

A partial settlement after a landslide on a large rural property

This example shows how natural hazards insurance cover (NHCover) applies to land. Most of a large rural property isn't covered after a landslide and the homeowner gets a much smaller settlement amount than he was expecting. The settlement includes a payment for likely future damage.

Mark owns a large rural lifestyle property in Hawke's Bay, with grazing land, mature trees and multiple paddocks surrounding his home.

After several days of heavy rain, a section of hillside on the property below Mark's house gave way. Soil, rock and vegetation slipped downhill, damaging a wide area of grazing land and blocking an access track used for moving stock and farm vehicles.

Most of the landslide occurred well away from his house and farm buildings. However, a small portion of the slip came close to Mark's house. None of the buildings were damaged, but the land close to the house was destabilised, and the slip made part of the property unsafe and difficult to use.

Making a claim

Mark went online to his private insurers' website to make a claim for the damage. This was his first natural hazards claim, and he assumed that all his land damage would be covered.

His claim manager explained that the claim would be assessed under NHCover, the government's natural hazards insurance scheme, as landslide damage to land is covered only under the Natural Hazards Insurance Act and not private insurance.

However, the claim manager said, the most he could be paid would be value of his insured damaged land, even if the estimated repair cost was higher, as that was the limit in the Act. The claim manager also explained that only damaged land within 8 metres of Mark's house was insured.

Assessing the damage

An assessor visited the property to inspect the slip and measure how much of the damaged land fell within 8 metres of Mark's insured buildings. Mark was glad the assessor reminded him about this limit as he'd forgotten it. There was a lot of information to take in at the start of the claim when he was stressed and worried about his property.

A geotechnical engineer later visited the property to assess the nature of the land movement and future risk. Part of the settlement was also for what's called imminent damage, because the geotechnical engineer determined it more likely than not that some additional land would slip in the next 12 months. This meant Mark's NHCover entitlement for that possibility was included in his settlement, minimising the need for a future claim and allowing him to factor that into his next steps.

Settling the claim

The assessment confirmed that only a small portion of the damaged land was within the 8-metre zone around the house. The majority of the landslide occurred outside the area covered by natural hazards insurance for land.

Mark received a cash settlement based on the market value of the area of damaged land within 8 metres of the house. The payment was a contribution only and was a lot less than the full cost of repairing and stabilising the entire slip.

Mark was disappointed with the size of the payout, as the wider landslide would be expensive to fix. However, once the claim manager explained how the settlement was reached, he understood that the outcome reflected the limits set by the Natural Hazards Insurance Act.

He decided to use the payment to help fund initial stabilisation work near the house and is saving up to make more repairs himself.

"It's frustrating when most of the damage isn't covered. But once I understood how the rules work, I could see why that was the outcome. Land cover is only for the land under and immediately around the house and the access to it, but nothing else. The payment helped, even though it was only part of the picture. I wish I'd understood the limits before this happened."

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.