

# Earthquake Update

January 2013

## Over-cap customers advised of reinstatement schedule

**Lantern has provided further certainty for earthquake affected customers, confirming when in the next two years all remaining over-cap residential property reinstatements are scheduled to begin. The last reinstatement is scheduled to start no later than the last quarter of 2014.**

IAG Executive General Manager Canterbury Recovery, Dean MacGregor, said IAG met its target of confirming the rebuild and repair status of customers' residential properties in December.

Customers who had not chosen an alternative settlement option were contacted and given confirmation of which quarter of 2013 or 2014 the

reinstatement of their property was scheduled to begin.

Lantern continues to prioritise its worst-affected customers, with red zone home owners and those with uninhabitable properties being first. Other criteria are similar to those used by the Red Cross. It is envisaged worst-affected customers will have resolution or be well into the build phase during 2013.

Any remaining red zone home owners who have yet to choose a settlement option have been advised that they can enter the programme when it suits them if they choose to rebuild.

At peak, IAG's programme will deliver 85 new homes a month, and 150 major repairs. IAG is aiming to complete its rebuild and repair programme by December 2015.

*IAG has already assisted 900 customers to purchase new homes. By the end of 2012 we had built 100 new homes and are scheduled to complete 500 by June 2013. We have completed 50 major home repairs, with a further 400 scheduled for repair by July 2013. We also have approximately 600 new builds and 600 major repairs in progress right now.*



IAG Executive General Manager Canterbury Recovery, Dean MacGregor.

**Note:** Unless stated otherwise, the numbers quoted in this newsletter are for all IAG brands: NZI, Lantern Insurance, State and IAG Financial Institutions, which is the division responsible for general insurance policies offered through ASB, BNZ and The Co-operative Bank.

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## *Non-EQC update*

**If your property is under-cap, that means 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 claim 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 ahead of schedule and to date IAG has:

- completed over 3,100 non-EQC claims
- around 1,400 non-EQC repairs in progress
- up to 1,000 non-EQC assessment visits being undertaken a month.

As we undertake non-EQC work in your area, we will contact you to make an appointment to visit. Our non-EQC programme is currently on track to be completed by the end of 2014.

If, in the meantime, you have any health or safety concerns and require urgent attention for your non-EQC earthquake damage, please contact us immediately on 0800 800 800. We are committed to helping you to move forward as quickly as possible.



## *Geotechnical drilling / analysis supports property reinstatements*

**The geotechnical data and report generated by drilling is vital to determine site specific foundation options for TC3 properties when these are required.**

IAG's drilling programme is resourced to drill around 1,800 TC3 properties. However, the number required is expected to decrease as shared data from EQC and other insurers is made available via the Canterbury Geotechnical Database.

Decisions on whether a site needs to be drilled or whether existing geotechnical data is sufficient will be made by geotechnical engineers.

IAG is presently drilling 180 properties a month for four months, thereafter drilling at a rate of 120 properties each month. This approach ensures the geotechnical information needed for each property will be available at the relevant time in our rebuild and repair programme. The time from drilling to providing a report for engineers to design a foundation is around six weeks.

Worst-affected customers' properties are being drilled first in line with the scheduled rebuild and repair programme.

Other properties where the customers are committed to reinstatement will be drilled to ensure the information is available by the time their properties are being reinstated.

If a customer has chosen an alternative settlement option and is not reinstating on the property, drilling will not be undertaken.

## Next steps for over-cap customers

IAG currently has more than 1,200 over-cap properties in various stages of repair and rebuild, as well as a number of claims being settled by customers choosing alternative options. (Over-cap customers are those who have damage from at least one earthquake claim which exceeds the EQC 'cap'. For most customers a 'cap' is \$100,000 + GST.)

We are committed to working with you to ensure you understand all the settlement options available to you under your policy as part of helping you move forward.

### Customers in the red zone:

We continue to prioritise our customers in the residential red zone. If your house was in the residential red zone you have automatic priority in our rebuild and repair programme with our focus on progressing your settlement as soon as we are advised which option best suits you.

If you choose to purchase a section to rebuild on just let your Claims Case

Manager know when you are ready to go and we will start the rebuilding process.

- If you don't wish to rebuild your property through Lantern, please discuss your preferred settlement option with your Claims Case Manager to progress the resolution of your claim.
- If you do decide to rebuild with Lantern, a Lantern Loss Adjuster and a Hawkins Rebuild Solution Manager will visit you to explain the process and timelines and get the rebuild underway.

