

HOUSEHOLDERS' GUIDE TO EQCOVER FOR RESIDENTIAL LAND

OCTOBER 2022



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This is a guide to EQCover, the insurance provided by Toka Tū Ake EQC for natural disaster damage under the Earthquake Commission Act 1993 (the Act).

This guide specifically focuses on EQCover for insured residential land.

Toka Tū Ake EQC is legally known as the Earthquake Commission and must comply with the Act.

The Act will always prevail over the content of this guide.

For detailed information on EQCover and a link to the Act, visit our website (eqc.govt.nz).

Since 30 June 2021, a range of private insurers manage EQCover claims on behalf of Toka Tū Ake EQC.

This guide is effective as of 1 October 2022.

In this guide we use the term 'home' while the Act uses the term 'dwelling' to refer to any self-contained premises used, or capable of being and intended to be used, as a home or holiday home.

NATURAL DISASTERS THAT ARE COVERED

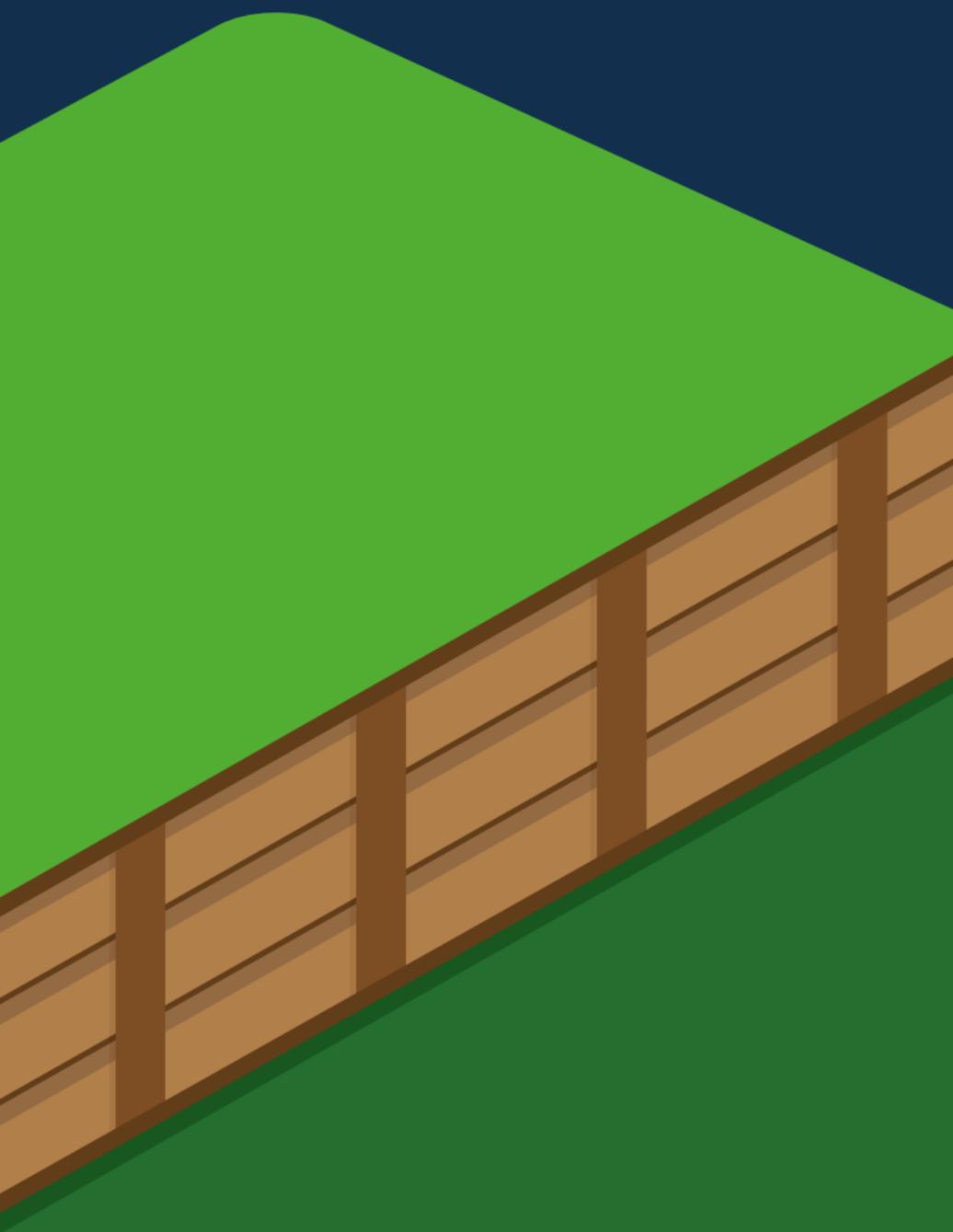
EQCover applies for residential land (in relation to your residential building) where:

