

INSURANCE

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An Anglicare
Victoria
Program in
partnership
with the local
community

Acknowledgement of Country

Gippsland Community Legal Service acknowledges the Traditional custodians of the land, their diversity, histories, knowledge and their continuing connections to land, water and community. We respectfully acknowledge the Gunaikurnai, Monero and Bidawel People, and their Elders past and present, who are the Traditional Owners of the land on which we are located.



Types of insurance:

Cover means the amount of risk or liability that is covered.

It's important to check:

- What is covered
- What is not covered (Exclusions)
- Optional cover items

Terms and conditions are included in the insurance policy which is a contract between the insurer and the policyholder.

- Home or building insurance
- Contents insurance
- Home and contents insurance
- Farm insurance



How do I know what type of insurance I have and what is covered?

Check your policy documents

It's important to ensure that your premium is paid on time and that the cover is current.





Policyholder responsibilities

Each policy is different.

Generally, your responsibilities in the policy include:

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- Pay premiums on time
 - Provide accurate information
 - Maintain the property
 - Implement security measures
 - Notify the insurer of any changes
 - Report claims promptly
 - Mitigate further damage
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Home and building insurance

- Helps you to repair or rebuild your home if it's damaged by fire, flood, storm or other insured events.
- Usually covers the structure of your home and permanent fixtures such as kitchen cupboards and ceiling fans.
- Be mindful of the difference between fixtures and fittings. Fittings are usually covered under a contents policy.
- Check what is covered to ensure your cover is adequate in the event of a total loss.

Contents insurance



- Covers loss or damage to **contents** in your home.
- Available for renters.
- Landlord insurance does not cover a tenants belongings.
- Contents can include items such as furniture, clothes and appliances.
- It's important to ensure that you have the right level of coverage.



Farm insurance

Cover for your farm can include:

- Farm property such as farm buildings, machinery and fencing
- Farm liability to protect against claims for accidental property damage or personal injury caused by your farm operations
- Machinery breakdown
- Farm vehicles

Farm insurance can be complex.

Underinsurance is a big issue with farms.

It's important to ensure all aspects of your farming operation are covered and that you have a good understanding of your policy.



What's the difference between **sum insured** cover and **total replacement** cover?

Sum insured cover

An estimate of what it would cost to rebuild. Payment for repair or rebuild is limited to the amount specified in policy, even if the total cost is more.

Total replacement cover

Total cost to repair or rebuild is paid.



Am I underinsured?

Surveys in Australia suggest that up to **81% of consumers are underinsured by 10% or more** against rebuilding costs*.

If the total amount that you are covered for is less than what it would cost to rebuild or replace your belongings, then you are underinsured.

The risk is that you may not have financial capacity to rebuild or replace all your belongings.

The Insurance Council of Australia have calculators on their website to check the estimated cost of rebuilding your home or replacing your home contents:

<https://insurancecouncil.com.au/consumers/calculators/>

Know your hazards (including flood) and check your Bushfire Attack Level (BAL) rating.

*Survey of 1000 consumers by Reed Business Information Systems in 2000, and survey of seven major home building insurers in 2002.

Case study

Andrew lived on a property with his elderly parents in East Gippsland. He was employed on a casual basis.

