

CASH SETTLEMENTS



Explaining Cash Settlements

A cash settlement is an amount of money we may offer to settle your home and/or contents insurance claim with us. We can cash settle part or all of your claim.

This brochure explains our cash settlement process. It also includes what you may wish to consider when thinking about and accepting a cash settlement offer from us.

If you have questions about your claim, and your cash settlement amount, we are always here to help.

When do we cash settle a claim?

You can choose to cash settle part, or all of your claim with us if you would prefer to use your own builder or buy new contents.

For some, a cash settlement is an option that makes sense. For others, repairing or rebuilding with our builders or replacing contents with our suppliers is a better option. It depends on your personal circumstances.

If you choose to cash settle, for home claims, we will pay you the amount of our builder's assessed quote to repair or rebuild your home. This amount may be less than what it would cost you to arrange the works with your own builder. This is because it can be more cost effective to use our builders.

There are times where we will need to cash settle your home claim. This is because we cannot use our builders to repair or rebuild your home. There are many reasons why this can happen, some examples include:

- You have not maintained your home and there is pre-existing damage, which means our builder is unable to repair or rebuild

your home. As explained in the Product Disclosure Statement, it is your responsibility to maintain your home. Please check the Product Disclosure Statement to understand your responsibilities in more detail. You can find the Product Disclosure Statement on the AAMI website or call us for a copy.

For more information on **how to maintain your home**, scan the QR Code to the right using your mobile phone camera.



- Your local council will not allow you to repair or rebuild your home.
- Your home is unsafe or there are issues that could impact our guarantees on home repairs.
- You have already scheduled, started, or completed your own private renovations or repairs.
- The cost to repair or rebuild your home to today's standards is greater than your home sum insured. To help you understand the potential costs to rebuild, you can access calculators on the Insurance Council of Australia's website.

There may also be times when we will need to cash settle your contents claim. This can happen when:

- The cost to repair or replace damaged items is more than your policy limits or contents sum insured.
- Our supplier network does not have the types of contents you are needing to replace.

AAMI

If we need to cash settle your home or contents claim, we will work through this with you.

About your sum insured

Your sum insured is the maximum amount of money you will get to:

- repair or rebuild your home, and/or to
- replace or repair your home’s contents

for loss or damage caused by any one incident.

There are also additional covers you may be able to access on top of this amount, such as temporary accommodation.

Your sum insured was set by you when you set up or renewed your policy with us.

It is your responsibility to regularly review your sum insured to ensure it is appropriate for your needs.

Please check the Product Disclosure Statement for more information about your cover including any policy limits, and your certificate of insurance for your home and contents sum insured.

If you cannot find your policy number or documents, do not worry. You can find the Product Disclosure Statement on the AAMI website, and find your certificate of insurance after you have logged into your account. You can also call us for a copy.

Calculating your cash settlement amount

We calculate your cash settlement amount after we have:

- assessed the damage, and
- considered builder quotes to repair or rebuild your home, and repair or replace your contents, on a ‘new for old’ basis.

We aim to use our builders to determine the scope of repairs, including labour, materials, and costs.

If our builder is unable to repair or rebuild loss or damage to your home that is covered by your policy, then we will review any quote you provide us. If you provide your own quote, and we consider it to be appropriate and reasonable, we will cash settle you based on your quote. Otherwise, we may adjust your quote and pay you the adjusted amount of the quote.

What is ‘new for old’?

Your policy covers the cost of new equivalent items to:

- repair or rebuild your home and
- repair or replace your contents.

These items will need to be reasonably and readily available at the time from Australian providers. We can replace with a different brand to the same type, standard and specification as when new. There is no allowance for depreciation.

Case Study

Joe bought a leather lounge five years ago. At the time, his lounge cost \$5,000 and it is now worth \$2,000. We will replace Joe’s lounge with a brand-new leather lounge that is equivalent to his old lounge when it was new. Cover is not limited to \$2,000.

