

19 August 2019

# BUYING OR SELLING A HOME

If you've bought a home that has previously had an EQC claim, or are considering buying or selling one, the following information is relevant to you

## Claims with EQC

Before buying or selling, the interested parties want to see EQC documents related to the property regarding its assessment for earthquake damage, and the status of repairs.

To avoid delays in a request for documents, a vendor can get EQC documents before putting their home on the market. You just need to email EQC with the request and your claim number. See our contact us page for details.

<https://www.eqc.govt.nz/contact-us>

If you are interested in purchasing a home you can apply to EQC to obtain property-related information about any previous claims for damage on that property. Providing this information can take up to 20 working days. Apply using our Official Information Act request form.

<https://www.eqc.govt.nz/contact-us/official-information-act-request-form>

You can read more about the documents we provide on our OIA document lists page.

[www.eqc.govt.nz/contact-us/official-information-act-request-form/oia-document-lists](http://www.eqc.govt.nz/contact-us/official-information-act-request-form/oia-document-lists)

If you are looking at purchasing a property in Canterbury, and you want to find out if there has been an EQC claim for land or building damage from the Canterbury earthquake sequence, head to [www.canterburymaps.govt.nz](http://www.canterburymaps.govt.nz). Click onto the Property Search section and use the address to find if there are any EQC claims listed.

## Transferring the benefit of an EQC claim

For the benefit of an EQC claim (for example, if the claim has not yet been settled or further related damage is identified) to be passed to a buyer, the claim needs to be transferred to them. This process is called 'assignment'.

Once assignment has been agreed, you just need to let us know, and supply us with relevant documentation recording that assignment. You can get further information on this by phoning 0800 DAMAGE (0800 326 243).

The most commonly used documentation is a

Deed of Assignment (DOA) – but any document can be used as long as it is clear about what is being assigned (including all claim numbers) and signed by all parties. Your lawyer can provide advice on this.

Once an EQC claim is assigned to you, you will hold the same entitlement as the person who assigned the benefit of the claim up to the cap (under the EQC Act, we provide cover for damage from each natural disaster up to a cap, which is generally \$100,000 (+ GST) for building damage and needs to be calculated for the specific property in relation to land damage). From 1 July 2019, the cap increases to \$150,000 (+ GST) on the anniversary (generally the annual renewal date) of your existing insurance policy, or any new insurance policy on that property.

For more information on important issues for purchasers, see our page on buying or selling a home, or just transferring an EQC claim.

<https://www.eqc.govt.nz/canterbury-earthquakes/claims-assessment/transferring-property-claim>

## Claims with private insurers

If there is a related private insurance claim and the benefit of that claim has been assigned to you, you may also have some entitlement from the private insurer.

You need to talk to the private insurer that insured the home at the time the claim was made. They will be able to confirm whether you have any entitlement for repair costs from them, above EQC's cap.

## How EQC settles claims

We settle claims based on a scope of works that takes into account:

- all of the work required to repair the natural disaster damage in accordance with the EQC Act
- and the reasonable cost of that repair work.

If the home has damage from more than one natural disaster event, we determine how much damage was caused by each event and allocate costs across each relevant event. This process is called "apportionment".

Our settlement of the claim could have been by managed repair (where we manage the repair), cash settlement (where the homeowner receives a cash settlement and manages the repair themselves), or a combination of the two.

If a previous homeowner received a cash settlement for some or all of the repairs, and those repairs need addressing, you will need to find out who did the work, and what warranties are in place. You can read about warranties on the Ministry of Business, Innovation and Employment's building website. [www.building.govt.nz/rights-and-obligations](http://www.building.govt.nz/rights-and-obligations)

If you find that the repairs have not been carried out, you may need to find out more from the person you bought the home from, and the real estate agent.

### Asking EQC to review a claim

If you're concerned about the EQC claim settlement for your home, and the claim has been assigned to you, you can ask us to review the claim. The request process is the same, whether we managed the repair or cash settled the claim.

You can ask us to review the EQC claim where you have reason to believe that:

- Our settlement did not include all natural disaster damage.
- Our repair work or repair strategy has not or will not repair the natural disaster damage to the standard required by the EQC Act.
- Our cash settlement was not or is not sufficient to meet the reasonable costs of undertaking our repair strategy.

If, through this process, we need to amend the claim settlement, we then carry out a review of the EQC entitlement per event. This is called a "cap cost review". You can read more about the process in our Cost Review factsheet.

[www.eqc.govt.nz/cost-review](http://www.eqc.govt.nz/cost-review)

It's important that any additional settlement payment is used for repairing or replacing damaged property. Any future insurance claims or cover may be affected if it's not used for this purpose.

### On-sold over-cap claims

If you are buying or selling a property and there is an outstanding claim or damage, it is important to be clear about whether the private insurer at the time of the natural disaster will accept any liability for further costs if a property goes over-cap after it is sold. These properties are commonly referred to as on-sold over-cap properties.

On 15 August 2019 the Government announced a policy that allows owners of on-sold over-cap properties in Canterbury to apply for an ex gratia Government payment to have their homes repaired.

If you've bought a home in Canterbury and discovered that it is damaged over the EQC cap, you may be eligible for an ex gratia payment to cover the cost of repair.

Find out more about the new policy for on-sold over-cap properties and register your interest for the ex gratia payment.

<https://www.eqc.govt.nz/canterbury/on-sold-over-cap-properties>

### Due diligence

Whether you are buying or selling a home, it is important to consider the due diligence process.

If you're buying, ask about previous natural disaster damage and repairs as part of your due diligence.

It's important to consider any information about your property that you obtain from EQC alongside any other information about the property. Not all problems are due to natural disasters – a house can have problems due to its design or maintenance, and houses also suffer from wear and tear over time.

You can read about getting help to assess risks in an area affected by earthquakes, floods or other natural disasters when buying a house, on the Consumer Protection website.

[www.consumerprotection.govt.nz/help-product-service/buying-or-renting-a-house/buying-after-natural-disasters](http://www.consumerprotection.govt.nz/help-product-service/buying-or-renting-a-house/buying-after-natural-disasters)

### Who else can help?

- Greater Christchurch Claims Resolution Service (GCCRS) provides free, impartial claim advice and coordination. Call GCCRS on 0508 624 327, visit their office at Level 2, 145-161 Cashel Street, Christchurch or read more at [www.gccrs.org.nz](http://www.gccrs.org.nz)
- Canterbury Support Line provides support for a range of social and wellbeing issues, including access to support and information for dealing with earthquake-related matters. Call the Support Line on 0800 777 846, open 24 hours every day, for free and confidential information.