

New process for settling Kaikoura Earthquake claims

Victims of the Kaikoura Earthquake will welcome the news that some long-overdue co-operation between private insurers and the Earthquake Commission (EQC) has finally arrived.

EQC and members of the Insurance Council of New Zealand have announced an agreement intended to simplify how home and contents insurance claims are resolved for people affected throughout the country by the Kaikoura Earthquake on 14 November 2016.

The agreement provides that private insurers who are members of the Insurance Council of New Zealand will manage all of their customers' home and contents claims, including those that are under the EQC cap. The insurance companies will act as EQC's agents, meaning that:

- (a) all settlements reached between an insurance company and a homeowner will be binding on EQC; and
- (b) all settlements up to the cap (\$20,000 plus GST for contents and \$100,000 plus GST for a house) paid by an insurer will be reimbursed by EQC.

The following insurance companies will operate under the new process:

- (a) AA Insurance Limited;
- (b) Farmers' Mutual Group & FMG Insurance Limited;
- (c) IAG New Zealand Limited (including the State, AMI, Lumley, NZI and Lantern brands);
- (d) Medical Insurance Society Limited (MAS brand);
- (e) QBE Insurance (Australia) Limited;
- (f) Tower New Zealand Limited;
- (g) Vero Insurance New Zealand Limited; and
- (h) Youi NZ Pty Limited.

Insurance companies not included in that list are not covered by the agreement.

Homeowners who have suffered damage in the Kaikoura Earthquake should contact their insurance companies to make a claim in the first instance. If a claim has already been made to EQC, it is intended that EQC will forward the claim to the relevant insurer.

It is intended that no part of the agreement will affect homeowners' rights under their insurance policy or the EQC Act.

Claims in relation to commercial property, and claims for land damage are not covered by the agreement. EQC will continue to manage land damage claims under the EQC Act.

While any outstanding claims from the Canterbury Earthquakes are not affected by the agreement, it appears that the claims handling experience in Canterbury over the last six

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years has motivated the change. The Canterbury experience, where inefficiencies and significant delays have resulted from EQC and private insurers undertaking separate claims processes, has been much-criticised. While it might come as cold comfort to Cantabrians, it is clear that some lessons have indeed been learned.

If your property has been damaged or business interrupted by the Kaikoura Earthquake and you would like to know more about the agreement or your rights to receive a fair settlement of your insurance claim please contact a member of our dispute resolution team ([Simon Munro](#), [Jonathan Nicolle](#) or [Anna Davidson](#)).