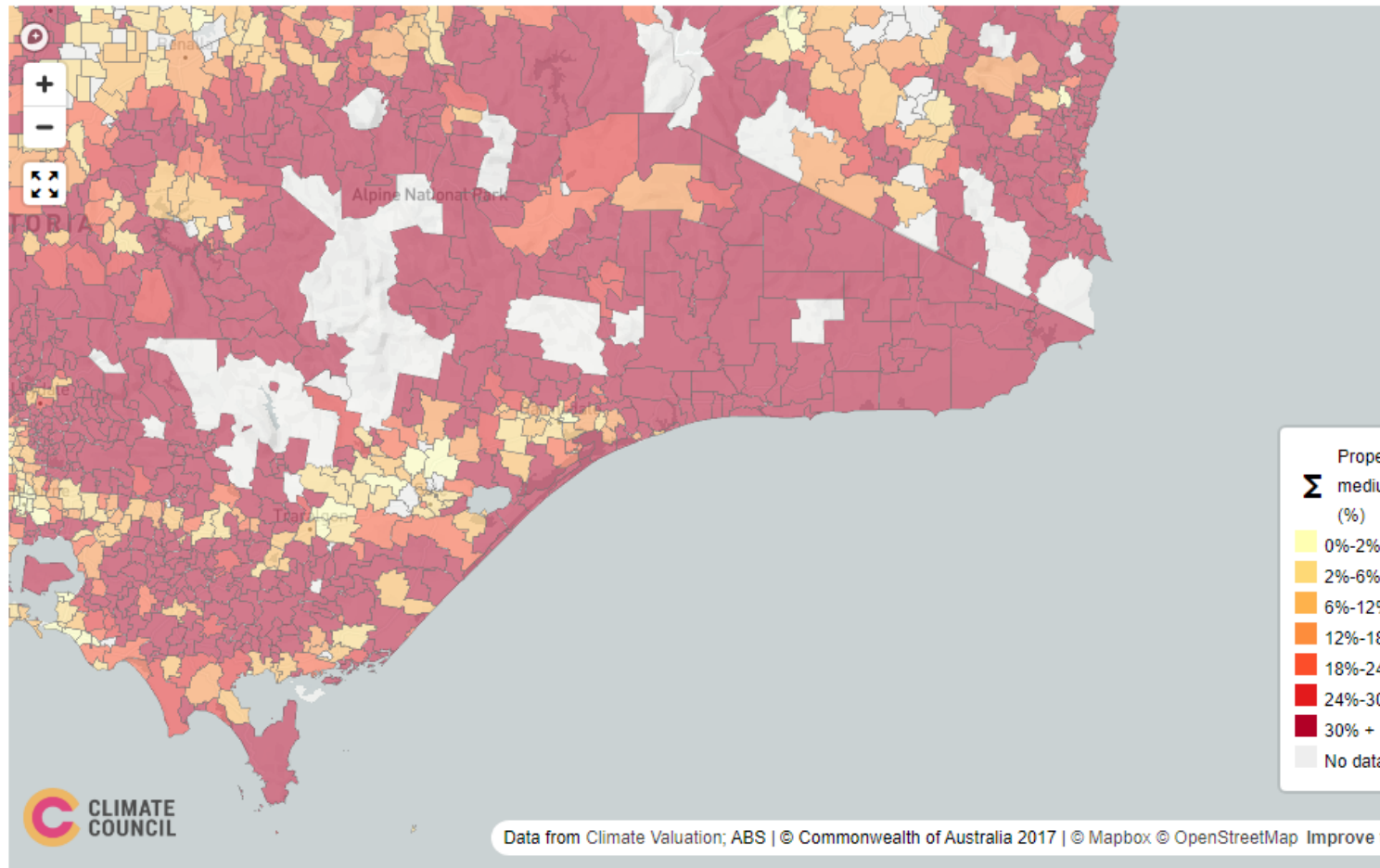
The 2019/2020 bushfires destroyed their home, sheds and fences. They lost all their belongings, and their livestock escaped.

They made a claim on their home and contents insurance. The sum insured cover was \$450,000.00. The insurer accepted the claim and offered a cash settlement which they accepted because they wanted to rebuild quickly. They hadn't factored in the cost to rebuild in a bushfire prone area. The rebuild and replacement cost was \$650,000.00.

Andrew had to stop work to rebuild the fences and arrange temporary accommodation for himself and his parents which was not included in their policy. They relied on government funded clean up which took a long time. Andrew did not have leave entitlements to cover his time off work.

They need an additional \$200,000.00 to rebuild and have been unable to refinance to cover the difference.

Reluctantly, they sold the land and moved into a smaller property in town which has a considerable impact on their lifestyle and emotional stability.



Risks

➤ Is your home in a disaster risk area?

➤ What does BAL rating mean and how do I check it?

➤ Climate change impact on insurance premiums and coverage – Climate Risk Map of Australia

➤ Ask your insurer about risk

Geographies	Emission scenarios	Years	Hazards
Suburb	High	2100	Total
LGA	Medium	2050	Riverine Flooding
Electorate	Low	2030	Bushfire
			Surface Water Flooding
			Coastal Inundation
			Extreme Wind

Climate change impact analysis is supplied by Climate Valuation. Visit www.climatevaluation.com for more information. **Important notice:** The information on this page is intended as a general guide only and should not be taken as constituting professional advice. For more information [click here](#).

Policy exclusions

- ▶ It's important to check what insured events your policy covers and what events are excluded.
- ▶ Never make assumptions about what your policy covers. Always read the exclusions and definitions set out in the PDS/policy.
- ▶ Some events may not be covered at all or cover may be limited.
- ▶ For example, regarding flood cover, there is a standard definition of flood in all insurance policies. You may not have flood cover if you opt-out or its not included in the policy that you have purchased. Some policies may include flood cover but exclude actions of the sea, storm surge or tsunamis. They may also exclude soil movement such as erosion, landslide, shrinkage or subsidence.




