

Earthquake Update

March/April 2013



Rebuilding Canterbury

The rebuild of Canterbury homes, businesses and communities has visibly increased in recent months. Our own repair and rebuild programme continues to move forward with pace.

IAG currently has more than 1,650 over-cap properties in various stages of construction. In addition to the current physical construction over 1,300 IAG customers have moved forward, choosing alternative options including cash settlement or the purchase of an existing home.

Late last year, Lantern wrote to all over-cap customers confirming whether their property is economic to repair or needs to be rebuilt. An overview of settlement options available to them under their policy with Lantern was also included.

Those customers who had yet to confirm a preferred settlement option were also advised which quarter of

2013 or 2014 the reinstatement of their property is scheduled to begin.

This was to give more certainty and allow customers to plan for the future.

IMPORTANT: If you have recently received confirmation from EQC that your claim is over-cap Lantern may still need to complete an assessment to determine if your house is economic to repair or needs to be rebuilt. You will then be provided with the settlement options available to you under your policy.

Lantern may also be waiting for apportionment to be agreed with EQC prior to getting your reinstatement under way.

PROGRAMME: We continue to prioritise our customers in the residential red zone, those with uninhabitable homes, the elderly, families with small children, and others who are most vulnerable in our community.

For further assistance or information regarding your earthquake claim, please contact your Lantern Claims Case Manager.

Received an EQC payment?

If you've received any EQC payments for earthquake damage, it is important that you contact EQC and Lantern to understand what the funds are for prior to spending them. These payments may need to be put towards the reinstatement of your property.

IMPORTANT: You also need to consider the future insurability of your property. EQC and insurance companies may require confirmation that earthquake repairs to land and property have been completed before offering ongoing and future cover.

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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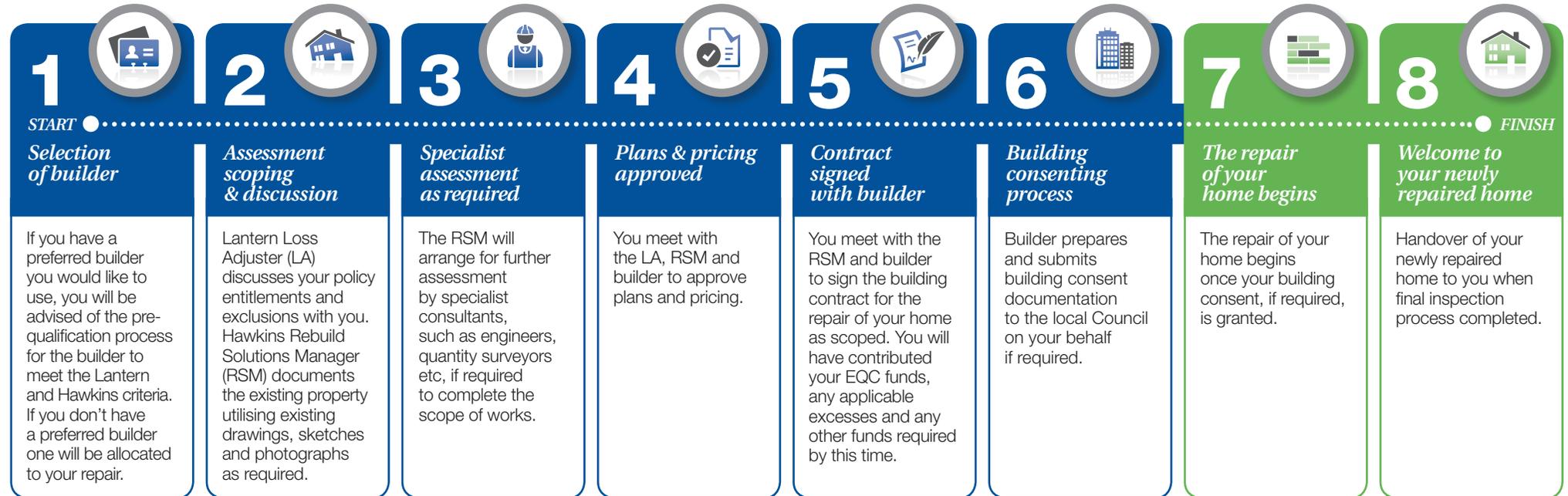
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Planning ahead for your repair

Below is an overview of the eight main steps a 'typical' repair through our Repair Programme follows to completion. While you are involved in all steps of the process, there are three steps most influenced by your decision making and involvement.

