EARTHQUAKE COMMISSION
Kōmihana Rūwhenua

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Briefing to the Public Inquiry into the Earthquake Commission

Title	Customers' Experience of the Earthquake Commission's Claims Management Processes
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Contents

Figures

Customers' Experience of the Earthquake Commission's Claims Management Processes

Purpose

1 This briefing provides information about customers' experience of the Earthquake Commission's (EQC) claims management processes, from lodging a claim to settlement.

2 The briefing covers:

- a claims management processes prior to the Canterbury earthquakes;
- b claims management processes following the Canterbury earthquakes, including:
  - i influences on the customer experience, which meant that some customers with similar claims had quite different experiences;
  - ii how EQC's business processes evolved over time;
- c claim processes following other events, and how these reflected lessons learned from the Canterbury earthquake sequence;
- d visualising the customer experience through business process maps; and
- e continuous improvement to improve EQC customers' experience.

Executive Summary

3 In the past nine years, customers' experience of EQC's claims management processes following the Canterbury earthquakes and other natural disaster events has been highly variable. Customers in Canterbury often had very different interactions with EQC, even when their claims appeared to be of a similar nature to other customers.

4 Prior to the Canterbury earthquake sequence, the majority of New Zealanders would have had limited interaction with EQC unless they had previously lodged a claim. The Canterbury earthquake sequence changed the amount of direct contact that customers had with EQC. This in turn increased general public knowledge and awareness of EQC as New Zealanders heard of the experiences of Cantabrians through friends, relatives, mainstream news and social media.

5 A range of factors influenced customers' experiences of EQC's claims management process. EQC responded to the unique characteristics of the Canterbury earthquake sequence by changing its business processes for managing customer claims. The number of claims (more than three times the number of exposures envisaged in previous 'worst case scenario' planning) meant that a case management approach was not feasible due to scale. Instead, EQC sought to improve efficiency through creating specialist teams, so that contents, land, and residential building claims were all dealt with separately. This meant that customers did not have one point of contact, and dealt with many different individuals at EQC.

6 Other influences on the customer experience included the apportionment process and whether the customer had a residential land damage claim. The multiple events in the Canterbury earthquake sequence meant that EQC needed to seek a declaratory judgment to confirm the correct interpretation of the Earthquake Commission Act 1993, and then develop a way to apportion damage to different events. This resulted in significant delays for customers. Due to the complexity of new forms of non-visible land damage (Increased Flooding Vulnerability and Increased Liquefaction Vulnerability) observed in Canterbury, it took until 2015 and 2016 (respectively) for EQC to begin to settle these claims. If customers had land damage that had an impact on foundation repair, this could mean that their home repairs may be delayed until after the settlement of the land claim.

7 Throughout the response and recovery from the Canterbury earthquake sequence, there were a range of other natural disaster events across New Zealand (such as the 2013 Seddon earthquakes and 2016 Kaikōura earthquake). EQC adapted and evolved its business processes after these events, using lessons learned from the ongoing Canterbury claims management process. This, and the difference in the nature and extent of damage, meant that customers with claims from these other events experienced different business processes from Canterbury customers, even though their claims were being processed at the same time.

8 In 2018, EQC adopted a case management approach for remaining Canterbury claims, bringing it in line with the business processes it was already using for claims from other events. EQC has also made a broader organisational shift to a Customer Centred Operating Model, which is intended to reinforce a culture that puts customers first – including moving decision making power closer to customers and making it easier for customers to do business with EQC.

Claims processes prior to Canterbury earthquakes

9 Prior to the Canterbury earthquake sequence, EQC regularly responded to a number of minor to moderate sized events. The business processes that EQC used were based on a standard model that was tailored to respond to the unique characteristics of each event (such as geographical location, population impact, severity of impact, emergency repairs, etc). Before the Canterbury earthquakes, EQC had outsourced (both nationally and internationally) stages of the claim process. Other times it completely managed or processed claims in-house.

10 The continuum of claims management approaches included:

a *case management*: a case manager is responsible for a customer's claim, deals with all elements of the customer's claim, and is the primary point of contact for the customer;

b *specialisation*: specialist teams deal with different elements of the customer's claim (for example, a contents team, a residential land team), and the customer is handed from team to team as different elements of their claim are processed; and

c *a combined approach*: a case manager is responsible for a customer's claim and is the primary point of contact for the customer, and the case manager engages internally with specialist teams who process different elements of the claim.

11 EQC's response to the magnitude 6.8 earthquake that struck Gisborne on 20 December 2007 provides a good example of the typical claims processes that EQC followed before the Canterbury earthquakes. After the 2007 Gisborne earthquake:

a customers lodged claims by phone through New Zealand-based call centres;

b customers' claims were managed by Gallagher Bassett Services (a Brisbane-based company contracted by EQC to undertake claims administration and management services) – each claim was allocated a claim manager;

c customers received a site visit from an EQC-contracted loss adjustor, who undertook an assessment of damage (if needed, customers might receive another site visit from an engineer or an estimator for further assessment of damage and cost estimation);

d if they wished, customers could visit the field office set up in Gisborne by EQC. Loss adjustors and estimators contracted by EQC were based in the field office;

e customers received a cash settlement for damage, along with a settlement report and a customer satisfaction survey.

12 **Appendices 1** and **2** (Horizon 1 – 2007 Gisborne event) provide more detail on the EQC business processes following the 2007 Gisborne earthquake (see also paragraphs 70-71 below).

2009 review of Catastrophe Response Programme

13 EQC's Catastrophe Response Programme set out the arrangements to manage the scale-up of the organisation in response to a catastrophe – any event expected to generate more than 30,000 claims.[1] These arrangements included agreements with external providers (such as Gallagher Bassett Services and loss adjustors) which would be activated in the event of a catastrophe, to provide quick access to resources for claims administration and assessment of damage.[2] The Catastrophe Response Programme envisaged a scaling up exercise of normal office routines to manage a large number of claims. It did not envisage the introduction of new systems and processes when a major event occurred.

14 In 2009, EQC commissioned an independent review of its Catastrophe Response Programme. The review panel recommended that EQC make the following changes to the Catastrophe Response Programme to improve customer outcomes and experience:[3]

a establish reasonable timescales for claims processing and setting these expectations through the EQC's Statement of Intent;

b undertake work to understand how timing expectations could be met by changing EQC's procedures for processing claims;

c improve the efficiency and effectiveness of claims handling and processing between EQC and private sector insurers;

d consider sharing resources with private sector insurers;

e consider amending the Earthquake Commission Act 1993 to include more flexible timeframes;

f avoid duplication of effort in processing and claims approval;

g source and engage additional key personnel to assist EQC in response to an event; and

h review arrangements for public communication support to ensure the programme would provide the depth and breadth of skills and capacity needed.

15 The EQC Board agreed with these recommendations. Many of the response initiatives were underway in September 2010, but had not been fully implemented.

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[1] See Briefing to the Public Inquiry into the Earthquake Commission, *Catastrophe Response Programme 2009/10* (13 March 2019).

[2] See Briefing to the Public Inquiry into the Earthquake Commission, *Catastrophe Response Programme 2009/10* (13 March 2019).

[3] See *Review of New Zealand Earthquake Commission's Catastrophe Response Operational Capability* (May 2009) (report #1 in Appendix 1, Briefing to the Public Inquiry, *External Reviews of the Earthquake Commission since 2010*, dated 4 March 2019)

The Canterbury earthquake sequence

16 EQC's previous experience, and therefore planning, was centred on there being one major event and a series of smaller aftershocks. EQC had no first-hand experience, nor had it observed from other international experiences, an earthquake sequence that included a series of major events in short succession.

17 Three features of the Canterbury earthquake sequence were unexpected:

a the severity and extent of damage to land, buildings and infrastructure;

b the number of claims generated; and

c the fact that there were a series of multiple major events in quick succession over a 16 month period.

18 The 2009 review of EQC's Catastrophe Response Programme had assessed preparations against a worst case scenario of over 80,000 claims and anticipated a maximum loss scenario of 150,000 claims.[4] Each of the earthquakes in September 2010 and February 2011 separately generated more claims than the estimated maximum loss scenario of 150,000 claims.

19 In 2010 and 2011, there were 14 events classified as damage-causing for claims purposes. In total, the Canterbury earthquake sequence resulted in 460,000 claims – over three times the estimated maximum loss scenario of 150,000 claims. Each of these claims can be made up of sub-claims (called exposures) for damage to residential buildings, contents, and land. In total, the Canterbury earthquake sequence resulted in approximately 757,000 exposures (made up of approximately 416,500 residential building exposures, 186,500 contents exposures and 154,000 land exposures).

Influences on customer experiences of Canterbury claims management processes

20 Canterbury customers' experiences of EQC's claims management processes, from lodgement to settlement, has been highly variable and changeable. Customers often had very different interactions with EQC, even when their claims appeared to be of a similar nature to other customers.

[4] See Initial Briefing for the Purposes of the Inquiry, *History of the Earthquake Commission* (26 October 2018), page 17.

21 The following factors influenced the experience of customers following the Canterbury earthquakes:

a EQC did not know who its customers were until customers made a claim;

b the number and complexity of claims and exposures, and the changes to EQC's business processes to attempt to improve efficiency;

c the need to apportion damage to different damage-causing events;

d whether their residential building claim was over or under the EQC statutory cap (generally $100,000 plus GST);

e whether their home was repaired through the Canterbury Home Repair Programme;

f the nature and extent of residential land damage; and

g whether the customers were identified as 'vulnerable' by EQC.

Customers not known until after a claim is made

22 EQC does not know who its customers are until after an event occurs. Under the Earthquake Commission Act 1993, people automatically have EQC insurance cover if they have a current private insurance policy for their home and/or contents that includes fire insurance.[5] There is no requirement for private insurers to advise EQC when it enters into a contract with a customer.

23 When EQC received a claim after the Canterbury earthquakes, it had to contact the private insurer to verify that the customer had a current policy. EQC had to complete the insurance verification process each time a new claim for another event was lodged by the customer. Generally, this process would not have been directly visible to customers, as this involved interaction between EQC and the private insurer.

24 It was EQC's preference to complete the insurance verification as the first step before proceeding further with the customer's claim. However, the time consuming nature of the task and the sheer volume of claims meant in Canterbury it often contributed towards delay in the progression of the customer's claim with EQC.

25 In or around 2012, EQC identified that insurance verification was the biggest constraint to claim settlement. As a result, EQC established a dedicated work programme and team to expedite the insurance verification process in an effort to clear the backlog.

[5] Section 18 of the Earthquake Commission Act 1993.

Nature and extent of damage, EQC attempts to improve efficiency

CLAIMS MANAGEMENT PROCESSES

26 EQC responded to the unique characteristics of the Canterbury earthquake sequence by changing its business processes for managing customer claims. The nature and extent of the damage caused by the earthquakes resulted in an unprecedented number of claims (approximately 460,000) and exposures (approximately 757,000), each of which had unique characteristics. EQC identified in September 2010 that the volume of claims arising from the event meant that it would not have been feasible to use a case management approach (see paragraph 10 above).[6]

27 Instead, EQC sought to improve efficiency through specialisation, and created new business processing teams for contents, dwelling and land claims. The effect of this was that customers did not have one point of contact for their claims when they contacted EQC, and business processes became much more complex.

28 For example, between 4 September 2010 and 22 February 2011, a Fast Track team was established to manage dwelling and contents claims valued under $10,000. The team was staffed by over-the-phone claims estimators, and claims were cash settled. Over 20,000 customers had their claims from the 4 September 2010 earthquake settled over the phone by the Fast Track Team. The team was disestablished on 22 February 2011 because it was determined to no longer be suitable following the event.[7]

29 In early 2012, the General Manager, Customer Services undertook a customer experience mapping exercise, by identifying all the different points of contact that customers would have had with EQC staff as their claims were being processed. This exercise revealed the significant complexity of the business processes, and how many different people in EQC each customer would have been in contact with. After that, the General Manager, Customer Services sought to streamline processes as much as possible. In early 2012, EQC informed Gallagher Bassett Services (a third party provide that had been undertaking claims processing on behalf of EQC since September 2010) that it would be bringing all claims processing in house.

[6] In 2018, EQC introduced case management for all Canterbury claims. Currently, EQC has a staffing ratio of one case manager to 50 claims. Based on this ratio, EQC would have needed approximately 9,000 case managers to manage the 460,000 Canterbury earthquake sequence claims, although this assumes that the majority of claims would have been complex. By way of contrast, EQC claims processing staff numbers peaked at approximately 700 staff in 2014.
[7] Earthquake Commission, *Interim Operational Report, 1st Edition as at 30 June 2011*, pages 31-32.

ASSESSMENTS

30 After the 22 February 2011 earthquake, EQC realised that most (if not all) of the 80,000 full building assessments that it had already completed would need to be redone due to the severity and extent of the damage from the February event.[8] EQC developed the rapid assessment process – a new approach – to quickly triage properties so that those with the greatest damage could be prioritised for repair. The rapid assessments were necessarily much quicker and more superficial than a full assessment, which is reflected in the fact that EQC completed rapid assessments of 182,000 properties within seven weeks.

31 Once the rapid assessment process was complete, the focus returned to full assessments. EQC sought to improve efficiency through specialisation, due to the pressure on expert resources such as loss adjustors and engineers. In addition to the full assessments of building damage, specialist teams were also undertaking assessments of land damage in 2011.

32 Some customers were confused by the different assessments, and felt they were repeating the same information to different people. Others were left with the impression that the rapid assessment had actually been a full assessment, so it seemed as if the rapid assessment was a sub-standard job.

Apportionment of damage to different events

33 The need to attribute damage to different events was an unexpected feature of the Canterbury earthquakes that influenced the customer experience, largely through delays to the progress of customer claims.

34 After the 22 February 2011 earthquake, the multiple nature of the events gave rise to the question of whether EQC cover begins afresh after each occurrence of natural disaster damage. EQC and private insurers could not agree on this point, so together sought a declaratory judgment from the High Court on the correct interpretation of the Earthquake Commission Act 1993.[9]

35 The High Court delivered a declaratory judgment in September 2011, ruling that EQC's insurance cover reinstates after each natural disaster event.[10] EQC then needed to develop a robust process for how it would apportion earthquake damage to each events, which was finalised in April 2012.

