

# InsuranceWatch.org.nz

## Summary of Major Points of Interest from AA/SIS Meeting

August 8th 2012, Samoan Church Hall, Vili Place, Woolston

More than a dozen AA/SIS representatives from Christchurch and Auckland including Amelia MacAndrew (AA), Justine Burns (AA), Chris Pile (Mainzeal). David Stringer and Linda Rutland (InsuranceWatch.org.nz) facilitating the meeting.

### Advice

“Your first point of contact is your customer manager who can then contact the project manager and loss adjustor”.

Check with your customer manager for things such as:

- Confirmation of the timeframe
- Ensuring you are up to date with current stances
- Advice of any changes in circumstances
- If your policy covers temporary accommodation assistance
- Any change to your circumstances

If you do not have a designated customer manager, talk with an AA/SIS representative to have one assigned. Record their name and contact details, and keep in touch with them. Approximated a dozen people raised hands when David Stringer asked for those still without a customer manager.

### On-going Insurance issues:

If selling/buying, a transfer of policy may be possible for existing customers.

For sales, use the phrase “Deed of Assignment” when identifying what is possible with AA/SIS.

Neither AA nor SIS are offering policies for new insurance at this stage.

### Basic facts.

Liability/no of claims: 12000 claims; have closed half, mostly contents, \$73 million paid (including red zone). Mainzeal expect more than 2,000 rebuilds.

As of early August 2012

	Repair	Rebuild
Construction		3
Completed	251	2

The five rebuilds are in the Pegasus area and on TC1 and TC2 land.

Residential market share in Canterbury: NOT PROVIDED

Expected timeframe to completion: five years

### **Reinstatement Progress**

AA/SIS have four stages to every repair or rebuild: **verify** damage (survey), **pre-construction** (scope of works), then the **Construction** and **Close-out** stages. The purpose of verify, the first stage is to determine whether it is economic to repair then confirm (to you) if a repair or rebuild.

Aim is to have all surveys (verify stage) complete by September 2012.

50% of claims are at the pre-construction stage.

25% of claims have date for the end of pre-construction and start of construction. During question and answer session no person quoted a date before "late 2014" for their start of construction (repair or rebuild).

Remaining 25% claims to have a construction date in next 4-6 weeks (ie by mid September)

100 demolitions completed

Current goal is to have 30 rebuilds a month, and 35 repairs a month.

### **Areas of Focus**

- Cost and repair methodologies                      - EQC apportionment details
- Review land and retaining wall implications
- Prepare files for prioritisation and scheduling

Prioritisation is based on needs by : age, health, vulnerabilities, and minor damage

Aims for Green zone claims

- Sort repair methodologies    - Sort EQC Caps
- Sort land and retaining walls with EQC
- Undertake MWHM reinstatement, settlement process including cash settlements
- Engage with customer to ask what they need

### **How Mainzeal is handling the reinstatement**

After September 2010 AA formed a joint venture with Mainzeal who engaged builders, project managers and Quantity Surveyors to deal with claims. However, following the February earthquake claims increased from 200 to over 2000. The continued ground shaking has also caused complications along with Department of Building and Housing changes and the apportionment ruling made by the High Court.

Chris advised *“sadly, there will be a first, middle and last when it comes to repair and rebuilds”*

The order for repair and rebuild will be based on a risk perspective

- Distance from quake centres                      -land damage (more slower, less earlier)
- Infrastructure damage ( sewage, water, zone decisions)
- Red zone decisions (but not a focus)
- Will move in a north west to south east direction for reinstatement of homes.

Geonet data indicates the whole city is good to go. Currently planning to re-survey all properties to show the different data for multiple events. Cost estimating and reinstatement reports need to be done for the 4,000 overcap repairs and rebuilds that will form their programme.

Mainzeal are currently running to three schedules

- Rebuilds                      - Overcap repairs                      - Non EQC (footpaths, driveways)

### **Steps in the Reinstatement Process**

The Verify stage produces costing and estimating reports. Chris reminded people that a report on damage is NOT a Scope of Works. “don’t take too much notice of the dollar value on the report [ at this stage]”.

