Your insurance questions answered

Yours to pull out and keep
Last month marked one year from the time of the first Canterbury earthquake. While there is still a way to go, we do need to celebrate how far we have come. The vision for the future is much clearer with CERA and the Christchurch City Council having released their plans for the CBD and Greater Christchurch, and land decisions giving people more certainty.

At State, we are working hard to get your lives and homes back on track. We are committed to playing a leading role in the recovery of our individual customers’ homes and the communities, they and we are part of, and have made significant progress towards this over the last year. While we have had a number of successes, we know we do not always get it right so we continue to listen to you, our customers, reviewing and adapting our approach to ensure we are as effective as possible with our recovery response.

We are proud of the progress we have made. We have:
- Completed 100% of preliminary assessments for customers across Canterbury
- Repaired over 4,000 homes to make safe
- Completed 100% of detailed assessments in the Christchurch and Kaiapoi/Pines Beach residential red zones
- Issued 100% of settlement offers to all our customers in the Christchurch and Kaiapoi/Pines Beach residential red zones
- Begun advanced assessments in other areas of Christchurch where there has been less land damage, and progress may soon be possible
- Begun advanced assessments of uninhabitable homes to provide certainty for customers
- Attended over 100 community meetings and forums. Established a presence at the CERA Earthquake Assistance Centre at the Avondale Golf Club and in Kaiapoi.

People remain at the heart of the Canterbury recovery and our focus remains on helping you to rebuild. We are working hard to provide certainty for all of our customers. Where, and when, we can begin work is dependent on a number of factors including land damage / classification, seismic risk, and type and extent of damage to home. We are working with a number of organisations including GNS, CERA, Tonkin and Taylor and the Christchurch City Council to coordinate recovery efforts and speed up the process of recovery for you.

Our Christchurch-based team is dedicated to providing you with the support and information you need. If you have questions regarding your claim please contact your claims case manager. You can also visit us at the CERA Earthquake Assistance Centre located at the Avondale Golf Club, Tuesday and Thursday from 10am – 1pm.

Brendan McGillicuddy
General Manager Claims, State
Repairing and rebuilding your house

Q How long do I have to wait before seeing some action on repairs and rebuilds?
A We are constantly revising areas where we can begin repairing and rebuilding, based on seismic activity and geotechnical land information. We have completed detailed assessments of our customers homes in the current residential red zones, and are now beginning advanced assessment of homes that are uninhabitable, as well as assessing those in areas of Christchurch where there has been less land damage and progress may soon be possible.

Unfortunately, if your home is in a zone where State is not actively working, these assessments do not mean we can start repairing or rebuilding, but it does mean that when work commences in your area we will have the necessary information to progress your case.

Q Will State be offering or facilitating land and building packages?
A State will offer you a choice of settlement options that include purchasing an existing home or rebuilding a new home on land that you have purchased, if within the terms of your policy. Your claims case manager will work with you to achieve the best outcome for you.

Q Most homebuilders direct their work at the upper end of the market (big and expensive houses). Will State provide assistance with finding designs and builders for the modest end of the market (in the 90 to 150sqm range)?
A Yes, if this within the terms of your policy and would best suit you. Our rebuilding partner, Hawkins, has relationships with builders able to accommodate a range of new home sizes and budgets, and your claims case manager will work with you and Hawkins to find the best outcome for you.

Q How long do I have to decide where I want to build?
A If you are in a residential red zone, CERA requires you to decide which offer you would like to take within nine months of the settlement offer, with a settlement date within twelve months from then. State will work with you to make a decision on when and where will best suit you to build.

Q What support is available for me in making my decision?
A We are here to support you and advise you on your options. If your home is a total loss and you decide to rebuild, through our rebuilding partner Hawkins we can provide you with expert advice to help you through this. We also recommend you get advice from someone independent, for example an accountant, a lawyer or a financial adviser.

Q Will State agree a mutually suitable start time with me, with no pressure to fit into a wider PMO project schedule?
A Yes, within reason. If there are several State rebuilds or repairs scheduled in the same residential green zone street or neighbourhood, it would be ideal to have them all under construction at the same time. However, we understand that our timing won’t always suit, so we’ll work with you to find a suitable time.

Q I live in the residential red zone. If I take the government offer for my land and the State offer for my house repair, will the repair valuation include work to get my house up to the building code as required on that specific date?
A If you have a full replacement policy, we have scoped the cost of the repair of the damaged parts of the house to meet building compliance codes, where required. If your policy specifies a sum insured, that sum is the most that we’ll pay towards the repair of your house.

Q Does the reinstatement price include building consents or are they separate?
A If your house is being repaired or rebuilt, your policy will meet any cost of consents over and above the cost of earthquake damage repair or reinstatement. Your policy will also cover architects’, engineers’, surveyors’ and building consultants’ costs as long as they were necessarily and reasonably incurred. If your policy is a sum insured one, that sum is the most we’ll pay for reinstating the home, building consents and other fees in total.

