

Insurance

What do I need to know?

This factsheet talks about property insurance. It does not address personal insurance issues.

What is insurance?

Insurance is a contract protecting you or your property against the risk of something going wrong in the future.

Insurance is important because it protects you from things like:

- fire
- flood
- theft
- cyclones
- accidental damage (to you or your property)
- deliberate damage (to you or your property) not caused by you.

The most common types of insurance that people buy are:

- home insurance
- contents insurance
- car insurance (see the FLAG factsheet called *Buying a car*).

There are many other types of insurance policies available like pet and funeral insurance.

Before buying any insurance policy, it is important to work out what benefits it gives you.

What to look for when buying insurance?

There are two key things you need to decide:

- What do I want to protect?
- How much can I afford to pay to protect it?

When choosing your insurance policy, you need to consider:

- what the policy covers
- what the policy excludes
- the price—sometimes cheaper insurance policies give you and your property less protection

- what excess you have to pay if you make a claim
- what happens if something goes wrong and you need to make a claim.

Different insurance policies work for different people. It is important to ask questions and shop around before deciding on your own insurance policy.

Making a claim on an insurance policy

What happens if something goes wrong and I need to make a claim?

Always call your insurer when you make a claim. An insurer can't help you unless they know something has gone wrong.

Once I have made a claim what will an insurer do?

Your insurer will assess your property damage either by coming to your home to look at the damage or asking you to bring the damaged goods (eg a car) to an assessment centre.

Assessing the damage allows your insurer to work out whether they need to repair the damage or give you a cash pay out to allow you to fix the damage or buy a replacement.

What is an excess?

An excess is the amount you agree to pay when you make an insurance claim.

If you have a smaller insurance premium, you may have a higher excess to pay.

If paying an excess when making a claim, this may make small claims not worth making. For example—if your home contents policy has a \$500 excess, it may not be worth claiming an item that costs \$600 to replace, since the insurer would only be contributing \$100 and may increase your future premium to reflect the fact a claim was made.

For more information about our services call 1300 65 11 88 or visit legalaid.qld.gov.au

or phone our Indigenous Hotline on 1300 650 143.

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The insurer is fixing my house or my car. What happens now?

The insurer will give you information about how the property will be fixed. If later you find other damage you or your insurer didn't notice (covered by the insurance claim), it is okay to let them know so it can be fixed.

What other types of insurance are available?

Car yards, lenders and insurers sell other insurance known as 'add-on' insurance when you buy a car or a loan.

This insurance includes:

- consumer credit insurance
- tyre and rim insurance
- loan protection insurance
- unemployment insurance
- gap insurance.

When buying a car or getting a loan, you don't need to buy any of these insurance products.

But it is important you find out if any of these add-ons would benefit you. Be careful to check the policy's exclusions as many consumers who have bought these add-ons have found it hard to make a successful claim.

It is also important to consider:

- whoever sells you the insurance often receives high commissions from an insurer when they sell you these policies
- if you have to pay an excess when you make a claim
- if there are any limits to a payout when you make a claim
- these policies often cost more than you would pay if you bought them directly through an insurer.

What happens if I don't have insurance?

If you don't have insurance and your property gets damaged, then an insurer will not fix your damaged property. You will have to pay to fix the damage.

If somebody else is responsible for the damage caused to you or your property, eg in a car accident, then you should make a claim against their insurance policy.

What if I am responsible for a car accident and I do not have comprehensive car insurance or third-party insurance?

If you do not have comprehensive car or third-party insurance and you cause damage to another person's car or a light pole or traffic lights, then you are personally responsible for paying to repair the damage you have caused. If you do not pay for the damage, then the property owners may take you to court. Get legal advice if this happens.

Where can I get help if I have a problem with an insurance policy?

You can get help by calling:

- a financial counsellor on 1800 007 007
- Legal Aid Queensland on 1300 65 11 88
- the Australian Financial Complaints Authority on 1800 931 678.

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