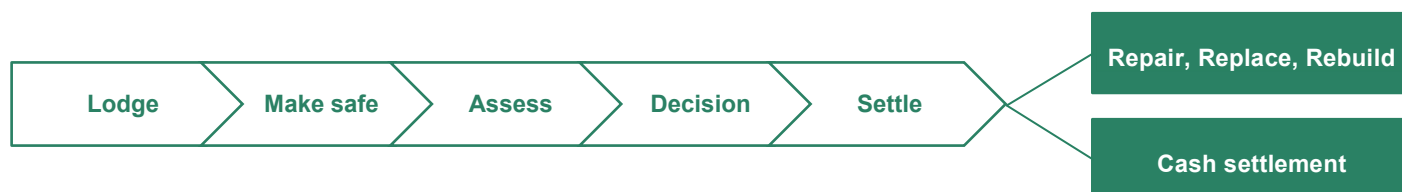


## Repair / Replace/ Rebuild vs Cash Settlement



When dealing with property damage, your insurer has two choices:

- They can either repair, replace or rebuild the damaged property or
- provide you with a cash settlement for you to manage the rebuild / replacement yourself.

### Repair, Rebuild or Replace

If your insurer authorises the repair or rebuild, the authorised builder will typically manage the repairs to your property.

- You will be consulted regarding the scope of work and any required redesign and selection of products and materials.
- There will be limits to what you can select and choose based on what your policy covers.
- You can use the complaints process with your insurer to handle any contractor concerns.

### Cash Settlement

You may prefer, or your insurer may offer, to cash settle all or part of your claim. It's important to consider cash settlements carefully and you may wish to seek independent financial advice to help you with your decision. Some things to consider include:

- A cash settlement puts the responsibility to manage the rebuild in your hands.
- If you use your cash settlement for repairs or rebuilding, it's important that you follow all regulations and codes and use a licensed builder. If you fail to do this, your home may not be insurable in the future.
- The terms of your PDS and/or your mortgage contract may require your insurer pay cash settlements directly to your bank.

#### Common reasons for cash settlements include:

- The expected cost to repair or rebuild your property is greater than your sum insured.
- At your request, and by agreement with your insurer.
- The local council will not allow you to repair or rebuild.
- Your insurer can only accept a portion of your claim. This may be because there is damage to your property that is not covered by insurance.

Support services





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## Why rebuilding after bushfire may cost more than your sum insured?

- A Bushfire Attack Level (BAL) is an Australian system measuring a property's risk from bushfires. It assesses exposure to embers, radiant heat, and flames, guiding construction requirements to better protect life and property in bushfire-prone areas.
- BAL ratings range from BAL-LOW (lowest risk, no special construction needs) to BAL-FZ (Flame Zone, extreme risk, with direct flame exposure). Levels like BAL 12.5, 19, 29, and 40 indicate escalating risks and mandatory upgrades.
- Following a bushfire event, the BAL rating for a given property may be revised to a higher level. If this happens, any rebuild may require compliance to that higher rating. Depending on the age of the property damaged or destroyed, additional reconstruction costs can be significant.
- Speak to your insurer about whether your sum insured accounts for BAL compliant rebuild costs, and if you're considering a cash settlement, seek quotes from builders, or obtain independent advice.