When your repair is due to begin you will be allocated a Lantern Loss Adjuster (LA) and a Hawkins Rebuild Solutions Manager (RSM) who will guide you through the process and discuss timeframes for your particular repair. If you are still living in your home, they will also

advise if and when you will need to move out. Should you need to move out for your repair, this will be just as you reach step 7 (the repair of your home begins) which is 'typically' around 25 weeks into the repair programme.



How you can plan ahead:

Start thinking about whether you have a builder you would like to complete your repairs. We have a list of 'preferred' builders we work with regularly. They are 'pre-qualified' through our Project Management partner Hawkins and have the resources to handle the volume of work we provide through our programme.

How you can plan ahead:

Start thinking ahead about your repair and whether there are any additional changes you would like to make. At your first site meeting your LA will discuss your full policy entitlements and how any additional changes can be accommodated within the repair programme. This includes changes that you wish to make and pay for yourself.

How you can plan ahead:

It is important to have early and ongoing discussions with your mortgagee or bank around your timelines and any funds you need to have contributed at the point of contract signing so your repairs aren't delayed.

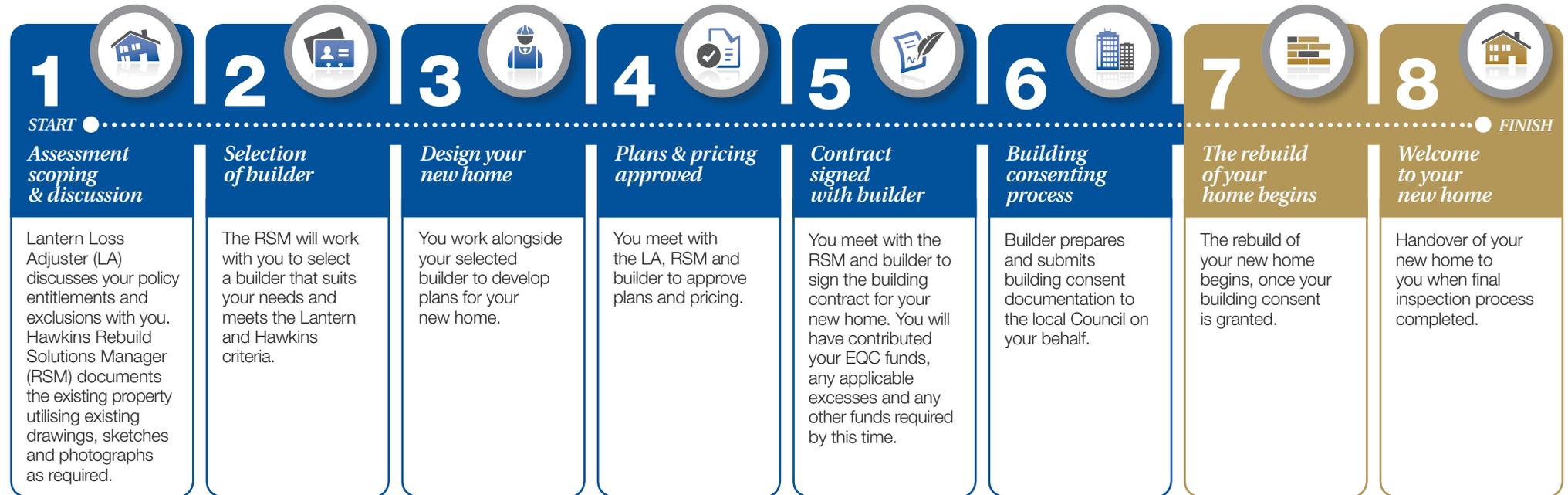


Planning ahead for your rebuild

Below is an overview of the eight main steps a 'typical' rebuild through our Rebuild Programme follows to completion. While you are involved in all steps of the process, there are three steps most influenced by your decision making and involvement.