[8] See Briefing to the Public Inquiry into the Earthquake Commission, *Canterbury Home Repair Programme* (24 June 2019), pages 46-48.
[9] See Briefing to the Public Inquiry into the Earthquake Commission, *Canterbury Home Repair Programme* (24 June 2019), pages 16-17.
[10] *Re Earthquake Commission* [2011] 3 NZLR 695 (HC).

36 The effect of the multiple events, the need to seek a declaratory judgment, and the complexity of developing and implementing an apportionment process, was significant delays for customers. Sometimes customers would be visited multiple times by assessment teams, after each event, to assess subsequent damage. Despite EQC's best efforts to manage homeowners' expectations and communicate clearly about the apportionment process and the need for multiple assessments, many homeowners felt confused, frustrated and distressed by the perceived inefficiencies and delays.

Over cap or under cap claims

37 The value of a customer's residential building damage had a significant impact on the customer's experience, because it determined which of the following three primary settlement pathways the claim would be assigned to:

a *cash settlement for minor cosmetic damage*: claims where the repair cost was estimated to be less than $10,000 were assigned to be cash settled by EQC (the lower limit was subsequently increased to $15,000); or

b *cash settlement for claims over the EQC cap / referral to private insurer*: claims where the repair cost was estimated to be greater than the EQC cap (generally $100,000 plus GST) for any single claim were cash settled by EQC and referred to the customers' private insurer; or

c *Canterbury Home Repair Programme*: claims where the repair cost fell between $10,000 and the EQC cap (generally $100,000 plus GST) were assigned to the Canterbury Home Repair Programme for repairs (see paragraph 40 below).[11]

38 If the property had complex land damage, sometimes the Canterbury Home Repair Programme repair was paused to see whether any land repair and the building repair could be carried out simultaneously (see paragraphs 42-48 below).

39 In some cases, properties originally assessed as being under cap were subsequently determined to be over cap, and vice versa. This was important because it affected the private insurer's liability for repair costs. EQC and private insurers entered into a protocol (called Protocol 1) in November 2011 to address these, and other similar, situations. The objective of the protocol was to minimise customer disruption, effectively to avoid the customer being stuck in the middle of the commercial discussion between EQC and the private insurer.[12]

[11] See Briefing to the Public Inquiry into the Earthquake Commission, *Canterbury Home Repair Programme* (24 June 2019), page 42.
[12] See Briefing to the Public Inquiry into the Earthquake Commission, *Canterbury Home Repair Programme* (24 June 2019), pages 51-53.

Canterbury Home Repair Programme

40 Customers' residential building claims were assigned to the Canterbury Home Repair Programme if the estimated repair cost fell between $10,000 and the EQC cap. Fletcher EQR was contracted by EQC to manage these repairs on its behalf.

41 Customers had mixed experiences of their homes being repaired through the Canterbury Home Repair Programme. The Canterbury Home Repair Programme was often not able to provide customers with certainty about when their home would be repaired. Customers experienced long periods of no contact about their building claim and/or repairs. Customers who approached EQC or Fletcher EQR sometimes received patchy or contradictory information about their claim.[13]

Residential land damage

42 The different forms of land damage and interplay between land damage and residential building repair added a further layer of complexity for customers.[14]

43 After the 22 February 2011 earthquake, there was initial uncertainty about how badly land was damaged, and the impact that would have on repairing and rebuilding homes. The land damage observed in the Canterbury earthquake sequence was particularly complex. As a result, the land claims process was complex and many claims took a long time to settle.

44 Due to the multiple earthquakes, and different forms of land damage, many customers had numerous damage assessments and often had to repeat steps in the claim process.

45 EQC identified nine categories of damage to residential land arising from the 2010/2011 Canterbury earthquakes on the flat land. Seven categories related to visible damage (such as cracking, undulations and surface liquefaction) and two categories were forms of complex non-visible land damage:

a Increased Liquefaction Vulnerability; and

b Increased Flooding Vulnerability.[14]

46 If a customer's land damage had an impact on foundation repair, then this could cause delays to proceeding with the repair of their dwelling, if an appropriate foundation repair strategy had not yet been determined.

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[13] See Briefing to the Public Inquiry into the Earthquake Commission, *Canterbury Home Repair Programme* (24 June 2019), pages 17 and 66.

[14] See Briefing to the Public Inquiry into the Earthquake Commission, *Canterbury Land Programme* (24 May 2019), pages 25-26.

47 For customers whose properties were identified as qualifying for Increased Flooding Vulnerability or Increased Liquefaction Vulnerability land damage, the delays were significant. Due to the novelty and complexity of this type of land damage, determining appropriate assessment and settlement methodologies took several years. EQC started making settlements for Increased Flooding Vulnerability damage in March 2015, and for Increased Liquefaction Vulnerability damage in mid-2016. Although a measured and planned approach was needed to ensure robust and enduring settlements, the trade-off was that customers experienced delay to receiving their full insurance entitlements.[15]

48 **Appendix 3** is a fictional comparison of two Canterbury neighbouring customers with land damage and related dwelling damage impacts. It is not based on any particular customer. The Appendix is intended to illustrate the significant delays for customers that could arise as a result of the interaction between land damage settlements and dwelling repairs.

Vulnerable customers

49 Prior to the 4 September 2010 Canterbury earthquake, the comparatively modest numbers of claims generated by each event, and the fact that EQC used a case management approach meant that vulnerable customers were easily identified and monitored.

50 Identifying vulnerable customers with claims arising from the Canterbury earthquakes was a challenge for EQC. Vulnerability was identified using a wide range of criteria that evolved over time, but generally related to age and health indicators. For example, in 2014 the criteria were:

a dependency on others for basic personal care;

b diagnosed terminal illness;

c health condition requiring continuous monitoring or regular medication;

d recently bereaved (especially by the 22 February 2011 earthquake);

e requiring regular hospital or doctor visits;

f age, in combination with any of the above; and

g where a comparatively minor repair would significantly improve living conditions.[16]

[15] See Briefing to the Public Inquiry into the Earthquake Commission, *Canterbury Land Programme* (24 May 2019), pages 10-11.
[16] David Middleton, *Case Study – The New Zealand Earthquake Commission* (September 2014), page 35.

51 Identification by EQC as 'vulnerable' meant that customers' claims were prioritised. For example, in November 2012, EQC established three categories of vulnerable Canterbury customers. EQC began at that time to formally allocate repair slots for repairs to vulnerable customers' homes through the Canterbury Home Repair Programme.[17]

52 In August 2013, approximately 5,300 claims were identified as belonging to a vulnerable customer. In 2013, EQC set up a dedicated team of case managers for vulnerable customers. These case managers acted as the single point of contact for vulnerable customers, and provided them with regular and consistent updates. In addition, the Christchurch-based Community Contact Team offered vulnerable customers face to face appointments at various locations throughout Christchurch, or home visits.[18] Although EQC had determined that case management approach would not have been possible for all claims arising from the Canterbury earthquake sequence, vulnerable customers' claims represented a small enough proportion to allow them to be case managed.

53 In 2013, the Auditor-General criticised the Canterbury Home Repair Programme for being too late to allocate 'repair slots' to vulnerable customers, as this process had only begun around two years after the Canterbury Home Repair Programme had started.[19]

54 The number of identified vulnerable customers rapidly increased between August 2013 and May 2014. As at 1 June 2014, EQC had identified 27,681 vulnerable customers.[20] This presented a challenge for EQC in terms of ensuring that all identified vulnerable customers' claims were given priority.

Claims processes following other events

55 Throughout the response and recovery from the 2010/2011 Canterbury earthquake sequence, there were a range of other natural disaster events across New Zealand. EQC took the opportunity to adapt and evolve the business processes used following these events, using lessons learned from the ongoing Canterbury claims process.[21] This, and the difference in the nature and extent of damage, meant that customers with claims from these other events experienced different business processes from customers in Canterbury, even though their claims were being processed at the same time.

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[17] See Briefing for the Public Inquiry into the Earthquake Commission, *Canterbury Home Repair Programme* (24 June 2019), page 49.
[18] Earthquake Commission media release, *Help us reach the most in need* (30 May 2013), https://www.eqc.govt.nz/news/help-us-reach-the-most-in-need.
[19] Report of the Controller and Auditor-General, *Earthquake Commission: Managing the Canterbury Home Repair Programme* (October 2013), page 25 (report #18 in Appendix 1, Briefing to the Public Inquiry into the Earthquake Commission, *External Reviews of the Earthquake Commission since 2010*, dated 4 March 2019).
[20] See Earthquake Commission, *EQC Vulnerable Customer Dashboard as at 1 June 2014 for the period May 2014* (1 June 2014), page 2.
[21] See, for example, Earthquake Commission, February 2016 Christchurch Earthquake Response Internal Factsheet – Edition 1, *EQC starts work on February 2016 earthquakes* (7 March 2016), page 1.

Seddon earthquakes – 2013

56 On 19 July 2013, a 5.7 magnitude earthquake struck Seddon, Marlborough. This was followed on 21 July 2013 by a 6.5 magnitude earthquake, and a 6.6 magnitude earthquake on 16 August 2013. Each of these earthquakes was treated by EQC as separate events for insurance purposes.

57 In total, the Seddon earthquakes generated over 13,500 contents, residential building and land exposures.[22] The majority of exposures were residential building damage. EQC elected to cash settle the claims.

58 EQC made the following key improvements to its business processes for Seddon earthquakes claims:

a claims were case managed (each customer had a dedicated claim manager as their primary EQC point of contact);

b customers received a single assessment of damage across all exposure types, unless an additional specialist (e.g. engineer) visit was required; and

c quality checks were implemented to improve the accuracy of assessments.

59 **Appendices 1** and **2** (Horizon 4 – 2013 Seddon event and Canterbury claims) provide more detail on the EQC business processes following the 2013 Seddon earthquakes (see also paragraphs 70-71 below).

Valentine's Day earthquake – February 2016

60 On 14 February 2016, a 5.7 magnitude earthquake struck east of Christchurch. In total, the event generated almost 14,000 claims.[23] EQC settled the majority of these claims by cash settlement.

61 EQC used the existing business process from the Seddon earthquakes (see paragraphs 56-59 above), including a case management approach. EQC made the following key improvements "with a number of changes intended to decrease resolution time",[24] including:

a EQC phoned customers up front to verify information, which had the effect of speeding up claims processing;

[22] See Earthquake Commission, *Initial Briefing for the Purposes of the Inquiry – History of the Earthquake Commission* (26 October 2018), page 23.
[23] See Earthquake Commission, *Initial Briefing for the Purposes of the Inquiry – History of the Earthquake Commission* (26 October 2018), page 33.
[24] Earthquake Commission, February 2016 Christchurch Earthquake Response Internal Factsheet – Edition 1, *EQC starts work on February 2016 earthquakes* (7 March 2016), page 1.

b damage assessment was undertaken by phone for many customers (meaning there was no need for a site visit);[25] and

c information packs sent to customers were more customer-friendly (improved based on feedback from Canterbury customers).

62 After this event, EQC piloted a new claims assessment model with Vero Insurance, whereby Vero managed the assessment of claims for 343 EQC customers. Vero provided settlement recommendations for these customers, and EQC made the final payments.

63 Many of the customers who had claims from the 14 February 2016 earthquake had also had claims from the 2010/2011 Canterbury earthquake sequence (of which, most would have been finalised). This means that these customers would likely have had quite different experiences in relation to the claims management process from the separate events.

64 **Appendices 1** and **2** (Horizon 5 – 2016 Valentine's Day and Canterbury events) provide more detail on the EQC business processes following the 2016 Valentine's Day earthquake (see also paragraphs 70-71 below).

Kaikōura earthquake – November 2016

65 On 14 November 2016, a 7.8 magnitude earthquake struck Kaikōura. The event resulted in just under 40,000 claims – the second largest event in EQC's history after the Canterbury earthquakes in terms of the number of claims made. The majority of claims received were for residential building damage.[26]

66 EQC's approach to the Kaikōura earthquake was different to that of the Canterbury earthquake sequence. Primarily, EQC and most of the private insurers agreed that the private insurers would act as EQC's agents in assessing and settling claims – sometimes referred to as the "agency model".

67 Private insurers took over responsibility for assessing and settling residential building and contents claims on EQC's behalf (and on their own behalf for any over cap residential building claims). EQC remained responsible for assessing and settling claims for residential land damage, claims for customers whose private insurer did not join in on the agency model, and any residential building claims where an existing EQC claim remained open for that building from a previous earthquake.

[25] Earthquake Commission, *Annual Report 2015/16* (2016), page 53, https://www.eqc.govt.nz/sites/public_files/Annual%20Report%202015-16_Part1.pdf and https://www.eqc.govt.nz/sites/public_files/Annual%20Report%202015-16_Part2.pdf.
[26] See Briefing to the Public Inquiry into the Earthquake Commission, *The Kaikōura Earthquake* (4 July 2019), page 5.

68 This meant that for most customers:

a residential building damage assessment was completed in one site visit (for both EQC and private insurance cover);

b land damage assessment was undertaken separately, with experts (e.g. geotechnical engineer);

c the claim manager (whether based at EQC or a private insurer) was the customer's single point of contact; and

d claim updates were provided to customers every 28 days if no other contact had occurred.

69 **Appendices 1** and **2** (Horizon 6 – 2017 Kaikōura and Edgecumbe events) provide more detail on the EQC business processes following the 2017 Kaikōura earthquake (see also paragraphs 70-71 below).

Visualising the customer experience

70 The differences in customer experiences and EQC's business processes are illustrated in **Appendices 1 and 2**, across the following time horizons:

a Horizon 1: 2007 Gisborne event (20 December 2007 earthquake);

b Horizon 2: 2010 Canterbury event (4 September 2010 earthquake);

c Horizon 3: 2011 Canterbury events (22 February 2011, 13 June 2011 and 23 December 2011 earthquakes);

d Horizon 4: 2013 Seddon and Canterbury events (2013 Seddon earthquakes, compared with ongoing processing of 2010/11 Canterbury claims);

e Horizon 5: 2015-2016 Valentine's Day and Canterbury events (14 February 2016 earthquake, compared with ongoing processing of 2010/11 Canterbury claims);

f Horizon 6: 2017 Kaikōura and Edgecumbe events (14 November 2016 Kaikōura earthquake and 6 April 2017 Edgecumbe flood); and

g Horizon 7: 2018 Canterbury and customer care case management (current state processes for remaining 2010/11 Canterbury claims).

