



Public Inquiry into the Earthquake Commission

Uiuinga Tūmatanui ki te Kōmihana Rūwhenua

What we heard

Summary of feedback from the
Inquiry's public engagement

March 2020



**Produced in March 2020
by the Public Inquiry into the
Earthquake Commission.**

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Tēnā koutou,

Welcome to this document summarising what I have heard through the course of the Public Inquiry into the Earthquake Commission.

I want to extend my deepest thanks to all those who have contributed to the content of this document and the Inquiry as a whole by providing a voice or supporting others to do so.

Hundreds of people have participated through written submissions, public forums held around New Zealand, social media, and meetings and interviews with me.

I want to note at the outset that the number of people I have heard from represents a relatively small proportion of all those dealing with the Earthquake Commission (EQC) after recent major disasters, and that the sample represents largely negative experiences. Nonetheless there have been clear and consistent themes in what I have heard, and I believe the feedback as a whole carries sufficient weight that it cannot be ignored.

The nature of this Inquiry means the majority of the feedback I have heard has come from the greater Christchurch area. However, it has also been a privilege to travel to smaller towns around New Zealand to hear from people and enjoy their wonderful hospitality. I want to thank the councils and organisations that hosted me and my team.

The Inquiry's Terms of Reference are focused on the role and work of EQC, and how that can be improved into the future. However, the scope of the Inquiry includes ascertaining "customers' experience of [EQC's] operational practices and claims outcomes".

It was important therefore that this Inquiry pay particular attention to hearing from affected people and recording their experiences.

This need was firmly reinforced to me by the Community Reference Group that advised me. I want to thank the members of this group for their thoughtful advice and support.

Many people told the Inquiry they felt ignored or not listened to by EQC or other agencies after the disasters that affected them. I hope people feel they have been heard by the Inquiry and they find their voices reflected in this document.

I found it humbling that people were willing to speak so candidly, to pour their hearts out to me, sometimes in tears or struggling to get the words out, and sometimes still angry. I know it has been painful for some to revisit these difficult times for themselves and their families, and that some are still facing difficult circumstances several years on.

It is impossible not to be moved by some of the stories I have heard and read.

Beyond this Inquiry, my wish is that this document serves as a lasting record of people's voices from the Canterbury earthquake sequence and how the response to such disasters can affect people.

This document does not draw any conclusions from what the Inquiry has heard nor does it show preference for one view over another. As such it should be viewed as distinct from the Report of the Public Inquiry into the Earthquake Commission, which contains findings and recommendations for the Government to consider.

Ngā mihi nui,

Dame Silvia Cartwright

**Chair of the Public Inquiry into
the Earthquake Commission**

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Introduction

The Public Inquiry into the Earthquake Commission was established to examine the role and work of the Earthquake Commission (EQC) in the aftermath of recent natural disasters and to learn lessons that can be applied to improve how EQC operates in future. The Inquiry is led by Dame Silvia Cartwright and operates independently of the Government.

A vital part of the Inquiry is hearing from the many New Zealanders who have had experience with EQC including claimants, community organisations, staff, iwi, private insurers, and those providing services to claimants or to EQC.

From April to early July 2019, the Inquiry undertook a public engagement process. The Inquiry invited people to share their experiences and tell the Inquiry what went well, what didn't go well, and what changes they think are required to EQC's policies, operations, and services.

People could participate in a number of ways, including:

- making a written submission
- attending a public forum discussion led by the Inquiry Chair
- dropping in to public forums to share 'sticky note' comments or to talk to members of the Inquiry team
- requesting a meeting with the Inquiry Chair or her team
- making a comment on the Inquiry's Facebook posts.

This document summarises what the Inquiry heard during the public engagement. (Further information on the engagement process is provided in Appendix 1.)

