

Summary of Major Points of Interest from Lumley Meeting

Coastal Hills Cluster, 7pm, October 25, 2012, EFK Church, Vili Pl, Woolston, Chchc
Please note this is a condensed summary of the meeting. For related material and other resources, see the <http://InsuranceWatch.org.nz> website.

Representing Lumley:

Bill Riley, Head of Earthquake Response
Peter Jordan, General Manager Canterbury Response Unit (Christchurch based)
Bob Morris, Earthquake Customer Manager
Laurie Brady Earthquake Manager, Technical
Andrea Birtwhistle, Communications Manager
Team leader case managers, case managers, reps from Horncastle and Benchmark

Lumley Information: Website: <http://www.lumley.co.nz/home/ChristchurchEarthquake>

Of around 100 people at the meeting, approx 80% were on TC3, with only 3-4 apiece on hills, TC1/2, green and red zoned. It has been the only InsuranceWatch meeting where audience participants have actively thanked the company for their communication and progress.

Advice

Read your policy and schedule carefully

This is **always vital**. Seek independent assistance or legal advice if there are parts you don't understand. Discuss it with your case manager.

In general, Lumley policies are aimed at replacing what you had with "like for like". This may have an impact on your choices eg if you shift to an area which requires greater foundation work than your original house site, you are likely to have to pay the additional costs.

There will be exclusions in the policy – check these out carefully. eg asbestos removal and disposal is a specific exclusion; if you have this in your house, you will need to pay the additional costs over and above usual costs for removal and dumping.

Claims handler/case manager

Lumley expects everyone to have an identified case manager. If you do not, contact them immediately and let them know. (3 people at the meeting identified themselves as such.)

If you are a "vulnerable" (ie house uninhabitable, elderly, disabled, young children), tell your case manager.

Ask to see your scope of works.

If you want a cash settlement, discuss this with your case manager. [IW strongly recommends seeking legal advice/support.]

EQC Issues

If EQC has scoped your property as over \$83,000, let Lumley know. This is the threshold where the insurer can become involved, reassessments undertaken, and Lumley are keen to "jump on those claims to get them sorted quickly". EQC is not passing them through reliably. This is particularly important where TC3 land is involved, as that can have a significant effect on foundation costs/design.

NB Around 60% of disputed assessments requiring a joint review have been found to be over-cap; 482 claims have required joint review. These have tended to revolve around repair methodology rather than actual costs.

If apportionment is mentioned by EQC, let your Lumley case manager know. They have an apportionment team within EQC and have recently added further numbers to that to try to speed up the apportionment process.

Comments

Basic Numbers

11,000+ earthquake claims, 4,400+ settled (approx 40%); 1350 were paths, driveways etc.
Residential market share in Canterbury 10% approx

Rebuild Data

Total number:	470	
Scopes & Estimates	90%	est completed, provisional stage by end of November all customers will have a personal timetable/schedule and confirmation of work
Detailed Assessments	137	
Preconstruction	151	
Construction	36	
Rebuilds Completed	47	includes 30 land and house packages on new site 16 more expected by Christmas
Repairs Completed	23	
Cash settled	382	
RedZone	544	accepted

NB EQC still holds some claims which Lumley expects to be recognised as over-cap

Lumley is reassessing its timelines since restructuring to go in-house. Within a month it hopes to have reasonably good idea of its overall work plan and will communicate that.

Processes

General steps include:

Identification as over-cap and therefore pass from EQC to Lumley
Agreement sought on apportionment issues (did a single event do \$115K+ damage?)
EQC payout
Lumley scopes: zone issues, land damage
Identification as repair, rebuild or cash settlement

Repair Steps: 6-9 months

Assessment: minor
Identify any foundation issues
Check if geotech assessment necessary
Site visit
Engineers' reports

Rebuild Steps: from construction about 9 months to handover

Finalise EQC apportionment issues
Get sign-off from customer re scope: specifications "like-for-like"
Check if geotech necessary; inevitable for TC3 land
Get approval of final design, consent, engineers' reports
Construction

From detailed scope to construction starting takes about 18-20 weeks

Cash Settlement

Negotiate/agree on sum minus policy excess and EQC

Based on scope of works assessment

NB EQC payments are considered as contributions to repair/rebuild so are factored in. Case manager is key. There can be significant variation based on needs/circumstances – may be based on rebuild costs or repair (minus PMO deduction), could be used to secure funding for house purchase.

For **non-house repairs** (eg driveways, paths etc), Lumley has a dedicated team for these. Options are (1) cash settlement (based on contractors' rates; useful if you want to defer repairs or arrange joint responsibilities) and (2) Lumley's PMO to undertake repairs

Handling Foundation/Drilling Issues

If minor, and the building structurally sound, then it should go through the process without problems. If geotech is not required for consenting, then it may not be done.

If the rebuild/repair will require building consent from the council, geotech drilling may be required; Lumley will drill four holes/property generally at building corners; this may take a number of weeks to complete the process from booking the crew through to engineer assessment and signoff.

If in TC3 and take cash for rebuild, the foundation allowance would flow through to meet the new standards. If shifting to green zone, no additional foundation costs would be incurred so would not be paid out.

Assessments and Pricing

Lumley recently decided to pull its scoping work in-house. This has meant a hiatus while the process was restructured. It now has established teams of project managers, engineers, builders, QS and other experts, along with a set of building contractors and a beefed-up drilling programme and expects to be able to respond much more quickly. It is also now randomly sampling earlier scopes to check for consistency and accuracy.

Horncastle is the principle project manager and will undertake the rebuild scope and estimates; either Horncastle or Benchmark will use these in the rebuild. This is to ensure consistency of pricing and application of codes. The pricing is based on an assessment undertaken by a team (project manager, QS, engineer), comparisons with Council property information, establishment of documentary record (ie lots of on-site photographs), with a model based on real-world figures used by the industry.

Areas of Focus

The parent company of Lumley is WesFarmers Group (est. 1916 as West Australian Farmer Co-op). It now includes Lumley, K Mart and Bunnings divisions. The group has identified resolving this event as the main priority worldwide. It sees delays as having a negative impact for a listed company and they want to resolve this as quickly as possible.

Main priorities:

- providing certainty to all customers
- schedule and provisional scope by end of November
- selection of "low-hanging fruit": sites where building consents are not required or likely to be easy to get
- "vulnerables" as identified by case manager