

Questions from Avon Loop, Richmond and Linwood residential red zone workshop

27 June 2012

Insurance – answered by Southern Response

How do we find out what the insurance company will offer us?

Please talk with your insurer. They will be happy to confirm the position and then help you look at options available under your particular policy.

How do I find out if I'm over cap or not?

If you have received a full cap payment from EQC, this means you are overcap. If you believe the damage to your property is severe, and have not received an EQC cap, ask EQC if their assessment places you over cap.

How does overcap affect your red zone offer?

If you are overcap your insurance company will present you with a settlement offer/ settlement options. You can choose to settle your house claim with your Insurance Company and accept the Crown offer for your land or you can choose to accept the CERA offer for your house and land. By accepting the Crown offer for your house and land your over cap house claim will be assigned to the Crown.

Are insurance companies assessing paths and fences as well as properties? Would they deal with this at another point?

Yes, irrespective of whether your house claim is over or under EQC cap. The repair costs for paths and fences will form part of your consideration for the Crown's option 1 or option 2.

How do EQC and insurance companies work together?

For natural disaster claims, including earthquakes, the EQC is your primary insurer. EQC are liable for the first \$100,000 plus GST, (\$115,000) per event.

If your property suffers damage per event that exceeds this amount your private insurer will provide 'top up' cover in line with your policy.

How do temporary accommodation allowances work?

Temporary accommodation allowances are usually included under your contents policy.

To qualify for temporary accommodation most insurers need you to have a claim accepted by either EQC or your private insurer. Your property also needs to be deemed uninhabitable. This could be because it is unsafe, or without essential services.

If I have the intent to buy a house can I get temporary accommodation allowance?

If your house is uninhabitable, and you are in temporary accommodation while looking for a house to purchase, temporary accommodation allowance would usually apply.

As soon as you have purchased and moved into a permanent home this allowance will cease as the accommodation in your newly purchased house will no longer be deemed temporary.

What defines “uninhabitable?”

This depends on many factors but is generally defined as being unsafe, unhygienic or without essential services. E.g. the property is structurally unsound, has no bathroom or has no kitchen facilities.

How can I be classified as a repair if I am on red zone land?

Insurance assessments are made based on the state of your house not your land, therefore an insurer may consider the house to be repairable even if the land has been red zoned.

How do insurers deal with joint properties and multiple owners?

All owners of a property need to be involved in some stage of the claim process. If you are unsure of how to liaise with all owners, contact your private insurer.

When offers are made and there are delays are the decisions updated with the price of inflation?

This would depend on the decision chosen. Usually no, for cash to buy another house option, but it would depend on the reason for the delay. Most rebuild options include inflation adjustment.

If I buy a new home, am I entitled to all of the coverage under the insurance policy?

The rebuild amount is the maximum entitlement available to buy another home, but if the new home purchase price is less than the rebuild amount the balance is not available as a cash payment to the policy holder.

Why is there a difference between, rebuild, repair and indemnity offers?

Most house policies provide for repair of damage or replacement of the home. A cash payment for the value of the repairs is a policy option. A cash payment for the rebuild amount is NOT a policy option. If the house is a rebuild and the home owner wants a cash payment, most policies only provide for an indemnity (current value), cash payment.

If 2 titles and 1 building, is the rebuild for 2 different titles, but owned by the same person, 2 offers?

This technical question is best discussed with your insurer

What are we entitled to remove from the house once the offer is accepted?

Broadly speaking, a chattel is something that can be removed without damaging the property and you can take it. A fixture is part of the property and should be left. CERA has compiled a list of fixtures that may be taken. When you engage your lawyers, advise them what it is you are hoping to take so this request can be communicated to CERA.

In the red zone, Option 1 requires you to negotiate with CERA. For Option 2 you negotiate with your insurance company

When given an insurance offer, do I need to pay an excess to rebuild exactly the same house?

Yes, you will need to pay your 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 to remediate these items also.

When buying another house on TC3 land without TC3 foundations – how is that going to affect future policy and insurance?

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

Are insurance companies giving cover to new builds with extensions?

Most insurance companies will provide cover on insurer managed rebuilds even if the house is bigger than original.

How do we claim for contents – carpets and kitchens?