What you could consider for any cash settlements

There are a few things you may wish to think about if you are considering a cash settlement to repair or rebuild your home. This includes:

- ✓ The amount of your cash settlement might be less than what it could cost for you to organise the repairs or rebuild. This is because it can be more cost effective to use our builders.
- ✓ You will need to find, organise, and coordinate the builders and tradespeople to complete your repairs or rebuild. You will be responsible for paying all invoices.
- ✓ If there are delays due to a shortage of builders, tradespeople, or materials, you will need to manage this. This could increase your costs, as your claim may not cover them.
- ✓ Our guarantee for the workmanship of home repairs only applies to works we directly authorise and arrange. It will not apply to repairs or rebuild works you arrange yourself when you receive a cash settlement. Make sure you ask your builder and tradespeople about their insurance, warranties and guarantees.
- ✓ If we pay you your full sum insured, your policy will end on the day we make a payment to you, or we finalise your claim. There is no refund for any premiums you have paid. If you pay your premium monthly, we will deduct the premiums that are owing from your settlement amount.
- ✓ If we pay out only part of your sum insured, your policy will continue until your renewal date.
- ✓ If you have a mortgage on your home, your bank or lender may be entitled to some or all of a cash settlement payment. Make sure you speak to your bank or lender so you can understand what this means for you.
- ✓ We recommend you also seek legal advice before accepting a cash settlement.

If we pay your full or partial general contents sum insured, your policy will continue until your renewal date at no extra cost. If we pay you the full sum insured for any Personal valuables – specified items or Specified contents items, the cover for that item will stop. There is also no refund for any premiums you have paid. You should reassess your contents sum insured to make sure you have the right level of cover.

When renewing your home and/or contents insurance, we may ask you to provide supporting documentation, including receipts for completed repairs or items replaced.

Finally, please also make sure you check all the damage has been included in your claim. If you find new damage, please let us know as soon as you can. We will assess the damage and determine if it is covered under your policy.

Working together

It is important that we work together if you would like to cash settle your claim.

In most circumstances, we will give you a Cash Settlement Fact Sheet. It will include the amount of your settlement and any options that may be available to you. This includes if we can repair or rebuild your home and repair or replace your contents.

We will ask you to take time to review your Cash Settlement Fact Sheet before confirming that you accept the amount. When you are reviewing your Cash Settlement Fact Sheet, please let us know if you have any questions. We will be happy to help.

If you have decided to accept a cash settlement for all or part of your claim, please let us know. You can contact us via the AAMI app, through the AAMI website, or over the phone.

Your Claims Manager will:

- ask for your bank account details, including your account name, BSB and account number,
- contact you when we are completing your cash settlement fund transfer, and
- advise when you should expect to receive the funds in your account.

Generally, payments take between three to five business days. We can no longer issue cheques.



Extra support

Sometimes your circumstances might mean you need additional support or assistance in dealing with us. This could be due to your physical or mental health, family or financial situation, or cultural background. If you are comfortable, you can tell us about your situation. We will work with you to arrange support.

Frequently asked questions

I have found more damage after accepting a cash settlement. What should I do? Does my policy cover this damage?

Please stop any repair work, if safe to do so, and contact us as soon as you can. We will let you know what the next steps are to assess the new damage.

If the damage is covered under your policy, we can make an additional payment to you.

What happens to my policy if I take a cash settlement?

This depends on the type of cover and whether we have paid you a full or partial cash settlement.

- If we pay you your full home sum insured, your policy will end on the day we make the payment to you or we finalise your claim.
- If we pay you part of your home sum insured, your policy will continue until your renewal date.
- If we pay part of or your full contents sum insured, your policy will continue until your renewal date at no extra cost.
- If we pay you the full sum insured for any Personal valuables – specified items or Specified contents items, the cover for that item will stop. There is also no refund for any premiums you have paid. You should reassess your contents sum insured.

When you renew your policy with us, we may ask for the receipts for your home repairs or the replacements of your contents.

I have my own quote and do not agree with your settlement amount. What should I do?

Please speak to your Claims Manager. They are here to help you at every step of the claims process. They will be able to review your quote or arrange for your quote to be reviewed by an assessor.

What happens if I do not want to take a cash settlement, but you cannot repair or rebuild my home?

Unfortunately, there are times when we will not be able to repair or rebuild your home. We will work through this with you.

Are you in need of extra help and support?

We understand that sometimes you may need extra care and support in difficult times in your life. We are committed to looking after your needs with sensitivity, dignity, respect, and compassion. Please let us know and we can work together to help find the support you need.

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