

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

27 June 2012

### **EQC**

#### **What happens, or what can you do if**

- You don't agree with the assessment
- Have experiences with unqualified personnel
- Aren't dealt with in a speedy manner
- What are the review processes?

If you are unhappy with any aspect of EQC's work, you can lodge a formal complaint by calling 0800 DAMAGE.

From August 2012, EQC is offering a free, independent mediation service for customers with disputes that have not been able to reach resolution through their existing complaints service. This is part of a range of measures EQC has introduced to improve its customer service, including resolution of disputes.

Mediation provides an option for some customers who find EQC's existing complaints process is unable to resolve their complaint. The mediation service will hopefully make it easier and faster for customers and EQC to reach a mutual agreement on disputes in question. The service is free, independent, and doesn't involve any legal proceedings. You must be invited to participate, and not all claims issues are able to be resolved through mediation.

#### **What criteria are used for assessment? What are the guidelines?**

EQC covers damage caused by a natural disaster. The EQC estimator's job is to assess the damage caused by an event. 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.

#### **Are we able to see costings of scope of works?**

EQC's costings are commercially sensitive until a price for the work has been determined in a signed contract with the repairer. Prior to that, you are entitled to an uncosted Scope of Works.

#### **Are we able to see the legislation regarding the amounts available?**

EQC's governing legislation (the Earthquake Commission Act, 1993) is publically available at [www.legislation.govt.nz](http://www.legislation.govt.nz)

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 access ways, 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 per event.

### **Why have I not received my overcap payment?**

Red zone customers are EQC's priority for settlement. Delays are likely to relate to apportionment (i.e. allocating damage across claims to determine if the claim is over or under cap).

### **What rights do EQC have to do a second assessment? What happens if the reassessment is less?**

EQC can assess as many times as necessary in order to determine damage. If there are multiple claims, particularly for more than one event, multiple assessments may be needed.

### **What is apportionment? Why is it used?**

Apportionment is the process by which EQC determines which event caused the damage. In many cases, another event occurred before there was a full assessment, and so it is necessary to use the best available evidence, including claims experience from surrounding properties, to determine which event caused the damage. It is necessary to do this so that costs are fairly allocated between EQC, its reinsurers, private insurers and their reinsurers. (Note, reinsurers are specialist companies that provide back-up insurance to the insurance companies you buy your cover from.)

### **What happens if you do not reach \$100,000 cap due to the size of your property? For example, an 80sqm property = \$80,000.**

The cap reduces for homes that are less than 100 square metres. If the area is 80 square metres, then the total cap payment would be \$80,000 (+GST).

### **Is there going to be an EQC general review at the end of the process?**

The Treasury will be undertaking a review of EQC this year. This is likely to consider the ongoing funding and coverage of EQC with a view to ensuring there is adequate coverage in future. This review will certainly take account of the learnings from Canterbury.

**Emergency repairs – is it deducted from anything?**

Yes. The cost of urgent repairs is part of your final EQC settlement and will be taken into account in determining if you are over or under cap.

**How is the quality of work monitored?**

Fletcher EQR is responsible for ensuring workmanship for all work it undertakes on behalf of EQC. All Canterbury Home Repair Programme customers are asked to sign-off that the agreed work has been done, and can raise quality issues with Fletcher at this, or any earlier stage. EQC also undertakes customer satisfaction telephone surveys. Where the repairs are customer initiated the customer ensures quality. Customers have a 90-day post repair period where they can alert EQC or Fletcher EQR to any quality issues they discovered since signing off the work.

**What priority is EQC giving to red zoners?**

EQC is giving red zone customers priority for building claims and for apportionment.