

2 June 2016

Claim No. CLM/2000/000000

Mr J Jones  
17 Sample Street  
Sampleville  
Christchurch 0000

Dear Mr Jones

**Property address: 17 Sample Street, Sampleville, Christchurch 0000**

## **Your land settlement**

### **Increased Liquefaction Vulnerability (ILV) land damage**

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

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

The settlement amount that EQC is paying for ILV land damage to your property is set out in detail in the payment table on the next page and in the **enclosed** land settlement summary. The amount payable represents what EQC's valuers have assessed to be the reduction in the property's market value as a result of the ILV damage. This reduction in value is also referred to as Diminution of Value (DOV).

We are 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 that policy, EQC will only settle ILV land damage on the basis of repair cost if it is satisfied:

- 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 of 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 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 on the basis of DOV rather than the repair cost.

However, if you wish to repair 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 ILV Policy, see the EQC website at [www.eqc.govt.nz/ILV](http://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/2000/000002	ILV	\$0.00	\$0.00	\$0.00	\$0.00
CLM/2000/000000	ILV	\$10,500.00	\$1,050.00	\$0.00	\$9,450.00
CLM/2000/000001	ILV	\$0.00	\$0.00	\$0.00	\$0.00

1. Total ILV land damage	\$ 10,500.00
2. Total visible land damage	\$ 0.00
3. Total land settlement amount across all claims	<b>\$ 10,500.00</b>
4. Total excess deducted from total land settlement amount*	\$ 1,050.00
5. Total prior payment(s) made** deducted from total land settlement amount	\$ 0.00
<b>PAYMENT (outstanding net land settlement amount across all claims, incl. GST, if any)</b>	<b>\$ 9,450.00</b>

\*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 paid to mortgagee**

Your cumulative cash payments (including your building and land settlements) have exceeded your mortgagee's threshold. This means the payment of your land settlement amount has been made to your mortgagee.

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 liquefaction. But as your ILV settlement amount is based on DOV, there is no requirement to do so. Your future EQC cover for the property will not be affected.

### **Supporting documentation for 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 amount of DOV due to the ILV land damage.
- **Diminution of Value due to Increased Liquefaction Vulnerability land damage fact sheet.** This document includes information on how EQC's valuers determine the DOV of a property caused by 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 Increased Liquefaction Vulnerability land damage fact sheet. This fact sheet includes information about seeking a review where you think that your ILV land damage can and should be repaired. It describes when and how EQC may change an ILV land settlement amount to be based on repair cost rather than DOV.

### **Talk to EQC**

Please contact us if:

- you want more details about your ILV land damage valuation assessment;
- you wish to discuss EQC's settlement decision for 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](mailto:info@eqc.govt.nz).

You can get more information about ILV land damage by visiting our website at [www.eqc.govt.nz/ILV](http://www.eqc.govt.nz/ILV). More information on other types of land damage covered by EQC can also be found on our website at [www.eqc.govt.nz/land](http://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](http://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,

A handwritten signature in blue ink that reads "P. J. Keith".

Trish Keith  
General Manager, Customer and Claims