Q Is it OK to rebuild in a different city in New Zealand?
A Yes, you can choose to rebuild anywhere in New Zealand. If your policy covers it, we will rebuild you a like-for-like house, using modern materials and methods, on land that you purchase. Just let us know if you are considering this option and we’ll work with you to get the costs established.

Q How will repairs and rebuilds be prioritised?
A We are working with key parties to get all the information we need to set priorities for our customers. We have completed assessments in the residential red zones and are in the process of carrying these out on uninhabitable homes and homes in areas of Christchurch where there has been less land damage and progress may soon be possible. As we begin work in your area, we will contact you to make an appointment. We will also keep information regarding areas we are working in updated for you on www.state.co.nz/earthquake.

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Naturally, everyone wants to know how we decide how much a house is worth. If you live in a residential red zone, the settlement offer you receive from us will give you all the figures. In the meantime, here are answers to some of the common questions you’re asking.

Q Why is it that my neighbour’s building rate per square metre (sqm) is different to mine and our houses are similar?
A The sqm rate at the top of your assessment summary excludes GST and any extra value items such as heat pumps or wood panelling – this is referred to as the base sqm rate. To calculate the total sqm rate the final rebuild value at the bottom of your settlement should be used.

Q Does floor area mean real ‘floor space’ (inside measurements)? Or does floor area mean the footprint (outside measurements)?
A The floor area is the outside measurement of the house, including all levels, garaging and developed basement.

Q Will the costings take into account the fact that people may not be able to complete work for years yet?
A Yes. If you have a total replacement policy we will factor in inflation, supply and demand and increases in building supplies. If your policy is restricted to a specific sum insured, that sum is the total we’ll pay for reinstating the home, including building consents and other fees.

Q What can I do if I don’t agree with my assessment?
A We are confident that our costings accurately reflect market prices. Our assessments provided us with an initial cost, which we then checked with independent quantity surveyors. If we have missed something from your costing, for example an extra heat pump, or a specified item is different from what we’ve recorded, please call your claims case manager to discuss.

Q What is your expected timeline for finishing assessments of all customers?
A We have completed detailed assessments of our customers homes in the current residential red zones, and are now beginning advanced assessment of homes that are uninhabitable, as well as those in areas of Christchurch where there has been less land damage and progress may soon be possible. We will be in contact regularly to update you on our timeframes.

Q Is there a standard costing for things like rimu panelling, which is built onto the price per metre? What if I don’t want to replace that special feature? Can I trade it for extra floor space, other rooms, etc?
A All repairs and replacements are individually costed. If your house is deemed a total loss and you will be rebuilding, your claims case manager is available to talk to you about any changes you’d like to make to the specifications of your house.

Living in the Port Hills?

If your home is one of the 3,700 properties in the Port Hills still zoned white, you will have received an update letter from CERA explaining the assessment delays. Your property will require further land investigation, which is expected to be completed over the next three months. We are working with CERA and other parties including Tonkin and Taylor to get you all the information you need to give you certainty. Keep an eye on the CERA website too – www.cera.govt.nz
Some more handy info

As you can imagine, we’re asked all sorts of things about insurance and the claims process. This page tackles some of the questions we’re asked a little less often, ranging from EQC and contents claims through to some of the urban myths doing the rounds out there.

Home and Contents

While there is a lot of focus on repairing and replacing houses, we know that your personal belongings are important too. We’re working as quickly as we can to authorise the contents claims we’ve received.

Here’s what you’ve been asking:

Q  I would like to negotiate ownership of certain items in my home - is this possible?
A  Yes. If you’d like to keep some items from your home (besides contents), please contact your claims case manager who can explain to you about salvaging items.

Q  Will State cover the replacement of carpets and curtains in total loss houses if they were undamaged?
A  Carpets and curtains are generally covered by contents. EQC pays up to $20,000 + GST for contents, therefore these should be covered by EQC. Your State insurance policy will cover what EQC doesn’t.

Working with EQC

Q  EQC says I’m a total loss but you say I’m a repair. How does this work?
A  EQC calls their claims a total loss if the damage to your home is more than $100,000. If we have deemed that you are a repair this does not mean that we disagree, it just means we believe it is economic to repair your home.

Q  I have an EQC claim that is yet to be processed (not even seen yet), am I able to change insurance companies?
A  Your EQC claim is not affected by who you have your private insurance with. In the current situation, it could be difficult to find a new insurer so it is probably sensible to stay with your current insurer until the repairs are finished and your claim is settled.

Q  We have a contents claim with EQC which will total over $20,000. Will State pay for the part of the claim that is over this amount and can you speed up EQC?
A  State will pay for the amount over each $20,000+GST EQC cap, up to the policy’s sum insured. Unfortunately, we are not able to influence the speed of EQC’s claims processing but will work with EQC wherever possible.