- you have a valid private insurance policy for the residential building which includes a contract of fire insurance that insures the building against physical loss or damage by fire (most standard home policies do); or
- you have a direct EQCover policy with Toka Tū Ake EQC.

EQCover insures residential land against physical loss or damage caused by any of the following natural disasters which are covered by Toka Tū Ake EQC:

- 1 earthquake,
- 2 natural landslip,
- 3 volcanic eruption,
- 4 hydrothermal activity,
- 5 tsunami,
- 6 storm,
- 7 flood,
- 8 natural disaster fire which occurs as a result of any of the above.

If your insured land hasn't initially been damaged but damage is imminent as a direct result of the natural disaster which has occurred, you may still have EQCover in some cases. If you think this may be the case for your property, you should notify your private insurer.



SECTION 1: WHAT IS THE EQCOVER FOR RESIDENTIAL LAND

EQCover provides natural disaster insurance for residential buildings and some of the land and land structures (e.g. retaining walls, bridges and culverts) around them.

WHAT IS COVERED

EQCover is limited to certain areas of residential land within the land holding of your insured property, i.e. the land:

- under your home or any outbuildings covered by EQCover (such as a shed or a garage)
- within eight metres of your home and outbuildings
- under or supporting your main accessway, up to 60 metres from your home.

Land holding

The land holding consists of all the land within the boundaries shown on the Record of Title for your property plus any neighbouring land if you hold an easement¹ over it e.g. a right of way easement allowing you to use neighbouring land as a driveway.

We also cover any:

- bridges and culverts within the above land areas
- retaining walls, up to 60 metres from your home and outbuildings, that are necessary to support or protect your home, outbuildings or insured land.

¹ An easement confers a legal or equitable right to cross or otherwise use someone else's land for a specified purpose.

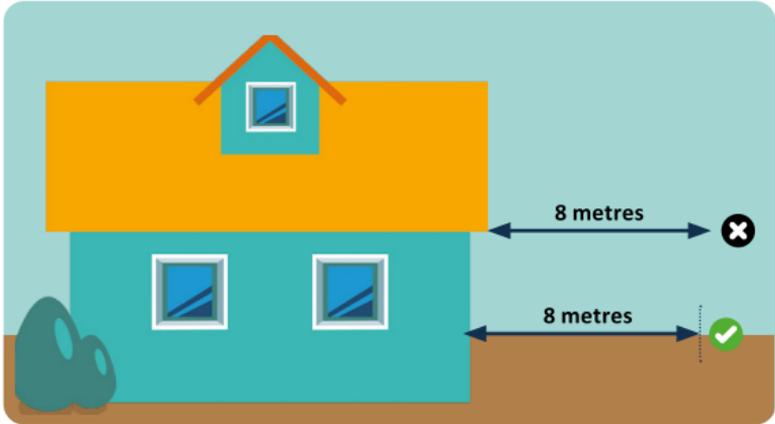
This diagram summarises what is and isn't covered.

