

Insure it. It's worth it.

Four easy steps to prepare your finances
for emergencies



Good Shepherd
Microfinance



Don't risk what matters

Victoria is a great place to live. But now and then, we face storms, floods and bushfires. We know that many Victorians will face these emergencies, as well as house fires, storm damage or water damage to their homes.

If you and your family were affected by an emergency, could you repair, replace or rebuild your most valued possessions?

Now is the time to financially prepare to make sure you and your family are ready if things go wrong. Insurance gives you peace of mind and helps you bounce back financially if an emergency does affect you. Getting insurance is easy if you follow our four steps:

1. Know your risk
2. Calculate the value of your belongings
3. Insure what matters to you
4. Protect your important documents

This toolkit will help make sure you and your family are ready if things go wrong.



Look for this symbol for actions you can take. Follow these actions to make sure you and your family are covered should something go wrong.



At each step, you can also find more information next to this symbol.



Storm leaves family without possessions

Michael heard a crack and the next thing he knew, a tree fell through the roof of his house. The rain poured through the ceiling. The children's beds were ruined and the family's iPads, TV and computer were destroyed. The roof cost more than \$15,000 to fix, which was covered by home building insurance. Unfortunately, the family did not have contents cover. The kids are sleeping on airbeds while Michael saves up to replace the beds and other ruined items.

** Example scenario only*

Getting started

Protecting your possessions can be as easy as following four simple steps!

i Not sure where to start? Work through the four steps from start to finish, or skip to the information you need to know, depending on your situation.

1 Know your risk

Risks are real. Know the risks you face so you can prepare now. page 4

2 Calculate the value of your belongings

Don't get caught short. Work out how much insurance cover you need. page 6

3 Insure what matters

Know what insurance options are right for you. page 9

Finding the best insurance for you. page 10

Keep your insurance policy up to date. page 10

4 Protect your important documents

There's more you can do. Keep your important documents safe in case of emergency. page 12

Beyond an emergency

Tips on making an insurance claim. page 13

Other help that is available. page 14



Know your risk

Risks are real. Know the risks you face so you can prepare now.

An emergency can have a large financial impact on a household. It can often take years to recover. Insurance gives you the peace of mind you can replace important belongings when you need it and rebuild your life if an emergency does strike.

In Victoria, some communities are at greater risk of bushfires, floods and other natural emergencies. It's important to know the risks you face to help you prepare your finances, family and possessions.

Don't forget that flash flooding, house fires, storm damage, water damage and even burglaries can happen anywhere, so you could still be at risk if you have no insurance.

In 2015-16
**storm-related
claims**
cost more than



\$30 million[^]

More than

42,000

burglary / break and enter
crimes were reported in
Victoria in the year ending
March 2018*



Grass fire in outer suburbs in Melbourne

Aarav and his family never thought they'd be impacted by fire in the outer suburbs of Melbourne. They had taken out home and contents insurance when they bought their house, but didn't renew it as they thought the money could be put to better use. Summer time came around and a fast spreading grass fire destroyed their home and all of their belongings. Now they have no money or assets, and have been forced to move in with family while they try to get their lives back on track.

** Example scenario only*

[^] <https://www.racv.com.au/about-racv/our-business/media-releases/storm-damage-risk-hots-up.html>
^{*} <https://www.crimestatistics.vic.gov.au/crime-statistics/latest-crime-data/recorded-criminal-incidents-1>



Take action

In Victoria, some parts of the state are more at risk of particular hazards such as bushfires or floods. These areas are listed in government planning documents called “planning schemes”.



Visit [understandinsurance.com.au/your-risks](https://www.understandinsurance.com.au/your-risks) to find out about general risks that could affect you, your family and your possessions.



Get in touch with your local council and ask if your home address falls in a high risk area.

Step 2

Calculate the value of your belongings

Don't get caught short. Work out how much insurance cover you need.

Once you understand your risk, it's important to prepare and protect what matters most to you. Insurance can help you do this by giving you and your family financial security if something should go wrong.

Before you buy insurance, it's important to know how much money you would need to replace all of your possessions if you lost everything.

