



INSURANCE & FINANCIAL SERVICES
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Earthquakes: Information for businesses

If your business has been affected by the recent earthquakes, the IFSO Scheme recommends you consider the following steps:

1. **Safety is the priority.** Seek advice from an engineer on the structural integrity of your building, and get clearance before resuming business. Do what you can to make your business safe, and secure anything at risk of further damage.
2. **Contact your broker or insurer.** Read your insurance policies to see what cover you may have for any damage or loss, and ask your broker or insurer to clarify.
3. **Document the damage.** Before you throw anything away, take photos or videos, and make lists of the damaged items.
4. **Record any additional costs you incur.** Keep receipts, record separate costs for each activity, ask tradespeople to detail costs in their invoices.
5. **Talk to your accountant about how you can identify these items.** This includes, lost business, lost production, staff wages and any support you may be entitled to.

Common issues

- Usually your business premises must have suffered damage for your business interruption insurance to cover any losses.
- If you are unable to access your business assets due to building or road closures, your insurance may not cover you for loss of use due to lack of access.
- Your business may be eligible for separate financial assistance from the government. See [Work and Income financial support information](#) for more details.

See the following links:

Civil Defence [Earthquake support information](#)

Work & Income [Financial support information](#)

EQC [Farmer's fact sheet](#)



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Case Studies

The following examples are complaints to the IFSO Scheme about insurance claims for damage caused by the Canterbury earthquakes.

Case study – what the policy covers [122882]

Julie's* motel included 20 car parks which she leased out to employees of a nearby business. After the Canterbury earthquakes, Julie's motel and the nearby business were damaged, but the car parks were not damaged. The nearby business relocated and its employees no longer leased the car parks. While the damage to the motel was covered under the policy, the loss of income from the car parks was not covered.

Case study - insurance only pays if you suffer damage [123107]

Claire* had an on-line and retail clothing business. After the earthquakes, Claire had limited access to her retail store. While Claire's insurance policy had additional cover for prevention of access, this was limited to 10% of the sum insured under her policy.

The policy covered loss to "*Your Property*". Claire only rented the retail store and she did not insure it. While there was some damage to stock, the main reason Claire could not trade was that she and her customers could not access the building. Claire's insurer only had to pay out for the additional, but limited, prevention of access cover.

Case study – prevented from accessing items [121143]

Dan and Glenda's* apartment was red-stickered after the Canterbury earthquakes and they had no access to it. They wanted their insurer to replace all of the contents left in their apartment.

The IFSO Scheme found that Dan and Glenda only had a "*loss*" under the policy when all reasonable steps had been taken to recover the items. Recovery was still uncertain as it was not clear at the time whether Dan and Glenda would be able to access the apartment before it was demolished. A loss could not be established until it was clear that the contents could, or couldn't, be retrieved from the apartment.

* *Names have been changed for anonymity*