For more information and how to use an interactive version of the image below, go to www.eqc.govt.nz/land-cover

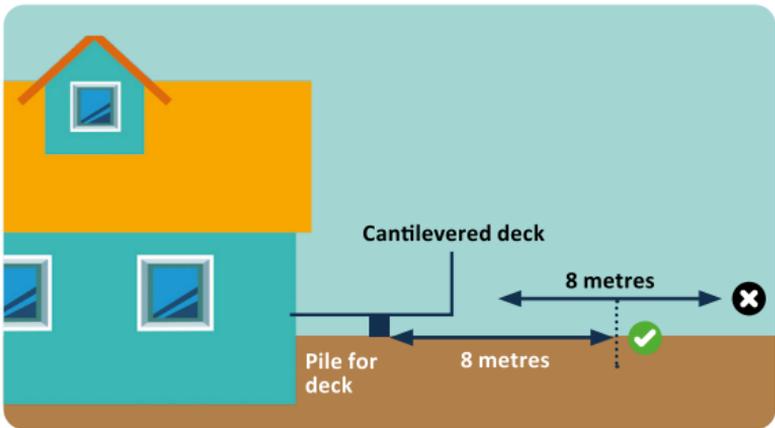
● Land covered by EQCover ● Land not covered by EQCover



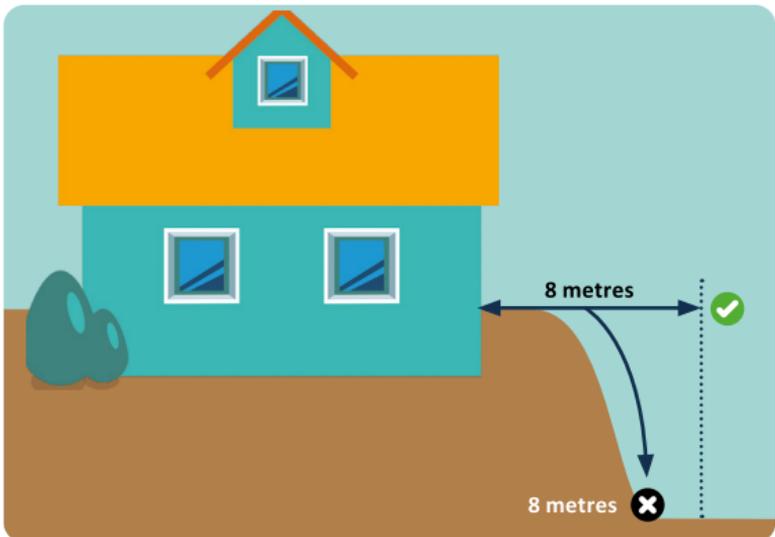
- 1 Trees and gardens are not covered.
- 2 Land within 8 metres of the home and outbuildings.
- 3 Any damage to the house's foundations is covered by the building claim (not the land claim).
- 4 Retaining walls that are within 60 metres of the house and are necessary for the support or protection of the house or any insured land areas are covered. Bridges and culverts that are within 8 metres of your house (or up to 60 metres if they form part of the main access way) are also covered.
- 5 Land within 60 metres of the house which forms the main access way is covered. Any artificial surface like asphalt or concrete is not covered.
- 6 Water, drainage, sewerage, gas and underground electricity and telephone lines are covered by the building claim (so long as they are serving the home, are within 60 metres of the home and owned by the homeowner).
- 7 Landscaping (non-structural walls) are not covered.



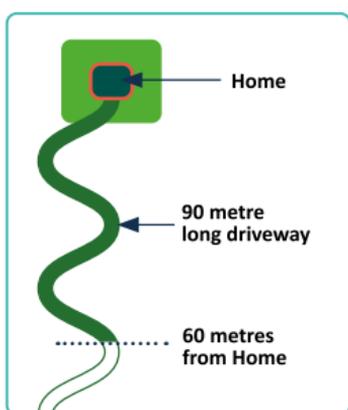
Residential land covered - start point of measurement of the 8 metres.



