

Questions from Kaiapoi residential red zone workshop

8 February 2012, Kaiapoi Working Men's Club

Answers provided by EQC

EQC

1. Why would EQC open a new claim after December when I am in the red zone?

Any property owner should lodge a claim with EQC for any new damage caused by the December or any new event. Red Zone status does not change the rules around lodging claims in order to access cover for damage to land and building. When a homeowner elects to accept option one of the Crown offer, building and land claims are transferred to the Government (via CERA) at the time settlement is processed. Until this time, the property owner remains responsible for their property. When a homeowner elects option two, they continue to manage the building claim while CERA takes over your EQC claims for damage to your land.

2. Why did EQC assess high valued homes after the High Court decision to make each earthquake a separate event?

In Christchurch, in order to determine how much of the cost of a settlement is between with EQC and private insurers (and ultimately reinsurers) EQC must allocate or attribute damage to specific events (EQC refers to this as "apportionment"). This apportionment is required because the High Court has clarified that cover begins afresh after each earthquake event (the "declaratory judgment"). The declaratory judgment has made some previously straightforward claims more complicated.

3. When is the next EQC levy review?

That's for Cabinet to decide. The latest review late last year was the first since the EQC Act was passed in 1993.

4. How are you informing the homeowner of the apportionment breakdown?

EQC does not do this.

5. Do EQC have qualifications?

EQC field teams consist of an estimator and an assessor. An estimator must be a builder with a relevant trade qualification.

6. How is there a massive variation between EQC and insurance assessors?

Where it does occur, there can be a variety of reasons, including:

- different repair strategies; or
- different understanding of what damage is attributable to an earthquake.

EQC and insurers are working together where these issues arise to reach an agreed position.

7. Why would EQC issue another claim number when doing another scope?

EQC only issues a claim number when a customer lodges a claim. A customer should lodge a claim for each event where there is new damage to their property.

8. Do more claims make the process longer?

No, they don't. The length of time to process a claim is dependent on our claim management system. An increased volume of claims does not increase the time taken to process a claim.

9. Can you clarify extra land damage that EQC will pay over and above the Crown offer?

If you choose option one of the Crown offer, the Crown takes over all insurance claims for damage to your land, building, and fixtures. This means that the Crown will receive all payments under those claims. Those payments may be more or less than the purchase offer price for your property.

If you choose option two of the Crown offer, the Crown takes over your EQC claim for damage to your land. If the amount that the Crown eventually receives from EQC for the damage to your land is more than the rating valuation for your land, the Crown will pay the difference to you. In most cases it is unlikely that the EQC land settlement amount will be greater than the rateable value for your land.