



# Cash settlements

## Know your options

This information brochure explains our cash settlement process. It also highlights what you might need to consider when you request or accept a cash settlement offer from us, where to get assistance from us if you have questions, and support services that are available to assist you if you need help.

Claims under RACV Home Insurance policies are handled by the underwriter, Insurance Manufacturers of Australia Pty Ltd (IMA). References to 'we', 'us' or 'our' in this document is a reference to IMA, not RACV Insurance Services Pty Ltd or any other RACV company.

## What is a cash settlement?

A cash settlement is an amount of money we may offer you to settle part or all of your home building or contents insurance claim. Instead of us arranging and managing repairs or replacements, we pay you a cash settlement amount so you can manage the process yourself.

A cash settlement can cover:

- the cost to repair or rebuild your home
- the cost to replace or repair your contents
- any additional policy benefits available to you, such as debris removal, professional fees (like engineers or architects), or temporary accommodation
- any applicable deductions relating to the claim (such as an excess payment).

## What is a Cash Settlement Fact Sheet?

We'll give you a Cash Settlement Fact Sheet if we offer to settle your claim with a cash payment, and there are other alternative options for settlement available to you under your policy.

A Cash Settlement Fact Sheet sets out important information including:

- the options available to you for settlement (such as whether we can assist with repairing or rebuilding your home, or replacing your contents)
- the total sums insured under your insurance policy
- the total cash settlement amount including any deductions (e.g excess and unpaid premium)
- your rights to have the offer reviewed.

We encourage you to take the time to carefully review your Cash Settlement Fact Sheet and consider obtaining independent legal or financial advice before you decide. If you have any questions while reviewing it, please reach out, we're here to help.

## When might a cash settlement be used?

You can ask us to cash settle your claim if you'd prefer to manage repairs or organise replacements yourself. Sometimes, a cash settlement is the only option available.

Other common reasons a cash settlement might be appropriate are:

- you want to use your own builder, trades, or suppliers, or have already started repairs privately
- where there are pre-existing design flaws, damage or maintenance issues, and our builder may not be able to guarantee repairs or uphold quality standards
- your local council or authority will not allow repairs or rebuilding as planned (for example, due to zoning or building code changes)
- if fixing, rebuilding to current standards, or replacing your things costs more than your sum insured or policy limits
- where there is joint ownership, such as a damaged boundary fence
- if you unreasonably delay the start of repairs we have authorised
- the items you need to replace are not available through our suppliers, or you want to source them yourself.

**If we need to cash settle your claim, we'll discuss any options available and explain the process in detail.**

## How we calculate the cash settlement amount

Before we calculate your cash settlement we will have:

- **Assessed the damage to your property:** Usually, this is done with an on-site inspection by our assessor or preferred builder and, if needed, specialist reports (such as engineering, leak detection, or environmental reports)
- **Received a scope of works:** We will review the quotes and/or reports which list all repairs, materials, and costs needed to repair, replace or rebuild your home or contents

We use the outcome of the relevant scope of works, quotes and/or reports to calculate your cash settlement amount.

You can also provide your own quote for us to review, even if we've already assessed the damage, as long as the quote is prepared by a qualified trade and is itemised. If you can, you may want to obtain more than one quote. If it is consistent with our scope of works, quote or report, and we consider the costs are reasonable, we may base your settlement on it. We may also adjust the quote you provide if it includes damage which we have not agreed to cover. If we do this, we will explain the changes to you.

If your claim includes temporary accommodation, other policy benefits or a payment outside of your policy (*referred to as ex gratia payments*), we may include these in your payment. *If you need more information*



about temporary accommodation, see our separate brochure 'Temporary accommodation – a quick guide'.

We may also need to deduct other amounts such as, but not limited to, any amounts already paid for repairs, your policy excess and any unpaid premiums from the cash settlement amount.

If you feel that there is anything missing from the cash settlement, please let us know as soon as possible. We'll take a look and see if it's covered under your policy.

## What happens when we cash settle all or part of your claim?

If we pay you a cash settlement, you will need to manage your repairs or replacements. This means you will be responsible for:

- finding, hiring, and supervising licensed builders and tradespeople
- organising and paying for all repairs, replacements, and invoices.
- managing any delays due to shortages of trades or materials, or unexpected issues
- ensuring all work meets local or state building regulations and obtaining any required permits or certificates – non-compliant repair works may impact future claims
- carrying the risk if costs increase or if further damage is discovered during repairs (unless you notify us and it is covered by your policy)
- checking that your builder or tradespeople have appropriate insurance, warranties, and guarantees (our lifetime guarantee only applies to repairs we authorise and arrange)
- delivery or installation costs.

If you have a mortgage, your bank or lender may need to approve or receive part of the cash settlement. You may need to speak to them before accepting our offer.

You may want to use a claims management service. Some claims management services can help with this project management but may ask for payment from your cash settlement. This reduces the amount you can spend on repairs.

You may also want to consider obtaining independent legal or financial advice before you decide on whether a cash settlement is appropriate for you.

## What happens to your policy after a cash settlement payment?

The date your policy ends could change with a cash settlement. This depends on various factors such as, the amount of the cash settlement payment, your sum insured amount, and other policy details.

What can happen to your policy includes:

- if we pay you the full sum insured or deem your claim to be a total loss for damage to your home or contents, your policy will end on the day we make the payment or finalise your claim (please refer to your PDS in relation to cover for liability under your policy)

- if we pay you the full sum insured for any specified contents or personal valuables, cover for those items will stop
- we may ask for evidence that repairs or replacements are complete before we renew your policy or accept a new claim
- where there is a total loss of one coverage under a building and contents policy, only part of our obligation under the policy ends. The remaining coverage continues until renewal.

If you discover additional damage related to the same event after accepting a cash settlement, stop any repair work (if safe) and contact us as soon as possible. We'll assess the new damage and, if it is covered under your policy and caused by the same event, we may make an additional payment to you.

## What if you change your mind about managing the repairs yourself?

If you've already accepted a cash settlement, but you change your mind, call us on 131 903 as soon as possible.

We'll take a look to see if we can manage the repairs for you. If we can, you'll have to return the cash settlement amount we paid you.

## If you have a complaint about the cash settlement

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 [racv.com.au/contact-us/feedback-complaints.html](http://racv.com.au/contact-us/feedback-complaints.html)

## We're here to help

Call us on 131 903 or visit [racv.com.au/help-and-support.html](http://racv.com.au/help-and-support.html)

We're here to help if you need extra support, this could be due to financial hardship, language or literacy challenges, disability, mental or physical health conditions, and conduct of others such as act of violence, intimidation or financial abuse.

If you feel comfortable, we encourage you to let us know what help you need.

We offer interpreter services in over 150 languages, relay services for people who are d/Deaf or hard of hearing, financial assistance, and support for those affected by family violence.

You and your family can also get *free, confidential counselling* through our partner, Sonder. Everything shared with Sonder stays private, and using the service has no effect on your policies. To connect with Sonder, give us a call on 131 903 and our team will put you in touch.