About this document

The primary focus of this document is on what the Inquiry heard in written submissions, at public forums, and through comments on the Inquiry's Facebook posts. It summarises the range of comment the Inquiry received in ten main sections:

- **Canterbury claims experiences**
- **Comparative claims experiences**
- **Claims experiences of particular groups of people**
- **Experiences with specific types of claims**
- **Support for people in resolving claims**
- **The impact of people's claims experiences**
- **EQC as an organisation**
- **Future roles and functions**
- **EQC cover and other legislative provisions**
- **Other matters.**

Quotes have been used throughout the document to give voice to the people who shared their views and experiences with the Inquiry in their own words. Quotes from public forums are a mix of people's own words (for example, on a 'sticky note') and Inquiry team notes (for example, from public forum discussions). All quotes appear as they were recorded, other than correction of minor spelling mistakes or grammatical errors, and removal of any personal or identifying material.

The quotes used in the document were selected because they provide a good representation of what people told the Inquiry. To protect people's privacy, all quotes from individual submissions, public forums, and Facebook comments have been anonymised. Quotes from most group/organisational submissions have been anonymised and include a brief description of the type of group or organisation quoted, rather than the group/organisation name. The exceptions are submissions from public organisations (e.g. central or local government agencies, Officers of Parliament) and submissions from representative sector bodies (e.g. the Insurance Council of New Zealand, Engineering New Zealand).

Some quotes included criticisms of insurance companies or other organisations. As these organisations are not the subject of the Inquiry and have not had the opportunity to comment on these criticisms, the name of the organisation has been redacted from these quotes. The exceptions are public organisations (such as Southern Response) and Fletcher Construction (Fletcher), which managed the Canterbury Home Repair Programme on behalf of EQC. These organisations are named in this document.

Appendix 2 provides an overview of the process the Inquiry team used to summarise what the Inquiry heard during the public engagement.

Meetings and interviews

For additional context, this document includes an overview of the main topics of discussion during the Inquiry's formal meetings and interviews.

The Inquiry Chair has undertaken formal meetings and interviews throughout the Inquiry, and alongside the public engagement process. The purpose of these meetings and interviews was to provide an opportunity to question those who, in the Chair's view, were able to provide information or comment to help answer the Inquiry's Terms of Reference.

Meetings and interviews have been held with a wide range of organisations and individuals, including EQC, private insurers, Māori leaders, local councils, community organisations, advocacy groups, current and former EQC staff, government organisations, Members of Parliament, lawyers, engineers, building professionals (including former Fletcher EQR contractors), and claimants.

This document does not provide a full summary of these meetings and interviews.



Information provided by EQC

The Inquiry has received a number of written briefings from EQC, as well as a detailed submission.

The content from EQC's submission and briefings has not been included in this summary, but is considered as part of the Report of the Public Inquiry into the Earthquake Commission.

Report of the Public Inquiry into the Earthquake Commission

The Inquiry Chair, Dame Silvia Cartwright, considered information provided during the public engagement as part of her deliberations on how to improve EQC's operational practices and readiness to respond to future events.

Dame Silvia has drawn on this material, along with information from meetings, interviews and research, and what she has learned from EQC, in producing the Report of the Public Inquiry into the Earthquake Commission.

This report, with recommendations for the future, is due to be presented to the Governor-General by the end of March 2020. The Government is then responsible for considering the Inquiry's recommendations.



Canterbury claims experiences

Most submissions to the Inquiry (around 80 per cent) were from Canterbury homeowners. There was also strong attendance by homeowners at our Canterbury public forums, particularly in Christchurch.

Many of these people told the Inquiry about their claims experiences. Organisations, former and current EQC staff, and people working with claimants also shared their views.

Dealing with EQC

Most people the Inquiry heard from found their interactions with EQC difficult. They identified issues with poor communication about their claims, inadequate record keeping and the way people were treated by EQC staff. People also experienced frustrations with the EQC complaints process.

Communication about claims

Many people told the Inquiry about the difficulty in contacting EQC and getting information about the progress of their claims. This included:

- finding it hard to get hold of someone by phone
- getting no response to their phone calls and emails or staff being slow to get back to them
- when they could make contact, the EQC staff member being unable to provide them with any useful information
- being given incorrect or conflicting information
- information being withheld from them and only discovered after having made a request for the claim file under the Official Information Act 1982 (OIA).



