

09 February 2016



Claim No. CLM/2010/ABCDE

Jimmy Jones
17 Sample Street
Sampleville
Christchurch 8001

Dear Jimmy Jones

Damage location: 17 Sample Street, Sampleville, Christchurch 8001

Increased Liquefaction Vulnerability (ILV) land damage

The Earthquake Commission (EQC) has been assessing properties, including yours, for Increased Liquefaction Vulnerability (ILV) land damage as the direct result of the Canterbury earthquakes.

We can now confirm that **your property qualifies** for ILV land damage. You do not have to do anything as a result of receiving this letter.

This letter and the documents enclosed set out more information on EQC's ILV land damage qualification decision for your property. We will send information on your ILV land settlement (i.e. the amount of your payment and what it is based on), as soon as it is available. We currently expect that throughout 2016 we will be sending out settlement packs for ILV land damage and any other outstanding land damage.

How does a property qualify for ILV?

To be eligible for an ILV land settlement, a property must qualify under **both** the engineering and valuation assessments, as described below:

- **Engineering assessment:** A property qualifies under the engineering assessment where:
 1. the insured land has material vulnerability to liquefaction damage after the Canterbury earthquakes; and
 2. the vulnerability to liquefaction damage of the insured land in future earthquakes has materially increased as a result of ground surface subsidence of the land caused by the Canterbury earthquakes.

These two engineering criteria are assessed at up to 100 year levels of earthquake shaking.

- **Valuation assessment:** A property qualifies under the valuation assessment where the increase in liquefaction vulnerability has caused a reduction in the market value of the property (i.e. of the insured land and relevant associated residential buildings combined).

Your property was identified as meeting both the engineering criteria. Your property also qualified under the valuation assessment because the increase in liquefaction vulnerability reduced its market value.

Supporting documentation

Enclosed with this letter are two documents that provide more information about the assessments of your property and ILV in general:

- **a report by EQC's engineers, Tonkin + Taylor**, which outlines the engineering assessment process and results for your property. The report concluded that your property does meet the engineering criteria for ILV land damage; and
- **Increased Liquefaction Vulnerability (ILV) fact sheet – Qualifying for ILV land damage**. This provides more information on ILV and explains the assessments used to identify whether a property qualifies for ILV land damage.

Review of your ILV land damage qualification decision

If you wish, you can request a review of EQC's decision on whether your property qualifies for ILV land damage. EQC will carry out a review where you provide us with new information or a different interpretation regarding this decision. For example, EQC may carry out a review of the qualification decision where you provide new engineering information about the change in liquefaction vulnerability at the property after the earthquakes.

Further information about the review process for EQC's ILV decisions is included in the enclosed ILV fact sheet on page four under heading "You can have your ILV decision reviewed".

Your ILV land settlement

Settlement for ILV land damage will be made by cash payment.

When you receive your ILV land damage settlement pack, it will inform you of the amount of the cash payment and give you more detail on the way that EQC has assessed your loss as a result of ILV land damage.

When EQC settles ILV land damage, it assesses the customer's loss in one of two ways - either:

- the amount it would cost to repair the ILV land damage to the land under and around the edge of the house (the **repair cost**), together with the loss of market value (if any) of the rest of the insured land as a result of ILV. In other words, this settlement amount would be based on a combination of repair cost and Diminution of Value (**DOV**); or
- the loss of market value of the insured land (and the relevant associated residential buildings) as a result of the ILV land damage. This settlement amount would be based solely on DOV.

All settlement amounts are subject to the land cap set out in section 19 of the Earthquake Commission Act 1993. The EQC land cover cap is generally the value of the area of damaged land or the value of a parcel of land that is the minimum lot size under the relevant District Plan, whichever is the smaller.

Excesses on land claims

Each claim is subject to an excess, which will be 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 percent 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.

Talk to EQC

If you would like further details of your engineering assessment or wish to discuss the outcome of the ILV assessment of 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 meeting; or
- email us at info@eqc.govt.nz.

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

Support agencies outside EQC

You may wish to seek assistance from one of the support agencies 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 or visit www.familyservices.govt.nz. 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