

Flood damage to a shared driveway owned by multiple households

The example explains how natural hazards insurance cover (NHCover) works for damage to a shared driveway with three homeowners. They receive an equal settlement to get immediate repairs done to make sure they can all access their homes. Their driveway surface is covered by their private insurance, but the excess is greater than the cost of resurfacing.

Liam lives in one of three neighbouring houses in Westport that share a single driveway. The driveway is 46 metres long and is jointly owned by all three property owners, providing the only vehicle access to their homes.

During a major flood, fast-moving surface water flowed down the driveway, scouring the ground beneath it and washing out sections of the surface. The damage made the driveway difficult to use and raised concerns about safe access for residents and emergency vehicles.

Making a claim

The three owners each contacted their private insurers to report the damage. They were advised that damage to the shared driveway would be assessed under natural hazards land cover provided by the Natural Hazards Commission Toka Tū Ake.

Liam's claim manager explained that even though there were three homeowners and three claims, only one assessment would be done for the damage. Liam's insurer said they would handle the assessment for the shared driveway, and it would cover the land beneath the driveway but not the asphalt surface, which isn't covered under the Natural Hazards Insurance Act.

However, the claim manager confirmed Liam had cover for the surface under his private insurance and said the other homeowners may have cover too, so they should check their policies.

Assessing the damage

An assessor visited the site to inspect the damage and confirm the shared ownership of the driveway. The assessment confirmed that the driveway was less than 60 metres long and within the covered distance from all the houses, so the land beneath it was covered by natural hazards insurance for land. All the homeowners had cover for the driveway surface in their home insurance policies, but their excess was more than the quote for resurfacing.

The assessor prepared a scope of works to repair the land damage to the accessway. He also told Liam that a cash settlement would be made based on the lesser of the cost to repair the driveway and value of the insured damaged land under the Act. Liam discussed what that might mean with his neighbours and how they'd make up the shortfall if the payout wasn't enough to repair the driveway.

Settling the claim

A cash settlement was approved to cover the cost of repairing the land beneath the shared driveway with gravel. Because ownership of the driveway is shared, each household received a settlement for one-third of the total repair cost.

Liam and his neighbours were satisfied with the outcome. The settlement allowed them to organise repairs quickly and restore safe access to their homes. They made plans to save up some money and each chip in for a new asphalt surface to be put on later in the year.

"It made sense that the payment was split evenly. We all rely on the driveway, and it worked well having one assessment and a clear outcome for everyone. We didn't expect the driveway surface not to be paid for by our insurance because of the excess, but we can at least get safely in and out until we agree we can all afford to get a new top put on."

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.