

A landslide affecting both house and land on a small residential section

This example explains how natural hazards insurance cover (NHCover) works for a home and its surrounding land after a landslide. The settlement pays for all the damage to the house. Even though all the land damage is covered by natural hazards insurance, the settlement is only a contribution to the expensive job of stabilising a bank and repairing the land damage.

Sarah lives in a standalone house on a small residential section in Dunedin. Her home sits at the bottom of a sloping bank. The bank isn't steep, so she wasn't worried about the possibility of landslides when she bought the house.

However, after a period of heavy rain, part of the bank failed. Soil, rock and vegetation slid down the slope and struck the rear of Sarah's house. The slip also damaged the patio and garden immediately behind the house, leaving the bank unstable and making Sarah concerned about future slips.

The landslide caused visible damage to the back wall of the house and affected drainage around the foundations. While the house remained safe to live in, repairs were needed. The land behind the house also required stabilisation to reduce the risk of further movement.

Making a claim

Sarah contacted her private insurer soon after the landslide. She knew that damage to the house would be covered under her home insurance, but she was less certain about how land damage worked and if she had any cover.

Her insurer explained that the claim would include two parts: a building claim for damage to the house and a land claim, both assessed under the Natural Hazards Insurance Act.

Assessing the damage

An assessor visited the property to inspect the damage to the house and the affected land. The assessor confirmed that the damaged land was within 8 metres of the house, which meant it was covered by natural hazards insurance. However, her claim manager told Sarah that the most she could be paid was the cost of the insured damaged land, which would be unlikely to cover the full cost of repairing and stabilising the bank.

Because the damage was close to the house and there was a possible risk of further land movement, the assessor engaged a geotechnical engineer to investigate and provide a concept for repairs. The geotechnical advice made it clear that properly stabilising the slope would be complex and expensive. The assessor later calculated that the repair cost would be about eight times the market value of the affected land.

Settling the claim

Sarah received two claim outcomes, which confirmed the settlements she would be paid. The payment for the building claim covered the full cost to repair her house. She was relieved that the damage to her home could be repaired properly, without needing to contribute financially herself.

The settlement for the land damage was smaller. It reflected the market value of the damaged land rather than the cost of the engineering work needed to fully stabilise the bank. Sarah decided to use the land settlement as a contribution towards important stabilisation work and began planning how to fund the remaining cost herself.

"I'm really grateful the house repairs are covered. But it's hard knowing the land behind the house still needs major work, and the payment only covers a small part of that. It's been a learning curve. I know now how important it is not to make assumptions about natural hazard risk when buying a house and to understand what's covered by insurance – and what isn't – before something happens."

For more information

Visit: www.naturalhazards.govt.nz

Call: 0800 DAMAGE (0800 326 243)

If English is not your first language you can ask for an interpreter, at no cost to you.

This document provides a general summary of the insurance we provide under the Natural Hazards Insurance Act 2023, and the Earthquake Commission Act 1993. The relevant Act will always prevail over the content of this flyer.