### Customers in the green zone:

By now you will have received your Green Zone Options Pack as well as confirmation of which quarter of 2013-2014 the reinstatement of your property is scheduled to begin.

If you have yet to advise us whether you wish to reinstate your property or prefer an alternative option, please contact your Claims Case Manager. They can help clarify any details you are unsure of to assist you to make your decision.

## Shared solutions for shared property claims

Where there are shared items, such as shared retaining walls, and cross-lease properties with shared accessways, a number of insurers, agencies and parties are required to work together to help resolve claims.

Lantern is working to identify shared retaining walls in order to progress claims where retaining walls need repair to ensure this does not hold up the Port Hills rebuild and repair programme.

If you own a cross-lease property, please ensure you have reviewed your 'memorandum of lease' to understand the rights and obligations between all the property owners on your site. Talk to your neighbours about who your insurers are as sharing information will help progress your claim.

**Important:** Lantern continues to prioritise its worst-affected customers, with uninhabitable properties first. Customers are encouraged to keep their Claims Case Manager informed of any changes in their personal circumstances to ensure their priority status is kept up to date and their claim progressed accordingly.

## Dedicated TC3 website launched

In a joint project with the Ministry of Business, Innovation and Employment (MBIE – which includes the former Department of Building and Housing), CERA recently launched a website for TC3 property owners.

While the website information is already publicly available via a range of sources, CERA notes the new site aims to bring that information together for TC3 property owners, and update it as the information evolves over time.

Visit: <http://canterburyresidentialrebuild.govt.nz>.

If you own a TC3 property and have any questions about your claim for earthquake damage, please contact your Lantern Claims Case Manager to discuss.



## Planning ahead for your over-cap claim

There are many steps we take together to advance your claim through to settlement. Lantern will continue to work closely with you to support your chosen settlement option.

The next step is for you to confirm with your Claims Case Manager your intention to have your property reinstated within our rebuild and repair programme.

Actions to consider:	You	Lantern
Your Claims Case Manager will confirm with you that you wish to reinstate your property through our programme		✓
Confirm with your Claims Case Manager that the timing you were notified of to reinstate your property is suitable	✓	
Any special considerations around your property are identified (such as shared accessways, retaining walls, cross-lease / multi-unit)	✓	✓
Discuss your intentions to reinstate and the timing with your bank	✓	
If you are currently living in your house, consider temporary accommodation for family and pets and storage – discuss policy cover with your Claims Case Manager	✓	

**Note:** A key step in the reinstatement process is agreeing apportionment with EQC. Damage from at least one earthquake must be 'over-cap' for your claim to be managed by Lantern.

### Follow-up communication

We will contact you well ahead of the commencement of the reinstatement of your property to finalise further details. Should you choose not to reinstate your property in preference of an alternative option from your pack, your Claims Case Manager will remove you from our rebuild and repair programme schedule and assist you with your alternative settlement option.

### Typical reinstatement timeframes

Your start date does not necessarily mean you will need to move out of your home straight away if you are currently living there. However, it is important to start planning ahead for

any temporary accommodation and storage requirements for you, your family and any pets.

- A 'typical' standard home rebuild takes about 42 weeks with up to 20 weeks of this time in planning, design and the consent process prior to construction beginning.
- A 'typical' standard home repair takes about 38 weeks with up to 20 weeks of this time in planning, design and the consent process prior to construction beginning.

A Lantern Loss Adjuster and a Hawkins Rebuild Solution Manager will visit you to discuss the reinstatement of your home with you and the likely timelines for your particular home.

## Red Zone Update: Crown extension to settlement date

On 17 December last year, CERA announced an extension to the settlement date for flat land residential red zone property owners who originally had until 30 April 2013 to settle with the Crown.

They advised that the one-off extension of up to three months now means a final settlement date of 31 July 2013. This extension is for property owners who require more time to vacate their red zone property and settle with the Crown. CERA advises that if a settlement date has already been chosen, property owners will need to talk to their lawyer to request a change to a new date prior to 31 July 2013.

Note that there is no change to the date by which property owners can accept the Crown offer. This remains at 12 months from the date of the offer letter or until 31 March 2013 (whichever comes first).

This settlement date extension option does not apply to Southshore and South New Brighton or Port Hills property owners.

**For further information, visit the CERA website: [cera.govt.nz](http://cera.govt.nz) under the 'Residential red zone' section of 'My Property'.**