

19 November 2016



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 the insured land on your property:

- Increased Flooding Vulnerability (IFV) land damage;
- 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 the insured land on 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 the insured land on 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 the insured land'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)

EQC's engineers Tonkin + Taylor have advised that any repair of the IFV land damage to your property would need to be carried out on your building footprint. 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 IFV and/or ILV Land Damage Consolidated Policy Statement. 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.

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 and/or ILV Land Damage Consolidated Policy Statement, see the EQC website at www.eqc.govt.nz/IFVandILV.

Basis of valuation assessments for your land damage

There are different approaches for DOV assessments which depend on whether or not the house on a property before the 2010-2011 earthquakes remains in place. The insured land on your property has been assessed for ILV and IFV land damage on the basis of our understanding that the house on your property has been or will be rebuilt. This means that we have worked on the basis that either:

- your insured land is currently a vacant site; or
- your house that was on the property before the 2010-2011 Canterbury earthquakes:
 - currently remains on the property but is intended to be rebuilt on the property;
 - is currently being rebuilt on the property; or
 - has already been rebuilt on the property.

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 the insured land on 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 the insured land on 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 (for where the house has been or will be rebuilt) fact sheet.** This document includes information on how EQC's valuers determine the DOV of the insured land on 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. EQC will carry out a review where you provide us with new information or a different interpretation regarding our decision. For example, this could be information about how your pre-earthquake house has not been rebuilt or you have no intention to rebuild it.

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 (where the house has been or will be rebuilt) 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