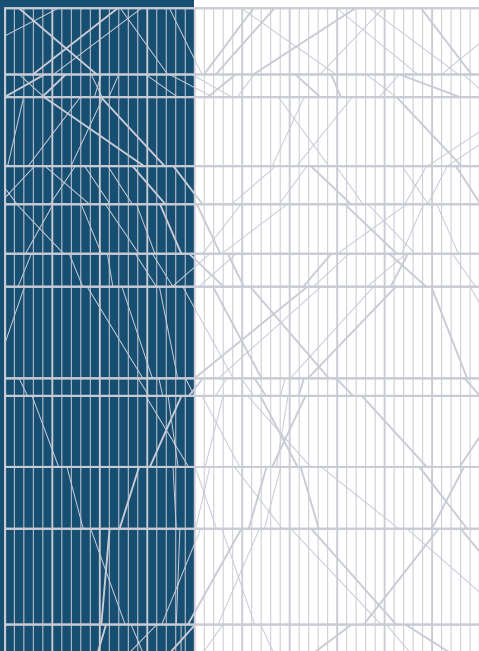
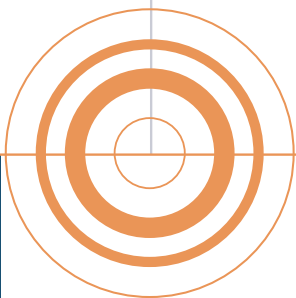


*householders'*  
*guide to*  
**EQCover**



EARTHQUAKE COMMISSION



# *Householders' Guide to EQCover*

EARTHQUAKE AND NATURAL DISASTER  
INSURANCE FOR HOMES, PERSONAL  
POSSESSIONS, AND LAND

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*This is a guide to the provisions of the Earthquake Commission Act 1993 and the Earthquake Commission Regulations 1993, as at January 2008.*

*It describes the cover you automatically get from the Earthquake Commission, if you have a home and/or contents fire insurance policy.*

*However, the provisions of the Earthquake Commission Act 1993 will always prevail over the content of this booklet. You should always refer to the Act when determining issues involving the Act.*

**This is an important document.  
Keep it with your home and/or contents fire  
insurance policies.**

**If you need more information after reading this  
guide, contact your insurance company  
or ring EQC direct on 0800 326 243.**

*Note: EQC legislation contains full details*



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## **Part One – Important general information**

### **WHAT IS EQCOVER?**

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EQCover is the name of EQC's earthquake and natural disaster insurance for homes, personal possessions, and land.

### **YOUR EQCOVER GUIDE**

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EQC has made every effort to ensure that this guide is accurate at the date of printing. However, in the event of a dispute relating to your EQCover, the provisions of the Earthquake Commission Act 1993, the Earthquake Commission Regulations 1993 and any subsequent legislative amendments will apply.

### **EQCOVER AND YOUR INSURANCE COMPANY**

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EQCover is obtained automatically when you take out a home or contents fire insurance policy. The premium you pay to your insurance company includes the premium for EQCover.

### **YOU SHOULD TELL YOUR INSURANCE COMPANY OR REPRESENTATIVE IF:**

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- you own a building which contains more than one home (see *"What is insured by EQCover"* p6);
- you want EQCover of less than \$100,000 plus GST on your home (see *"The limits of EQCover"* p8);
- you want to insure your home for more than \$100,000 plus GST, or your personal belongings for more than \$20,000 plus GST (see *"Getting extra insurance"* p9).

## HOW AND WHEN TO CLAIM

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You must contact EQC within 30 days from the day your property is damaged giving brief details of the damage and the name of your insurance company. EQC will tell you whether a representative will call to help with your claim or whether you should go ahead and get the repairs done.

EQC's address for claims is:

EQC  
PO Box 311  
Wellington.

EQC's free telephone number is:

0800 326 243.

Claims Fax: 04-978 6432

Internet Address:

<http://www.eqc.govt.nz>

**Note:** The Commission does not have any discretion to consider claims lodged after the expiry time specified for reporting claims of damage.

See time limits for reporting claims on Page 12 of this guide.

*Note: EQC legislation contains full details*

## Part Two – How EQCover works

### WHAT IS INSURED BY EQCOVER

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EQCover insures your home, personal possessions, and land.

A **home** is a building or a part of a building where people live.