Cost of replacing your home

A simple way to check how much it would cost to rebuild your home is to use the calculator on the Insurance Council of Australia website:

<http://understandinsurance.com.au/calculator/building-calculator>

Value of your home contents

The best way to calculate the value of your belongings is to list them and record their value. We've created a list of items to help you on page 7.

Remember to include everything — from the cutlery in the kitchen drawer to the brooms in the laundry cupboard and the tools in the shed.



Flood in regional Victoria

Tammy and her husband had insurance, including flood cover, so when their town flooded, they thought they would be okay. Unfortunately they hadn't reviewed and updated their home and contents insurance for five years, and when they lodged a claim, they found out they didn't have enough insurance to replace all they had lost. At a time when they should be getting ready to retire, Tammy and her husband now have to work harder than ever to save enough to pay for repairs.

** Example scenario only*

Take action



Calculate the value of your belongings using the list of items. Tear this list out of the booklet and mark items down as you walk around your home.

Make a copy of your list and keep it safe — give it to a friend or take a photo on your phone.



Understand Insurance provides online calculators to work out the value of both your building and your contents. You can find these two calculators on www.understandinsurance.com.au/calculators

Use the table below as a guide to calculate the value of common items that may need to be replaced.

Take photos of each room in your home, and your valuable belongings, so that you have a record for insurance purposes.

	Average value*	Your value
Bedrooms		
Single beds	\$800 each	
Double/Queen beds	\$1,600 each	
Bed linen	\$1,000	
Wardrobes (not built in)	\$1,500	
Clothes and shoes	\$5,500	
Bedside tables, drawers	\$2,000	
Other		
TOTAL		

Living/family room		
Lounge suite/s	\$2,000 each	
Coffee table/s	\$700 each	
Wall/TV unit	\$1,500	
Television and DVD	\$1,400	
Gaming consoles	\$500	
Records, CDs, DVDs	\$500	
Cushions and rugs	\$600	
Other		
TOTAL		

Dining room		
Tables and chairs	\$2,000	
Wall units	\$1,500	
Table linen	\$750	
Dinnerware	\$1,250	
Other		
TOTAL		

Entertainment and study		
Desks and chairs	\$1,000	
Sports/camping gear	\$1,000	
Computer and accessories	\$2,500	
Books, toys, wine		
Other		
TOTAL		

	Average value*	Your value
Kitchen		
Fridge	\$1,000	
Freezer	\$900	
Electrical appliances	\$1,000	
Microwave	\$300	
Pots and pans	\$750	
Cutlery, crockery and glassware	\$500	
Food	\$850	
Dishwasher (if not built in)	\$800	
Other		
TOTAL		

Bathroom(s)		
Toiletries and contents	\$250	
Towels, bathmats	\$400	
Bathroom appliances	\$500	
Other		
TOTAL		

Garage		
Lawn mower	\$600	
Power tools	\$1,200	
Garden tools	\$800	
Ladder	\$200	
Paint & paint gear	\$300	
Other		
TOTAL		

Laundry		
Washing machine	\$1,000	
Dryer	\$500	
Washing and laundry equipment	\$400	
Vacuum cleaner	\$500	
TOTAL		

Items common to more than one room		
Carpets, blinds, curtains		
Lamps and light fittings		
Free standing heaters		
TOTAL		

Could you afford to cover this cost?

Your total

\$

*The average value is a guide only. The cost to replace your belongings may vary significantly from the average values listed. Average values sourced from: <http://www.intermediary.qbe.com.au/Documents/index.htm?doc=QM0099>



3,120

**House fires across
Victoria in 2017***

* <http://www.mfb.vic.gov.au/News/Winter-the-forgotten-fire-season.html>

Step
3

Insure what matters

Get covered and stay covered. Know the different types of insurance and what's best for your situation.

Insurance protects you from losing money and helps you to recover from an emergency, such as fire, flood, storm, or even theft. More importantly, it helps you to protect the things you value most, such as your home and belongings.

There are two types of insurance worth considering, depending on whether you are a home owner (or landlord), or a renter.

I own my home or have a mortgage

Home Insurance

- ✓ Protects against financial losses related to a building and property if something unexpected happens.

Home Contents Insurance

- ✓ Protects against the financial loss of any possessions. This includes contents inside a home in the event of an emergency — or a theft.

