insurance policy.

How cash settlements work

A cash settlement is an amount of money we offer to settle your claim. We can settle some or all of your insurance claim using a cash settlement.

We will explain the basis for the dollar amount of the cash settlement we offer you.

You are free to get your own quotes to estimate how much it would cost to repair or rebuild your property and provide them to us as part of the cash settlement process. If you can, you may wish to obtain more than one quote.

Why you are receiving a cash settlement

Common reasons for cash settlements include:

- a. it is unsafe to repair or rebuild your home.
- b. the local authority will not allow you to repair or rebuild.
- c. we can only partially accept your claim. This may be because there is damage to your property that is not covered by your insurance, which first needs to be fixed by you.
- d. your insurance does not cover the amount of money it will take to repair or rebuild your home to today's building standards. And it is not possible for us to repair or rebuild your home, having explored available options with you for you to pay the difference.

Important things to keep in mind with cash settlements

1. If you have a mortgage over your home, it's a good idea to talk to your lender about how the money from a cash settlement has to be used. A lender can require the insurance payout be used to pay down your mortgage or require that they approve repairs before they are completed.



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2. If a cash settlement is made to settle your claim, keep in mind:
 - a. responsibility for arranging and co-ordinating all the builders and tradespeople will rest with you;
 - b. you will become the project manager for fixing your property, unless you arrange and pay for one;
 - c. circumstances may arise where tradespeople who can start work immediately, may be difficult to find;
 - d. the quality, cost and timeliness of your repairs will not be guaranteed by us;
 - e. if the repairs are not completed, your insurance may not protect you against future events until a qualified person has completed the repairs;
 - f. any delay in the repair of your property may bring about additional damage that could increase the cost of repair. This will be your responsibility.
3. After a natural disaster, there can be greater demand for builders and other tradespeople. You could find the cost of fixing your property increases, or there might be delays in the time it takes to fix your home.

How to find out more

Feel free to ask us any questions or seek independent legal or financial advice about whether the cash settlement is fair and reasonable. A range of agencies who may be able to support you are listed on our website.

If you have a complaint about the cash settlement

We have a complaints process. You can contact us if you have a complaint about the cash settlement at any time. More information about making a complaint is on our website, including how to access the Australian Financial Complaints Authority if you are unhappy with our response.