71 **Appendix 1** shows customer experiences and business processes across contents, residential building and land claims. **Appendix 2** focuses solely on residential land claims and provides more detail.

Continuous improvement of the EQC customer journey

72 EQC's experience from the Canterbury earthquake sequence and subsequent natural disaster events has led to significant policy, operational and organisational changes focused on improving the claims management process and the customer experience.

Current state

73 In 2017, EQC began shifting away from a claim processing model for remaining Canterbury claims, instead adopting the case management model which EQC was already using for other non-Canterbury claims. Under the case management model, customer contact is managed by internal and outsourced EQC contact centres and by EQC case managers.

74 If a customer queries an old Canterbury earthquake sequence claim they receive a phone call to discuss the re-opening of their claim and to verify their information. When any new claim is lodged, customers can expect to receive a lodgement pack within five days.

75 The assessment of damage process for all claims now includes the delivery of a report to the customer after the initial and expert assessments are complete. The customer will receive further visits if required, from the valuer and from a builder and an EQC settlement specialist. The property is then repaired and a sign off form completed. The customer receives confirmation of the closure of their claim, which provides clarity post settlement.

76 Some of the other major improvements that have been made to business processes to improve customer service in recent years include:

a centralising all legacy claim information so that it is retrievable by all staff;

b introduction of internal service level targets to ensure that customers are served as quickly as possible; and

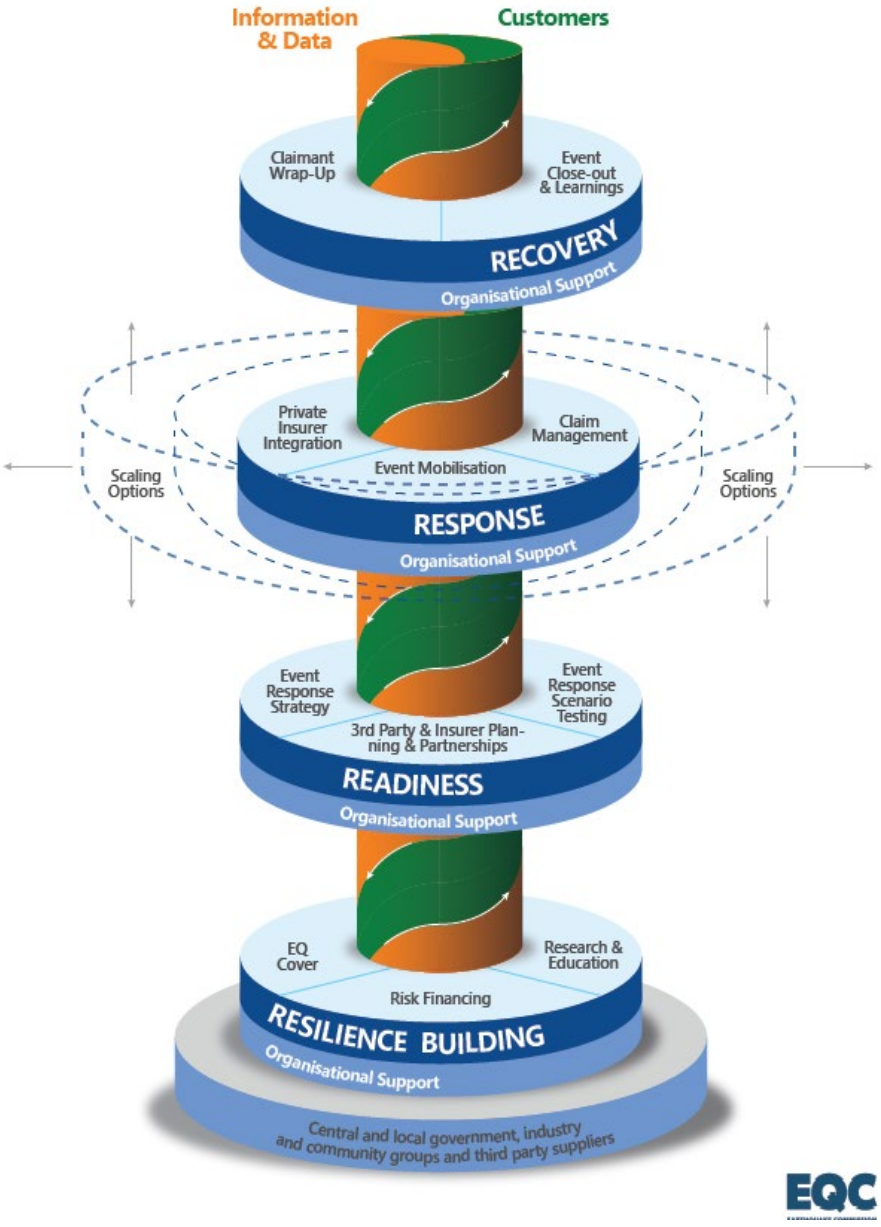
c the establishment of a settlements solution team to focus on simple cases.

77 The shift to a case management model for Canterbury claims followed a broader organisational shift to the Customer Centred Operating Model. The new Operating Model is intended to reinforce a culture that puts the customer first, and extend EQC's definition of customers to include everyone in New Zealand – not just those who have current fire insurance (see paragraph 22 above) or who have an active EQC claim. All New Zealanders are EQC's customers, including as recipients of EQC's research and education activities which are designed to increase community resilience to natural hazards.[27]

[27] See Briefing to the Public Inquiry into the Earthquake Commission, *Research and Education* (10 July 2019), and Earthquake Commission, *Statement of Intent 2018-2022* (28 June 2018), https://www.eqc.govt.nz/sites/public_files/documents/publications/EQC-SOI-2018-WEB.pdf.

78 The Customer Centred Operating Model (**Figure 1** below) was designed to make numerous improvements including moving the decision making power closer to customers and making it easier for customers to do business with EQC. The Operating Model is taking a continuous business improvement approach, taking full advantage of new technologies, and finding more effective ways to scale and respond to multiple types of events.

Figure 1: *The Customer Centred Operating Model*



Changes to the Earthquake Commission Act 1993

79 Some policy changes that will influence the customer experience for future claims have recently been enacted in the Earthquake Commission Amendment Act 2019, including:

a an immediate extension timeframe for lodging a claim from three months to two years;

b EQC will be better able to share information as needed to settle insurance claims more effectively;

c removal of the $20,000 EQC contents cover from July 2019 (allowing EQC to focus its resourcing to resolve residential building and land claims); and

d an increase in the cap on EQC residential building cover to $150,000 from July 2019.

Readiness and customer centricity

80 Part of EQC's continuous improvement is to focus on ensuring it:

a has the capacity and capability to respond to large scale events effectively and in a timely manner;

b sets clear expectations on its roles and responsibilities to the wider public and across government;

c communicates with customers, keeping them informed of next steps;

d collaboratively works with customers, private insurers, communities, iwi, and across government;

e recognises its role as Crown agent within government, to improve outcomes for New Zealanders; and

f responds to customers with empathy.

Future claims operating models

81 EQC is currently in discussion with private insurers and other parties to develop future models for working together that maximise recovery outcomes for customers. This includes:

a working with the insurance industry to design a natural hazard insurance claims response model for insurers to resolve under cap building and land claims on EQC's behalf;

b designing an insurance claim response model for third party claim administrators to act as EQC's agent for resolving under cap building and land claims;

c analysing the criteria under which a managed repair might be offered and designing a model for delivering a managed repair solution for under cap land and building claims; and

d continuing to enhance and maintain EQC's Event Response Plan.

82 EQC's work on future models is being undertaken now, acknowledging that EQC needs to be in a position to respond to a catastrophic event should it happen in the short-to-medium term. We are of course mindful that the future trajectory of EQC could be quite different as a result of the recommendations from the Public Inquiry.

APPENDIX 1

BUSINESS PROCESS MAPS FOR DIFFERENT EVENTS (2007-2018) – ALL CLAIMS

OVERVIEW

The purpose of this pack is to provide the Public Inquiry with a high level and visual understanding of:

- the customer journeys that EQC's customers have experienced over several time horizons, from prior to the Canterbury earthquake sequence until now;
- the internal (high level) business processes used to enable the customer journey; and
- the key operational improvements that have occurred across each key time horizon, as described below.

METHOD

- This pack has been put together for the Public Inquiry by:
  - reviewing historical process information, which was in varying forms of completeness; and
  - discussions with key EQC individuals (subject matter experts) involved in the delivery of the historical customer experience.
- This pack is not intended to provide detailed customer experience or procedural information, more a high level overview of customer journeys, the enabling business processes and the ability to compare these across multiple time horizons.
- Only accepted claims have been described in the diagrams.
- Where wait times in the customer journey have been identified, these are an **indicative estimate** based on anecdotal evidence from discussions. If greater accuracy is required then further data analysis is recommended.

HORIZONS – AN OVERVIEW

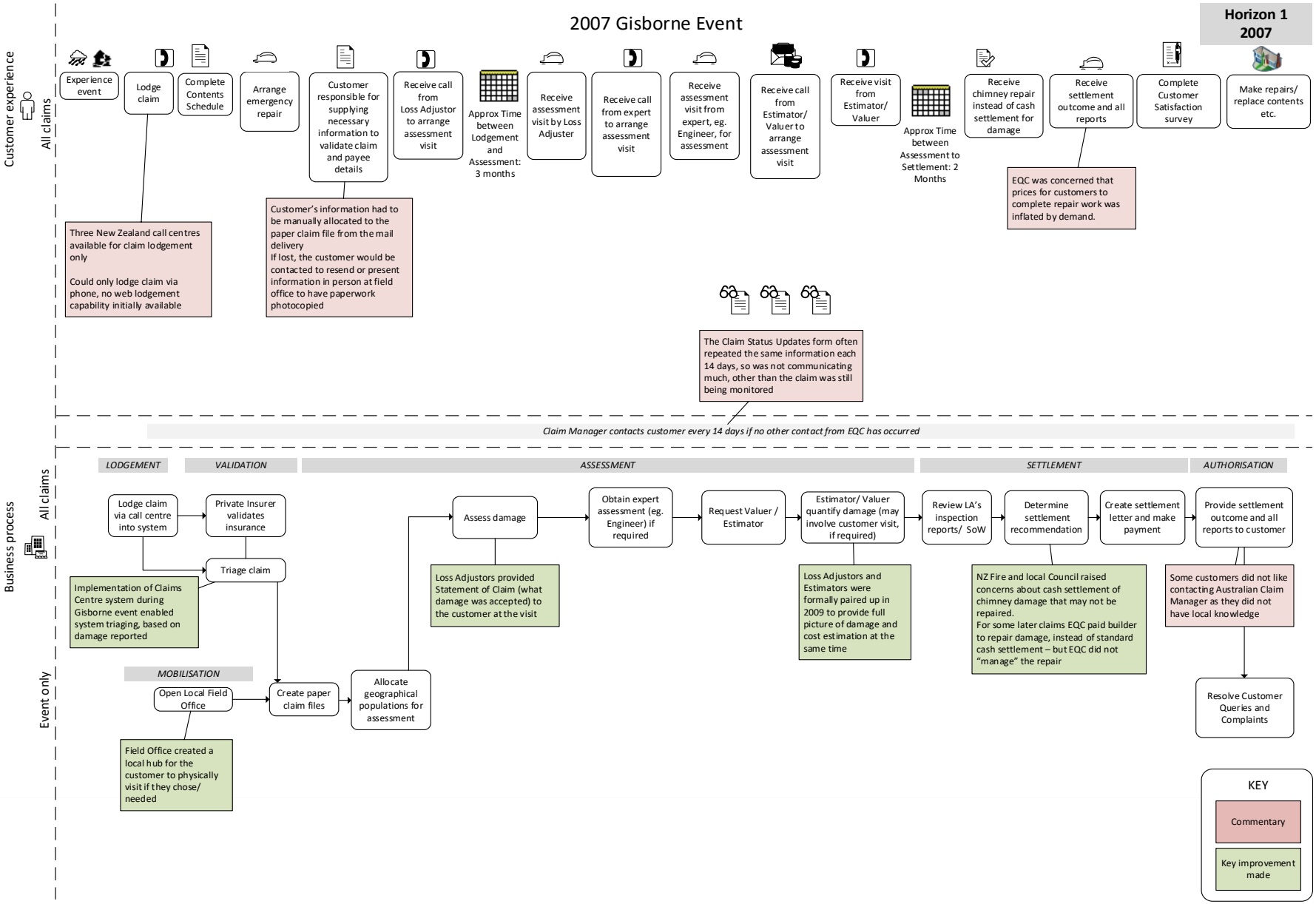
2007 Gisborne Event → 2010 Canterbury Event → 2011 Canterbury Events → 2013 Seddon and Canterbury Events → 2015/2016 Valentine's Day and Canterbury Events → 2017 Kaikōura and Edgecumbe Events → 2018 Canterbury and Customer Care Case Management

Horizon	Horizon Overview
Horizon 1: 2007 Gisborne Event • Gisborne earthquake (approx. 6,000 claims)	• A field office was setup in Gisborne for assessments and inputting this information into ClaimCentre • The customer contact, settlements, approvals, documentation and closures were processed via outsourced partner (GBS) in Brisbane
Horizon 2: 2010 Canterbury Event • 4 September 2010 earthquake	• Several field offices were setup in Canterbury for assessments and inputting this information into ClaimCentre • The Canterbury Home Repair Programme (CHRP) was setup with Fletcher EQR to manage the repair of undercap homes • The customer contact, settlements, approvals, documentation and closures were processed via outsourced partner (GBS) in Brisbane • Three months after the earthquake EQC had assessed about 56,000 claims, and was working through the rest at a rate of approx. 1,200 a day.

