

# HOUSEHOLDERS' GUIDE TO EQCOVER

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This is a plain language guide to the Earthquake Commission's natural disaster insurance, EQCover.

The Earthquake Commission (EQC) must comply with the Earthquake Commission Act 1993 (the Act) and the relevant regulations. These will always prevail over the content of this guide.

For detailed information on EQCover and a link to the Earthquake Commission Act 1993 visit our website ([eqc.govt.nz](http://eqc.govt.nz)).



EQC provides natural disaster insurance for residential buildings and land, called EQCover.

You automatically have EQCover for your residential building and land if you have a valid private insurance policy for your residential building that includes fire insurance (and most do).

From 1 July 2019, EQC will no longer cover contents, affecting policy holders on the anniversary date of their existing policy, which is generally the annual renewal date, or if you take out a new policy.

The premium you pay to your private insurance company should include the premium for EQCover.

For EQCover, EQC will pay up to a maximum amount of insurance (see the "Caps on cover" section below).

Subject to the requirements under the Act, EQCover is available up to the caps for each damage-causing natural disaster event, as long as you have a valid private insurance policy at the relevant time.

Any amount of damage over and above the EQC caps may be covered by your private insurance.

An excess is deducted when your EQC claim is settled (see the "Excesses" section below).

#### **Natural disasters that are covered**

EQCover insures residential buildings, contents\* and land against physical loss or damage from an earthquake, natural landslip, volcanic eruption, hydrothermal activity and tsunamis.

EQCover insures your land against storm and flood damage.

It also insures for fire resulting from any of these natural disasters.

If your residential property isn't damaged after one of these natural disasters, but damage is imminent as a direct result of any of them, EQCover may also apply.

\*From 1 July 2019, EQC will no longer cover contents, affecting policy holders on the anniversary date of their existing policy, which is generally the annual renewal date, or if you take out a new policy.

# WHAT IS EQCOVER?



**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. IN THIS GUIDE WE USE THE TERM "HOME" RATHER THAN DWELLING.**

# WHAT IS EQCOVER?

EQCover may insure the following, subject to all the requirements of the Act being met.

## RESIDENTIAL BUILDINGS

These include:

- your home or holiday home
- one or more homes in the same building (eg. in an apartment building)
- separate buildings used by the occupiers of the home (eg. sheds or garages)
- services that you own (eg. water pipes and electrical cables) that serve your home and are within 60 metres of your home.

## CONTENTS

From 1 July 2019, EQC will no longer cover contents, affecting policy holders on the anniversary date of their existing policy, which is generally the annual renewal date, or if you take out a new policy.

If your private insurance policy specifically excludes particular items of contents, those items will not be covered by EQCover.

## LAND

EQCover insures land that is part of your land holding and:

- is under your home or outbuildings (eg. a garage or shed)
- is within eight metres of your home or outbuildings
- is part of or supporting the main access way (eg. the driveway) up to 60 metres from your home. Cover does not include any artificial surfaces like concrete or asphalt that cover the access way.

EQCover for land also includes:

- bridges and culverts within the above areas
- some retaining walls and their support systems that are necessary to support or protect your home, outbuildings or insured land (including the main access way).

# WHAT'S NOT INSURED UNDER EQCOVER?

Items that are not covered by EQCover include:

- 1 Intangible property (eg. information stored on a computer)
- 2 Jewellery, precious stones, money, works of art, securities, documents or stamps\*
- 3 Motor vehicles, or the parts or accessories of motor vehicles
- 4 Trailers, or the parts or accessories of trailers
- 5 Boats or other vessels, or the parts or accessories of boats or vessels
- 6 Aircraft or anything in or on an aircraft
- 7 Explosives
- 8 Bushes, forests, trees, plants or lawns
- 9 Growing crops (including fruit trees and vines) or cut crops in the open fields
- 10 Animals, including livestock and pets
- 11 Tennis courts, whether inside or outside and regardless of the surface
- 12 Jetties, wharves or landings
- 13 Roads, streets, drives or paths. But certain land underneath your main access way (eg. under your driveway) may be covered by EQCover for land
- 14 Any paving or other artificial surface
- 15 Bridges or culverts not covered by EQCover for land\*\*
- 16 Retaining walls not covered by EQCover for land\*\*
- 17 Dams, breakwaters, fences or poles\*\*
- 18 Reservoirs, swimming pools, baths, spa pools, tanks or water towers\*\*
- 19 Loss by theft or vandalism, or loss of profits, following a natural disaster
- 20 The costs of staying somewhere else temporarily after a natural disaster
- 21 Any contents\* used solely or principally for commercial purposes.

