

Cyclone damage to a long driveway with limited land cover

This example shows how natural hazards insurance cover (NHCover) works for a large property with a long, winding driveway. It provides a settlement for only part of the damage caused to the driveway and the surrounding land, so the homeowners need to make up the shortfall themselves.

Emma and her partner live in a rural home near Whangārei accessed by a driveway that winds up a hill from the road to their house. The driveway is around 130 metres long and is the only way in and out of the property.

During a severe cyclone, intense rainfall scoured parts of the driveway and the land around it. Sections of the land beneath the driveway were eroded, leaving ruts and washouts that made it difficult and, in places, unsafe to use.

The cyclone also damaged the asphalt surface on the driveway and undermined a small retaining wall running alongside part of it. Emma was concerned about ongoing access to their home and the risk of further damage if repairs were delayed.

Making a claim

Emma contacted their private insurer to report the damage. Her claim manager explained that the claim would be assessed under their natural hazards insurance cover for land.

While the driveway runs for 130 metres, only the land beneath the first 60 metres – measured in a straight line from the house – was within the area covered by natural hazards land insurance. The remaining length of the driveway and any other land beyond 8 metres from the house was outside the area covered.

The claim manager also explained that the most Emma and her partner could be paid is the value of the insured damaged land, even if the repairs cost more.

He added that the driveway surfacing, which was asphalt, was not covered under natural hazards insurance but was included in their private insurance policy.

He then explained that an assessor would need to look at the retaining wall next to the driveway and the other damaged land to determine whether it would be covered or not.

Emma was surprised by what she was told as she and her partner had assumed that the full length of the driveway would be covered, as it was essential for access to their home. They weren't sure whether the retaining wall would be covered and hadn't thought about the driveway surfacing or the rest of the land on their large property.

Emma found it difficult to understand why parts of the driveway and land were treated differently, but the assessor explained how land cover focuses on the land under and surrounding the house and immediate access to it and so is limited by distance under the Natural Hazards Insurance Act.

Assessing the damage

An assessor visited the property to inspect the damage and measure how much of the affected driveway and damaged land fell within the area covered by natural hazards insurance.

The assessment confirmed that land damage to the first 60 metres of the driveway was covered.

However, damage to the remaining 70 metres of driveway fell outside the covered area and was not insured. The small retaining wall and other damaged land were also excluded from cover as they were too far from the house.

Settling the claim

Emma and her partner received a cash settlement that covered repairs to the land beneath the first 60 metres of the driveway. The payment was a contribution only and did not include the cost of reinstating the asphalt surface, but that was covered by their private insurance.

She was disappointed that more than half of the driveway and damage to other parts of the land was not covered, particularly given how critical the driveway is for accessing their home. Emma and her partner decided to fund the shortfall themselves to repair the driveway and retaining wall to ensure safe access to the property. They're still considering what to do about the damage to other parts of their land.

"It's frustrating because the driveway is essential. I understand understand now how the insurance works and why only part of our drive and land is covered, but it leaves a big gap between what needs fixing and what our insurance can help with. That's something we'll take into consideration in the future in our financial planning, in case something like this happens again."

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.