EQCover also insures:

- separate homes in the same building. If you own a building or a part of a building with more than one home in it, you should tell your insurance company how many homes there are so that you get the maximum amount of EQCover;
- separate buildings which are part of the home (e.g. sheds and garages);
- services which you own (e.g. water pipes and electrical cables) up to 60 metres from any of the buildings forming part of the home, or up to the edge of the property if this is less than 60 metres.

**Personal possessions.** Your personal possessions are your personal effects and the contents of your home or homes. Some items are excluded (See *“What is not insured by EQCover” p10*).

**Land.** If your home is insured, EQCover also insures some of your land. This cover is limited and is restricted to land that is within your property boundary and comprises only:

- the land under your home;
- the land within 8 metres of your home;
- the land of the main accessway (or under or supporting the main accessway) up to 60 metres from your home, but not the driveway or any artificial surfaces like concrete or asphalt that cover the accessway.

There is also cover provided for retaining walls, bridges and culverts within these areas but this cover is less than the replacement value.

## **WHAT EQCOVER INSURES YOU AGAINST**

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You are insured against loss or damage to your home, your personal possessions, and land by earthquake, natural landslip, volcanic eruption, hydrothermal/geothermal activity, tsunamis (sea waves caused by movements of land or the sea floor) and fires resulting from these natural disasters.

Your land is also insured against storm and flood damage.

After an earthquake or any of these other natural disasters has occurred, your home might not be damaged but it might be in immediate danger from that disaster. In this situation you could make a claim to EQC, including the costs of taking reasonable steps to protect your property or to prevent further damage (See *"What you must do after an earthquake or natural disaster"* p13).

Note that EQC cannot pay for the cost of protection works against future natural disasters. That is a cost that property owners must bear.

## **WHAT EQC WILL PAY**

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Any payments by EQC are subject to the conditions set out in the two sections below, *"The limits of EQCover"* and *"Excesses"*.

**Your home.** EQC insures your home for its replacement value. EQC will meet the costs of repairing or rebuilding your home to a new condition, using building materials and methods available at the time. This does not mean that your home must be reinstated exactly to its previous condition but this will be discussed with you.

**Personal possessions.** EQC will pay on the same basis as your insurance company would, either as new (replacement value) or taking into account age and wear and tear (indemnity value).

**Land.** EQC will pay the value of your damaged land at the time of the earthquake or natural disaster, or the repair cost, whichever is lower.

## **THE LIMITS OF EQCOVER**

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**Your home.** The maximum amount EQC will pay for your home is \$100,000 plus GST.

EQC will pay less than the maximum amount if:

- you have an insurance policy for replacement cover that is less than \$100,000 plus GST. In this case the maximum amount EQC will pay for your home is the amount of the replacement cover; or
- you have an insurance policy for indemnity cover or replacement cover with no limit and the floor area of your home is less than 100 square metres (1,000 square feet), and you have told your insurance company you want cover of less than \$100,000 plus GST. In this case the maximum amount EQC will pay for each home is the amount of cover you have chosen (this must be at least \$1000 per square metre).

These limits apply to each home. If there is more than one home in the same building, the limits for each home are added together to get the maximum amount EQC will pay for the building. EQC will pay less than this maximum amount if you have an insurance policy on the whole building for replacement cover that is for less than the maximum amount.

**Personal possessions.** The maximum amount EQC will pay for personal possessions is \$20,000 plus GST or the amount on your insurance policy, if that is less than \$20,000.

**Land.** Payment of claims for land will be based on a professional valuation. The maximum amount EQC will pay for land described in Part Two (*“What is insured by EQCover” p6*) is either the value of the land destroyed or damaged, or the value of 4,000 square metres (about an acre), or the value of the minimum sized building site allowed in the area in which you live – whichever is the lower. Note that if the land can be repaired for less than its value at the time of damage, then that is the amount that EQC can pay.

## **GETTING EXTRA INSURANCE**

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If your home or personal possessions are more valuable than the maximum amounts EQC will pay, you may be able to arrange extra cover with your insurance company.

## **EXCESSES**

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An excess is the amount you have to contribute towards a claim that is accepted by EQC. The amount of the excess is deducted from the amount of your claim.