\*From 1 July 2019, EQC will no longer cover contents, affecting policy holders on the anniversary date of their existing policy, which is generally the annual renewal date, or if you take out a new policy.

\*\*Items 15 to 18 may be insured in some cases (eg. if they are part of the building that is your residential building).

Items listed above might be covered by your private insurance policy.

# WHAT'S THE EXTENT OF EQCOVER?

## RESIDENTIAL BUILDINGS

EQC insures your residential building for its replacement value up to the cap described in the following section. EQC will meet the costs of repairing or rebuilding your residential building to a condition substantially the same as when new (modified as necessary to comply with any applicable laws).

## CONTENTS

From 1 July 2019, EQC will no longer cover contents, affecting policy holders on the anniversary date of their existing policy, which is generally the annual renewal date, or if you take out a new policy.

Until this date, EQC insures your contents for their replacement value up to the cap described in the following section. However, if your contents are insured against fire under your private insurance policy on a less favourable basis, the contents are also insured by EQC on that less favourable basis. For example, if your contents are insured under your private insurance policy on the basis of indemnity, then your EQCover will be on the basis of indemnity.

## LAND

EQC calculates your land claim settlement based on the cost to repair land and any bridges, culverts, and retaining walls and their support systems that have been damaged or lost. In some circumstances the land claim settlement is based on the reduction in the value of the land.

This amount is subject to the cap for land cover described in the following section.

## CAPS ON COVER

### Residential buildings

From 1 July 2019 you will be entitled to EQCover of up to \$150,000 (+ GST) for a residential building. This will apply to policy holders on the anniversary date of their existing policy, which is generally the annual renewal date, or if you take out a new policy.

EQC will pay up to a cap that is less than that amount if your private insurance policy specifies:

- A replacement sum insured for fire that is less than \$150,000 (+ GST), or
- An amount for which your residential building is insured under the Act that is less than \$150,000 (+ GST).

At the time the insurance policy was entered into or renewed, you may have told your insurance company that there is more than one home in the same residential building. In that case the cap is the number of homes (that you told your insurance company about) multiplied by \$150,000 (+ GST).

### Contents

From 1 July 2019, EQC will no longer cover contents, affecting policy holders on the anniversary date of their existing policy, which is generally the annual renewal date, or if you take out a new policy.

For those properties where the policy has not yet renewed, the maximum amount that EQCover will pay for personal property is:

- \$20,000 (+ GST) per claim, or
- The amount specified in your insurance policy, if that is less than \$20,000 (+ GST) per claim.

### Land

The maximum amount that EQCover will pay for your land per claim is the indemnity value of any insured bridges, culverts and retaining walls that are damaged plus the value of the smallest of:

- The area of damaged land, or
- 4,000 square metres of land at the site of the damage, or
- The minimum sized residential building site allowed in the area in which you live.

## EXCESSES

As is the case for private insurance policies, you will need to contribute towards the amount payable for the EQC claim. This contribution is called the excess and is deducted when your claim is settled. Details of how excesses are calculated are set out below.

### Properties containing one home

	EXCESS (% OF AMOUNT PAYABLE)	MINIMUM EXCESS	MAXIMUM EXCESS
Home	1%	\$200	\$1,725
Land	10%	\$500	\$5,000
Contents*	–	\$200	\$230**

### Properties containing more than one home

For residential buildings, EQC will deduct an excess of 1%. The minimum excess is \$200 multiplied by the number of homes in the building (that have been notified to the private insurance company).