“The lack of communication from the EQC was appalling. Basically, they couldn’t tell me anything about my land payout for six years, despite me phoning them once a month throughout much of 2016 at least, as my patience was wearing thin.”

(Individual submitter, Canterbury earthquakes)

“Phoning the call centre became a waste of time. Each time you got past the security questions the most they could tell you was that there was no one who could answer your question, that they couldn’t pass on a message or have someone call you back, but they could ‘put a note on your file’ which meant nothing.”

(Individual submitter, Canterbury earthquakes)

“Ask a question – treated as an OIA request – but just a question. Conversations stop. Don’t know why OIA used in this way.”

(Public forum notes, Christchurch)

People expressed frustration at having to talk to a different person and continually go over the same information. Many people wanted to have a single case manager that they could work with.



“I never spoke with the same person on the phone twice, so every time I had to explain our situation.”

(Individual submitter, Canterbury earthquakes)

“ You always get a different person – you can’t talk to anyone and get any sense.”

(Public forum notes, Selwyn)

“ Each time I would have to explain the same stuff again which was time consuming, stressful and frustrating. The call centre people would not give their surname or a direct phone number with the ability for me to contact or talk with them again - I was only looking for some consistency and to not have to repeat everything.”

(Individual submitter, Canterbury earthquakes)

“ Every claimant should have been allocated to a Case Manager so they had one point of contact with a person who could actually give them the information requested and advise of progress.”

(Individual submitter, Canterbury earthquakes)

Former EQC staff shared similar frustrations.



“ A very important aspect of Customer Service is in providing a single point of contact for a claim. This was done by the claim managers. The change in the way claims were settled in Christchurch left claims enquiries being handled by Call Centre staff with little or no claims or EQC knowledge.”

(Individual submitter, natural disasters generally)

“ We did not have all the information we needed to provide accurate information to customers. In some cases we provided very vague information e.g. ‘we currently do not have a time for when that will be resolved’ - That was our response to customers, repeatedly. Which made our job harder, and clearly frustrated customers.”

(Individual submitter, Canterbury earthquakes)

People emphasised a need for better communication between EQC and claimants and more transparency about the progress of claims.



“ I would have preferred transparent and frequent communication that was honest.”

(Individual submitter, Canterbury earthquakes)

“ Better, honest, and regular communication on the progress of the claim from lodgement to completion.”

(Individual submitter, Canterbury earthquakes)

“ Reply to ‘clients’ in a timely manner and make files available to clients if they have to call back so that all information is at hand - instead of staff saying they don’t know/don’t have the information etc etc and saying they will call back which didn’t happen.”

(Individual submitter, Canterbury earthquakes)

EQC record keeping

The Inquiry heard a lot about poor record keeping by EQC, which exacerbated the problems people said they experienced with communication about their claims. This included:

- claim files being incomplete – with missing information, no record of prior conversations between claimants and EQC staff, and only very brief file notes
- EQC holding incorrect information on their files – for example, records that did not accurately reflect agreements or decisions on the claim or information relating to other properties
- claims or files going missing.



“ Seeing conversations reflected in OIA notes from phone calls revealed that very little of the conversation, concerns, questions, etc, was recorded. A long conversation may only result in one line of notes. On receiving our OIA, this felt like a betrayal of what had seemed at times like genuine conversations, and an inaccurate record.”

(Individual submitter, Canterbury earthquakes)

“ EQC also lost our records on a number of occasions and even sent us other claimants information.”

(Individual submitter, Canterbury earthquakes)

“ When I contacted EQC they said they had sent my file to an address which was not my address. When they sent my file to the correct address I found only a 1/3 of issues were in this file.”

(Individual submitter, Canterbury earthquakes)

“ Reports have been ‘lost’ within EQC.”