NB: a report on damage is NOT the same as a scope of works. A scope provides information via a Quantity Surveyor to determine whether a rebuild or repair is necessary, rather than providing information to a layperson. If there are concerns about inaccuracies or missing information, these should be raised with the customer manager.

Select the Builder, and Designer (can in some circumstances be a builder of your choice)

Undertake Geotech

Assign a Project Manager

Discuss Cash Settlement

Discuss temporary accommodation options

Agree a start date for construction.

Demolish property if need. Repair/Rebuild

Builder at this time has prime responsibility

All is overseen by Project Manager

Close-Out: check client is HAPPY, obtain Code of Compliance from Council, client moves home

---

The meeting was then handed over for Question that had been asked in advance.

**Questions** (in advance to AA/SIS)

- (1) Under cap - For those close to cap a building survey is triggered. This is normally \$75K and above. It is treated the same as a full assessment then reviewed with EQC. *Customers must review with Customer Manger if unsure.*
- (2) Average timeframe - There is no average timeframe from a detailed Scope of Works until the start of repair or rebuild. It is totally case specific.
- (3) Joint Review Process - *Had 90% complete before Feb event, re-did, and still getting referrals now. In the case of only one property has agreement not been reached. Completing 18 reviews a week (6 months to go) but hoping to ramp up. It was noted that AA/SIS has agreed to funding the Joint Review process (the only company to have signed up). Out of 800 joint reviews, achieved agreement with EQC on 400 reviews. There can be a joint review for each earthquake event .*
- (4) Cash Settlements - they hope to increase the rate of having this option before customers. *Reinstatement reports should be ready by the end of September and this will push along.*
- (5) Market Based Offers - Does this vary for TC3? Is rebuild elsewhere higher? *If a customer has been given this it is based on their policy. There is no blanket response. Driven by Customer Manager.*
- (6) Can you Cash Settle and keep salvage rights? - Justine Burns spoke to this. *Depends on policy and options taken (rebuild, settle and move on). Had 2-3 cases where offer has included payment for land/keep damaged home. Goal is finding the right option for each customer.*
- (7) What are the current Pre-Construction hurdles? - *Timeframe is under 4 years at the moment subject to the number of cash settlements and how other companies affect the market (e.g. how many builders are available)*
- (8) What happens if a customer dies before the claim is settled? - *the claim and process stays the same but the claim is now handled with the customers estate.*

Questions from floor (microphone)

- (9) What is the basis for review for age/health? - *75 years defines prioritisation for age, health concerns if younger. This is similar for all insurance companies.*
- (10) Two neighbours at different progress rates? - *Were unable to address this as too many variables. Other companies may have different priorities.*
- (11) Been offered a cash settlement but have not had a Scope of Works - *Should have both. Review urgently with Customer manager.*
- (12) TC3 Drilling - Pods 8/9 saw 400 bore holes. Data will come to Mainzeal for review. Another factor is EQC land damage (land is likely to be rated 1-9), global settlement, Lidar results and Variation 48 are all issues.

(13) Poor information from Customer Manager - Do not have documents. *Could be many issues including a need to review with EQC.*

(14) Wanted a cash settlement - Complemented Mainzeal on scope but had since found "sting in tail". AA will cancel insurance if go ahead with repair and was asked to sign a Statutory Declaration.

*Purpose of the declaration - relates to how intend to use the money. The full amount to go to rebuild/repair. Stated balance would be persons due to good management.*

*Cancellation of policy is because once settled Contract Works Insurance is needed. They do not offer it. Once the property is complete and complies with Building Codes they will re-insure (subject to underwriting guidelines)*

(15) TC3 that was not drilled/How can they make an offer without foundation costs? - *They insure house and EQC insure land. So it is therefore not factored in.*

(16) Embargo on 200m either side of river - could not answer this question as not AA/SIS.

(17) From your total claims and rates of progress I make a much longer time (7 years) for reinstatement. Is there something wrong with my maths? *No, but you don't have all the information.*

(18) Natural Spring under house. How does worsening issues such as this factor in for TC3? - *Scopes will be different but in the end this does not matter. Settlements are based on Insurance Scope not EQC one. Working to sort this with EQC.*

---