For land, EQC will deduct an excess of 10%. However, the minimum excess is \$500 multiplied by the number of homes (that have been notified to the private insurance company) in the residential building which is situated on the land. The maximum excess is \$5,000.

### Damage to both your home and personal property

For excess purposes, EQC generally treats building damage and contents\* damage as part of the same claim (where the contents are in or on the same building and the damage is caused by the same natural disaster).

\*From 1 July 2019, EQC will no longer cover contents, affecting policy holders on the anniversary date of their existing policy, which is generally the annual renewal date, or if you take out a new policy.

\*\* For claims with no building component the maximum excess is \$200.00.

For claims where the combined total value of the building repair and related contents settlement is \$20,000 or less for the claim, the excess is \$200 for each valid claim where damage occurred. If the combined total is more than \$20,000 for the claim, the excess is 1% of that total value.

### Where the settlement amount is less than the excess

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.



## MAKING AN EQC CLAIM

If your home or land has been damaged as a result of a natural disaster, you don't need to make an EQC claim immediately. You have up to two years following the natural disaster event that damaged your property to notify us of the damage. However, we're encouraging all claimants to lodge their claims within three months, wherever possible. The time taken to lodge a claim could affect EQC's ability to properly assess the claim.

For more information on how to make a claim, see 'A guide to your claim with EQC.' You can download this from our website ([eqc.govt.nz](http://eqc.govt.nz)) or call 0800 DAMAGE (0800 326 243) and we will send you a copy.

## SETTLING AN EQC CLAIM

After receiving your claim EQC will contact you to discuss the assessment of the damage.

We may ask a registered valuer to value your damaged land.

If the damage is severe or threatens your property, the assessor may organise an engineer's report.

We may also arrange for a costing of the repair and/or replacement of the damaged property.

For more information, please refer to 'A guide to your claim with EQC.'

# LIMITATION AND CANCELLATION OF EQCOVER

## EQC MAY LIMIT EQCOVER

If your property is in imminent danger, EQC may limit the amount of EQCover from being increased.

EQC may also limit EQCover where there has already been a claim for natural landslip damage (or storm or flood damage to the land). EQC may impose this limit where it thinks there could be further damage that could reasonably be, or have been, avoided by you (or the previous owner).

In these cases, EQC will send a notice of the limit on EQCover to the owner. The limitation will also be noted on the Certificate of Title to the property. You can write to EQC at any time and ask if the limitation can be removed.

## EQC MAY CANCEL EQCOVER

If EQC pays out the full amount of EQCover on a claim, it may cancel EQCover on that property where that damaged property is not repaired or replaced. In this case, EQC will send a notice to the owner. The cancellation will also be noted on the Certificate of Title to 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.

## YOUR PRIVATE INSURANCE

### Getting extra insurance

Contact your private insurer to discuss cover they can provide for any damage over and above the EQC caps.

### You should tell your insurance company if you want:

- to insure a building that contains more than one home
- EQCover of less than \$100,000 (+ GST) on your home\*
- to arrange extra cover over and above EQCover.

\* From 1 July 2019 you will be entitled to EQCover of up to \$150,000 (+ GST) for a residential building. This will apply to policy holders on the anniversary date of their existing policy, which is generally the annual renewal date, or if you take out a new policy.

## WHAT WE DO WITH THE INFORMATION WE COLLECT

EQC collects information for the purpose of administering the EQC Act, performing its functions and for natural disaster preparedness, response and recovery.

Under the EQC Act, EQC has the ability to share property-related information with the public, including private insurers, government agencies such as local government or third parties.

This includes information about:

- natural disaster damage to a property and any claims made under the EQC Act in relation to a property
- the assessed cost of replacing or reinstating damaged property, reinstatement methods and settlement amounts.

EQC may also disclose information in response to threats to public or personal health and safety.

Personal information is protected by the provisions set out in the Privacy Act 1993.

## FOR MORE INFORMATION

- Visit [eqc.govt.nz](http://eqc.govt.nz)
- Call 0800 DAMAGE (0800 326 243)
- Write to EQC, PO Box 311, Wellington, 6140

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