

# Questions from the Avonside residential red zone workshop

29 March 2012

## **Insurance**

Answers provided by AMI

- 1. If you have an offer, do we have a right of appeal or room to negotiate?**
  - a. What do we need to appeal e.g. lawyer, surveyor?**

There is a review process offered by insurers through their internal review procedure. All the main insurance companies are members of the Insurance and Savings Ombudsman (ISO) scheme. EQC is not a member of ISO. The ISO scheme has been set up to resolve disputes between insurers and consumers. The ISO scheme is impartial, independent and free to consumers. For more information on the ISO disputes resolution process please visit the ISO website [www.iombudsman.org.nz](http://www.iombudsman.org.nz) or contact ISO on 0800 888 202.

- 2. If we are underinsured, what happens?**

You will only receive compensation in line with your insurance policy entitlement. If you are underinsured you may be left with a shortfall, however, you should discuss this with your insurer in the first instance.

- 3. We desperately want to stay in our house until we build or find a new house as there is nowhere to rent. Will insurance go along with this?**

Insurance cover will continue if you are living in a red zone house until either the settlement date you agree with CERA, or the CERA final settlement date of 30 April 2013. (whichever occurs first).

- 4. How can I rebuild when the offer is so much less than the market value done in 2008?**

You need to discuss the finance aspects of your housing options with your financial advisor.

- 5. How can they pay you out on a repair when you are in the red zone?**

This is based on a professional assessment of the repair costs. If repair costs are assessed as greater than a complete rebuild, then the house is uneconomic to repair.

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.

- 6. Can we buy an existing house or do we have to rebuild? Is it our choice?**

Yes, under your AMI Premier house policy you have the choice to buy another house or rebuild.

- 7. If you get an insurance payout but want to buy a new house for less, do you keep the difference?**

No

a. **If not why?**

Your house insurance policy is one of a “replacement” house contract not a cash entitlement contract.

b. **If not is this driving up the price of houses?**

Insurance companies have no influence on house prices.

c. **Can the difference be spent on an upgrade to match original home e.g. fence, new roof, heating?**

Generally no, but specific individual cases could be considered by your insurer.

**8. Can temporary accommodation money be used to purchase a caravan to live in while rebuild etc is happening?**

No. You cannot use it to specifically purchase a caravan as a separate asset, but if a customer did have one, or purchased one themselves, a weekly allowance for the use of a caravan can be paid under temporary accommodation within the limits of temporary accommodation entitlement.

**9. What happens when you have to move twice during the rebuild period?**

Temporary accommodation costs will be available if you are within your maximum time and allowance. Moving costs will be your own responsibility.

**10. Who pays for demolition?**

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.

**11. We paid for emergency repairs ourselves which was taken out of the payout by the insurer. Can we get this back?**

Usually yes. You need to discuss the specifics with your insurer.