



# What to do after a disaster

Your insurance questions answered

## Has the insurer offered you a cash settlement?



### Yes. What should I do?

Sometimes insurers offer you an amount of money to end (settle) all or part of your claim. If you have been waiting a long time you may want to accept this offer.

If you do accept it may end your insurance policy and you will no longer be insured—unless you can negotiate with the insurer that they will still insure you.

Before you accept a cash settlement you should make sure you can get your property insured. Many insurers will

not insure a property that is damaged.

You can:

- call other insurers, or
- ask your insurer to say in the settlement agreement (this is usually called a Deed) that they will continue to insure you.

You can use the letter in **Fact Sheet 6** called *Standard letter or email asking for details of the settlement offer* to ask the insurer for information about how they worked out the amount they offered you.

### What else do I need to know before I decide to accept a cash settlement?

Before you accept a cash settlement think about these:

#### ■ Do you need temporary accommodation?

If you can't live in your home while it is being rebuilt or repaired, the insurer should give you money to live in temporary accommodation until you can live there again. The insurer should pay for temporary accommodation on top of the costs to rebuild. Check this is part of the cash settlement offer.

#### ■ You will be responsible for doing the repairs to your property

You will be responsible for doing the repairs on your property. This will mean making sure that the builder you hire has proper licenses and insurance.

You should also get independent legal advice about the contract you sign with the builder.

#### ■ You will have to pay to repair damage you discover later

You may find more damage to your property when you repair it. If you accepted a settlement that ends your claim against your insurer you have to pay to fix this extra damage.

#### Are you getting a good deal?

To find out:

- get quotes from at least two independent builders to make sure that the money you will get is enough to cover the repairs.
- ask the builders to include an extra amount for 'contingencies'. These are costs that you may have to pay for that you can't know about before the work starts.
- read through the builders' statement of works to check it includes everything that was damaged.

(continued overleaf)

# What to do after a natural disaster

## Has the insurer offered you a cash settlement?



If the quotes from the builders are higher than the amount the insurer has offered you to settle your claim, you should negotiate with your insurer that they pay you the higher amount. Sometimes builders give insurance companies a low quote because they get a lot of work from the company.

### I wish I hadn't settled my claim with the insurer—what can I do?

Usually, after you settle your claim you can't change your mind.

However, you can ask the insurer to cancel the settlement if you settled your claim in the first month after the disaster happened.

You must ask for it to be cancelled no later than 12 months after the date the disaster happened.

Also, if you felt pressure to settle or you didn't know all the facts when you settled, you should get urgent legal advice.

#### Fact sheets in this series

1. What to do straight away
2. What should I expect from my insurance company?
3. Has the insurer offered you a cash settlement?
4. I don't agree with the insurer's decision
5. Where can I get more help?
6. Standard letters you can use to write to your insurer