



INSURANCE & FINANCIAL SERVICES
OMBUDSMAN

Resolving problems with earthquake repairs

If you have a problem with the repairs to your house:

1. Check your policy and the build contract
2. Tell the builder and your insurer your concerns in writing (email is fine)
3. Get your own independent building advice about the problems and what needs to be done to fix them
4. Talk to the builder and your insurer about what can be done to resolve the issues.

The Building Code

Under the Building Act 2004, all building work to repair damage to your house needs to comply with the Building Code. However, that doesn't mean that your entire home has to be upgraded to comply with the Code. The rest of your house only needs to comply with the Building Code to the same extent as it did before the earthquake.

Key documents to check:

- **Insurance policy** – Your policy will determine the standard of repair your insurer is obliged to provide. It will include wording such as “as new”, “as when new”, “substantially the same as” or something similar.
- **Build contract** – Understand who the parties to the contract are, as this has an impact on who is responsible for fixing any faults. Ask your local Citizens Advice Bureau (CAB) or Community Law Centre for help.

If your insurer suggests a cash settlement for the remaining repairs:

- Get legal advice before signing any settlement documentation. When you sign the agreement, it will not be possible to get any more money for the repairs, because settlements are usually on a “full and final” settlement basis.



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What should you do if you can't resolve the issues?

- Keep your focus on the end result – the repair of your house
- Keep communicating and agree on timescales for updates, so you don't have to keep checking progress – sometimes it will slow things down
- If you want repairs carried out differently to what your insurer proposes (and is liable to provide) or additional work done, you will need to meet the extra cost
- If communication has broken down with the person handling your insurance claim, ask to escalate the claim to a team leader, or make a formal complaint to your insurer
- Contact the IFSO Scheme: **0800 888 202**

Should you use a claims advocate?

The IFSO Scheme is free for consumers and our process means you do not need a lawyer or advocate to make your complaint. If you are looking at using a claims advocate you should ask:

- How much will it cost?
- What will they do?
- What special experience would they bring to the claim?
- Do they take a percentage of what the insurer pays to finalise the claim?

Case Study—132024 (2016)

The earthquake damage to Kevin and Kath's* was repairable. They signed a building contract with the insurer and a building contractor, to repair the damage. After the repairs were completed, Kevin and Kath emailed the insurer a list of defects. Meetings were held, courses of action for the repair defects were agreed, and remedial work undertaken. But Kevin and Kath weren't happy with some of the remedial work.

The IFSO Scheme case manager discussed the position with Kevin, Kath and the insurer. Agreement was reached for an independent loss adjuster (at the insurer's cost) to inspect the repair defects, estimate the cost for remedying the damage caused (on the balance of probabilities) by earthquake and/or contractor negligence, and report on the cost of remediation. Kevin, Kath and the insurer agreed they would comply with the loss adjuster's estimate for the remedial work.

The loss adjuster completed the loss adjustment and provided an estimate of \$21,997.60 plus GST for the remediation of the repair defects. The insurer settled the claim and paid this amount.

** Names have been changed for anonymity*

The Insurance & Financial Services Ombudsman resolves complaints about insurance and financial services.
Our service is free and independent.

This information is based on our experience dealing with complaints about earthquake claims.
It aims to help consumers resolve issues quickly as possible with their insurer.

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