

Landslide damage on a cross-lease property

This example shows how natural hazards insurance (NHCover) applies to a cross-lease property with two houses on it after a landslide. Two claims, one a building claim and the other a land claim, are managed by one insurer. The payout for the building claim covers the full cost of repairing the damage and the land claim is a contribution towards the cost of repairs to the bank where the landslide happened.

Lara lives in a semi-detached house with a small garden in Wellington. The house is on a cross-lease, which means she and her neighbours jointly own the whole plot of land around both houses.

Directly behind the houses is a steep bank. At the top is another property with a fenced garden. Heavy rain caused a landslide that brought down some of the garden above, along with part of the fence and soil, rock and plants from the bank. The debris slid under Lara's neighbours' deck and hit the side of her garage that's under their house.

Luckily, the slip didn't damage either of the houses, but the neighbours' deck was damaged and the path they all used to get to the front of the houses was destroyed.

Lara was worried about her garage wall with the weight of the debris that was piled against it and she soon noticed water was leaking into her garage.

Making the claim

Lara took photos of the slip and lodged a claim through her insurer's website. She got a phone call from a claim manager who explained that an assessor would come round to look at the damage. They attached a factsheet explaining natural hazards insurance and that any land damage had to be within 8 metres of the house to be covered.

The claim manager also asked for her neighbours' insurer and claim number if she knew it, so the insurers could coordinate the two claims behind the scenes.

Assessing the damage

The assessor explained Lara's claim involved two different parts of natural hazards insurance cover: land damage and building damage. Because the property was a cross-lease, the insurers agreed that one insurer would coordinate a single assessment to save time and ensure Lara and her neighbours didn't have to manage separate processes. The damaged land was mostly on the neighbours' share of the cross-lease, so the neighbours' claim would focus on the insured residential land damaged by the landslide, including whether the damaged land was within 8 metres of the houses.

Lara's claim would focus on the effect of the landslide on her garage and services. The assessor explained that if the slip damaged a drain or pipe serving Lara's home, that claim would be assessed as building-related damage under natural hazards cover, rather than as a land claim. This helped Lara understand why her neighbours' claim and her own claim were being assessed differently, even though both came from the same landslide.

The assessor confirmed the land damage was all within 8 metres of the houses and arranged for a geotechnical engineer to visit to help assess the land damage and provide a concept for remediating it.

Settling the claim

Lara's plumber used a camera to identify that the leak was coming from the greywater drainage for her kitchen sink and laundry. She also said to get any repairs done as soon as possible because there could be health and safety risks from the leak.

Lara sent a quote with a video from the drain inspection to her insurer showing the damage caused by the landslide. At the same time, Lara's neighbours were getting reports from the assessor and geotechnical engineer and a scope of works for basic repairs to the land damage.

Lara's insurer said they'd accepted her claim and she soon got her drain repaired. The neighbours' insurers let them know that under the Natural Hazards Insurance Act, the most they could be paid is the value of the insured damaged land, even if the repairs cost more.

The neighbours received the largest share of the land claim payout as a contribution towards repairing the damage, which was mostly on their side of the property, and Lara got a small payment too. However, the estimated full repair cost was a lot more as it's a steep section and tricky to access.

"I'm relieved both my neighbours and I managed to get a settlement and my drain was fixed quickly. But it'll cost a lot more than we received to repair the bank properly and make sure we don't have another landslide, so we're considering our options."

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.

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