

SPECIAL ISSUE: EARTHQUAKE



September 4th 2010 will be a day noted in the history books. Most of us woke that Saturday morning to the news of the Canterbury earthquake and followed it closely as it became clear that it wasn't just another slight shake of the ground.

At Bridges, we have been fielding questions from lots of our clients around what they should do in a major event such as an earthquake. Each situation is different.

We applaud the fortitude, resilience and the spirit of the Cantabarians. We also applaud those of you that have systems in place which anticipate potential disasters - insurance!

Insurance is our business and via our regular newsletters we highlight various insurance policies and their benefits. We also ensure that when we meet with clients we highlight areas of risk. For many clients cost factors play heaviest on the mind and while we appreciate this, we cannot reiterate enough that the reason insurance exists is for the unexpected!

After you have read this special edition, we suggest you keep this with your insurance papers for future reference.

Domestic/Residential Insurance Cover

The EQC is a government entity which is funded by insurance levies you pay if you are personally insured.

EQC pays up to the first \$100,000 + GST of any house loss on PROVIDED YOU ARE PRIVATELY INSURED Your own insurance provider will pick up anything in excess of this up to the total sum insured.

The EQC only covers the land up to:

- 8metres from the dwelling and excludes swimming pools
- 60m for an access way

The EQC is the only land cover available in NZ. So land outside the 8metre range is not insurable.

EQC pays for the first \$20,000 + GST of any contents loss, provided you are privately insured.

WORD OF CAUTION: Often to speed up the process due to the number of claims in a major situation, the EQC may offer a FULL & FINAL CASH OFFER SETTLEMENT.

Our recommendation is to STOP. Take a breath and make sure ALL the costs have been assessed. The danger of accepting this (regardless of the pressure you may be under) is that costs may increase further down the track AND you won't be able to claim on your own personal

insurance policy if you accept a FULL AND FINAL offer.

HOT TIP: Clearly the key is to be insured!

EQC covers damage to residential property* caused by the following perils:

- Earthquake
- Landslip
- Tsunami
- Volcanic eruption
- Hydrothermal activity
- Storm or flood (land only – not the property on it)
- Fire following any of the above.

* Residential property is your home, its contents and the land immediately surrounding the dwelling (within limits).

What to do if there is mess & damage to your property?

You can make temporary repairs for safety or to prevent further damage or discomfort.

You can get essential services like toilets and water systems repaired immediately but keep everything the repairer replaces and keep a copy of the bill.

You can clean up spillages or crockery and

glass breakages but don't throw anything away unless it is perishable.

You can dispose of perishables like ruined or spoiled food, but list the items as you bury, burn or dump them.

How to make a claim.

You have 3 months to lodge a claim with the EQC from the time the event occurred

Make contact with Bridges. In the event of a major disaster in the region, Bridges will have staff on hand to assist. Simply call the office and you will be directed to the appropriate personnel.

If you call EQC direct, they will ask you who you are insured with and for your idea of the extent of damage. They will then let you know whether someone will call to help with your claim or whether you can go ahead and get the repair done. They will follow this up in writing.

If you are unsure about your insurance cover, please call us anyway and we will do all we can to help.

HOT TIP: Focus on the BIG things in your life first – your lifestyle. A TV is easily replaced, replacing your lifestyle is harder if you are underinsured

Commercial Insurance



Many businesses insure against loss of stock or plant. A Building Insurance Valuation is a tool many business should take advantage of to lessen the risk of buildings being under insured. (Of course Bridges can help with this - just call us) A lesser proportion of businesses take a more Big Picture approach and insure the more valuable asset – their Gross Profit!

Loss of Gross Profit Insurance is invaluable because it will pay for your on-going business costs even if you are unable to operate. Consider Christchurch and the CBD closure. Those businesses without insurance cover will still have the same overheads – rates, wages, mortgage... this insurance cover would enable them to continue to pay these costs and enable them to rebuild their business.

LOSS OF PROFIT INSURANCE SOME FACTS:

- Options of 3, 6, 12 and 24 months cover. Estimates are that it will take at least 24 months for Christchurch to rebuild. We recommend that you consider how long it COULD take to rebuild your business – consent processes alone can take 3 months.

Extensions available under this policy pro-

vide added peace of mind;

- Claims Preparation – when calculating your profit many variables are considered. This is a complex process and should only be undertaken by a specialist assessor, typically an accountant.

This cover allows you to fund your choice of assessor. These costs are between \$200-400 per hour.

Bridges recommend a minimum of \$10k for a small business, \$25-\$40k for medium sized business and \$50k for a large business.

HOT TIP: to calculate your gross profit in order to make a claim, who would you prefer – an insurance appointed assessor or your own chosen assessor?

- Acts of Civil Authority.

What do you do when you cannot get access to your building even though it may be un-damaged? There may be a cordon in place preventing access and your ability to trade.

This extension will pay a percentage of your calculated Gross Profit until you can access your business.

- Prevention of Access.

Slightly different to the above, this extension covers the situation that your customers are unable to physically reach you – a bridge has collapsed, roads are inaccessible. It is not your fault your customers can't get to you so once again a percentage of your Gross Profit is available.

HOT TIP: Consider your business – if you haven't got Loss of Profit Insurance – you need it. It is too late after the fact!

SUMMARY:

The scenes of the Canterbury quake are a reminder to us all that Mother Nature has a mind of her own and will, at any time, decide what happens. It has been said that in NZ we are fortunate that we have rigorous building codes and a disaster recovery system in place that rivals our global partners.

As the rebuilding phase progresses, more people will be taking stock of what changes they need to make. Some residents may choose to move. Some may stay and start again. We suggest many will also be re-visiting their insurance policies.

The fact is though that some people have been caught short with inadequate policies. It highlights the importance of the role that we, as Brokers, have in ensuring that we proactively review your policies before they are called upon and that we maintain our relationship with you to ensure your risks are covered.

If it has been a while since your last review or your circumstances have changed, please do get in touch and we can review your policies.

Ron, Chris, Faith, Derek and the team at Bridges Insurance – where our job is to Get it Right for you!

HOT TIP: It is about the Big things. The BIG earthquake, Your Business, Your lifestyle. Rebuilding is easier when you are adequately insured. ADEQUATELY = not over insured nor under insured – just adequately insured.