EQC is the primary insurer for natural disaster contents claims. EQC will pay \$20,000 plus GST, (\$23,000) towards damaged contents per event. If this is exhausted you can contact your private insurer to lodge a claim for 'top up' cover. Phone EQC on 0800 DAMAGE

Does demolition come out of the payout?

The Crown will not seek to recover any costs associated with the demolition of your house and the clearing of your property from owners directly but, where appropriate, will look to recover these costs from the insurer or EQC .

If you buy another house less than the offer, can you keep the difference?

If you buy another house less than the CERA offer, yes. If you buy another house less than the insurance rebuild offer, no.

If we chose not to accept either option when will insurance run out?

Check with your insurer, but for most it will be on the final CERA settlement date 30th April 2013.

If the damage is under cap can you accept the payout from insurer?

EQC is your primary Insurer for natural disasters. If you are under cap, there will be no claim on your insurer, except for “out of scope” items such as paths, driveways and fences.

If over cap, how will emergency repairs be treated by insurers?

You need to discuss your specific situation with your insurer.

Can I remove my house from my property? Do they then repair it? When should this be discussed with insurers?

Relocating their house may be an option some customers wish to discuss with their insurers. For more information about whether your policy can cover relocating your home, please contact your claims case manager to discuss your personal situation. Such a request needs to be referred to CERA under Option 1 of the Crown offer. Such a request needs to be discussed with your insurance company under Option 2 of the Crown offer.

Why are there joint assessments with EQC?

The joint assessment is necessary to establish the costs and amount of damage that occurred in each earthquake event.

What costs are being included for foundations?

The costs for standard foundations based on DBH guidelines.

Can I get repair costs instead of rebuild costs?

No, if your property has been deemed uneconomic to repair you cannot receive the repair costs instead of the rebuild costs.

Do I need to settle my contents claim before I move?

No you do not but keep all damaged items if possible.

What does full replacement actually mean?

This means a replacement new home, of the same size and quality as your existing home generally using current building methods and materials.

What priority are insurers placing on red zone homeowners – especially when having an expiry date on their Crown offer?

A very high priority. Insurers are aware of deadlines for the Residential Red Zone homeowner to make a decision.

What body can we go to, to lay a complaint against an insurer?

Each insurer will have their own review process and it is best to deal with your claims case manager to review this. It is important to request and review your scope of works and negotiate with your insurer

If you believe something has been left off your scope, call your claims case manager in the first instance. They will ask you to provide details of the important items that you believe have not been taken into account and will check these against your scope. If necessary, a team may return to your house for an assessment review.

On completion of an insurance company internal review, the Insurance & Savings Ombudsman (ISO) may be requested, at no charge to the policy holder, to undertake an independent review if the claim meets the criteria for ISO review.

Can we request a change of case manager and project manager?

Yes. If there is any dispute your insurance company and project management team will try to accommodate a change in the person you primarily deal with.

If a number of people decide to stay would they be able to get insurance on red zone land?

No, houses, remaining on Red Zone land after the CERA offer expiry date (30th April 2013, 30 June 2013 for Southshore, or 31 August 2013 for Port Hills) will not be able to get house insurance.

Would we get insurance cover for fire/burglary if we stay in the red zone?

No, houses, remaining on Red Zone land after the CERA offer expiry date (30th April 2013, 30 June 2013 for Southshore, or 31 August 2013 for Port Hills) will not be able to get any form of house insurance.

What happens to the house once all offers have gone through? Who owns the house once paid out with option 2?

All houses owned by the Crown in the Red Zone will be relocated or demolished after settlement. On settlement, the Crown owns the property, including any dwellings on the property under Option 1 and Option 2.

Is contracts works insurance available for green zones – TC2 and TC3?

Most insurance companies can provide Contract Works Insurance for Earthquake repairs / rebuilds managed by them including in TC3 land zones.

Can I negotiate with my insurer to “swap” my home with another under option 2?

This unique question needs to be specifically discussed with your Insurer.

Does the insurer have to assess the amount of a repair or rebuild based on actual cost to rebuild or repair on that site (including foundations)?

Red Zone land cannot be built on because it has suffered area wide damage and would require area wide remediation.

Therefore a rebuild assessment in the Residential Red Zone is based on standard foundations, on the assumption that suitable land for a building is provided.