

IMMEDIATE RELEASE: **Rebuild? Yeah Right....**

Residential property owners in Christchurch are becoming increasingly embittered and cynical regarding claims that the rebuild is ramping up, according to responses to the latest follow-up survey by volunteer consumer group InsuranceWatch.org.nz. And an analysis of rebuild figures from the various companies – such as are available – shows the pessimism to be justified.

“Back in May, IAG told their customers at our public meeting that they’d be hitting 85 rebuilds per month within six months. IAG’s November monthly tally showed just four rebuilds for the entire group – State, NZI, Lantern and the banks,” notes David Stringer of InsuranceWatch.

He holds some hope for improvement, having been told by IAG that, since the public release of those figures, the 2012 tally for completed rebuilds has risen from 49 to 102.

“People are moving through the process, but it has been very very slow so far. We look forward to monitoring whether this increased pace on the part of IAG continues into the new year. They’ve still got a way to go to hit that promised 85 rebuilds per month.”

InsuranceWatch estimates that fewer than 300 houses in total have been replaced in 2012, and also points out that the bulk of these have been the easy option of new houses on new sections. People looking to rebuild on their TC3-zoned land or in the hill areas are, in many cases, still waiting to start the lengthy process.

Insurers talk about “ramping up” their construction rates and being “on track”. Their clients talk about delays leading to despair and depression. Some mention worry about another “d” outcome – the death of elderly property owners exhausted by perceived dishonesty, dubious tactics and double-dealing on the part of both EQC and insurers. Some 80% of InsuranceWatch’s latest respondents have experienced delays of some sort. Many provided heart-wrenching descriptions of being refused information, feeling coerced into a forced choice, or falling into a no-man’s-land between EQC and their insurer. (See accompanying word cloud.)

The latest InsuranceWatch survey shows that 40% of its respondents plan to shift insurers as soon as they are able to. With the likes of IAG and Vero polling poorly across all aspects of customer service, this could well represent a major shift in the insurance market. Many frustrated customers are talking with friends and relatives across the country and encouraging them to shift away from the larger insurers.

Surprisingly, one of the smaller insurers, Lumley, looks to have matched pace with the big boys, completing 63 new houses this year, which represents around 15% of their total expected rebuilds completed already.

Southern Response, the AMI off-shoot, managed to build a total of 42 new homes as of November 2, representing 2% of their expected rebuild. With 32% of the Christchurch market, and only 4 rebuilds completed in November and another five expected in December, the company is going to need to up its rate significantly or have a large proportion of its clients bail out with a cash settlement if SR is to hit its mid-2016 target for full completion. Tower expects to have 18 rebuilds by Christmas, up from five at the beginning of July.

InsuranceWatch has not been able to source significant rebuild information for Vero or AA.

“It’s a shame that those companies have not prepared to be as forthcoming as Southern Response or IAG in publicly publishing regular monthly updates. We’re well aware of how people feel about the lack of progress with the residential rebuild, but it’s the figures that show us those feelings are based on fact. How far can you trust a company which won’t provide information on such a basic customer outcome?”

One InsuranceWatch statistician has made a close study of his home suburb of Mt Pleasant. He calculates that with a conservative estimate of 400 houses set for rebuild there, getting the place back to pre-quake housing levels is going to take a while. At 100 concurrent reconstructions, he estimates 2018 would be a realistic completion date. However, an InsuranceWatch project manager says that the area could probably support a construction rate of only 50 houses at any one time, because of geographical and transportation limitations.

Both express little confidence in the claims of insurers to be able to hit their targets, as they aren’t seeing compelling evidence that said targets are being met as yet.

