

## High Court Declaratory Judgment

The Earthquake Commission and the Insurance Council of New Zealand (supported by insurance companies including Vero) jointly applied to the Court for a decision on how EQC cover responds to homeowners who have made more than one claim for damage suffered in more than one earthquake where the combined damage exceeds \$100,000 (home) or \$20,000 (contents). Clarification was sought on this issue to ensure that the claims settlement process could proceed as smoothly and efficiently as possible.

The High Court decided that under the Earthquake Commission Act 1993 the EQC cover of up to \$100,000 for houses and \$20,000 for contents is continuing cover which is in force for each event of natural disaster damage and is not reduced by making a previous claim.

We are currently working through the effect of this decision on the claims resolution process. It should also be noted that the decision is still open to appeal, so we cannot have complete certainty on the implications for us until the appeal period has expired.

## Red Zone update

On 18 August the Government made its second announcement of properties to be reclassified as Red Zone, this time in the Waimakariri District. 940 properties were added to the Red Zone and are now eligible for the Government's purchase offer.

Vero has almost concluded its assessments in Kaiapoi and will be contacting customers there over coming weeks to provide further information and discuss next steps. As with our first set of Red Zone customers, we are aiming to get offer letters to these customers over the coming weeks - this is a complicated process and we want to ensure we take all the relevant information into account first.

Meanwhile, Christchurch Red Zone claims are progressing with lots of discussion with customers.

## Green Zone update

The Government also made an announcement this month regarding 9,700 properties in the Port Hills area being reclassified as Green Zone.

Land in the Green Zone has been assessed by the Government as being safe for repairing or rebuilding the houses on it. However, that does not mean that there aren't still risks and issues that may need to be resolved before the rebuild or repair can physically begin. As Earthquake Recovery Minister Gerry Brownlee acknowledged when making this announcement, in some cases further geotechnical information or land remediation may still be required, the Council's repairs of essential infrastructure may mean delays are probable, and in all cases the current seismic activity and new building standards must be taken into account.

We appreciate that many people are keen to have their homes fixed as quickly as possible to restore some normality in their lives. We understand the growing frustration at being unable to proceed as quickly as they'd like to and we're committed to doing everything we can to help our customers progress their claims as efficiently as possible.

However it is essential that we do this in a structured way that takes into account each customer's personal circumstances as well as all of the seismic and land risks associated with each claim. This way we can ensure that the rebuilding process is conducted to the proper standards and we can hopefully avoid subjecting customers to the stress of multiple rebuilds and extra costs because we started too soon.

We will continue to provide you with further updates as more information becomes available and key decisions are made.

Ends.