

## **Questions from the Southshore residential red zone workshop**

26 July 2012

### ***Insurance – answered by Southern Response***

#### **Why does it take so long to hear after the assessment has been done?**

Usually, the initial assessment information needs to be put into a form that is able to be analysed, costed, reviewed and authorised. The assessment is then put into a form suitable to present to the insurer for a decision or approval of repair methodology or rebuild. There is a lot of administrative work involved before a complete, accurate and approved assessment is ready for presentation.

#### **How do I challenge the scope of works?**

If you believe items have been missed from your scope of works, or if you have other issues with the assessment, contact your insurer right away. Your insurer will liaise with the assessment project manager to review your concerns

#### **Do we get on going insurance when buying another house with damage?**

Each insurer has specific conditions about maintaining/offering house insurance to a new property purchaser in Canterbury. Insurance cover is not automatic.

If you take over a house that has an existing earthquake house claim there are options to get the original claim signed over to the new owner. It is very important to get legal advice as the claim benefits for the new owner may be more limited than for the original property/policy owner.

#### **What are my settlement options – dates of settlement and who is going to project manage it?**

Please liaise with your insurer about the settlement options that are available to you.

#### **What is the definition between under and overcap and who manages which part of the claim?**

If the damage to your home is assessed at less than \$100,000 plus GST for each event your claim is deemed 'under cap'. Your claim is managed entirely by EQC.

If the damage to your home is assessed at more than \$100,000 plus GST for any one event your claim is deemed 'over cap'. Your claim passes from EQC to your insurer.

#### **Repair vs. rebuild in the red zone.**

- How can we challenge the decision as constructive rebuild?
- What can I do about different assessments?
- How does my EQC payment work with or affect my insurance payment?
- If you believe your assessment is not correct contact your insurer with the reasons why you believe it is not correct. You will need evidence to support your view.

- If the assessment completed by EQC differs from the assessment from your private insurer, speak to your insurer about the options for a joint review.
- EQC payments made to you (and EQC excesses), will be taken into account by your insurer when calculating “top up” repair or rebuilding costs.

**Can my house be revalued and how does it affect settlement options. What are they? Cash settlement at replacement value or indemnity value?**

No. Option 1 or Option 2 of the Crown offer are firm options.

Most insurance policies offer a cash settlement option only for indemnity value.

**What is the process for out of scope repairs (TC2)?**

In TC2 areas, out of scope repairs are being managed by private insurers as resources allow. (NB. The skills and resources to do out of scope work is different from house repair or rebuild skills. This is why they are able to be progressed.)

**Why would anyone in the red zone have a house that is a rebuild?**

Homes in the residential red zone are assessed based on the actual damage incurred. If the damage is repairable your assessment will reflect a repair. If the damage is uneconomic to repair in line with your policy entitlement, your assessment will reflect a rebuild.

There are many reasons why an initial assessment that stated the property was a rebuild is then changed to a repair on a subsequent assessment. If this happens, request specific reasons for the change from your insurer.

**Will TC3 properties be insured in the future?**

No definitive answer can be given. Future insurance criteria and terms and conditions will be unique to each insurer. Most insurers are continuing to provide full cover on currently insured TC3 properties.

**For multiple claims, do we pay multiple excess? (EQC excess and insurer excesses).**

For each claim event on your house you will need to pay an EQC excess. If you have damage to items that are outside of EQC’s scope, i.e. pathways, driveways and fences, you will need to contribute an excess based on your private insurance contract.

**Do you have to pay your EQC excess to the insurance company?**

Yes. If your insurer has taken over your claim from EQC and is completing the repair or rebuild, you will need to pay any EQC payments you receive, including EQC excesses to your insurer.

### **When can I expect to hear about an offer from my insurance company?**

Once an assessment has taken place on your property there is a considerable amount of work that needs to occur in the project management team and with the insurer before an offer can be presented to you. Contact your insurer for an approximate timeframe for this to occur.

### **What can I take out of the house (salvage) when I'm red zoned, or do I have to claim on them e.g. curtains, contents?**

Fixtures should not be removed from the property without the consent of your insurer, EQC and/or CERA, depending on the circumstances. You may generally remove chattels unless you have made an insurance claim on them with EQC or your insurer, in which case it is important you check with them.

### **I've taken Option 1 of the Crown offer. Does my insurance cover my moving costs?**

No. Moving costs are your own responsibility.

### **When can I get information especially about the options and costings? Can the information and options be set out in language I understand?**

Discuss options that are available to you under the terms of your policy, and the timeframe for a formal offer with your insurer.

### **Can I ask to see my scope of works – am I entitled to see it?**

Yes. You can ask and you are entitled to see your scope of works.

### **Why is there a discrepancy with the EQC processes for rebuild to get approval before the rebuild can start. Explain the joint review process.**

EQC and your insurer must have each completed an assessment of your property.

Differences may occur due to the EQC Act repair obligations compared to insurance policy obligations, different assessors with different cost considerations or repair methodologies.

Both must subsequently agree on the extent of damage from each event, repair methodology, and the repair costs.

A joint review is first completed at a desk top level where the original assessments are compared and all aspects are reviewed to gain agreement.

If a desk-top review does not gain agreement, then a joint site visit will need to occur.

Generally, agreement is ultimately reached after a joint site visit.

### **Why would five people come out to discuss my scope of works?**

Although unusual, each person may have a different area of expertise, such as a quantity surveyor, loss adjustor, repair contractor, insurance and policy expert. All will utilise each other's skills to come to an appropriate assessment result.