

# Earthquake Update

May 2012

## A word from the team at Lantern Insurance

### At the end of April, two major milestones were achieved for customers with properties in Technical Category 3 (TC3):

- EQC commenced its geotech drilling programme, and
- the Department of Building and Housing (DBH) released guidelines for the repair and replacement of damaged foundations.

EQC's drilling programme will provide the geotechnical information required for foundation design. The programme is good news for those of you who are close to the EQC cap limit – this testing will confirm the type of foundations required, how much they will cost and therefore whether the repairs are under or over the cap.

The process to repair or rebuild a house in TC3 is complex and for this reason, we've put together a diagram that explains the roles of the different organisations involved. You can view the diagram on the back page.

We recognise there are a number of houses in TC3 areas without foundation damage. However, before we can start work on these properties, we need to know from the EQC whether the properties have any significant land damage. We can commence work on those TC3 properties without foundation damage, or significant land damage, once we have that information.

We're also delighted to report that our repair and rebuild figures for the three months ended 30 April continued to meet targets as shown in the table below:

1 Feb – 30 Apr 2012	Rebuild	Repair	Driveways, paths etc
<b>Pre-construction</b>	169	205	801
<b>Construction</b>	83	22	421
<b>Complete</b>	9	16	1039

**Note:** Pre-construction refers to the time where Hawkins and home owners plan the work together, and all necessary resource consents are obtained.

### Inside this issue:

- What's happening in TC3?
- Who is responsible for land repairs?
- What is land damage exactly?
- How can land damage be repaired?
- A guide for TC3 home owners

### Has Fletcher EQR completed your repairs?

If you have earthquake-damaged driveways, paths, fences etc covered by your policy with us, let us know when Fletcher EQR finishes repair work at your property. That way we can discuss with you the next steps in getting started on the repair work we cover.

Call your broker, NZI claims case manager or email  
[claims@lanterninsurance.co.nz](mailto:claims@lanterninsurance.co.nz)



# What's happening with TC3?

Each organisation needs to complete its part of the process, in the right order, so that repaired or rebuilt homes comply with the Building Code and associated technical guidelines. The DBH says that applying the guidelines will help your home withstand any future large earthquakes with a reduced risk of injury to people, as well as reduced building damage.

## What's been done so far?

On the government's behalf, Tonkin & Taylor surveyed Christchurch city and Kaiapoi to determine the extent of earthquake damage to residential land. This area-wide land mapping led to the announcement of the Christchurch and Kaiapoi red, green, orange and white zones.

Using this same survey data, Tonkin & Taylor's geotechnical engineers calculated how the land would perform in future large earthquakes.

This land performance data was then used by the DBH to create three technical categories (ie: TC1, TC2 and TC3) for house foundations in the green zone.

For properties in TC3, the land has been deemed to be prone to moderate to severe liquefaction and lateral spreading, which is why a certified professional engineer must design site-specific house foundations to support it through a major earthquake.

## Where do EQC and my insurer fit in?

Before an engineer can design site-specific foundations for a TC3 property, a geotechnical survey needs to be done. This is in addition to the area-wide geotech surveys done for EQC by Tonkin & Taylor, which are not detailed enough to use for individual foundation designs.

You can look at EQC's drilling programme on the EQC website: <http://canterbury.eqc.govt.nz/news/where-we-are-working/2012/04/tc3-drilling-plan>.

Geotech drilling in action.  
Photo supplied by Fairfax Media/The Press.



Once EQC and the insurers have the geotechnical data, engineers will start designing and pricing foundation repairs and/or replacement options for claimants. For properties sitting around the EQC cap, this pricing will confirm whether the earthquake claim is over or under the EQC's cap.

If the cost of repairing or replacing the foundations, as well as fixing other earthquake damage to your home is under the cap, EQC handles your claim.

If the cost of repairing or replacing the foundations, as well as fixing other earthquake damage to your home is over the cap, your insurer manages your claim.

## What if I don't want to wait for EQC to test my property?

It is essential that you obtain and receive the correct geotechnical information, otherwise it won't be accepted by Lantern or EQC as the basis for estimating the cost of new/repaired foundations.

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**Correct geotechnical information means that the data obtained by a private geotech must contain a standard of data and analysis that will meet the needs of EQC, engineers and other parties.**

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While the geotech report may provide the next part of the information for your claim it may not mean that your claim can proceed immediately. Depending on the severity of the land damage observed on your property, we may need the land remediation or settlement information from EQC to fully understand how the repair or replacement of your home can proceed.

Lantern expects its programme of work to take 2–3 years and our priority within the programme is based on ensuring that, wherever possible, the worst affected customers go first.

**Settling claims for damage on TC3 properties is a complex process and involves many organisations.**

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*At the end of April, EQC started geotech drilling for foundation purposes and will share this data with private insurers.*

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## Who is responsible for land repairs?

Your homeowner's policy covers the structures on your property, such as the house, garage, outbuildings, fences, paths, driveways, swimming pools etc.

It does not cover any land.

This means we cannot accept claims for land damage, or pay towards a "top up" for the cost of land repairs.

EQC covers the land under your house, within eight metres of your house, and the land your access way is built on, up to 60m from your house.

If there is damaged land on your property more than eight metres from your house or you have a damaged access way longer than 60m, then you are responsible for the cost of the repairs to this damaged land if required.



## What is "land damage" exactly?

Land damage falls into two groups – damage that is obvious and damage that is hidden.

Obvious damage includes lateral spreading, cracking, slumping, subsidence, undulation, ponding, liquefaction and new groundwater springs. Hidden damage includes crust thinning, and subsidence and lateral spreading under paths and driveways.

The nature of hidden land damage means it only reveals itself after work has started on repairs. We have found individual examples of liquefaction and subsidence under paths and driveways, which in each case delayed repairs until the land was remediated.

## How can land damage be repaired?

Lateral spreading and cracking can generally be repaired by excavating the hole, then filling and compacting it. Land with undulation, ponding and settlement can be re-levelled and filled as required. A drain can be installed to deal with new springs. However, repairing crust thinning is much more complex and is likely to involve an engineered solution to strengthen the land.

**Read about one method of remediating liquefaction-prone soils using compaction grouting at <http://db.nzsee.org.nz/2008/Paper50.pdf>**

## Where we are working

Zone	Where we are working
Green	All of TC1, parts of TC2 (where we have certainty around land condition), rural areas, Port Hills and Banks Peninsula. In TC3 areas, we are working with EQC to better understand geotechnical and land information before repairs / rebuilds begin.
Orange	Until we have a final zoning announcement on the Southshore Orange Zone we are unable to commence repair / rebuild work.
Red	We will not be undertaking any repair or rebuild work in the residential red zone.
White	Until we have a final zoning announcement on the White Zone we are unable to commence repair / rebuild work.



## A GUIDE FOR TC3 HOME OWNERS

### UNDERSTANDING THE PROCESS AND ORGANISATIONS RESPONSIBLE FOR REPAIRING YOUR HOUSE AND LAND

**This process applies if your home has been deemed TC3, is over cap and your insurer (not EQC) is responsible for settling your claim.**

If your property has foundation damage, your house cannot be repaired before all necessary geotechnical testing for your property is completed.

If you have land damage, depending on the severity, your insurer may not be able to begin repair or rebuild work until the land has been repaired.



**FOR MORE INFORMATION ON THE REPAIR PROCESS CONTACT YOUR CLAIMS CASE MANAGER OR BROKER.**