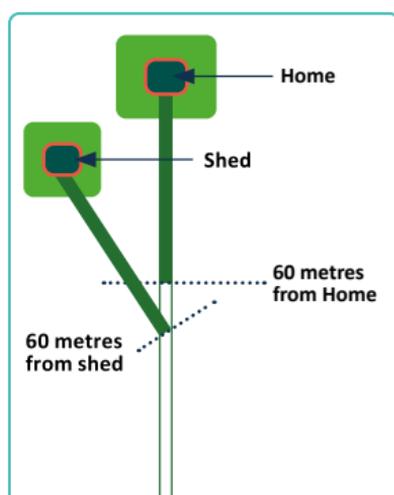
Residential land covered - start point of measurement of the 8 metres. Cantilevered deck example.



Residential land covered - measurement of the 8 metres. Sloping site example.



Residential land covered - winding main access ways.



Residential land covered - main access ways to the dwelling and a shed (Which is an appurtenant structure to the home).

- Insured land area
- Land under dwelling
- Land within 8 metres of dwelling
- Land forming main accessway within 60 metres from dwelling
- boundary

WHAT IS NOT COVERED?

Some items are not covered by EQCover, including any:

- 1 paving or other artificial surface (e.g. concrete and asphalt)
- 2 landscaping
- 3 bush, forest, trees, plants or lawns

For more information on the property that is not covered by EQCover, see Section 2 of the Act at www.legislation.govt.nz

How much am I covered for?

The maximum amount of EQCover for your residential land claim (commonly referred to as the 'land cap') is calculated in two parts:

- 1 the market value at the site of damage which is determined by the smallest of the following three areas:
 - the area of land that is actually lost or damaged or;
 - the minimum-sized site for a residential building allowed under the District Plan in the area you live (if applicable) or;
 - an area of land of 4,000 square metres;

Plus;

- 2 the indemnity value of any insured bridges, culverts or retaining walls that have been lost or damaged.

How much can be paid?

The maximum amount EQCover can pay for your residential land claim is the lesser of either:

- the land cap (as above); or
- the cost to repair or reinstate your insured residential land and land structures that have been lost or damaged.

WHAT IS THE EQCOVER FOR RESIDENTIAL LAND STRUCTURES?

EQCover provides cover for:

- bridges and culverts that are situated within your land holding and are within 8 metres of your home or within 60 metres of your home and constitutes your main access way.
- retaining walls and their support systems that are necessary for the support or protection of your home or insured land (including the main access way) if they are within 60 metres of your home.

What is the maximum amount of cover provided for land structures?

For claims involving damage to land structures (e.g. retaining walls, bridges and culverts), the settlement will be calculated on either the cost of repair of the damaged land structures, or their 'indemnity value', depending on the damage to the whole area of insured land.

In order to assess your maximum entitlement, both the cost to repair and the indemnity value are assessed.

What is the indemnity value?

Where insured land structures are damaged, the maximum amount of the insurance for residential land is calculated on the 'indemnity value' of these land structures. The term indemnity value is not defined in the Act but has a well-understood meaning in the land valuation profession.

Indemnity value is typically defined as:

The cost necessary to replace, repair or rebuild the land structure to a condition and extent substantially equal to but not better or more extensive than its condition and extent at the time that the damage occurred, taking into consideration the age, condition and remaining useful life of the asset.

Applying this definition to the indemnity value of damaged property; EQCover:

- considers the age and condition of the damaged property (in comparison with replacement value, which is the cost of providing a replacement for the damaged property in 'as new' condition).
- does not consider the cost of restoring the property to a better or more extensive condition than the property damaged to meet current regulatory standards for issuing building consents.

This is different from the cover of homes by the Act, which are insured for their replacement value. The indemnity value of a retaining wall, culvert or bridge will likely be lower, and in many cases a lot lower, than its replacement value.

DO I NEED TO MAKE A SEPARATE EQCOVER CLAIM FOR MY LAND STRUCTURES?

Homeowners making a claim do not need to do anything further to have damaged land structures assessed. If your property has a land structure, the assessor will automatically consider damage to these when assessing your property.