(Public forum notes, Christchurch)

People emphasised the need for EQC to have comprehensive and well-organised files. Some suggested that each file include a record of all claims lodged, along with all claims information (e.g. records of contact with the claimant, reports on damage assessments, specialist reports, photos, and so on).



“ Each client needs a file with attached records of claims, contact, work and assessments.”

(Individual submitter, Canterbury earthquakes)

“ RECORD conversations regarding payments. I cannot fathom how an outbound call from EQC to a claimant discussing cash payments is not recorded.”

(Individual submitter, Canterbury earthquakes)

“ If one number was allocated to each property with a suffix for each subsequent claim then the issues of EQC trying to link separately numbered claim matters for the same property would not cause unnecessary delays and immense frustration. There has been a very high incidence of ‘lost’ emails, letters reports etc primarily caused by the many different numbers.”

(Individual submitter, Canterbury earthquakes)

People also wanted ease of access to their information. Some suggested enabling claimants to access the status of their claims and their files online.



“ I would like to have been able to login somewhere and see where I was up to in the process.”

(Individual submitter, Canterbury earthquakes)

“ Give homeowners easy access to all information about their properties held by EQC so they don’t have to put in Official Information Act requests. This includes all handwritten file notes taken at onsite meetings. This information should be easily accessible through an online portal.”

(Individual submitter, Canterbury & Kaikōura/Hurunui earthquakes)



The way people were treated

Many people felt that an adversarial approach underpinned their interactions with EQC, which affected the way they were treated. They spoke of:

- not being listened to by EQC staff working on their claims and being ‘fobbed off’ when they rang the call centre
- being treated with suspicion or ‘as if they were criminals’ trying to get more than they were entitled to
- being treated as a number rather than a human being
- rude, bullying, and intimidating behaviour by individual staff members and, in some cases, offensive comments written about them on their claim files.



“The EQC staff were always rude and extremely unhelpful.”

(Individual submitter, Canterbury earthquakes)

“EQC staff were dismissive throughout every dealing. They acted with a complete arrogance and often excelled at claiming they knew more about my property than I did which I bought brand new. Any time I challenged the things they had got wrong I was dismissed and they would argue their side with indifference. It was like dealing with an immovable concrete wall.”

(Individual submitter, Canterbury earthquakes)

“Bullying tactics used, e.g. getting you on your own, told you are lying. Lack of empathy. Made to feel like you have to agree with them.”

(Public forum notes, Christchurch)

“[...] their main priority was treating people like lying criminals and trying to pay out as little as possible.”

(Facebook comment)

“Not being believed by the EQC people is really, really difficult.”

(Public forum notes, Selwyn)

“When we asked for the OIA we were appalled to see that they had written that we simply wanted everything done on the house when it was not needed. We experienced bullying, lying and intimidation, it was a nightmare, and we have to go back and do it again.”

(Individual submitter, Canterbury earthquakes)

Claimant comments were echoed by advocates and others who had supported or worked with Canterbury homeowners.



“Almost every single client I had who dealt directly with EQC reported being treated poorly, belittled, and made to feel like they were seeking assistance that they were not entitled to.”

(Individual submitter, Canterbury earthquakes)

“In respect of my dealings with the assessors and claims handlers I acknowledge that some of them were working very hard in an under-resourced environment. However it is accurate to say that in some cases they were condescending and obstructive.”

(Member of Parliament, submission, Canterbury earthquakes)

Many talked about people having to ‘fight’ or ‘battle’ with EQC.



“And the icing on the cake, was the battle trying to progress our house claim with EQC. And that is what it felt like, a battle.”

(Individual submitter, Canterbury earthquakes)

“I feel that we are not being treated fairly and we should stand up for ourselves. Sometimes it just comes to fighting for a principle and we will continue to do that.”

(Individual submitter, Canterbury earthquakes)

Some people spoke of lies and dishonesty. They referred to EQC staff withholding key documents, undertaking major actions relating to their claims without telling them, and ‘back tracking’ on verbal decisions.