Q  My insurance company won’t do any scopes or engineer’s reports because they believe I am under the $100,000 EQC cap. They still won’t help even now that I am in the red zone! How am I supposed to make an informed decision when I have to choose option 1 or 2?
A  If your repairs are under the EQC cap, your claim won’t trigger your insurance policy. This means that EQC will settle all aspects of your claim. If you have a claim for paths, fences or driveways, or are close to the EQC cap, contact your insurance company as they should be assessing this part of your claim.

Fact or fiction?

We’ve been asked all sorts of questions that are just a little out of the ordinary. Here’s some of those myths busted, once and for all!

Q  Are insurance companies keeping money to themselves to earn interest, instead of paying out claims?
A  No. We are doing everything we can to help our customers move forward by paying claims as quickly as we can.

Q  Is it true that insurance companies wait 90 days after a 4.0 quake before reinsuring?
A  No. It’s been our practice over the last year to stop taking on new business after each damaging earthquake or aftershock until we’ve had the opportunity to fully understand the situation, and the extent of damage experienced. These suspensions have generally lasted about a month each time, and we’re continuing to look after our existing customers.

Q  There will always be aftershocks. When’s the endgame; when will you decide that it’s OK to rebuild?
A  We’re working with experts including GNS, EQC and CERA to understand the ongoing seismic risk in Canterbury. Once we have advice that it is sensible to begin rebuilding, we will be able to offer our customers more certainty around the timing of the rebuild. We have already started work in areas where seismic risk is low and there is no land damage.
Future insurance

If you have questions regarding ongoing insurance you may also like to read Roger’s article on this on page 7.

Q I am trying to build a new home in a safe area, will you insure me?
A During the build process you will require contract works insurance. Most new home builders will have contract works insurance so we suggest you have a chat to them about this. Once the home is built, if you are an existing customer and the home is in the green zone, we are prepared to consider offering new policies. We may require additional information in the form of various reports, confirming for example that the land is undamaged. This is to give you, as well as us, certainty. If we are able to insure the property, we may apply special terms and conditions, so we strongly encourage you to contact us before entering any purchase agreements and we can work with you through this process. At this time our existing customers are our priority and as such we are not able to take on any new customers in Christchurch. We are, however, reviewing this position all the time so give us a call to discuss when it comes time to make a purchase decision.

Q I've just moved back to Christchurch and can't get contents insurance. What can I do?
A If you are insured with State, give us a call and talk to us about your situation. If you are insured with another company, we recommend you approach your current insurer.

Q If my house is demolished and rebuilt, can I still get it insured?
A This depends largely on where your home is. Please refer to Roger’s article on page 7 as he discusses each zone here.

Q Will State provide insurance cover for the property being repaired or rebuilt from the start of the project, until the moment of the hand over?
A Yes. We will offer Contract Works insurance for homes being repaired or rebuilt, for work that we have authorised. If we have authorised contract works insurance we will also provide ongoing insurance.

Q What happens if there is another earthquake during the rebuild - who covers the insurance?
A All State rebuilds will have contract works insurance provided, which will cover any further damage. Houses under construction are not eligible for EQCover, which means you cannot get earthquake insurance for the land until the house is completed.

Q I live in the red zone and my house has been deemed a repair. I don’t understand how it can it be?
A State insure your home, with your land insured by EQC.

We have completed detailed assessments of all of our residential red zone customers’ homes based on what we would do to reinstate the property, had EQC remediated the land. In doing so, we have factored in all costs that would be incurred to get it a building consent. Based on these total costs we were able to determine whether your house was economic to repair and therefore deemed a rebuild or repair.

The Government has signalled there is no immediate intention to remediate the land in the residential red zone. Working together with EQC and the government we identified this would be an issue for people with repairable properties, which is why the government developed Option 1. Option 1 is a cash settlement based on the most recent rateable value of your home.
Ongoing insurance

There’s been a lot of talk about how people can obtain new insurance policies in the Canterbury region. We’re doing all we can to look after our existing customers and we are committed to working with you to provide appropriate insurance solutions going forward. Although our current approach to new insurance is covered below we are continually reviewing this so to discuss your individual needs please call us on 0800 80 24 24 or visit our local staff at 88 Division St, Riccarton.

Roger Wallace, General Manager Customer Insights & Services, State

Insurance delays

State has been protecting Kiwis for generations and will continue to do so for generations to come. When a wide spread event occurs, like the earthquakes we have experienced in Canterbury, it is important that we take the time to fully understand the situation. You may have noticed we suspended new business after each damaging earthquake, this allowed us to fully dedicate our efforts to focusing on our existing customers, and also to understand the situation and the extent of damage experienced. Since then we have returned to business as usual in some areas of the wider Canterbury region. In the districts of Christchurch City, Waimakariri and Selwyn, we remain cautious. In these areas we continue to focus on our existing customers and are committed to providing ongoing insurance solutions for them.