EQCover Residential Land excess

Properties containing one home

Each EQCover claim is subject to an excess. For residential EQCover land claims, the excess is 10 percent of the settlement amount that is payable with a minimum excess of \$500 and a maximum excess of \$5,000 per claim.

The excess is deducted from the settlement amount before it is paid.

Properties containing more than one home

For properties containing multiple homes, the minimum excess is calculated by multiplying \$500 by the number of dwellings (as disclosed to the private insurance company) in the residential building. The maximum excess is \$5,000.

The excess is deducted from the settlement amount before it is paid.

PROPERTIES WITH:	EXCESS (% OF AMOUNT PAYABLE)	MINIMUM EXCESS	MAXIMUM EXCESS
One home	10%	\$500	\$5,000
More than one home	10%	\$500 x number of homes disclosed to the private insurance company	\$5,000

Where the settlement amount is less than the excess

If the damage to your insured land can be repaired or replaced for less than the amount of the EQCover excess, there will be no EQCover claim payment made, you will need to meet the cost to repair the natural disaster damage.

DO I HAVE EQCOVER IF MY LAND CONTINUES TO MOVE?

It depends on the timing and nature of any future damage. EQCover includes cover for damage to your insured property which has not yet happened but Toka Tū Ake EQC or your private insurer considers will happen within the year following and as a direct result of the original natural disaster which has happened. This is called 'imminent damage'.

SECTION 2: STORM OR FLOOD DAMAGE TO YOUR RESIDENTIAL LAND

The following section explains the two most common types of natural disaster damage that can be caused by natural disaster storm or flood.

SILT AND DEBRIS INUNDATION

Silt and debris inundation is commonly caused by materials that are swept up and moved by water and/or wind during a storm or flood and are deposited and remain on any insured residential land.

Generally, silt inundation is the deposit of soils and sands whereas debris inundation generally includes any other items such as rocks, fallen trees and destroyed fences, regardless of whether these are excluded under schedule 2 of the Act.

Silt inundation that is less than 15mm deep

Generally, in open areas where the build-up of silt is quite minimal (less than 15mm deep), the grass should grow through relatively quickly and you won't necessarily need to remove the silt. It will gradually disappear in the weeks following the floods, assisted by the effects of sun, wind and rain.

If you have any concerns about contamination on your property, or any health or safety concerns, contact your council in the first instance.

Silt inundation 15mm or deeper—removal required

EQCover will cover the cost to remove silt that is 15mm or deeper from your insured residential land up to the land cap.

For a visual guide of silt inundation see our [**EQCover Land Cover - Storms and Floods factsheet**](#) at [**eqc.govt.nz**](http://eqc.govt.nz).

Silt inundation that has settled under houses

The removal of silt inundation from under your house is covered under EQCover. In some cases, where there is a very small amount of silt inundation (less than 15mm), it may not be necessary to remove, as the silt will dry out over time².

Debris inundation

EQCover will cover the cost to remove the debris inundation from your insured residential land up to the land cap.

LAND SCOUR (EVACUATION)

Land scour is the evacuation of land caused by water flowing over land or in a watercourse.

EQCover will cover the cost to repair evacuation of land from your insured land up to the land cap.

Land scour can affect any insured land area, although it more commonly affects main access ways and can generally be repaired by applying coarse inorganic fill (e.g. gravel).

Artificial surfaces (e.g. paving, concrete or asphalt) are not covered, so you should contact your private insurer about these.

2 This is based on the assumption that the repair cost is greater than the applicable EQCover residential land excess and no more than the applicable land cap.

FOR MORE INFORMATION

- Visit www.eqc.govt.nz
- Call 0800 DAMAGE **(0800 326 243)**
- Write to Toka Tū Ake EQC, PO Box 311,
Wellington 6140

If your claim is managed by your private insurer, you will need to contact them directly for your EQCover claim related matters.

If English is not your first language you can ask for an interpreter, at no cost to you, by calling Toka Tū Ake EQC on 0800 DAMAGE **(0800 326 243)**.