**Your home, or your home and personal possessions.** If your claim is for \$20,000 or less, EQC will deduct an excess of \$200 and pay the rest. If your claim is for more than \$20,000, EQC will pay 99% of it, deducting an excess of 1%.

**Personal possessions only.** Whatever the amount of your claim, EQC will deduct an excess of \$200 and pay the rest.

**Land.** If your claim is for \$5,000 or less, EQC will deduct an excess of \$500 and pay the rest. If your claim is for more than \$5,000, EQC will pay 90% of it, deducting an excess of 10%. However, the maximum excess EQC can deduct is \$5,000.

If your property can be repaired or replaced for less than the amount of the excess, then EQC will pay nothing. You will have to meet the cost of repairs or replacement yourself.

## ***Part Three – Items not insured***

### **WHAT IS NOT INSURED BY EQCOVER**

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You do **not** have EQCover if your fire insurance policy has lapsed or been cancelled.

The following are **not insured** by EQCover:

1. Any items excluded in your home and/or contents fire insurance policies;
2. Intangible property, for example, information stored on a computer;
3. Jewellery, precious stones, money, works of art, securities, documents or stamps;
4. Motor vehicles, or the parts or accessories of a motor vehicle;
5. Trailers, or the parts or accessories of a trailer;
6. Boats, or the parts or accessories of a boat;
7. Aircraft or anything in or on an aircraft;
8. Explosives;
9. Any bush, forest, tree, plant or lawn;
10. Growing crops (including fruit trees and vines) or cut crops in the open fields;
11. Animals, including livestock and pets;
12. Tennis courts, whether inside or outside and whatever the surface;
13. Jetties, wharves or landings;
14. Roads, streets, drives or paths;
15. Retaining walls, bridges or culverts more than 8 metres from your home, or if they are on the main driveway, more than 60 metres from your home;
16. Dams, breakwaters, moles, groynes, fences, poles or walls;
17. Drains, channels, tunnels or cuttings;

18. Reservoirs, swimming pools, baths, spa pools, tanks or water towers;
19. Burglary, theft or vandalism following an earthquake or natural disaster;
20. The costs of staying somewhere else temporarily after an earthquake or natural disaster.

Items 16, 17 and 18 **will be insured** if they are part of the building which is your home.

Any of the above items **might be insured** by your own insurance policy. You should check your policy to see if that is the case or alternatively ask your insurance agent or insurance company.

*Note: EQC legislation contains full details*

## ***Part Four – After an earthquake or natural disaster***

### **IF YOU HAVE DAMAGE AFTER AN EARTHQUAKE OR NATURAL DISASTER**

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- you can make temporary repairs for safety or to prevent further damage or discomfort;
- you can immediately repair or get repaired essential services, for example, toilets and water systems, but keep everything that is replaced and keep a copy of the bill;
- you can clean up spillages and breakages, for example, broken windows, bottles and crockery, but don't throw away anything unless it is perishable;
- you can dispose of perishables, for example, food from a broken deep freezer or food that has been spilled, but make a list of the items before you bury, burn or dump them safely;
- if you can, take photographs of the damage before you clean up or move anything;
- listen to your local radio station;
- make a claim to EQC as soon as possible. EQC can only accept claims if made within 30 days of the damage occurring. This can be extended in some circumstances to 3 months. But EQC has no discretion to accept notification of a claim after 3 months from the damage occurring.

## WHAT YOU MUST DO AFTER AN EARTHQUAKE OR NATURAL DISASTER

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If your property is damaged by an earthquake or natural disaster, to preserve your right to EQCover you must:

- take reasonable steps to protect your property and prevent more damage, for example, turn off the gas, board up broken windows;
- not start any repairs without the approval of EQC unless they are to essential services;
- let someone from EQC onto your property to inspect the damage after you have made a claim, and after they have shown you proper identification. If EQC wants to sell anything that is damaged, you must let it do so;
- complete a statutory declaration (a form that has to be signed by you and a Justice of the Peace) if EQC asks you to;
- tell EQC everything you know about the damage and how it happened and give EQC any documents it asks for, for example, repair quotes and invoices;
- help EQC get back what it has paid you from anyone else who might be responsible for the damage. For example, if the damage occurred only because a builder did not comply with the building regulations when building or altering your home, EQC will pay your claim and then, with your help, will seek to recover the amount it paid to you from the builder. EQC will pay the cost of this recovery.