When your rebuild is due to begin you will be allocated a Lantern Loss Adjuster (LA) and a Hawkins Rebuild Solutions Manager (RSM) who will guide you through the process and discuss timeframes for your particular rebuild. If you are still living in your home, they will also

advise when you will need to move out. This will be just as you reach step 7 (the rebuild of your home begins) which is 'typically' around 25 weeks into the rebuild programme.



How you can plan ahead:

Start thinking about your rebuild and whether there are any changes or additions you plan to make to your existing home. At your first site meeting your LA will discuss your full policy entitlements and how any changes can be accommodated within the rebuild programme. This includes changes you wish to make and pay for yourself.

How you can plan ahead:

Start thinking about whether you have a builder you would like to complete your rebuild. We have a list of 'preferred' builders we work with regularly. They are 'pre-qualified' through our Project Management partner Hawkins and have the resources to handle the volume of work we provide through our programme.

How you can plan ahead:

It is important to have early and ongoing discussions with your mortgagee or bank around your timelines and any funds you need to have contributed at the point of contract signing so your rebuild isn't delayed.



Our Home Insurance is changing

As customers' home insurance renews over the next 14 months, those with unspecified replacement cost cover under their home policy will move to replacement cover up to a specified Sum Insured.

The Sum Insured will be the maximum amount payable under your policy to repair/rebuild your home if it ever suffers extensive damage* during the period of cover so it's important you ensure your Sum Insured reflects the likely cost of rebuilding your home as accurately as possible.

When you receive your home insurance renewal documents we'll provide you with a Sum Insured amount which is based on some of the information held by us such as your home's location, year built and floor area.



Many of our Canterbury earthquake-affected customers will have had a detailed assessment through our Assessment Programme. The figure you have received through this process may differ from the Sum Insured automatically generated on your renewal documents.

There are also other factors that can affect the likely cost to rebuild your home (and therefore what you should set your Sum Insured at). Two examples of these factors are the slope of the land your home is built on and the quality of your home.

Please let us know if any of the details on your renewal documents are incorrect and need to be updated.

If the Sum Insured amount we provide on your renewal documents is too low, you may have to rebuild to a lesser size or quality, or pay for some of the building cost yourself. If the Sum Insured amount is too high, you may be paying too much premium. Changing the Sum Insured may affect your premium.

Further information and guidance will be provided in your insurance renewal

*Your policy wording may provide for specific benefits that, if applicable, may be payable in addition to the Sum Insured. Please read the new policy wording that will arrive with your renewal documents for further information.

When you receive your insurance renewal pack:

- ✓ Check the Sum Insured amount on your renewal documents.
- ✓ Estimate the likely cost of rebuilding your home, taking into consideration any Recreational Features, retaining walls and Special Features ('Recreational Features' and 'Special Features' will be explained in the renewal documents you receive).
- ✓ Contact us if your Sum Insured needs to be changed or if additional cover is needed for Recreational Features, retaining walls or Special Features.

pack to help you understand the changes and help you estimate the likely cost of rebuilding your home. You do not need to do anything until you receive this pack.

For more information about the changes and access to a calculator that can help you work out the likely cost of rebuilding your home you can visit need2know.org.nz/lantern

Need advice?

Come and see us at the CERA Rebuild & Recovery Expo on April 27 and April 28.

The Expo, open from 9am–4pm on Saturday and 10am–4pm on Sunday, will be held at the CBS Arena in Addington. It will provide the latest information for homeowners and residents about the rebuild and recovery of greater Christchurch.

If you're in the rebuild or repair process this is a great opportunity to come and talk to the people that will help you through the next stage of your reinstatement, including insurers, banks and builders.

The Expo is free to attend and will feature seven specific zones to help you find the people you need to speak to easily. There will also be seminars held over the two days including topics such as:

- Financial planning
- Repairing and rebuilding processes
- Winter warmth and wellbeing
- Insurance



REBUILD & RECOVERY EXPO

CBS ARENA • 27-28 APRIL 2013

Free buses will be running to and from the Expo. Look out for the times and locations of where the buses will be leaving from on the CERA website. For more information, visit the events page of canterburyresidentialrebuild.govt.nz