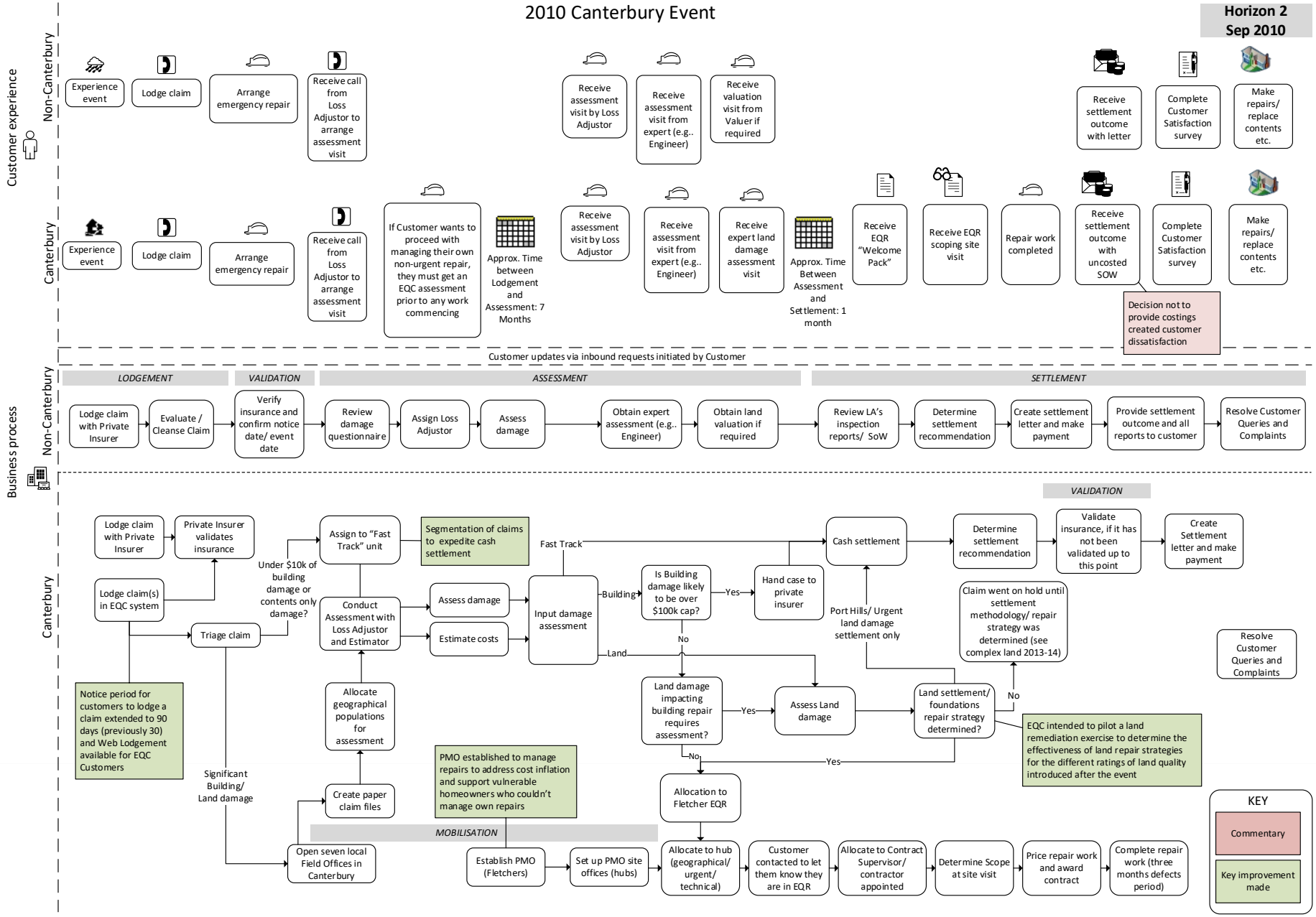
Horizon 3: 2011 Canterbury Events
• Canterbury earthquake sequence 2010/11 (in total, approx. 460,000 claims)
	• Several field offices were setup in Canterbury for assessments and inputting this information into ClaimCentre
	• Multiple damage causing events in 2011 meant apportionment of claims, caused complexity in processing
	• CHRP continued to managed the repair of undercap homes
	• The settlements, approvals, documentation and closures were processed:
	  • Partially via outsourced partner (GBS) in Brisbane (which wound down in 2012)
	  • Partially via internal resources (claim processing in Christchurch)
	• A dedicated (outsourced via provider in Oamaru and internal staff) contact centre was setup to manage customer contact (in conjunction with GBS initially)

Horizon 4: 2013 Seddon and Canterbury Events • Seddon/Lake Grassmere earthquakes 2013 (approx. 13,500 claims) • Continuation of Canterbury earthquake sequence claims	• Case management – "Non-Canterbury" claims were transferred back from GBS to internal EQC staff in Hamilton and Wellington to manage via a case management model • Seddon event – a field office was setup in Lower Hutt, with inputting of claim information and claim settlement occurring in EQC's Hamilton office • Canterbury Events – field offices continued in Canterbury with claim processing offices across Christchurch, Wellington and Hamilton based on exposure type (e.g. Carpets and Drapes team, under $15K dwelling team etc.) • Customer contact managed by internal and outsourced contact centres and EQC case managers
Horizon 5: 2015/2016 Valentine's Day and Canterbury Events • Canterbury Valentine's Day earthquake 2016 (approx. 14,500 claims) • Continuation of Canterbury earthquake sequence claims	• Valentine's Day – Case management of claims with field office in Christchurch, and case management (including settlement and Customer contact) occurring in Hamilton and Christchurch EQC offices. A pilot trialled with Vero managing assessments of a small sample of claims. • Canterbury events – continuation of claim processing office (assessment and settlement) based on exposure type (e.g. Carpets and Drapes, under $15K dwelling etc.) • Customer contact managed by internal and outsourced contact centres and EQC case managers
Horizon 6: 2017 Kaikōura and Edgecumbe Events • Kaikōura earthquake 2016 (approx. 40,000 claims) • Edgecumbe storm/floods (273 claims)	• Kaikōura Event – An MOU agency model setup with private insurers who managed the significant majority of claims across this event. EQC managed those claims that had a land exposure and where there was an open Canterbury "crossover" claim. • Edgecumbe Event – EQC coordinated the managed repair of silt and debris removal of the town following the flood event, including insurer lodgement of customer information. • Customer contact managed by internal and outsourced contact centres and EQC case managers
Horizon 7: 2018 Canterbury and Customer Care Case Management	• The implementation of a new claim management system meant Canterbury claims processing transitioned to a case management model (designed in 2017), which was already being used for customer care (nationwide claims). • Customer contact managed by internal and outsourced contact centres and EQC case managers