I'm a renter

- ✗ Your landlord is responsible for maintaining a building insurance policy for your home.

- ✓ Your home contents are not covered by your landlord's insurance.
You are responsible for your own belongings — everything you noted in the previous table
If you were to lose these contents in a theft, fire or other emergency, you would not be eligible for compensation.



House fire in inner Melbourne

Ajak didn't think she needed insurance, as she was renting. But, when there was a fire in her apartment, she lost nearly all her belongings. She couldn't believe the total when she added up what it would cost to replace everything. Her furniture, appliances, laptop, phone, clothes and makeup came to almost \$17,000. Now that she knows what her belongings are worth, she'll be insuring her belongings so this doesn't happen again.

** Example scenario only*

Finding the best insurance for you

Each insurer's policies are different. When comparing policies, look at the inclusions and exclusions as well as any limits on types of claims. The cheapest product may not be the best one for your household.

- › **Get quotes from two or more insurers**
Some will match or beat competitors' prices.
- › **Consider varying your excess**
Small increases in your excess can lead to big premium savings.
- › **Combine home and contents insurance**
If you can get the cover you need by combining insurance, it's often cheaper than two separate policies.

Keep your insurance policy up to date

It's important to have enough insurance to make sure you can rebuild your home or replace your belongings.

Lots of things can happen in life that mean you no longer have enough insurance:

- › you have more belongings than you used to
- › you've made some big purchases
- › the cost of rebuilding your home has increased
- › you've recently renovated or improved your house



Take action

Shop around for the best insurance policy. To find an insurer, the **Insurance Council of Australia** (ICA) provides a website that offers a free referral service for insurance products that you might be looking for. Visit www.findaninsurer.com.au

Even if you're on a low income there are still affordable insurance products available. Visit www.goodinsurance.org.au from **Good Shepherd Microfinance**, to find out more.



Take action

Review your insurance every year, by repeating Step 2 on pages 6 and 7 to make sure you still have enough cover — and remember, always get at least two quotes.

Key terms

Here are some commonly used terms when it comes to insurance that you may need to understand:

Premium

A premium is the fixed amount you pay your insurer over a year for an insurance policy.

Excess

This is the amount you have to pay if you make a claim on your policy. Your insurer may require an excess to be paid before a claim is settled.

Exclusions

These are the things not covered by an insurance policy.

Sum insured

The sum insured is the most you can claim for your insured items (home and/or contents) in any one emergency.

Replacement value

This is the value of your belongings, and what it would cost to replace them.


New for old policy

Covers the full cost of replacing lost or damaged belongings with new ones, which have a higher value.

Period of insurance cover

This means when your policy starts and finishes. It is shown on your certificate of insurance.




\$1.3 billion +
Estimated gross cost
of the 2010-11 floods

Step 4

Protect your important documents

There's more you can do. Keep your important documents safe in case of emergency.

After getting home and contents insurance, don't forget that there are other actions you can take to prepare for an unexpected emergency.

Personal and financial documents will be helpful when you are trying to piece your life back together. Take the time now to organise and store important documents and personal items in a safe place.

Important documents you should protect include:

■ Vital Records

Driver's licences, birth and marriage certificates and passports.

■ Insurance Policies

Keep a note of your insurance company for each type of insurance (such as home, contents, motor vehicle, life, health). Insurers keep electronic records of your policies.

■ Property Records

Property contracts, mortgage documents, property valuations, rental agreement or lease; auto/boat/RV registration and titles; video, photos or a list of household possessions.

■ Medical Information

Medical records, prescription information (drug name and dosage), health insurance, doctors' names and phone numbers.

■ Estate Information

Wills, trusts, funeral instructions, powers-of-attorney, attorney names and phone numbers and where relevant, health directives.

■ Financial Records

Last two years of tax returns, superannuation, recent statements and information, credit card, bank account numbers, contact information for credit unions, banks, financial institutions.

■ Other

Personal address book, family photos, backups of important computer files, a list of usernames and passwords for online accounts, customer numbers of utilities and other services (you may have to provide a new billing address or cancel certain services).

Take action



Make sure you can easily access your important documents and information if you are affected by an emergency.

