

PAYOUT EXAMPLES

The two options offered by the Government may have different outcomes for individual landowners depending on their circumstances and the terms of their insurance policies. It is important for all landowners to take sound financial advice on the best option for them. The following examples illustrate what different landowners might experience.

Andy and Kelly

Andy and Kelly own a property with the following rating value:

Land	\$180,000
Improvements	\$170,000
TOTAL	\$350,000

The house cannot be repaired, but Andy and Kelly have an insurance policy providing for full replacement cover. Andy and Kelly now have two options available to them:

Option A: The Government pays the rating value to purchase the property. Andy and Kelly receive a payment of \$350,000.

Option B: The Government pays \$180,000 for the land. In line with Andy and Kelly's insurance policy, the insurers have agreed to pay the cost of replacing the house elsewhere. This works out to be \$200,000. Andy and Kelly receive a total payment of \$380,000.

Brian

Brian owns a property with the following rating value:

Land	\$130,000
Improvements	\$150,000
TOTAL	\$280,000

The house cannot be repaired, but Brian has an insurance policy providing for full replacement cover. Brian now has two options available to him:

Option A: The Government pays the rating value to purchase the property. Brian receives a payment of \$280,000.

Option B: The Government pays \$130,000 for the land. In line with Brian's insurance policy, the insurers will pay the cost of replacing the house elsewhere. It turns out to be cheaper to build the house in a new location and the cost of replacement is \$145,000. Brian receives a total payment of \$275,000.