

## Cash Settlements under a home building policy

# Information Sheet

### How cash settlements work

In some instances, we may determine it appropriate to settle your home building claim by means of a cash settlement. With a cash settlement, we are deciding to pay you money to settle your insurance claim. The amount we pay may be in response to part, or all of your claim.

### Why a cash settlement is being offered to you

A cash settlement may be determined in consideration of the circumstances of your claim, taking into account, but not limited to, the following:

- the damage is only minor;
- you have chosen not to rebuild or repair your property;
- repairs have already commenced or been conducted by someone else, or when you have directly requested a specific repairer;
- the terms and conditions of your policy conditions prescribe cash settlement
- we can only partially accept your claim, perhaps because your building has pre-existing structural issues, damage or there are maintenance issues that need to be repaired first (by you) before repairs for the insured damage can proceed;
- it would be unsafe to rebuild or repair your home or the local consent authority will not allow the property to be rebuilt (i.e., land re-zoning);
- the building codes in your local area have changed and your home cannot be rebuilt in the same way that it was originally built; or
- the estimated cost of repairs exceeds the sum insured that you elected to insure your property for.

### How decisions are made on cash settlements

Elders Insurance determines cash settlements by reviewing the individual circumstances of your claim, type of repairs needed, customer resolution and complexity of work required, and interpreting and applying your policy conditions to those circumstances.

Our cash settlement will be fair and reasonable. To assess the cost of the necessary work required to repair, replace or rebuild the damaged parts of your buildings we will, where possible, obtain a scope of works and a quote from our supplier. If you agree with this, we will then pay you the amount quoted by our supplier.

If you are not happy with the amount quoted by our supplier, or if we are unable to obtain a scope of works from our supplier, we'll ask you to provide us with a fully itemised scope of works and quote from a supplier of your choice for us to consider.

If we believe your supplier's scope of works and quote cover the necessary work and are within market rates, we'll pay you the amount quoted by them.

If we're still unable to agree with you on the amount we'll pay you, we'll attempt to obtain a scope of works, quote or report (as required) from an alternative supplier we both agree on, and we'll review these together with you to arrive at a final scope of works and quote. If we're able to come to an agreement, we'll pay you the amount quoted by them.

If we're unable to agree on an alternative supplier, or we cannot agree that the final scope of works and quote cover the necessary work and are within market rates, we'll refer you to our complaints process.

### Things to keep in mind about cash settlements

- if there is a mortgage over your home, you may need to consult your bank or other lender about their approach to you receiving a cash settlement. For example, your lender could require the money be used to pay down your mortgage;
- if you chose to appoint and control your own builder or manage your own trades and repairs, it is important to remember you will not qualify for lifetime guarantee(s) on building repairs offered under your policy;
- if you choose to accept a cash settlement and you choose to repair or rebuild your property, you will become the project manager for fixing your property, or you will need to arrange and pay for one;
- where you have arranged your own builder any warranties on the repairs, time and cost management, materials and the quality of workmanship will be the responsibility of your builder or repairer. It's important that you comply with council regulations and building codes as well ensuring that the builder you engage has appropriate licenses and insurance;
- if you choose not to complete the repairs required, your insurance policy may no longer cover future claims until your repairs are completed by a qualified/licenced builder or tradesperson; (e.g., a storm damaged roof

requiring replacement which has not been repaired in a timely manner, which results in subsequent water entry causing additional damage may result in this damage not being covered);

- after natural disasters, there is a great demand for builders and other tradespeople. What this means is that the cost of fixing your property may increase and it may be difficult to find tradespeople to start work immediately;
- if we finalise your claim within a month of a natural disaster, and you later believe the cash settlement was not complete or inaccurate (e.g. you find further damage once repairs have begun), you can ask for a review of your claim up to 12 months from when we finalised it.

If you have any further questions regarding any of the above, please contact your local Elders Insurance Agent.

### 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.

Should you wish to make a complaint about the cash settlement, you can contact our Customer Care Unit directly (quoting your policy and/or claim number) on ph: 1300 650 503 or at [complaints@qbe.com](mailto:complaints@qbe.com).

**For more information** Please speak to your local Elders Insurance Agent or visit [eldersinsurance.com.au/make-a-claim](https://eldersinsurance.com.au/make-a-claim)