After an event



- Take photos and video of the damage.
- Secure property and prevent further damage.
- Try not to throw away anything. If you must throw away items, for example dangerous items, make sure you document them with photos and/or videos before you throw them away.
- Contact your insurer as soon as possible.



Lodging a claim

- You need to contact your insurer to start the claims process.
 - They may provide you with a claim form to complete or take information from you over the phone. You may also be able to lodge your claim online.
 - Collect evidence to support your claim such as proof of ownership, receipts, valuation reports, photographs and videos.
 - Keep a diary and a file of the event, the damage and each communication that you have with the insurer.
 - Seek advice early.
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Claims process



The insurer is likely to ask an assessor to attend your property to examine the damage and determine the value.



They may also send qualified trades to your property to quote the repairs. Sometimes they may ask you to obtain your own quotes.



The insurer should respond to your claim within ten (10) business days by either providing you with a decision (accept or reject your claim) or requesting additional information.



They should provide you with an update on the claim every twenty (20) business days.



A final decision must be made within four (4) months of receiving your claim unless there are circumstances that require an extension of time.



Ultimately, if a decision is not made within twelve (12) months, the insurer should tell you in writing and provide details of their complaint service.

Insurance claims after a disaster

Your personal safety is the highest priority.

Disasters are devastating and traumatic.

Don't feel pressured to make decisions or accept a cash settlement from an insurer if you are under stress and emotions are high.

Seek advice and support with your claim early.

If your property claim is finalised within one (1) month of the Catastrophe event that caused your loss, you can request a review if you think the assessment of your claim was not complete or accurate. You can request a review even if you have signed a Release.

You must request a review of your claim within twelve (12) months from the date of finalisation of your claim¹.

Cash settlement

An insurer may offer you an amount of money to settle all or part of your claim.

Some reasons an insurer may offer you a cash settlement include:

- It is unsafe to repair or rebuild your home;
- The claim is only partially accepted (There may be damage that is not covered by your insurance that you need to fix);
- You are underinsured and you don't have access to funds to cover the difference in cost to repair or rebuild your home.

If you accept a cash settlement, you will be responsible for arranging all tradespeople to repair or rebuild your property.

The insurer is likely to ask you to sign a Deed of Release. You should read the Deed very carefully and consider seeking advice before you sign.

By signing a Deed of Release, you will likely be prevented from disputing the claim in future.



Temporary accommodation

- ▶ Some policies include an additional temporary accommodation benefit. It is usually for a period of 12 months.
- ▶ If there are delays experienced getting expert reports or tradespersons, sometimes claims can take more than 12 months.
- ▶ You can ask the insurer to extend the temporary accommodation period if the works are not completed before the temporary accommodation period expires, especially if the claim delays have been caused by actions or inaction of the insurer.
- ▶ Always check the terms and conditions of your policy.



Disputes

- ▶ If the insurer makes a cash settlement offer, you are not obligated to accept it.
You can negotiate.
You may wish to get your own quotes or assessment of the damage to determine whether the insurers offer is adequate and reasonable.
- ▶ You can make a complaint if you are unhappy with the insurer's decision, if your claim is delayed or if you are unhappy with how your claim is being managed.
- ▶ To make a complaint, you should make a request for a review through the insurer's internal dispute resolution process.
- ▶ If you are unhappy with the outcome of your complaint with the insurer, you can make a complaint to the Australian Financial Complaints Authority (AFCA).
- ▶ AFCA won't consider your dispute unless you have been through the insurers dispute process first.
There are strict time limits.



Where to get help with insurance claims

- **Gippsland Community Legal Service**
 - Phone: 1800 004 402
 - www.gcls.org.au
- **Disaster Legal Help**
 - Phone: 1800 113 432
 - www.disasterlegalhelp.org.au/insurance
- **Australian Financial Complaints Authority**
 - Phone: 1800 931 678
 - www.afca.org.au
- **Consumer Action Law Centre**
 - Phone: 1800 466 477
 - <https://consumeraction.org.au/>
- **Insurance Law Service**
 - Phone: 1300 663 464
 - <https://financialrights.org.au/>
- **Law Institute of Victoria – Find a Lawyer Referral Service**
 - Phone: 03 9607 9550
 - [Find Your Lawyer Referral Search \(liv.asn.au\)](http://liv.asn.au)

Gippsland Community Legal Service

Intake

1800 004 402

gcls@anglicarevic.org.au

Morwell | Warragul | Leongatha | Bairnsdale | Wonthaggi

Telephone advice and some casework
Duty lawyers at 5 Gippsland courts for IVOs
Outreach to community mental health services
Mental Health Tribunal representation
Legal education and law reform