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# COSTS THAT CONTRIBUTE TO CAP

If you've previously had a claim settled, and following a claim review, we need to pay you more, here's how we determine this payment.

If a previous claim settlement needs to be amended, we review the costs already incurred and those that will be incurred to fix outstanding damage.

We look at:

- previous repair costs that will remain valid
- previous repair costs that will need to be redone
- the cost of any further repairs required.

## What is "cap"?

We insure homes against natural disaster damage. Under the EQC Act, we provide cover up to a cap, or limit, which is generally \$100,000 plus GST for building damage for claims resulting from the Canterbury earthquake sequence. (For new event claims after 1 July 2019, the the cap on EQC residential building cover rises to \$150,000).

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

## Costs contributing to cap

In a cost review, we determine the costs reasonably required to settle the claim(s) the first time.

These include:

- urgent repairs, where applicable
- valid works (effective in repairing the damage and not affected by any future repair)
- previous cash settlements where the repair work has been undertaken and the work won't be affected by the additional repairs
- additional repairs, such as the reasonable cost to carry out any:
  - revised repair strategies
  - work to rectify poor workmanship where EQC managed the repair

- earthquake damage not previously identified
- earthquake damage previously identified but not repaired (where EQC managed the repair)
- work required to redo affected work.

## Costs not contributing to cap

When determining any additional payment, we do not count towards a cap entitlement:

1. the cost of work that was done in the first repair that needs to be redone because it did not meet the standard required by the EQC Act. This sub-standard work may be the result of:
  - poor workmanship
  - a repair strategy that was not effective or that did not reinstate the damage to the standard required by the EQC Act.
2. the cost of otherwise good quality work that was done in the first repair that now needs to be redone (affected works) in order to:
  - repair missed damage
  - implement a revised repair strategy required to meet EQC's repair standard.

## What if the claim is "over cap"?

Where the cost to repair earthquake damage exceeds EQC's cap for any one event, it is called "over cap". Sometimes when we review a claim we find that it is over cap where it was previously settled under cap. This is generally because earthquake damage was missed or the repair strategy was not effective or did not reinstate the damage to the standard required by the EQC Act.

If the claim is over cap, you need to talk to your private insurer about what entitlement you may have under your private insurance policy.

## If you're not the original owner

If you are not the original owner of the property, and you have had the EQC and/or private insurance claim assigned to you, you may find useful information in our factsheet, buying a home that has an EQC claim.

[www.eqc.govt.nz/buying-a-home](http://www.eqc.govt.nz/buying-a-home)

## What should I do with any further settlement?

It's important that any 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.

You will generally receive a cash settlement and need to manage the repair yourself. The necessary repair work will be outlined in your revised Statement of Work. You can find information about managing your repair on our website, at

[www.eqc.govt.nz/managing-your-repair](http://www.eqc.govt.nz/managing-your-repair)

## Key terms

### Cap

Under the EQC Act, we provide cover up to a cap, which is generally \$100,000 plus GST for building damage (increasing to \$150,000 after 1 July 2019).

### Cost review

We determine which costs do or do not contribute towards cap.

### Valid works

Works completed that achieve EQC's repair standard and will not be affected by the work still to be done to complete the repair of earthquake damage to your home.

### Affected works

Works completed that need redoing due to:

- missed earthquake damage
- and/or a revised repair strategy, required to achieve EQC's repair standard

### Workmanship

Works completed through EQC-managed repair that need redoing due to the poor quality of those works.

### Additional repairs required

Works currently required to complete the repair to the standard required under the EQC Act.

## Who else can help?

- Greater Christchurch Claims Resolution Service (GCCRS) provides free, impartial claim advice and coordination to help Canterbury homeowners resolve residential claims. 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.