If you do not do these things, EQC may decline your claim or reduce the amount it is prepared to pay you.

## ***What EQC is able to do after an earthquake or natural disaster:***

### **SETTLE A CLAIM**

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Depending upon the circumstances, EQC may settle your claim in any of these ways:

- after you have found out the cost of repairing or replacing the damaged property, by paying you that amount, either before or after the repairs are carried out or you have replaced the property;
- by replacing things that have been damaged or destroyed. This would usually apply to personal belongings, for example, a television set, but it might also apply to a window or a hot water cylinder;
- by arranging to have your home removed to a safer place, either on your section or somewhere else;
- by building you a new home in a safer place;
- by removing soil and rubble that has fallen onto your land in a landslide;
- by doing any combination of these things.

Repairs or replacement do not have to be exact or complete, but after discussions with you they must be fair and good enough.

### **PAY A CLAIM TO SOMEONE ELSE**

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If another person or organisation has a financial interest in your property, for example, a mortgage, EQC may have to make the payment for loss or damage directly to that person or organisation.

### **PAY A CLAIM WHEN PROPERTY IS INSURED BY MISTAKE**

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It may be that even though you have paid the correct insurance premium, your property is one which the

Earthquake Commission Act says EQC cannot insure. If a genuine mistake has been made, then EQC may decide to pay a claim on that property in order to reduce any hardship which the mistake would otherwise cause.

## **REFUSE TO PAY A CLAIM**

EQC can refuse to pay a claim or part of a claim if:

- an earlier claim on the property has been paid but the property has not been repaired or replaced and this has caused or helped cause the damage; or
- you have not followed the requirements of some law or bylaw and that caused or helped cause the damage. For example, you built the damaged home on unstable land without a building permit; or
- the damaged building was not built to a standard that was appropriate at the time it was built and this caused or helped cause the damage. This does not apply to your home, but to other buildings, for example, your garage or workshed; or
- damaged retaining walls, bridges or culverts were not built to a standard that was appropriate at the time they were built and this caused or helped cause the damage; or
- you have not given EQC full information or you have made false statements; or
- the damage has been caused by your carelessness, or the carelessness of a previous owner of your property (if you knew about it), or you have not taken reasonable care of your property; or
- your Certificate of Title to the land contains a note about Section 72 of the Building Act 2004, Section 36 of the Building Act 1991 or Section 641A(4) of the Local Government Act 1974. These are about issuing a building permit at the owner's risk; or
- there has already been a claim for landslip (or storm or flood damage to land) and EQC has

written to tell you or a previous owner that it thinks there could be further damage and neither you nor a previous owner has done anything to try and stop that damage from happening.

If you get a letter like this from EQC after your first claim, you should write back as soon as you have done something to try to prevent further damage. EQC must place a notice of its action on the public record at the District Land Registry so that a search of the property title will reveal what it has done.

### **AFTER A CLAIM IS PAID**

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EQC will continue your cover automatically when a claim is paid (unless the claim was for the maximum amount insured). A new premium may be taken off the claim payment.

When EQC pays out the maximum amount of EQCover on a claim, it may cancel EQCover on that property. If EQC does this, it must tell the owner in writing. EQCover is most likely to be cancelled when the cost of repair or replacement is more than the maximum amount of EQCover on the property.

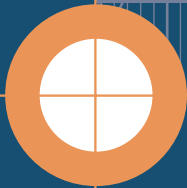
If your EQCover is cancelled, you can write to EQC and ask for EQCover to start again once the property has been repaired or replaced. If EQC cancels EQCover it must place a notice of its action on the public record at the District Land Registry so that a search of the property title will reveal what it has done.

### **EQC MAY LIMIT EQCOVER**

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If EQC thinks your property is in immediate danger, it cannot cancel EQCover but it may stop the amount of EQCover being increased. You will be notified in writing of this limitation and notice of it will be placed on public record at the District Land Registry so that a search of the property title will reveal it. You can write to EQC at any time and ask if the limitation can be removed.





**Earthquake Commission**  
**Level 20, Majestic Centre**  
**100 Willis Street**  
**PO Box 790**  
**Wellington**

**Telephone (04) 978 6400**

**Facsimile (04) 978 6431**

**EQC Freephone 0800 326 243**

**New Zealand Government**