State’s current criteria – red, orange and white zones

We continue to look after existing customers in these zones, however at this time we’re not selling any new home and contents insurance in the red zone. In the white and orange zones if a home that is already insured with us is being on sold we will consider insuring the home for the new owner, even if they are not currently a State customer. We are not insuring homes currently insured elsewhere or new contents policies in these zones, due to the uncertainty associated with the land and the ongoing risk of damage from aftershocks. Once we know more about the land condition, we will quickly reconsider our position.

Green zone

For our existing customers looking for further insurance protection in the residential green zone, we are considering new policies, although we may need additional information about the property. State has developed an Earthquake Property Damage Form, which can be completed by a builder. This gives both you our customers, and us, an overview of the property and any existing earthquake damage.

If you’re a State customer and considering purchasing a new property or need further insurance protection please contact us as early as possible and we can work with you through this process.

In the meantime we will continue to closely monitor the situation, listen to the community, and constantly review our underwriting acceptance criteria.

A day in the life of a State claims technician

Name: Charlotte Henderson  Role: Claims Technician  Based: Show Place

My day starts at 7am when I log onto our claims system, bring up my case files and clear my messages. I have 127 customers with earthquake claims on my ‘books’ and in any given day I can speak with up to 25 or so of them.

As a Claims Technician, I’m the central person in the life of an earthquake claim. My role is to explain to customers their policy entitlements, and liaise with the EQC, our internal loss adjusters, Hawkins project managers and assessors, and sometimes even the contractors doing the work on their behalf.

I’ve been managing most of my customers’ claims since the start (September or February) and they are generally thrilled to have a dedicated case manager and a direct dial number to call when they’ve got questions. I think they find it reassuring that someone’s looking out for them - even if it is a little slow for some in the green and white zones at the moment while we wait for seismic activity to stop.

As for me, I live in Riccarton and my house sustained some damage, but it’s under cap so I’ve managed the claim with EQC. I feel like one of the lucky ones as my house is relatively fine, but like everyone in Canterbury, I know people less fortunate.

I really enjoy being a part of the recovery effort here in Christchurch, and I get a real thrill from helping my customers and making a difference to their lives. Together, we’ll get through it!

Charlotte

The Hub

An Earthquake Assistance Centre has opened at Avondale Golf Club (141 Breezes Road) and is open from 10:00am to 6:30pm Monday to Friday.

Representatives from EQC, Community Law and Temporary Accommodation Services, as well as all insurance companies, are available to help you with questions regarding insurance, settlement options, accommodation and finance.

We are available at the Hub to help you with any questions you may have Tuesday or Thursday between 10am and 1pm.

For more information, see the CERA website www.cera.govt.nz

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But in the midst of all of those difficulties, there have been some great things.

One of those great things is the way neighbours and communities have rallied together to share the load, look after the vulnerable, and work collectively for better outcomes.

Canterbury is now a place where it is the norm to know the people in your community and it’s the norm to care about what happens to them.

We will face some difficult times as we rebuild our lives and communities but it is always better if you can do it with others. Canterbury Communities' Earthquake Recovery Network - CanCERN - is an organisation that brings the residents voice and solutions to the tables of the decision makers. We currently have 40 resident member groups throughout Canterbury who collaboratively work hard to make sure residents are full participants in the rebuild of Canterbury.

CanCERN works with insurers, EQC, Local Authorities, CERA and many others to bring communities' questions, concerns and solutions to the table of the decision makers. We work collaboratively to improve outcomes and communication - everyone wins.

A YEAR AGO, WHO WOULD HAVE THOUGHT WE WOULD BE DEALING WITH WHAT WE HAVE FACED AND STILL CONTINUE TO FACE AS THE RESULT OF THREE MAJOR EARTHQUAKES AND MORE THAN 4000 AFTERSHOCKS? THERE'S NO QUESTION THAT IT HAS BEEN A HARD TIME.

IF YOU WOULD LIKE TO KNOW MORE ABOUT CANCERN OR HOW TO GET CONNECTED TO A COMMUNITY GROUP IN YOUR AREA SEE, WWW.CANCERN.ORG.NZ. WE'RE HERE TO HELP COMMUNITIES STAY STRONG AND CONNECTED.

TANE LOVES IT

The Christchurch we love is still here.

We've invested a lot in Christchurch, it's a great place to live and it's filled with good people. We're looking forward to seeing the city come alive again, brighter, better and stronger than before, in the end this is our home and, though it's tough right now, what we build will be worth staying for.

– Tane Norton, Speights Ale House, Bealey Avenue