

Flood damage to both house and land on a small residential section

This example shows how natural hazards insurance cover (NHCover) applies to silt and debris damage after a flood affects a house and garden on a small residential section. The cost to repair the insured damaged land is lower than the value of that land, so the homeowner receives the full cost to repair the land. One small section of land isn't covered as it is too far from the house. Her house clean-up is covered by her private insurer.

Aroha lives in a standalone house on a small residential section by a river in a village near the Coromandel Peninsula town of Thames. The garden and outdoor areas are close to the house, with most of the land within a few metres of her house.

During a severe flood, water overflowed the nearby river and flowed through the property. Floodwater entered the house and flowed through the garden and across the driveway.

Once the water receded, the house required a full clean-up, and the garden and most of her drive were left covered in ankle-deep silt and debris.

The silt build-up made the outdoor area and drive unusable and needed to be removed before the garden and vehicle access to Aroha's house could be restored.

Making a claim

Aroha called her private insurer to report the flood damage. She was told the claim would be split into two parts: a building claim for damage to the house, and a separate claim for land damage. Her insurer explained that while her private home insurance would cover the clean-up and repairs to the house, removal of silt from the garden, other outdoor areas and drive would be assessed separately under the government's natural hazards insurance scheme.

The claim manager explained to Aroha that under the Natural Hazards Insurance Act, not all residential land is covered by natural hazards insurance cover and the damage would need to be assessed to check whether it was insured. The claim manager also explained that land cover is limited and the most she could be paid is the value of the insured damaged land, even if the repairs cost more.

Aroha was also told by the claim manager that if she decided to remove any of the silt herself, she couldn't be reimbursed for the time she spent doing that work. Aroha decided to remove the silt from the driveway herself anyway, as she need to be able to get her car out to go to work.

Assessing the damage

An assessor visited the property to inspect both the house and the land. The assessment confirmed the damage to Aroha's house and that most of the silt had accumulated on land within 8 metres of the house, which meant it was covered by natural hazards insurance. However, there was a small area of land with silt and other debris that was further than 8 metres from the house that wasn't covered by her natural hazards insurance.

A scope of works was prepared for removing the silt from the house and garden and disposing of it safely. The cost reflected the removal of the silt so the insured damaged land could be returned to its previous condition.

Settling the claim

Aroha received two settlements. Her private insurer covered the clean-up of the house, including removing flood-damaged furniture and possessions and cleaning the affected rooms.

She also received a settlement under natural hazards land cover that paid the full cost of removing the silt from the garden, except for the small uninsured area, as the repair cost was less than the value of her insured damaged land. This meant the land close to the house could be completely cleaned up and her garden restored.

Aroha didn't mind that she wasn't reimbursed for clearing the driveway herself as it was her decision to do that before the assessor came. She was happy with the outcome and felt the process worked well.

"It was a stressful experience, but the way the claims were handled made a big difference. The house clean-up was covered, and having all the silt removed outside meant I could use the garden again and replant my veges. I was surprised at how quickly I got a settlement for the land part of the insurance claim."

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.