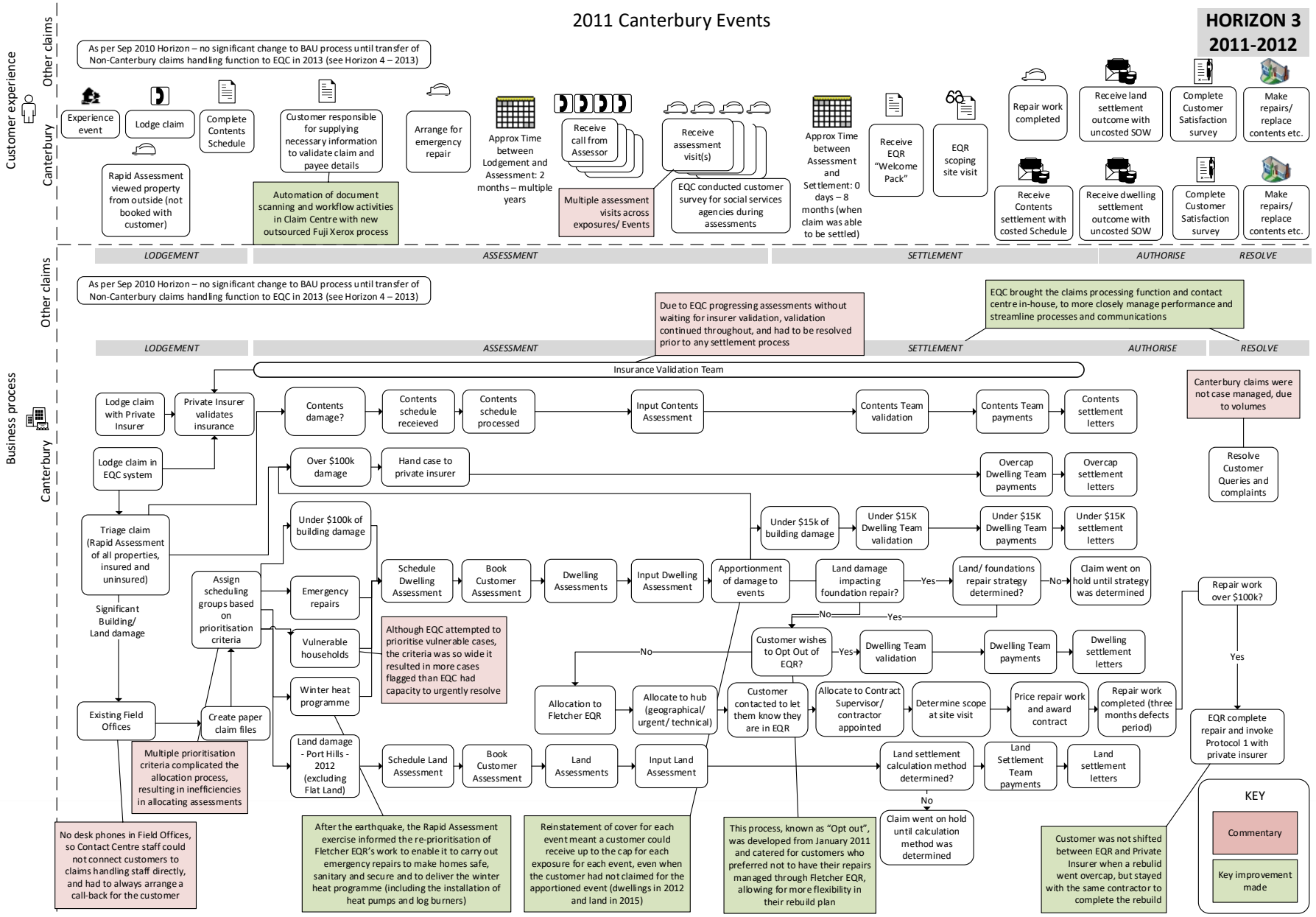
HORIZON 1 – 2007 GISBORNE EVENT



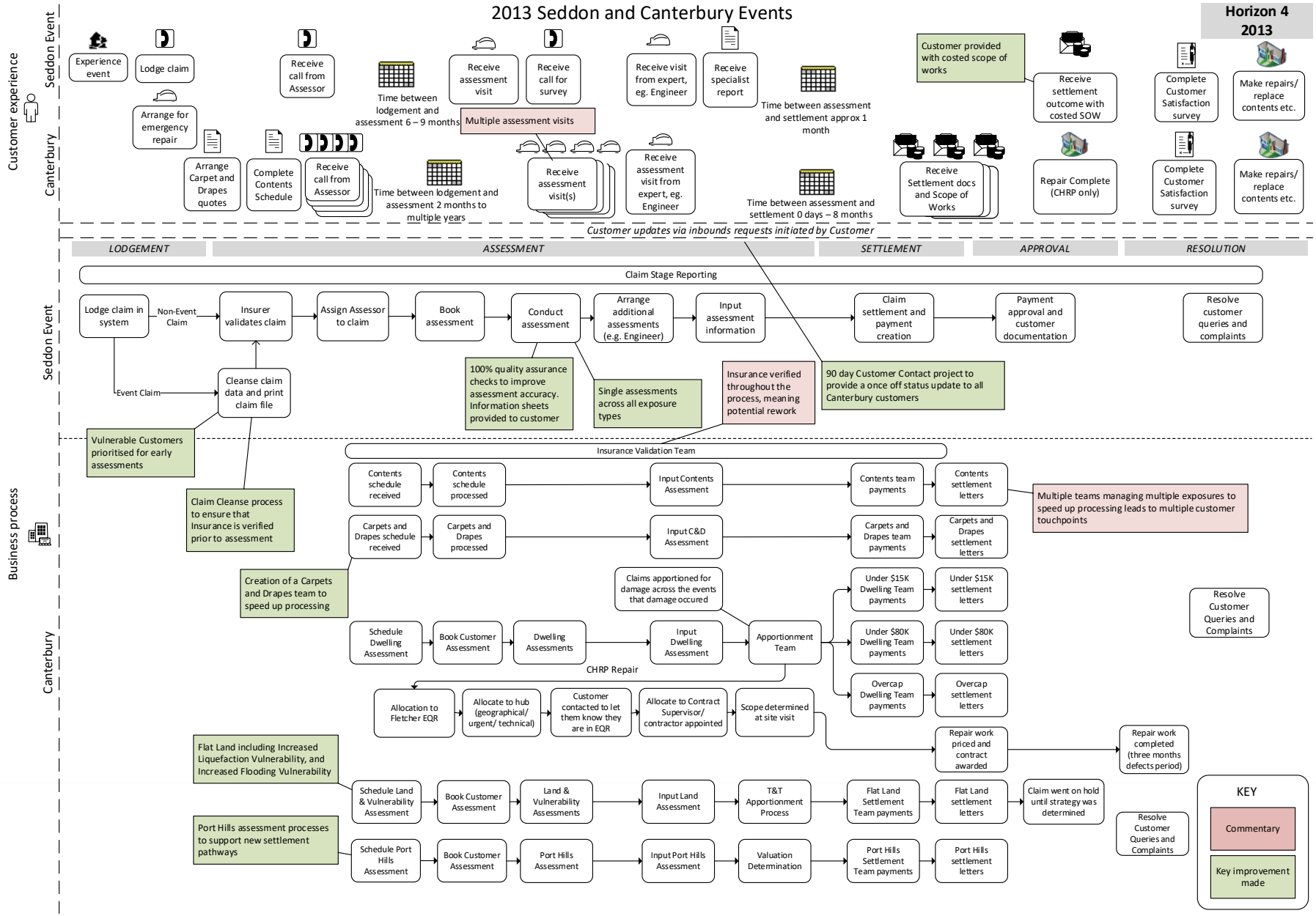
HORIZON 2 – 2010 CANTERBURY EVENT



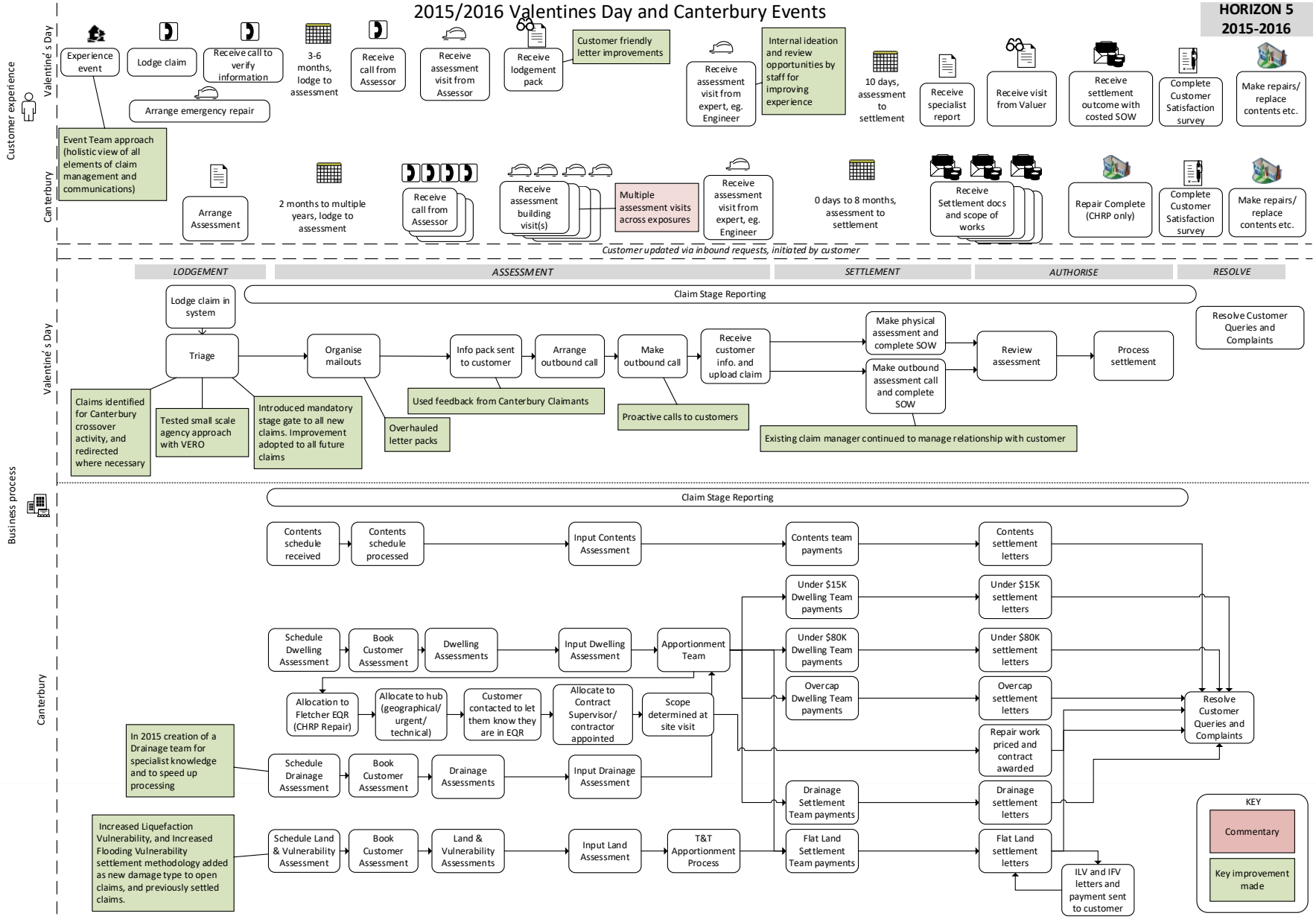
HORIZON 3 – 2011 CANTERBURY EVENTS



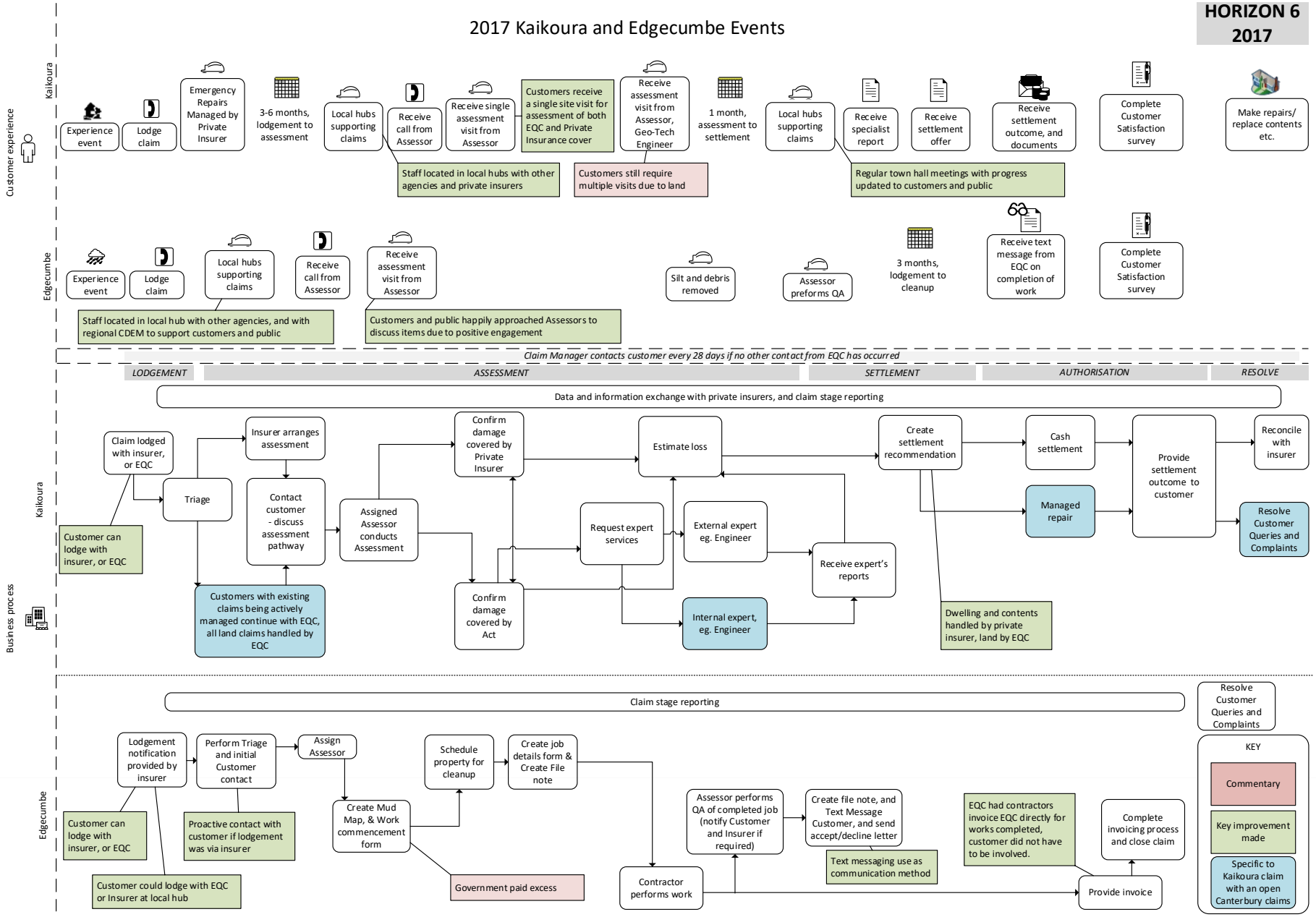
HORIZON 4 – 2013 SEDDON AND CANTERBURY EVENTS



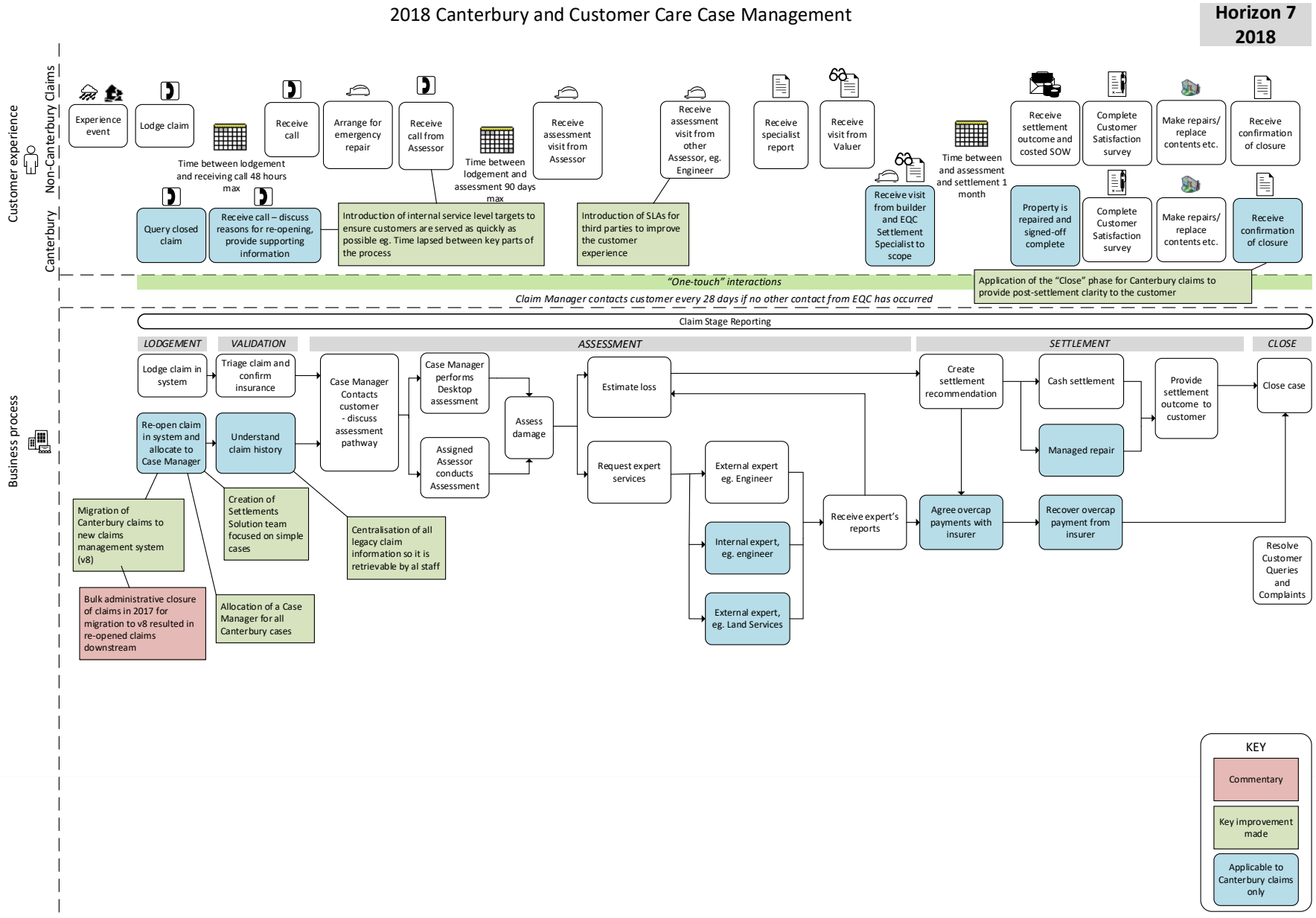
HORIZON 5 – 2015-2016 VALENTINE'S DAY AND CANTERBURY EVENTS



HORIZON 6 – 2017 KAIKŌURA AND EDGECUMBE EVENTS



HORIZON 7 – 2018 CANTERBURY & CUSTOMER CARE CASE MANAGEMENT



APPENDIX 2

BUSINESS PROCESS MAPS FOR DIFFERENT EVENTS (2007-2018) – LAND CLAIMS DETAIL

OUR MISSION: TO REDUCE THE IMPACT ON PEOPLE AND PROPERTY WHEN NATURAL DISASTERS OCCUR.

EQC
EARTHQUAKE COMMISSION
Kōmihana Rūwhenua

OVERVIEW

The purpose of this pack is to provide the Public Inquiry with a medium level and visual understanding of the land exposure aspect* only of:

- The land claim Customer journeys that EQC's customers have experienced over several time horizons, from prior to the Canterbury EQ series till now.
- The internal (medium level) business processes used to enable the land claim Customer journey
- The key operational events that impacted land claim processing that have occurred across each key time horizon, as described below.

*Note: A claim is made up of types of exposures: land; building; and contents; and a customer may have a combination of one, two or all three of these exposures per event claim

METHOD

- This Land Detail pack has been put together for the Public Inquiry by:
  - reviewing historical process information, which was in varying forms of completeness; and
  - discussions with key EQC individuals (subject matter experts) involved in the delivery of the historical customer experience.
- This pack attempts to provide a reasonable level of detail about the land claim customer experience and procedural information, but does not go down to the lowest possible level of step by step procedures or every possible customer journey touch point. This pack can be read as a standalone information pack or in conjunction with the customer journey's slide pack – it is structured by the same time horizons, to allow comparison (see Horizons Overview).
- Only accepted claims have been described in the diagrams.
- Where wait times in the customer journey have been identified these are an **indicative estimate** based on anecdotal evidence from discussions.

