

Questions from the Southshore residential red zone workshop

26 July 2012

EQC

When property is inspected what is the timeframe for feedback?

All residential properties in the red zone have been inspected and feedback should have been provided by now.

When will land reports be released? And drilling results?

Land information packs will be distributed by the end of November 2012. This pack includes a cover letter, photographs, fact sheet and guide to EQC land claims. It does not include a land settlement amount, recommended land repair strategy or geotechnical information relating to repair of foundations.

Drill investigation results will be loaded into the Canterbury Geotechnical Database and can be accessed by property owners via their structural engineer. Individual reports will not be sent to each customer.

What if EQC says rebuild and insurance company says it's a repair?

If the insurance company disagrees with EQC's assessment it can formally object and instigate a joint review by EQC and the insurer.

Why do you have to cover the EQC excess (back to \$115,000) when the amount is taken back off your offer?

Every insurance policy requires customers to pay an excess.

What about the excess for every claim?

As a general rule, there is an excess for each claim. This helps to cover the cost of administering the claim and is normal in most insurance contracts. Each time your land, house or contents are damaged, you need to file a new claim and pay a new excess. If both land and house damage occur during the same natural disaster, an excess is payable on each type of damage, except that one excess is payable when you make a claim for both house and contents damage for a house in the same natural disaster.

Excesses on EQC claims

- Contents only: If you have a contents-only claim, there is a fixed \$200 excess.
- House only: If you have a house claim for \$20,000 or less, EQC will deduct an excess of \$200. If your claim is for more than \$20,000, EQC will deduct one per cent of the claim up to a maximum of \$1,150 per event.
- House and contents: If you have a house and contents claim, where the damage occurred in the same natural disaster and the contents were in or on the house at the time, EQC will treat this as one claim. If the claim is for \$20,000 or less, EQC will deduct an excess of \$200. If your claim is for more than \$20,000, EQC will deduct one per cent of the claim.

- Land: If your claim is \$5,000 or less, EQC will deduct an excess of \$500 and pay the rest. If your claim is for more than \$5,000, EQC will deduct an excess of 10% up to a maximum of \$5,000. This excess is payable irrespective of whether you have made a claim for house or contents in relation to the same natural disaster.
- If your property can be repaired or replaced for less than the amount of the excess, then EQC will pay nothing. You will have to meet the cost of repairs or replacement yourself.
- Multi-dwelling building: Where a whole multi-dwelling building is damaged, effectively an excess is payable for each dwelling in the building, calculated as explained above. This happens in most cases of damage to land or common property.
- Where only some of the dwellings in a building are damaged, the excess will depend on the circumstances, including the nature of the building, the insurance arrangements in place, and the extent and type of damage.

Does apportionment apply to residential red zone properties?

Yes. Apportionment is required to determine who is liable to pay to reinstate natural disaster damage. This process is required regardless of a property's land zone, technical category or the value of damage that it has sustained.

How are apportionment figures arrived at?

To date, there have been 15 separate significant earthquake events in Canterbury, with bulk of the damage from the 4 September 2010 and 22 February 2011 events. Apportionment is the process by which EQC allocates damage across multiple claims so that EQC and its reinsurers, plus the homeowner's private insurer and their reinsurer can all determine what portion of repair costs each organisation is required to pay. If, for instance, a house was damaged in the September, February and June earthquakes, and a claim was made each time, EQC would need to determine what damage was caused to the house by each individual quake.

When undertaking apportionment, EQC looks at a range of factors including the information provided by the property owner when the claims are lodged, the inspections of the property by EQC assessors, the property owner's estimate of "damage apportionment" provided to EQC and information that we hold for similar neighbouring properties.

Since 1 January 2012 emergency repairs require a claim number and once fixed there is still a requirement to undertake a full assessment.

Yes. We need to quantify all of the damage which occurred so that we can settle the claim correctly.

How does someone who only has indemnity insurance get two overcap payments?

EQC cover is available for any residential property that has fire insurance. EQC's cover applies on the same terms, regardless of whether the property has indemnity or replacement insurance.

If, after damage is apportioned, it is greater than \$100,000 +GST for each of the two events, there would be two overcap payments.

When can carpets and drapes be paid out – before or after demolition?

In determining cover, EQC is guided by the property owner's private insurance policy and whether the carpets and drapes are covered under dwelling or contents insurance. In general, the carpet has to be damaged as a result of the earthquake. The exception is where the house is demolished as a result of the earthquake and the carpets and drapes cannot be salvaged.

Payment will be made after the house has been demolished.

What is the structure of EQC? How does the process work?

In general terms, EQC covers residential property as follows:

- Dwellings (self-contained premises used as a home, including apartments)
- Most personal property but excluding some types (e.g. motor vehicles and art)
- The land immediately around the dwelling, main accessways, and retaining walls, within certain limits.
- Certain household services which you own are also covered, such as water pipes and electrical cables up to 60 metres from the dwelling or other insured buildings, or up to the edge of the property, if this is less than 60 metres.
- There are various exclusions e.g. swimming pools, paths and fences.
- Under EQC cover, dwellings are insured up to a maximum of \$100,000 + GST and are covered on a replacement value basis.

What is the criteria for claims?

EQC covers damage caused by a natural disaster. In general terms, EQC covers residential property as follows:

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EQC's cover is not exactly the same as that for a private insurer and the criteria used relate to the specific type of damage. In some cases, guidelines such as those provided by Building and Housing will be used to help determine the likely cost of reinstatement.