

01 September 2016



EARTHQUAKE COMMISSION

Kōmihana Rūwhenua

Claim No. CLM/2010/AAAAAA

Jimmy Jones
17 Sample Street
Sampleville
Christchurch 8001

Dear Jimmy Jones

Property address: 17 Sample Street, Sampleville, Christchurch 8001

Your land settlement

This letter sets out details of the settlement amount EQC is paying for the land damage on the above property.

The settlement amount relates to two types of land damage on your property:

- Increased Flooding Vulnerability (IFV) land damage; and
- Increased Liquefaction Vulnerability (ILV) land damage.

IFV and ILV land damage

In the qualification packs for IFV land damage and ILV land damage which have been sent to you already, EQC confirmed that your property has suffered IFV and ILV land damage as the direct result of the 2010-2011 Canterbury earthquakes.

The settlement amount that EQC is paying for both IFV and ILV land damage to your property is based on Diminution of Value (DOV). Details of the payment are set out in the payment table on the next page and in the **enclosed** land settlement summary.

DOV measures the reduction of a property's market value which has been caused by IFV and/or ILV land damage.

Your IFV land damage settlement is based on Diminution of Value (DOV)

Your IFV land damage settlement is based on DOV, rather than repair cost of that damage. This reflects the terms of EQC's IFV policy.

Tonkin + Taylor has advised EQC that your house would need to be removed to enable repair of the IFV damage to your property. In these circumstances, EQC does not consider that it is feasible for the repair to be completed. This is why EQC is basing the settlement of your IFV land damage on DOV.

Your ILV land damage settlement is also based on DOV

We are also settling your ILV land damage solely on the basis of DOV, rather than the repair cost of that damage. This reflects the terms of EQC's ILV policy. Under this policy, EQC will only settle ILV land damage on the basis of repair cost if it is satisfied that:

- your property has not been sold since the 2010-2011 Canterbury earthquakes;

- there is a repair methodology for the repair of the ILV land damage on your property;
- the repair of the ILV land damage will be undertaken by you within a reasonable period of time using the repair methodology; and
- the repair cost is not disproportionate to the DOV due to ILV on the property, determined on a case by case basis.

Where it is necessary to remove and rebuild a house because of the extent of the earthquake damage, there are numerous established land repair techniques that can be used to repair the ILV land damage. However, where (as in your case) the house remains in place, those repair techniques are not available. The only available technique that may be feasible:

- is new and experimental;
- cannot be applied to most properties; and
- in any event, presents many practical challenges.

For these reasons, where the house is still in place, EQC is settling ILV land damage on the basis of DOV rather than the repair cost.

However, if you wish to repair the IFV and/or ILV damage to your land, you can seek a review of EQC's settlement decision. For further information about seeking a review, see the "Review of EQC's settlement decision" section of this letter below. For a copy of EQC's IFV Policy, see the EQC website at www.eqc.govt.nz/IFV, and for EQC's ILV Policy, see www.eqc.govt.nz/ILV.

Payment

EQC is settling your land claim(s) by cash payment. The settlement amount is for natural disaster damage to land insured under the Earthquake Commission Act 1993.

The table below has your land settlement amount(s) for all insured land damage to your property. This is calculated per claim.

Claim number	Land damage type	Amount	Excess deducted*	Prior land damage payment(s)**	Net land settlement amount
CLM/2010/AAAAAA 04 September 2010	IFV and ILV	\$14,880.00	\$1,488.00	\$0.00	\$13,392.00
CLM/2011/BBBBBB 22 February 2011	IFV and ILV	\$9,920.00	\$992.00	\$0.00	\$8,928.00

1. Total IFV and ILV land damage	\$ 24,800.00
2. Total visible land damage	\$ 0.00
3. Total land settlement amount across all claims	\$ 24,800.00
4. Total excess deducted from total land settlement amount*	\$ 2,480.00
5. Total prior payment(s) made** deducted from total land settlement amount	\$ 0.00
PAYMENT (outstanding net land settlement amount across all claims, incl. GST, if any)	\$ 22,320.00

*Each claim is subject to an excess which is deducted from your settlement amount. If the total amount of your land claim for a specific event is \$5,000 or less, EQC will deduct a minimum excess of \$500. If the claim is greater than \$5,000, EQC will deduct an excess of 10% up to a maximum of \$5,000 per claim. Even though you have one settlement payment you may have multiple excesses deducted. This is because EQC deducts an excess for each valid claim.

In situations where the minimum excess amount for a single land claim (\$500) is more than the land settlement amount for that claim, then the land settlement amount is deducted for that claim (not the \$500 excess).

**Prior land damage payments are net of excess on that payment.

Enclosed with this letter you will find a land settlement summary which includes a breakdown of the land settlement amount for your land claim. You will receive a land settlement summary for each event in which your property suffered land damage, as well as a summary for all events.

Payment by cheque

The payment cheque is **enclosed** with this letter.

Accepting your payment of your land settlement amount does not affect your current or any future EQC entitlement(s).

What to do with your payment

You may wish to use the settlement amount to mitigate the effects of any future flooding and/or liquefaction. But as your IFV and ILV land damage settlement amount are based on DOV, there is no requirement to do so. Your future EQC cover for the property will not be affected.

Supporting documentation for IFV and ILV land damage

Enclosed with this letter you can also find:

- **a report by EQC's valuers.** This document summarises the valuation assessment of your property. It sets out the total amount of DOV due to both IFV and ILV land damage.
- **Diminution of Value (DOV) due to both Increased Flooding Vulnerability (IFV) and Increased Liquefaction Vulnerability (ILV) land damage (where the house is still in place) fact sheet.** This document includes information on how EQC's valuers determine the DOV of a property caused by both IFV and ILV land damage.

Review of EQC's settlement decision

You can request a review of EQC's decision on the land settlement amount after the land settlement amount is paid.

Further information about the review process for EQC's settlement decision is included in the **enclosed** Diminution of Value due to both Increased Flooding Vulnerability and Increased Liquefaction Vulnerability land damage fact sheet. This fact sheet includes information about seeking a review where you think that your IFV and/or ILV land damage can and should be repaired.

Talk to EQC

Please contact us if:

- you want more details about your IFV and ILV land damage valuation assessment;
- you wish to discuss EQC's settlement decision for IFV and ILV land damage or any other land damage on your property; or
- you believe that there are any other outstanding aspects of the land damage on your property.

You can:

- call us on 0800 326 243 between the hours of 7am to 9pm Monday to Friday, and 8am to 6pm on Saturday;
- request a face-to-face appointment; or

- email us at info@eqc.govt.nz.

You can get more information about IFV and ILV land damage by visiting our website at www.eqc.govt.nz/IFVandILV.

More information about other types of land damage covered by EQC can be found on our website at www.eqc.govt.nz/land.

Support services outside EQC

You may wish to seek assistance from one of the support services outside EQC listed below:

- **The Residential Advisory Service (RAS)** provides free, impartial advice to residential property owners. Call RAS on (03) 379 7027 or 0800 777 299, or visit www.advisory.org.nz.
- **Earthquake Support Coordinators** provide information and practical help for those whose homes and lives have been directly affected by the Canterbury earthquakes. To request an Earthquake Support Coordinator, call 0800 777 846 between 9am and 11pm seven days a week. This service is free and confidential.
- **The Canterbury Support Line** is available if you need to talk to someone about anything other than the details of your earthquake claim(s). You can call 0800 777 846 between 9am and 11pm any day, for free and confidential information, support, counselling and connection to emergency services.

Yours sincerely



Trish Keith
General Manager, Customer and Claims