

# Earthquake Update

March 2012

Reference Number:

## Remembering 22 February

This month we focus on the unknowns around Technical Category 3 (TC3) and the residential white zone.

But before we launch into detailed updates, it's important to reflect on the events of recent weeks, most notably the anniversary of the 22 February earthquake.

On that day, lives were changed forever and although there's still much healing to be done, the rebuilding of homes, businesses and communities is noticeably gaining momentum.

Although we have all felt several earthquakes and aftershocks, it is still staggering to see the statistics on paper – the Canterbury region has now endured around 10,000 aftershocks since September 2010, 39 of which were greater than magnitude five.

We remain focused on playing our part in Canterbury's recovery by processing claims and getting repairs and rebuilds underway.

As always, if you have any questions about your claim, please contact us.

Regards,



**Bart Taylor**  
Head of Lantern



## TC3 update

Last month the EQC announced its plan to begin technical assessments for the 8,000 – 10,000 homes with foundation damage in TC3.

While an exact programme is still being determined, what is clear is that the assessments will only be undertaken on those TC3 properties with foundation damage.

The assessments will give our customers more certainty about the future of their land and help the EQC and Lantern determine the cost of foundation repair or replacement.

We are currently working with the EQC and other insurers to determine how best to manage the assessment programme. Options being

investigated include street wide assessments, individual site assessments, and joint EQC/insurer assessments.

We are unable to progress repairs or rebuilds on any TC3 properties (both with and without foundation damage), until we have information regarding land damage. This information will tell us which properties have land damage, whether this damage can be remediated, and if so, how.

Over the page are some handy FAQs about TC3 provided by the EQC.

## Red zone update

We have assessed all of our customers' properties in the most recently announced residential red zones and are currently finalising offers of settlement.

We are aware that for some red zone customers, the decision deadline is looming and are doing all we can to make sure these customers have all the information they need to make a decision in the timeframe available.

# The ABC of TC3

Below are some questions and answers EQC has put together about TC3.

## What exactly is TC3?

Technical Categories (TC1, 2 and 3) are a classification developed by the Department of Building & Housing (DBH) to describe how the land is expected to perform in future earthquakes. They are part of the guidance provided by DBH regarding engineering options for new or repaired residential foundations in Canterbury.

The categories, and the areas they apply to, are based on ground conditions not just the extent of land and building damage caused by the recent earthquakes. Ground conditions include susceptibility to liquefaction in future earthquakes.

Foundation designs will vary depending on the specific requirements of each individual property and the proposed house design. DBH is developing further guidance specifically for TC3, to assist engineers with the foundation design process.

## What's the relationship between TC3 and damage to my land?

Your EQC land damage assessment does not relate to the Technical Category (TC1, 2 or 3) of your property. EQC will assess any damage to your land under your EQC land claim. Any repair work to your land undertaken by EQC will

not change the Technical Category for your property.

## How does TC3 status affect my insurance claim?

Basically, it doesn't. EQC and your insurer will honour the terms of your policy, regardless of your Technical Category. Being in a TC3 property means that repair or replacement of foundations requires a specific engineering foundation design for that site, but so long as your insurance is valid, it covers this requirement.

EQC and private insurers will undertake drilling work to get the necessary information for a geotechnical analysis of properties with earthquake damage to foundations.

## How long will EQC take to complete geotechnical

## engineering work on TC3 properties?

At this stage, it's difficult to be precise, since details such as the number of drilling rigs and operators, and even the final number of TC3 properties, is still to be determined. But work will start late March 2012 and EQC anticipates all work will be complete in 2012, or early in 2013 at the latest.

## Will the house still be insured if the foundations are undamaged and therefore not brought up to TC3 standard?

Yes. As with any change to the Building Code, Technical Category requirements are not retrospective. A house with perfectly good foundations that met the standard at the time they were built will still be insurable.

## White zone update

The Port Hills area is more complex than the flat land; there are a number of issues involving potential life safety risks and complex geotechnical hazards that need to be assessed.

The main geotechnical issues in the Port Hills area are cliff collapse, landslide and rock fall.

The Port Hills area, including Lyttelton, has been split into nine work areas and a geotechnical consultant has been assigned to each. The consultant will be part of the Port Hills Geotechnical Group, which is managed by Christchurch City Council's Port Hills Earthquake Remediation and Recovery Project.

### Primary issues in these areas are:

- Eastern Sumner to Godley Head – rockfall and cliff collapse

- Western Sumner, Clifton, Moncks Bay – rockfall, landslide and cliff collapse

- Redcliffs, Balmoral, Sumner Road between Lyttelton and Evans Pass – cliff collapse, rockfall and landslide

- Mt Pleasant – rockfall and landslide

- Heathcote Valley, Morgans Valley, Tunnel Road, Horotane Valley – rockfall and landslide

- Lyttelton – rockfall

- Hillsborough, Avoca Valley – rockfall

- Rapaki, Governors Bay, Diamond Harbour – rockfall

- Cashmere, Bowenvale, Huntsbury – rockfall, landslide and cliff collapse.

Areas still zoned white are expected to be rezoned by June 2012. The geotechnical assessments being carried out will help inform the recommendations to Government about how each specific area should be zoned.

*From the CERA Port Hills White Zone booklet, February 2012.*

## TC2 update

We are beginning rebuild and repair work on TC2 properties. There are a number of steps we take to activate your claim.

These include:

- Considering if we require further detailed assessment before we can start your rebuild and/or repair work. If so, we will contact you to organise a detailed assessment.
- Confirming with EQC that your claim is over the EQC cap.

Once your claim is ready to go live your claims case manager will contact you to discuss your EQC payments, the Hawkins project management system and next steps.