

GUARANTEE AGAINST UNDERINSURANCE

OPTION FOR ELIGIBLE FARM BUILDINGS



WHAT IS UNDERINSURANCE?

Underinsurance is when your insurance policy does not adequately cover the cost of replacing or rebuilding the items you are insuring.

HOW UNDERINSURANCE CAN OCCUR

When purchasing an insurance policy, insurers may ask you to select an insured sum, which is the amount you estimate it would cost to repair or replace your building.

The insured sum is also the maximum amount the insurer will cover for the building in the event of a claim.

However, replacement costs can increase over time, due to rising costs for construction materials, labour, energy, and other market factors.

If your policy and insured sum are not reviewed and updated regularly, you may find yourself underinsured.

Underinsurance can also impact a claim for damage or a partial loss. In these instances, your payment may be reduced in proportion to the amount you have underinsured your building.

At the time of a claim, if your insured sum falls short of the replacement cost, you may have to pay out of your own pocket to make up the difference.

FACTORS THAT MAY CAUSE UNDERINSURANCE

- Miscalculating the replacement cost when selecting an insured sum.
- Failing to update policy for market changes or renovations.
- Costs of materials and labour increasing after a natural disaster.
- Intentionally reducing the insured sum to lower premiums.

BEING UNDERINSURED CAN MAKE IT CHALLENGING TO RECOVER AFTER A LOSS

Underinsurance can leave you financially exposed. You may find it challenging to cover the costs to rebuild infrastructure or purchase equipment.

It can also make it challenging to get your operations back up and running after a loss, leading to extended downtime and loss of income for your farming business.

Recovering from a natural disaster may be challenging and overwhelming.

Dealing with the consequences of underinsurance can add to the pressure for you, your family and co-workers.

REDUCE YOUR RISK OF UNDERINSURANCE

with Achmea Australia's Guarantee Against Underinsurance.

Our All-in-One Farm Pack offers Guarantee Against Underinsurance optional cover, which is available for eligible farm buildings.

With this option, we will arrange and pay for the repair or rebuild of your insured building to the same condition as when it was new – whatever the cost – or we will pay you the equivalent amount.

“With Guarantee Against Underinsurance on our packing facility, we are fully covered if something unexpected happens, like a fire. The extra level of protection we gain from having this additional cover is essential to our operations.”

Sam Russo, Group Accountant, The Casotti Group

Request an on-farm appointment for a tailored insurance quote

1800 724 214

www.achmea.com.au





Example of underinsurance

Insured Sum vs Guarantee Against Underinsurance for a farm building with a replacement cost of \$200,000.

Scenario A: Insured Sum



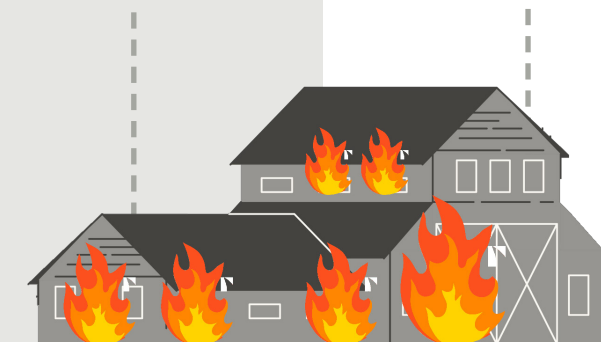
You insure your building for \$120,000.

As this is only 60% of the replacement cost, you are considered underinsured.

Scenario B: Guarantee Against Underinsurance



You select Achmea Australia's Guarantee Against Underinsurance optional cover.



Fire damage results in the total loss of your farm building.



The maximum payment you will receive is \$120,000

You will have to pay \$80,000 yourself to replace your building on a like-for-like basis.



We will arrange and pay for the repair or rebuild of your building to the same condition as when it was new, or we will pay you the equivalent amount.*

*Subject to conditions as outlined in the PDS.

Tailor our All-in-One Farm Pack to your unique needs

with Guarantee Against Underinsurance offered for eligible farm buildings.

Join thousands of farmers and make the switch to specialist agricultural insurer Achmea Australia.

Contact us today to request a tailored farm insurance quote:

www.achmea.com.au
1800 724 214
info@achmea.com.au



Keeping farmers farming

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Farm Insurance