

Earthquake Update

February 2013

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House lifts get off the ground

As the Canterbury recovery programme gains momentum, locally-based businesses are seizing the opportunity to look for new and innovative solutions for repairing earthquake damage.

While house lifting has been used as a repair method throughout New Zealand for many years, the volume of earthquake repairs involving house lifting provided the right opportunity for local company, Smith Cranes and Construction, to innovate and improve on existing methods.

Smiths set about developing a high-lift hydraulic jack around 18 months ago, spending time developing and testing the new system to get it right at a cost of around half a million dollars. Last month IAG was the first insurer to use this exciting new system as part of repairing a customer's home.

The home pictured was lifted and held at 2.7 metres for a three week period while the damaged concrete foundation pad was broken up, removed, and replaced with a new foundation.

With the house only seven years old, the owners Phillip and Denise, were very keen to see it repaired.

"We were amazed standing watching our home being lifted," said Denise. "So excited and very nervous that at last, it was happening. Now it's down and the reconstruction begins. We can't wait to come home."

To prepare the house for lifting all bricks and flooring were removed. With the house now sitting on its brand new concrete foundation slab, the next step is to re-clad and complete internal repairs.

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Hydraulic jack set up and ready to lift



House in the air with bobcat breaking up and removing damaged foundation pad



New foundation being poured under the elevated house

Over-cap customers – understanding your settlement options

All Lantern over-cap customers were provided with confirmation by the end of last year around whether your property is economic to repair or needs to be rebuilt. Included with that confirmation was an overview of settlement options.

For many customers, the challenge is to work through each option to determine which one best suits your personal circumstances.

To further assist you with your settlement decision, Lantern contacted customers yet to choose a settlement option to advise which quarter of 2013 or 2014 the reinstatement of your property is scheduled to begin, should you choose to reinstate.

Lantern's reinstatement schedule is based on prioritising our worst affected customers, with residential red zone home owners and those with uninhabitable properties being first.

Important:

If your claim has only recently gone over-cap Lantern may still need to complete an assessment to confirm if your house is economic to repair or

needs to be rebuilt. You will then be provided with the settlement options available under your policy in line with the assessment outcome.

If you understand your claim has been over-cap for some time and do not believe you have received confirmation from Lantern around whether your property is economic to repair or needs to be rebuilt, please contact your Lantern Claims Case Manager immediately.

Next steps to decide on your best option

Having received confirmation around the reinstatement status and schedule for your property, if you have not done so already, you now need to work towards a decision around your preferred settlement option.

While your Lantern Claims Case Manager can provide further clarification about your settlement options, they are unable to provide financial advice and you are

encouraged to obtain your own independent advice.

As part of discussing your options with family, friends and trusted

independent advisors, you may find it useful to jot down a few notes and questions to discuss with your Claims Case Manager:

Questions/topics to discuss with my Claims Case Manager	Notes from discussion

Do you have an outstanding contents claim?

For outstanding contents claims with EQC:

EQC advises that it has been contacting customers who still have open contents claims and have yet to complete and submit their Schedule of Contents form, and any supporting documentation.

EQC notes that it is asking for all information to be sent by **1 March 2013** to get these outstanding claims processed.

Contact EQC on 0800 DAMAGE (0800 326 243):

- If you have yet to submit your Schedule of Contents form to EQC and need assistance, OR

- If you wish to withdraw your EQC contents claim.

For outstanding contents claims with Lantern:

While Lantern has settled a significant number of contents claims, we continue to focus on processing outstanding contents claims as quickly as possible. If you have an outstanding contents claim, it could be for one (or more) of the following reasons:

- Contents not covered by EQC, but covered by your Lantern policy. These 'non-EQC' items commonly include works of art, precious stones, stamps and jewellery.

- When the total contents damage from a single earthquake is over the EQC cap of \$20,000 + GST (\$23,000), and you require a 'top-up' from Lantern.
- For an Alternative Accommodation claim which may be lodged, but may not have been used. For example, if you are still living in your house but will need temporary accommodation in the future when your house is repaired or rebuilt.

To discuss your outstanding contents claim with Lantern, please contact us on 0800 800 800.

Thinking about selling or buying earthquake damaged property?

With an active real estate market in the greater Canterbury region, it is important to have a good understanding of the impact of earthquake damage if you are involved in selling or buying property.

Some aspects to be clear about:

- the full status of the earthquake damage – including obligations and expectations if new earthquake damage is discovered after the sale has completed.
- the details and status of any insurance claim on the property – both for the buildings and the land.
- options around the ‘assignment’ of the insurance claims – what you can/can’t transfer if you are selling an earthquake damaged property, or what you can/can’t have transferred to you if you are buying the property.
- ongoing insurance cover options if you are buying the property – both current and future.

Prior to completing any property sale, it is important to discuss your plans with any organisation currently involved in the property such as insurance companies and EQC. Gathering this information will help you to make a well informed decision.



Important Red Zone deadlines

If you have a property in the residential red zone, there are a number of key dates you need to be aware of if you are still exploring options to decide how best to proceed with your earthquake settlement.

Settling with the Crown: The original settlement date for flat land residential red zone property owners has been extended from **30 April 2013 to 31 July 2013**. This extension is for property owners who require more time to vacate their residential red zone property and settle with the Crown.

- If you have already chosen a settlement date and would like it extended, you will need to talk to your lawyer to request a change to a new date prior to 31 July 2013.
- This settlement date extension does not apply to Southshore and South New Brighton or Port Hills property owners.

Port Hills Zoning Review: This review is currently underway, and at time of publication, review results were expected in coming weeks.

- For an overview of the zoning review, visit: <http://cera.govt.nz/zoning-review/port-hills/questions-and-answers>

- For further information, visit the CERA website: cera.govt.nz under the ‘residential red zone’

Important: If you own a property in the residential red zone and have yet to make your decision about how you wish to proceed, please contact your Lantern Claims Case Manager. They will be able to provide further information and clarification about your Lantern options to assist you to make your decision.

Progressing your non-EQC claim

Your claim is deemed 'non-EQC' if damage from a single earthquake has not reached the EQC 'cap' (which for most people is \$100,000 + GST). In this case:

- EQC will be managing any earthquake damage claims for your house and outbuildings.
- Lantern will be managing your claim for 'non-EQC' damage only. These are the parts of your property not covered by EQC, but covered by us under your policy. For most customers, non-EQC typically includes fences, driveways, pathways and swimming pools.

Our assessment and settlement programme for non-EQC claims is progressing well. Over 22 percent of IAG's non-EQC claims have been completed or settled. Around 1,000 non-EQC assessment visit appointments are being completed each month by IAG. During these appointments, the non-EQC damage is assessed and the settlement process discussed with the customer.

Note: Your claim is deemed over-cap if damage from a single earthquake has reached the EQC 'cap' (which for most people is \$100,000 + GST). In this case Lantern will be managing your earthquake damage claim for both your house and outbuildings as well as the non-EQC parts of your property.

If you have land damage

It is possible that during the repair process the Hawkins-appointed contractor may discover that your land needs remediation. For example, after removing the damaged driveway land cracking or slumping is found.

EQC provides some cover for land, however, a land excess applies. For each dwelling this is 10% of the land remediation costs with a minimum of \$500 and up to a maximum of \$5,000.

If land damage is discovered, a Lantern claims team member will discuss with you the land remediation process for your non-EQC claim.

The following chart shows the repair process Lantern has for non-EQC claims.



(Note: this is a general guide only, and depending on your own claim circumstances, the process may change).