HORIZONS – AN OVERVIEW

Horizon	Event Management Overview
One – 2007 Gisborne Event (approx. 6000 claims)	• A field office was setup in Gisborne for assessments and inputting this information into Claimcentre • The customer contact, settlements, approvals, documentation and closures were processed via outsourced partner (Gallagher Bassett Services) in Brisbane
Two – 2010 Canterbury Event	• Several field offices were setup in Canterbury for assessments and inputting this information into Claimcentre • The Canterbury Home repair programme (CHRP) was setup with Fletchers EQR to manage the repair of undercap homes • The customer contact, settlements, approvals, documentation and closures were processed via outsourced partner (GBS) in Brisbane • Three months after the earthquake EQC had assessed about 56,000 claims, and was working through the rest at a rate of about 1,200 a day

Three – 2011 Canterbury Events
(by 2012 EQC had received 460,000 Canterbury earthquake claims)
	• Several field offices were setup in Canterbury for assessments and inputting this information into Claimcentre
	• Several events in 2011 meant apportionment of claims, caused complexity in processing
	• CHRP continued to managed the repair undercap of homes
	• The settlements, approvals, documentation and closures were processed:
	  • Partially via outsourced partner (GBS) in Brisbane (which wound down in 2012)
	  • Partially via internal resources (claim processing in Christchurch)
	• A dedicated (outsourced via provider in Oamaru and internal staff) contact centre was setup to manage Customer contact (in conjunction with GBS initially)

Four – 2013 Seddon and Canterbury Events (Seddon approx. 13,500 claims)	• Case management – “Non-Canterbury” claims were transferred back from GBS to internal EQC staff in Hamilton and Wellington to manage via a case management model • Seddon event – a field office was setup in Lower Hutt, with inputting of claim information and claim settlement occurring in EQC’s Hamilton office • Canterbury Events – field offices continue in Canterbury with claim processing offices across Christchurch, Wellington and Hamilton based on exposure type (e.g. Carpets and Drapes team, under $15K dwelling team etc.) • Customer contact managed by internal and outsourced contact centres and EQC case managers
Five – 2015/2016 Valentines Day and Canterbury Events (Valentines day approx. 14,500 claims)	• Valentines Day – Case management of claims with field office in Christchurch, and case management (including settlement and Customer contact) occurring in Hamilton and Christchurch EQC offices. A pilot where Vero trialled the agency model on a small sample of claims. • Canterbury events – continuation of claim processing office (assessment and settlement) based on exposure type (e.g. Carpets and Drapes, under $15K dwelling etc.) • Customer contact managed by internal and outsourced contact centres and EQC case managers
Six – 2017 Kaikoura and Edgecumbe Events (Kaikoura approx. 40,000 claims Edgecumbe 273 claims)	• Kaikoura Event – An MOU agency model setup with private insurers who managed the significant majority of claims across this event. EQC managed all claims relating to properties with prior EQC earthquake claims (Canterbury or otherwise) • Edgecumbe Event – EQC coordinated the managed repair of silt and debris removal of the town following the flood event, including insurer lodgement of Customer information • Customer contact managed by internal and outsourced contact centres and EQC case managers
Seven – 2018 Canterbury and Customer Care Case Management	• The implementation of a new claim management system meant Canterbury claims processing transitioned to a case management model (designed in 2017), which was already being used for Customer Care (nationwide claims) • Customer contact managed by internal and outsourced contact centres and EQC case managers

BACKGROUND ON CANTERBURY LAND CLAIM PROCESSING

After September 2010

EQC prioritised individual assessments for land damage in:

- the areas that were considered the worst affected
- individual cases of imminent risk or vulnerability (where identified)

After February 2011

The above approach to prioritisation continued, but the successive categorisations of land meant that EQC needed to determine the impact that these would have on:

- the management of land claims
- prioritisation of work
- assessment and settlement processes (requiring further research)

Land claims on hold

EQC needed to develop policies on how it managed new types of land damage eg. ILV and IFV. EQC also had to review prioritisation processes based on Land Zoning; identify any impacts of TC land ratings on repair strategies; and confirm processes for new complex scenarios.

This resulted in a number of claims being placed on hold as EQC developed its policies, prioritised segments of populations and planned the end to end processes for all different complex claim variations (eg. property crossing over different categories/damage types, ownership scenarios).

This meant customers avoided having unnecessary assessment visits while there was no policy/ process in place that could resolve their claims. Unfortunately this also meant that customers experienced significant delays.

Land damage assessments

Any land damage claim often requires expert assessments due to the type of damage/repair strategies necessary and to be able to compare the cost of repair against the cap based on land value, which is required to determine EQC's liability under the EQC Act.

Usually the specialist assessments of land damage by Engineers, Valuers, and Surveyors would be coordinated by a single case manager, but in Canterbury, due to the high claim volumes, the management of multiple visits by different expert assessors became extremely complex. Earlier Canterbury claims were not case managed, so a robust process was required to ensure that claims continued to progress.

As well as the specialist assessments, even standard land damage sometimes requires more technical claim expertise on various land elements, and sometimes a legal opinion on the arrangements of land ownership is needed, to progress the settlement recommendation. The volumes of claims experienced in Canterbury increased the demand on technical claim expertise and legal resources, creating some further delay.

HORIZON 1– 2007 GISBORNE EVENT

2007 Gisborne Event – Land Detail

Horizon 1
2007-2009

Customer experience

All claims – Event and BAU

- Experience event
- Lodge claim
- Arrange emergency repair, if required
- Approx Time between Lodgement and Assessment: 3 months
- Receive call from Loss Adjustor to arrange assessment visit
- Receive assessment visit by Loss Adjuster
- Receive call from expert to arrange assessment visit, if required
- Receive assessment visit from expert, eg. Engineer
- Receive call from Estimator/ Valuer to arrange assessment visit, if required
- Receive visit from Estimator/ Valuer
- Approx Time between Assessment to Settlement: 2 Months
- Receive settlement outcome and all reports
- Complete Customer Satisfaction survey
- Opportunity to make land repairs

Timeframes for BAU claims were not captured at this time, but there may be impacts on BAU timeframes during any Event, due to the reprioritisation of resources.
BAU timeframes during non-Event period would have likely been less than these approximate timeframes, simply due to lower volumes, but it should be noted land slips, which were a proportion of BAU claims, naturally took a significant time to settle due to the complexity

Claim Manager contacts customer every 14 days if no other contact from EQC has occurred

Business process

All claims

LODGEMENT	*VALIDATION*	*ASSESSMENT*	*SETTLEMENT*	*AUTHORISATION*

- Lodge claim via call centre into system
- Private Insurer validates insurance
- Loss Adjustors provided Statement of Claim (what damage was accepted) to the customer at the visit
- Assess damage
- Obtain expert assessment (eg. Engineer) if required
- Request Valuer / Estimator
- Estimator/ Valuer quantify damage (may involve customer visit, if required)
- Loss Adjustors and Estimators were formally paired up in 2009 to provide full picture of damage and cost estimation at the same time
- Review LA's inspection reports/ SoW
- Determine settlement recommendation
- Create settlement letter and make payment
- Provide settlement outcome and all reports to customer
- Resolve Customer Queries and Complaints

Gisborne only

MOBILISATION

- Open Local Field Office
- Triage claim
- Create paper claim files
- Allocate geographical populations for assessment

KEY

Commentary

HORIZON 2 – 2010 CANTERBURY EVENT

2010 Canterbury Event – Land Detail

Horizon 2
Sep 2010

Customer experience

BAU

- Experience event
- Lodge claim
- Arrange emergency land assessment and repair, if required
- Receive call from Loss Adjustor to arrange assessment visit
- Receive assessment visit by Loss Adjustor
- Receive assessment visit from Engineer, if required
- Receive valuation visit from Valuer if required
- Receive settlement outcome with all reports
- Complete Customer Satisfaction survey
- Opportunity to make land repairs

Canterbury

- Experience event
- Lodge claim
- Arrange emergency land Assessment and Repair, if required
- Receive Emergency Works repayment
- Tonkin & Taylor geotechnical assessments of Canterbury area which involved entering some private properties and communicating with homeowners where required
- Approx. Time between Lodgement and Assessment: 7 Months
- Depending on where the customer was based, they may not have been in an active assessment queue, if not considered "worst affected" or if that area's land was being considered for repair by the perimeter works programme
- Receive call from Loss Adjustor to arrange assessment visit
- No contact
- Receive assessment visit by Loss Adjustor
- Receive assessment visit from Engineer, if required
- Receive valuation visit from Valuer if required
- Due to volumes there were significant delays (approximately 2+ months) between assessments, further complicated by subsequent events requiring reassessment
- Approx. Time Between Assessment and Settlement: 1 month
- Receive settlement payment & standard settlement letter
- Complete Customer Satisfaction survey
- Opportunity to make land repairs

Business process

LODGEMENT	*VALIDATION*	*ASSESSMENT*	*SETTLEMENT*

BAU

- Lodge claim with Private Insurer
- Evaluate / Cleanse Claim
- Verify insurance and confirm notice date/ event date
- Review damage questionnaire
- Assign Loss Adjustor
- Book Assessment
- Assess damage to residential land
- Arrange additional assessments if required, eg. Engineer, Valuer
- Receive expert assessment reports
- Review LA's inspection/ reports/ SoW and estimate loss
- Determine settlement recommendation
- Create settlement letter and make payment
- Approve payment and send customer documentation including reports
- Resolve Customer Queries and Complaints

Canterbury

- Lodge claim(s) in EQC system
- Private Insurer validates insurance
- Triage claim
- Prioritised populations
- EQC prioritised land assessments based on "worst affected" areas as well as assessing individual cases of imminent risk/ vulnerable customers
- Create paper claim files
- Allocate geographical populations for assessment to Loss Adjustor
- Book Assessment
- Assess damage to residential land
- Arrange additional assessments if required, eg. Engineer, Valuer
- Receive expert assessment reports
- Review LA's inspection/ reports/ SoW and estimate loss
- Repair strategy / settlement methodology identified?
- Yes
- No
- Claim went on hold until land repair strategy was determined
- Some complex damage/ ownership situations only became apparent during assessment or reviewing the customer's documentation, eg. Shared land/ retaining walls between properties, which did not have an approved settlement methodology/ repair strategy that could be costed at the time

VALIDATION

- Determine settlement recommendation
- Validate insurance, if it has not been validated up to this point
- Create Settlement letter and make payment
- Approve payment and send customer documentation including reports
- Resolve Customer Queries and Complaints

KEY

Commentary

HORIZON 3 – 2011 CANTERBURY EVENTS

2011 Canterbury Events – Land Detail

Horizon 3
2011 - 2012

Customer experience

BAU

As per Sep 2010 Horizon – no significant change to BAU process until transfer of Non-Canterbury land claims handling function to EQC in 2013 (see Horizon 4 – 2013)

Canterbury

Experience event

Lodge claim

Arrange emergency land Assessment and Repair, if required

Receive Emergency Works repayment

Approx Time between Lodgement and Assessment: 2 months – multiple years

Depending on where the customer was based, they may not have been in an active assessment queue, if not considered "worst affected" or if that area's land was being considered for repair by the perimeter works programme

Receive call from Loss Adjustor to arrange assessment visit

Receive assessment visit by Loss Adjustor

Approx Time between Assessments: +2 months

Receive assessment visit from Engineer, if required

Approx Time between Assessments: +2 months

Receive valuation visit from Valuer if required

Approx. Time Between Assessment and Settlement: 0-8 months

Receive settlement payment and standard settlement letter

Complete Customer Satisfaction survey

Opportunity to make land repairs

Other claims

Other categories - No contact

Offer declined - EQC returns customer into standard queue for assessment

After the zoning decisions (June 2011) customers were notified of their zone, and for Residential Red Zone customers an alternative process began, regardless of where they were in the existing process

Crown Red Zone buy-out options offer received

Offer accepted – customer assigns relevant exposure to Crown

Receive Crown payment

LODGEMENT | *ASSESSMENT* | *SETTLEMENT* | *AUTHORISE* | *RESOLVE*

As per Sep 2010 Horizon – no significant change to BAU process until transfer of Non-Canterbury claims handling function to EQC in 2013 (see Horizon 4 – 2013)

Business process

Canterbury

Lodge claim in EQC system

Private Insurer validates insurance

Triage claim

Land damage - Port Hills - 2012 (excluding Flat Land)

The complexities of new types of damage and different land categories were largely confined to the Flat Land areas, so prioritising Port Hills enabled EQC to continue land assessments

Create paper claim files

Allocate geographical populations for assessment to Loss Adjustor

Book Assessment

Assess damage to residential land

Due to the volumes and increasing complexity of multiple claims and types of land damage, the Port Hills land process included post-inspection teams, where in BAU the Claims Manager would have previously managed the review and requesting of further assessments for their case of claims

Post-Inspection review identified need for additional information?

Yes

Arrange additional assessments if required, eg. Engineer, Valuer

Review LA's inspection/ reports/ SoW and estimate loss

No

Repair strategy / settlement methodology identified?

No

Claim went on hold until land repair strategy was determined

Yes

VALIDATION

Determine settlement recommendation

Validate insurance, if it has not been validated up to this point

Create Settlement letter and make payment

Approve payment and send customer documentation including reports

Resolve Customer Queries and complaints

Red Zone

Assessment of Red Zone damage (suburb-wide ground investigations/ global assessments)

Provide assessment information to inform CERA offer

Update claim with Crown offer outcome. If offer declined, customer was returned into the land settlement population for processing as normal

EQC provided information required to assist customers in considering the Crown offers. Where the customer accepted either of the Crown offers, their land claims were assigned to the Crown. EQC later settled those claims with the Crown, however EQC prioritised settling customers claims in the Green Zone and customers in the Residential Red Zone who did not accept the Crown offers.

KEY

Commentary

HORIZON 4 – 2013 SEDDON AND CANTERBURY EVENTS

2013 Seddon and Canterbury Events – Land Detail

Horizon 4 2013-2014

Customer experience

Seddon & BAU

Experience event

Lodge claim

Arrange for emergency repair, if required

Time between lodgement and assessment 6 – 9 months

Receive call from Assessor

Receive assessment visit

Receive assessment visit from Engineer, if required

Receive assessment visit from Valuer, if required

Time between assessment and settlement approx 1 month

Receive settlement outcome with costed SOW and reports

Complete Customer Satisfaction survey

Opportunity to make land repairs

Canterbury

Arrange for residual emergency repair, if required

Receive Emergency Works repayment

Time between lodgement and assessment 2 months to multiple years

Simple Flat Land customers were now included in assessment populations.

Complex (potential ILV/ IFV) claims were still on hold

Receive call from Assessor

Receive assessment visit

Receive assessment visit from Engineer, if required

Receive assessment visit from Valuer, if required

The Flat Land process included claim management triggers to keep a claim moving through the multiple assessments, as not case managed

Time between assessment and settlement 0 days – 8 months

Receive settlement outcome with Land Pack, SOW, and reports

Complete Customer Satisfaction survey

Opportunity to make land repairs

Letters received by customers with potential ILV/ IFV to notify them of their claim status and delay, with phone calls to potential ILV and known vulnerable IFV customers to clarify any questions

Seddon & BAU

LODGEMENT

Lodge claim in system

BAU Claim

Event Claim

Cleanse claim data and print claim file

ASSESSMENT

Insurer validates claim

Assign Assessor to claim

Book assessment

Assess damage

Arrange additional assessments (e.g. Engineer)

Receive expert assessment reports

Review LA's inspection/ reports/ SoW

SETTLEMENT

Determine settlement recommendation

Create settlement letter and make payment

APPROVAL

Approve payment and send customer documentation including reports

RESOLUTION

Resolve customer queries and complaints

Business process

Canterbury

Triage claim

Land damage – Flat Land (Simple) - 2013

Identify populations of Flat Land claims for assessment prioritisation

Prepare and print Flat Land Claim Files

Dispatch populations of claim files (controlled release to maintain workflow)

Book assessment

Assess damage

Consolidate and finalise assessment data

Receive expert assessment Reports/ additional detail from Technical Review

Is claim flagged with Potential Cat 8/9 (ILV/IFV) damage?