You could email copies of your documents to yourself to keep. Give a copy to a trusted family or friend, or store them electronically on a USB, hard drive or in the cloud. Make sure you verify that cloud backups are secure and your privacy is protected.



Almost

97%

of insurance claims
are accepted by
insurers*

Beyond an emergency

Tips on making an insurance claim

After an emergency or disaster, you should not return to your home until emergency services say it's safe. It's important to call your insurance company as soon as possible so it can assess the damage.

Go through this checklist to make your insurance claim.

Claim Checklist

- **Inform the insurance company** as soon as you can and make sure they can get in touch with you.
- **Make a list** of damaged or destroyed items. Include brand names, models and serial numbers where possible.
- **Take pictures or videos** of the damage to your home or belongings, if it's safe to do so.
- **If you are able to take the right safety precautions, remove any items that may be a health risk**, such as water or mud-damaged carpets or soft furnishings but keep samples of fabrics and other materials to show the insurance company.
- **Store destroyed and damaged items safely.** Don't throw away anything or repair anything before checking with your insurer.



Other help is available

It can be hard to ask for help, even when we really need it. But getting help can make a big difference in how quickly we bounce back from an emergency.

As well as family, friends and the community, plenty of organisations can help in various ways.



Take action

- › **Banks and insurers** have special teams to help you if you have money worries. Call your financial institution, or visit their website and find the 'Financial Hardship' link.
- › **Phone, water, gas and electricity companies**, all have options for customers in financial difficulty.
- › If you have issues you can't resolve with these companies, you can contact the **Telecommunications Industry Ombudsman (TIO)** on 1800 062 058 or at www.tio.com.au or the **Energy and Water Ombudsman Victoria** on 1800 500 509 or at www.ewov.com.au
- › If you are renting, check your rights with **Tenants Victoria** Call 03 9416 2577 or visit www.tuv.org.au
- › **Good Shepherd Microfinance** provides safe, fair and affordable financial services for people on low incomes. Call 13 64 57 or visit www.goodshepherdmicrofinance.org.au
No Interest Loan Scheme (NILS) offers loans up to \$1,500 for essential goods like fridges, washing machines and furniture. There are no fees or charges. **StepUP** is a low interest loan, with no fees, between \$800 and \$3,000 with up to three years to pay it back.
- › **Charities** such as **Red Cross**, **St Vincent de Paul**, the **Salvation Army**, and **Wesley Mission** may be able to help with food, shelter and household items.
- › Following major emergencies, **local, state or federal governments** may provide some financial support but this is usually limited.
- › If you need help with a claim or want to dispute a claim, and can't reach an agreement with your insurer, you can take your complaint to the **Australian Financial Complaints Authority (ACFA)**. Visit www.acfa.org.au or call 1800 367 287.
- › **Consumer Action Law Centre** provides free legal advice and pursues litigation on behalf of vulnerable and disadvantaged consumers across Victoria. Visit www.consumeraction.org.au
- › **Disaster Legal Help Victoria** provides free legal advice and assistance and referrals to Victorians affected by an emergency. Visit www.disasterlegalhelp.org.au or call 1800 113 432.



If you don't know where to start, you can talk to a financial counsellor at the **National Debt Helpline** on 1800 007 007 during business hours. You can also get information and resources at the National Debt Helpline website, www.ndh.org.au or the Debt Self Help website www.debtselphelp.org.au



Cut out and share with a family member or friend how you have protected your possessions and finances from emergencies.



Keep your insurance policy details here on this handy card, take a photo on your phone or cut it out and put it in your wallet.



I've prepared my possessions and finances for emergencies. Have you?

Get a copy of the four easy step guide:

-  www.insureit.vic.gov.au
-  emb@dhhs.vic.gov.au
-  (03) 9096 5092



Your details

Insurer

Policy #

Contact details

Emergency Contact



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'**Insure it. It's worth it.**' is a Victorian Government initiative produced in partnership with Good Shepherd Microfinance.

Good Shepherd Microfinance offers a range of people centred, affordable financial programs to people who are financially vulnerable. These programs promote economic wellbeing for people with low incomes, especially women and girls, and enable them to move from financial crisis to resilience and inclusion.

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