Yes

No

T&T apportionment process

Determine settlement recommendation

Create settlement letter and make payment

Approve payment and send customer documentation, Land Pack, reports

Resolve customer queries and complaints

September 2011 Declaratory Judgement ruled EQC's land cover reinstated after each event, so a method for apportioning damage had to be designed

Arrange additional assessments (e.g. Engineer, Valuer, Surveyor)

The volume of claims resulted in many unusual land ownership/ damage issues, some of which required Surveyor assessment as well

Technical land claim advice required?

An escalation path was created to handle technical land claim / legal ownership questions that the original Assessor / Settlement Team could not resolve, eg. Shared Land (settlement methodology designed Sep 2013)

Yes

Technical Land Team consultation

Claim went on hold pending policy decision

Customers with Cat 8&9 (ILV/ IFV) damage could still have all their Cat 1-7 visible damage assessed in the meantime, while awaiting the policy decision on settlement of Cat 8&9 damage, but then EQC held back settlement of Cat 1-7 damage until all information was available, so that it could be apportioned and each cap applied

Port Hills was managed as a separate team, and followed their existing processes at this stage

Schedule Port Hills Assessment

Port Hills Assessment

Input Port Hills Assessment

Valuation Determination

A Land Cap Review, done as part of the Flat Land design work, found underpayments in earlier Port Hills Settlements, which were corrected from 2014

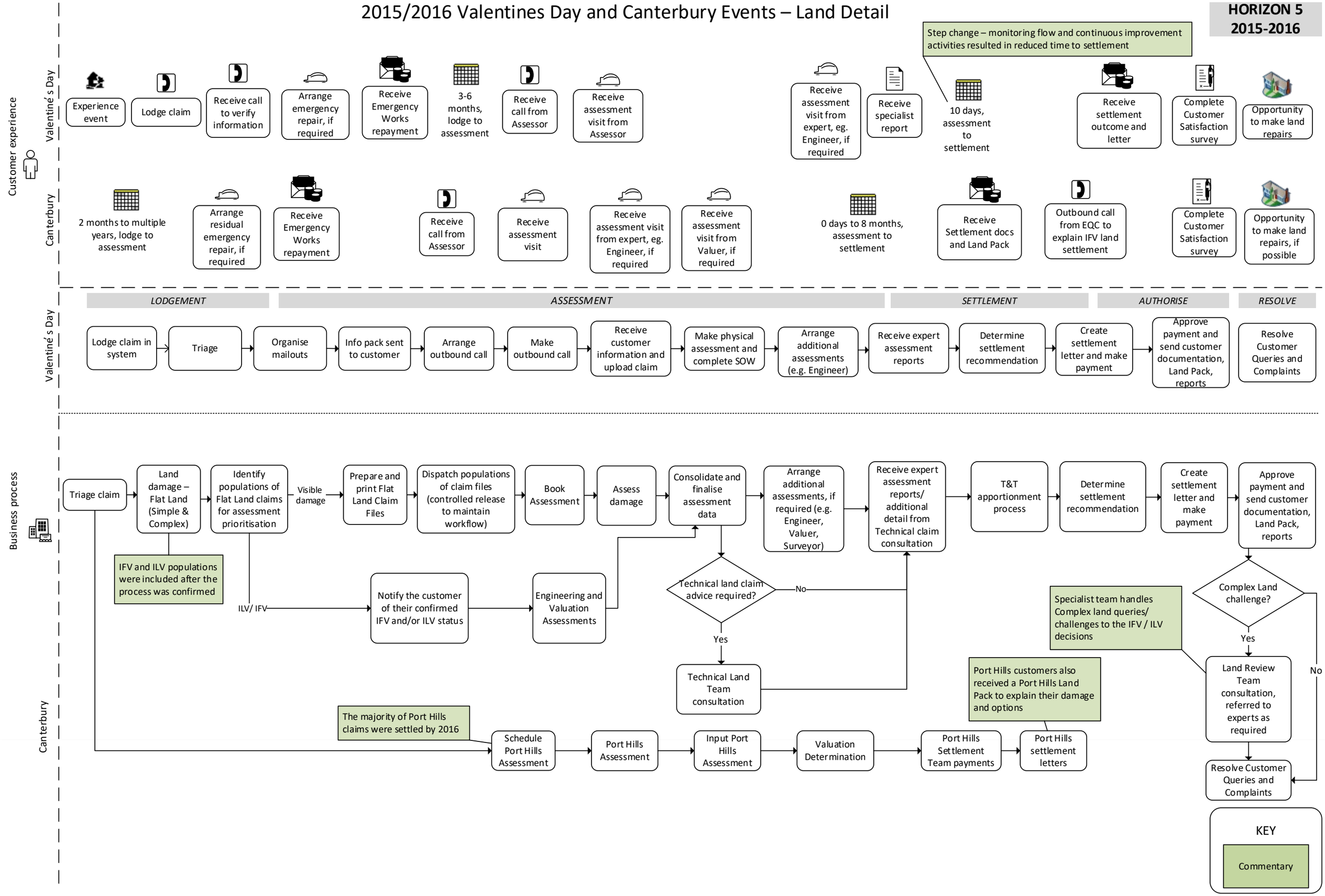
Port Hills Settlement Team payments

Port Hills settlement letters

KEY

Commentary

HORIZON 5 – 2015-2016 VALENTINES DAY AND CANTERBURY EVENTS



HORIZON 6 – 2016-2017 KAIKOURA AND EDGECUMBE EVENTS

HORIZON 6
2016-2017

2016-2017 Kaikoura and Edgecumbe Events – Land Detail

Customer experience

Kaikoura

Experience event

Lodge claim with insurer or EQC

Customer can lodge with insurer, or EQC

Receive call from Pathways Team

3-6 months, lodgement to assessment

Local hubs supporting claims

Staff attended local hubs with other agencies and private insurers

Receive assessment visit from Assessor, Geo-Tech Engineer

1 month, assessment to settlement

Local hubs supporting claims

Regular town hall meetings with progress updated to customers and public

Receive settlement outcome, and documents

Complete Customer Satisfaction survey

Opportunity to make land repairs

Edgecumbe

Experience event

Lodge claim

Local hubs supporting claims

Staff located in local hub with other agencies, and with regional CDEM to support customers and public

Receive call from Assessor

Receive assessment visit from Assessor

Silt and debris removed

Assessor preforms QA

3 months, lodgement to cleanup

Receive text message from EQC on completion of work

Complete Customer Satisfaction survey

Customers received claim communications via text message

Claim Manager contacts customer every 28 days if no other contact from EQC has occurred

LODGEMENT | *ASSESSMENT* | *SETTLEMENT* | *AUTHORISATION* | *RESOLVE*

Data and information exchange with private insurers, and claim stage reporting

Business process

Kaikoura

Claim lodged with insurer or EQC

Triage

Claim passed to Pathways team

Pathways Team contacts customer to arrange assessment

Special team created to help expedite claim processing

Assigned Assessor conducts Assessment

Perform Desktop assessment

Perform site Assessment

Request expert services

For severe damage, aim to arrange Engineer to attend with Assessor (or in place of) to expedite claim processing. EQC Customer Representative, Kaikoura Land Assessments role created, to act as a liaison at Assessment when an Assessor was not attending.

Estimate loss

Receive expert's reports

External expert eg. Engineer

External expert eg. Valuer (conducts Desktop assessment only where possible)

Create settlement recommendation

Cash settlement

Provide settlement outcome to customer

Close case

Resolve Customer Queries and Complaints

Claim stage reporting

Resolve Customer Queries and Complaints

Edgecumbe

Lodgement notification provided by insurer

Customer can lodge with insurer, or EQC

Customer could lodge with EQC or Insurer at local hub

Perform Triage and initial Customer contact

Proactive contact with customer if lodgement was via insurer

Assign Assessor

Create Mud Map, & Work commencement form

Government paid excess

Schedule property for cleanup

Create job details form & Create File note

Contractor performs work

Assessor performs QA of completed job (notify Customer and Insurer if required)

Create file note, and Text Message Customer, and send accept/decline letter

Text messaging used as communication method

EQC had contractors invoice EQC directly for works completed, customer did not have to be involved.

Provide invoice

Complete invoicing process and close claim

KEY

Commentary

HORIZON 7 – 2018 CANTERBURY AND CUSTOMER CARE

2018 Canterbury and Customer Care Case Management – Land Detail

Horizon 7 2018

Customer experience

BAU

Experience event

Lodge claim

Time between lodgement and receiving call 48 hours max

Receive call

Arrange for emergency repair, if required

Receive call from Assessor

Time between lodgement and assessment approx 3 – 4 weeks (including approx 1 week between validation and assessment)

Receive assessment visit from Assessor

Time taken in the validation process can vary significantly – is dependent on information from insurers and the customer. Once a claim is validated, assessment can usually be scheduled and completed within 7 days

Receive assessment visit from other Assessor, eg. Engineer, if required

Receive specialist report

Receive visit from Valuer, if required

Time between and assessment and settlement approx 2 months

Receive settlement outcome and costed SOW

Complete Customer Satisfaction survey

Opportunity to make land repairs

Receive confirmation of closure

Canterbury

Wait in queue for settlement

Receive settlement outcome and Land Pack

Complete Customer Satisfaction survey

Opportunity to make land repairs

Receive confirmation of closure

"One-touch" interactions

Claim Manager contacts customer every 28 days if no other contact from EQC has occurred

Claim Stage Reporting

LODGEMENT	*VALIDATION*	*ASSESSMENT*	*SETTLEMENT*	*CLOSE*

Business process

BAU

Lodge claim in system

Triage claim and confirm insurance

Case Manager Contacts customer - discuss assessment pathway

Case Manager performs Desktop assessment

Assigned Assessor conducts Assessment

Assess damage

Estimate loss

Request expert services

Currently negotiating with Engineers to amend SLA with aim of reducing turnaround time on their service from current 20 days

External expert - Engineer

Receive expert's reports

Request expert services External expert - Valuer

Introduced SLA with Valuers to enable a 5-day turnaround between service request and receipt of report

Create settlement recommendation

Cash settlement

Provide settlement outcome to customer

Close case

Resolve Customer Queries and Complaints

Canterbury

Identify populations of claims for assessment prioritisation

Small population of remaining ILV/ IFV claims

Engineering and Valuation Assessments

Consolidate and finalise assessment data

Receive expert assessment reports/ additional detail from Technical claim consultation

T&T apportionment process

Determine settlement recommendation

Create settlement letter and make payment

Approve payment and send customer documentation, Land Pack, reports

Complex Land challenge?

Yes

No

Specialist team handles queries/ challenges to the IFV / ILV decisions

Land Review Team consultation, referred to experts as required

Resolve Customer Queries and Complaints

KEY

Commentary

KEY OPERATIONAL EVENTS 2010-2017 - LAND

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GLOSSARY

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RTW	Retaining Wall

APPENDIX 3

COMPARISON OF TWO (FICTIONAL) CUSTOMER EXPERIENCES

OUR MISSION: TO REDUCE THE IMPACT ON PEOPLE AND PROPERTY WHEN NATURAL DISASTERS OCCUR.

EQC
EARTHQUAKE COMMISSION
Kōmihana Rūwhenua

OVERVIEW

The purpose of this pack is to provide the Public Inquiry with a high level and visual understanding of:

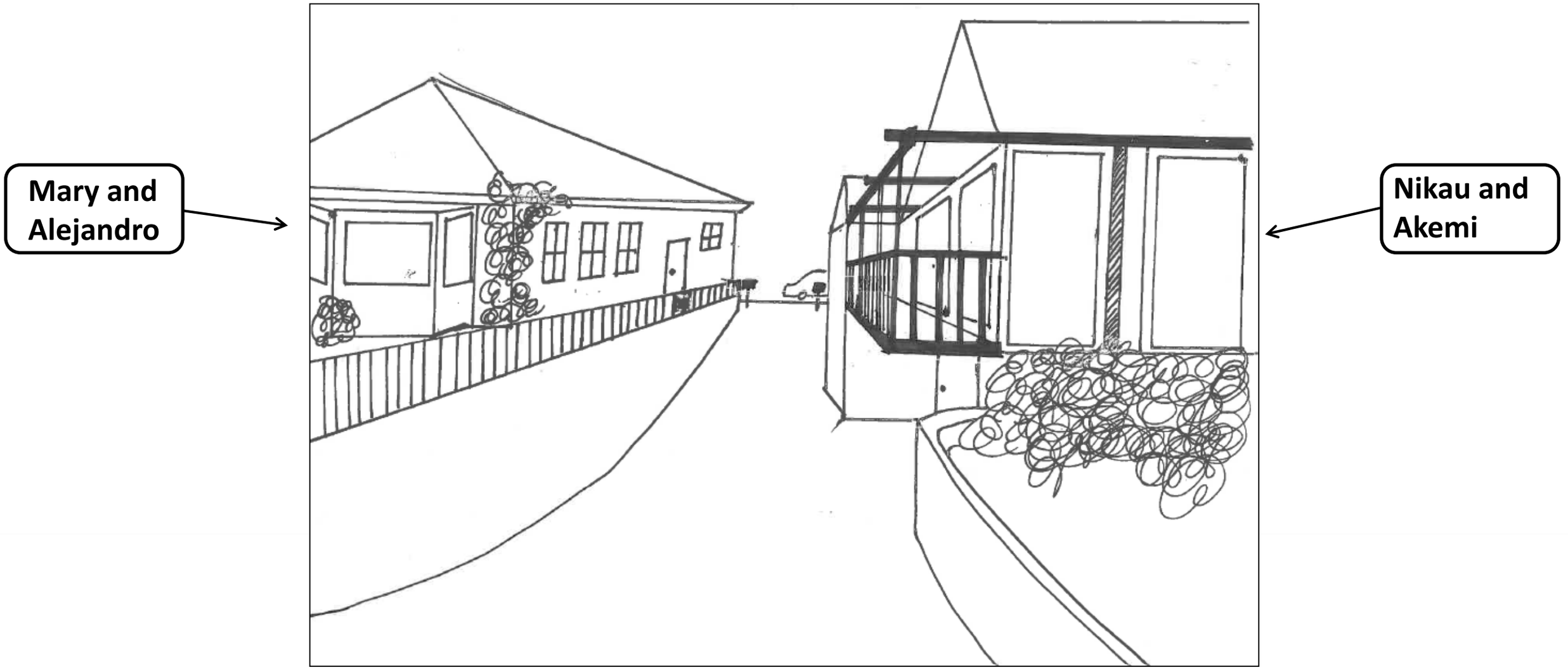
- A comparison of two Canterbury customer journeys with land damage and related dwelling damage impacts
- These are fictional journeys, not based on any particular customer, and are intended to demonstrate the many customer touchpoints with EQC during the Canterbury events, and how some key differences in circumstances may have resulted in very different customer journeys

METHOD

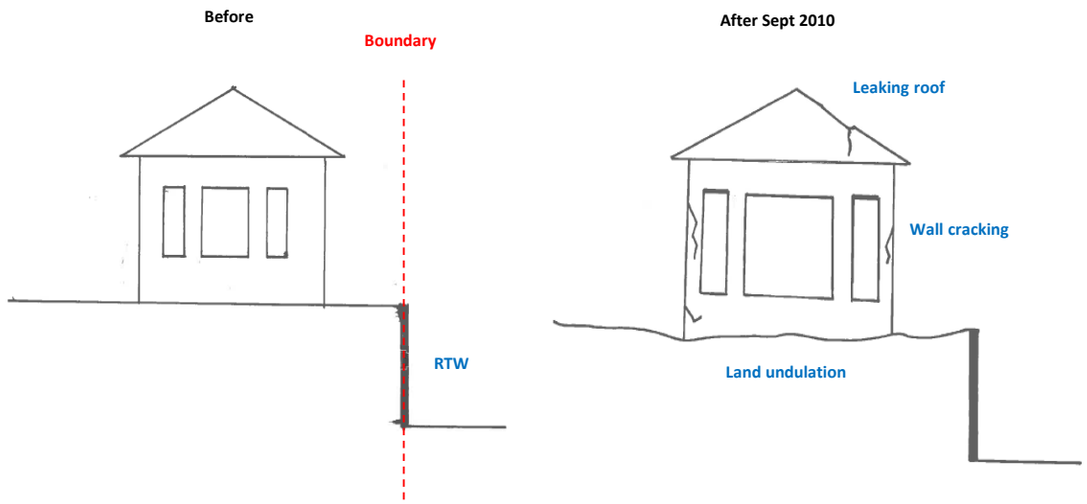
- This pack has been put together for the Public Inquiry by :
  - Reviewing historical process information, which was in varying forms of completeness; and
  - Discussions with key EQC individuals (subject matter experts) involved in the delivery of the historical customer experience
- This pack is intended to provide a medium level detail of two fictional Canterbury customers' experiences, with the ability to compare these across multiple time horizons.
- Where wait times in the customer journey have been identified these are an **indicative estimate** only.

BEFORE SEPTEMBER 2010

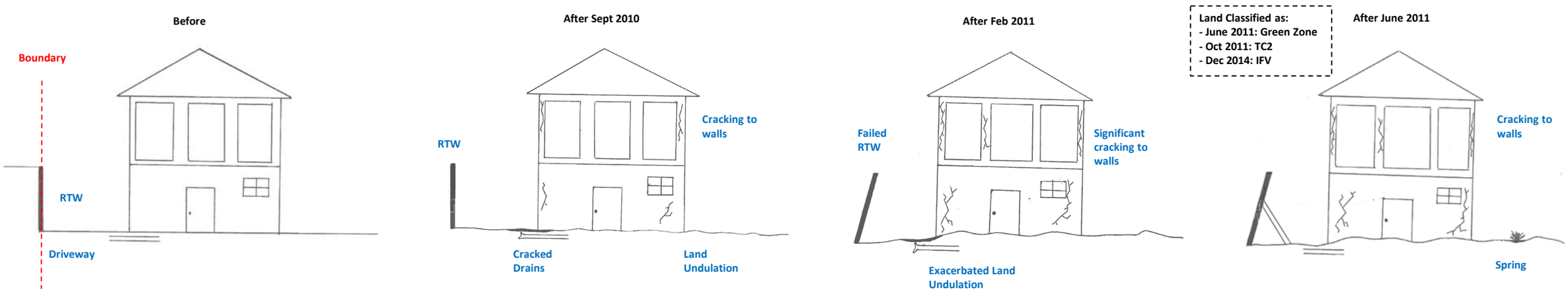
Mary and Alejandro (Neighbour A) live next door to Nikau and Akemi (Neighbour B), on the flat land in Canterbury. Due to some key differences in the way their properties were designed, they experienced some different damage from the Canterbury earthquakes. These different damage types and some individual features of both properties means they have had different customer journeys with EQC. The different customer journeys are shown in the following slides.



NEIGHBOUR A - DAMAGE HISTORY



NEIGHBOUR B - DAMAGE HISTORY



LAND SUBSIDENCE AND FLOOD VULNERABILITY

BEFORE Feb 2011

AFTER Feb 2011

Scenario 1 – Neighbour A

2010

September

Experience Sept 2010 Event

Lodge Claim

Claim lodged for:
- Dwelling: leaking roof and cracks in walls
- Land: Undulation

Emergency Works

Temporary repairs for leaking roof

Schedule Dwelling Assessment

2 months

November

Dwelling Assessment

Cash settlement for under $15k:
- Substantive repair to roof and cracking
- Reimbursement of EW roof repair

2 months

January

Receive payment from Fast track settlement recommendation

2011

February

Experience Feb 2011 Event

Lodge Claim

Claim lodged for:
- Dwelling: Re-levelling of floors, cracking to walls and ceilings, new damage to roof
- Land: Undulation exacerbated, Shared RTW damage (Emergency Works completed by Neighbour B)
- *Subsidence occurs but not visible so customer is not aware*

4 months

June

Experience June 2011 Event

Lodge Claim

Claim lodged for:
Dwelling: new cracking to walls and ceilings

Receive Green Zone Classification

5 months

November

Receive TC2 Rating

Schedule Dwelling Assessment

1 month

December

Schedule Land Assessment

Dwelling Assessment

Damage identified:
- moderate cracking to walls and ceilings
- new damage to roof
- re-levelling of floors required

Sufficient damage and property now eligible for CHRP repair

Experience Dec 2011 Event

No further material damage so no new claim lodged

2012

January

Land Assessment

Land Damage confirmed:
- Undulation is earthquake damage
- RTW is earthquake damage and within EQCover

Engineer visit scheduled for RTW

2 months

March

Engineer Assessment of RTW

Customer identified as having previous cash settlement for dwelling – put on hold in CHRP

Shared RTW identified
- Requires additional assessments to establish boundary lines

5 months

August

Surveyor Assessment of shared RTW

Surveyor confirms boundary line and establishes 50:50 ownership of RTW across the 2 properties

4 months

December

Valuer Assessment of shared RTW

Valuer identified Indemnity Value of shared RTW

5 months

Claim on Hold due to no process methodology for shared RTW damage

2013

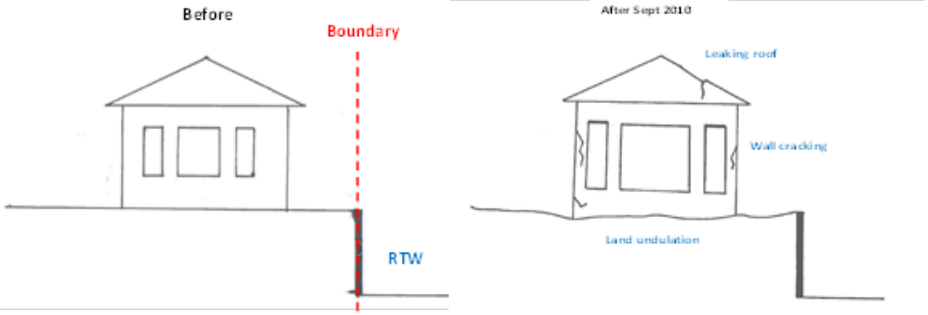
May

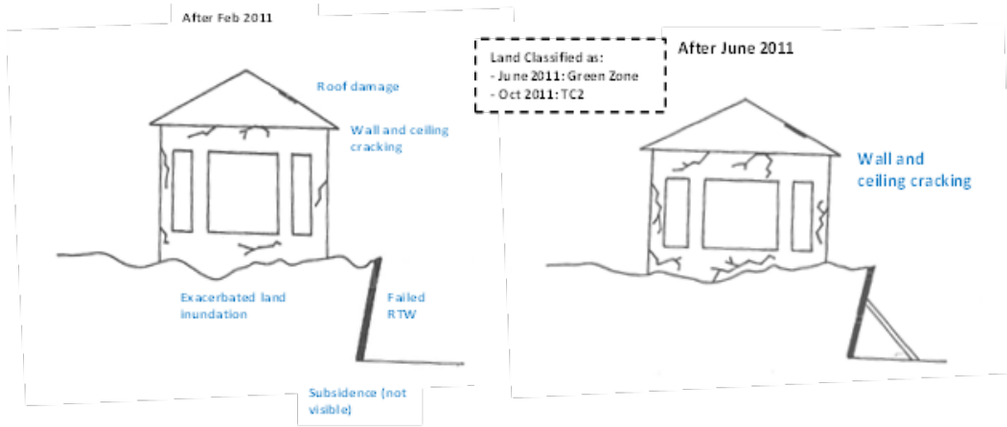
Outbound call to determine if customer wishes to be cash settled or remain in CHRP

Customer elects cash settlement under Managed Repair or Cash offer

Customer sends in bank account details

Receive Dwelling Settlement with uncosted SOW





2014

August

15 months

Receive "Potential IFV Land Damage Identified" letter

Claim on Hold due to no policy or process methodology for IFV

13 months

2015

September

Receive Land Settlement for undulation damage and 50% of shared RTW indemnity value

Remaining 50% of shared RTW damage paid out to Neighbour B

Receive Settlement letter and Land Pack

Includes confirmation that the property is not IFV

5 months

2016

February

Make Repairs to dwelling (Re-roof, re-levelling of floors, ceiling cracks)

Undulation land damage compacted by dwelling damage repair – no repair required

4 months

June

Make Repairs to shared RTW with Neighbour B

KEY

- Whole Claim(s) related events
- Whole Claim(s) related Commentary
- Dwelling specific events
- Dwelling specific Commentary
- Land related events
- Land related commentary

Scenario 2 – Neighbour B

2010

September

Experience Sept 2010 Event

Lodge Claim

Claim lodged for:
- Dwelling: cracks in walls
- Land: Undulation
- Minor drainage issues identified but not sure whether this is dwelling or land related

5 months

February

Experience Feb 2011 Event

Lodge Claim

Claim lodged for:
- Dwelling: Significant cracking to walls
- Land: Shared RTW, exacerbated undulation
- *Subsidence occurs but not visible so customer is not aware*

Emergency Works

- Stabilising/propping up of RTW (blocks use and access of driveway)
- Drain repairs due to cracked drains

1 month

March

Schedule Dwelling Assessment

1 month

April

Dwelling Assessment

Overcap identified and property passed on to Private Insurer

1 month

May

Customer Query in regards to outstanding reimbursement of Emergency Works Invoices

Customer was advised:
- Stabilising of RTW Invoice in the queue for settlement
- Drainage invoice was passed to Private Insurer now managing dwelling claims for overcap property

June

Experience June 2011 Event

Lodge Claim

Claim lodged for:
- Dwelling damage: Exacerbation of existing severe cracks (lodged claim on advice of Private Insurer)
- Land damage: Groundwater spring

Emergency Works

Installation of pump for groundwater spring

Receive Green Zone Rating

Private Insurer confirms removal and rebuild of whole dwelling but unable to progress dwelling repairs due to temporary RTW props blocking accessway

2 months

August

Reimbursement for Emergency Works

Reimbursement for RTW Emergency Works

3 months

November

Receive TC2 Rating

1 month

December

Schedule Land Assessment

Experience Dec 2011 Event

No lodgement of new claim as no new damage visible

2012

January

Land Assessment

Land Damage confirmed:
- RTW is earthquake damage and within EQCover
- groundwater spring damage confirmed as covered EQ damage

Engineer visit scheduled for RTW

2 months

March

Engineer Assessment of RTW

Shared RTW identified
- Requires additional assessment to establish boundary lines

5 months

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Surveyor Assessment of shared RTW

Surveyor confirms boundary line and establishes 50:50 ownership of RTW across the 2 properties

4 months

December

Valuer Assessment of shared RTW

Valuer identifies Indemnity Value of shared RTW

5 months

2013

May

Customer queries outstanding reimbursement of Emergency Works Invoice

Customer was advised their invoice for groundwater spring pump has been lost and needs to be re-sent

Reimbursement for Emergency Works

Reimbursement for groundwater spring pump installation

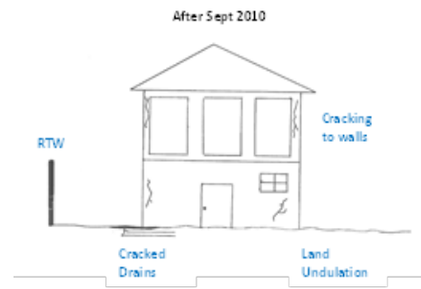
15 months

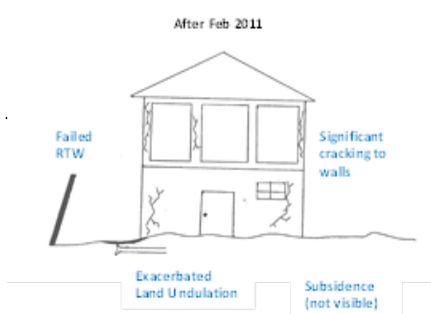
2014

August

Receive "Potential IFV Land Damage Identified" letter

Land claim put on hold, including settlement of RTW which is required for dwelling repair





2015

28 months

2016

December

Receive Land Settlement for DoV on IFV damage, land undulation damage, 50% of shared RTW indemnity value and groundwater spring damage

IFV confirmed and settlement based on DoV of insured land only as dwelling will be rebuilt and a resource consent would be required to carry out a repair

Receive Settlement letter and Land Pack

4 months

June

Customer makes repairs to shared RTW with Neighbour A

Driveway now accessible and cleared for repair work to dwelling

7 months

2017

January

Rebuild of dwelling (Private Insurer cash settled customer in 2015)

Customer makes repairs to undulation and groundwater spring damage

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