“Files would magically disappear and then when we showed that they were lying (photographic evidence), they simply passed the buck and disavowed any knowledge.”

(Individual submitter, Canterbury earthquakes)

“I got told that the report from an EQC employed builder saying ‘total roof failure’ was a typo.”

(Facebook comment)

“It wasn’t even that bad I guess, but the hiding of documents, doing of major actions behind our backs and without our involvement, and the use of junior unqualified people on claims really had a massive impact. I always thought that if EQC had done the same things but a little more cleverly, we would have had the house badly fixed and be none the wiser till we went to sell it.”

(Individual submitter, Canterbury earthquakes)



Several submissions expressed concern about claimants being 'red flagged' as difficult, which affected their subsequent interactions with EQC.



“ I understand the safety reasons why that needs to occur, but in my observation over numerous cases I advocated on, EQC staff used that flagging all too readily and that it had significant influence in a negative way, over how their cases were then treated thereafter by everyone else coming into contact with their claims file.”

(Individual submitter, Canterbury earthquakes)

“ Our file was labelled DNS - do not survey!!! Seriously, how can there be any balance in any survey if they keep out all the people who had a bad experience? What does that even mean, DNS?”

(Individual submitter, Canterbury earthquakes)

The Inquiry repeatedly heard calls for people to be treated with respect, empathy, dignity, and understanding. People wanted to be listened to and to be treated as honest when making claims. Likewise, they were looking for honesty from EQC in its dealings with claimants.



“ Treat claimants with respect. Have empathy for what people have been thru. Accept that most people are only asking for what is fair & reasonable.”

(Individual submitter, Canterbury earthquakes)

“ Treat people respectfully – do not belittle them, do not trivialise real concerns, do not bully them, do not laugh about them behind their back (apparent from OIA email transcripts).”

(Individual submitter, Canterbury earthquakes)

“ They needed to put themselves into the shoes of the people they were talking to and treat them how they would of wanted to be treated.”

(Individual submitter, Canterbury earthquakes)

“ There needs to be a recognition of good faith as a standard business practice by EQC and insurers.”

(Public forum notes, Christchurch)

“ Consider claimants as honest people, first and foremost. When the customer repeatedly says ‘something is wrong here’, listen to the customer and act accordingly.”

(Individual submitter, Canterbury earthquakes)

“ Be honest. We don’t want to make money or be in a better position than pre-earthquake but we also don’t want to be worse off.”

(Individual submitter, Canterbury earthquakes)

Experience of the EQC complaints process

Some people told the Inquiry they had a positive experience of the EQC complaints process, with prompt action to address their complaints.



“The complaint process [went well], once I was told about it. The young man I dealt with took me seriously and did something about it.”

(Individual submitter, Canterbury earthquakes)

“Our 2015 complaint to EQC was responded to in a solution-focused fashion. We feel this happened as the people we encountered were, at long last, prepared to look at the evidence we presented.”

(Individual submitter, Canterbury earthquakes)

Many others felt their complaints to EQC were poorly managed. Their experiences included:

- no acknowledgement of the complaint having been received by EQC
- slow or no action by EQC to address complaints
- the process failing to address the concerns raised by claimants
- further delay to the processing of their claims.



“EQC never answered any of my complaint emails - ever - how is this possible to have a complaints process that results in zero action. As a citizen I want to know the complaint has been investigated, a decision and course of action is decided and the reasons why and have the right to appeal that decision.”

(Individual submitter, Canterbury & Kaikōura/Hurunui earthquakes)

“I lodged several complaints in regards to the claim progress but these amounted to nothing, since it seems EQC had no real complaints handling system, nor independent oversight whether they were even managing complaints at all.”

(Individual submitter, Canterbury earthquakes)

“Dispute resolution????!! ha ha ha I emailed several complaints and heard zero.”

(Individual submitter, Canterbury earthquakes)



Some people felt EQC should improve its complaint process. Others suggested an independent complaints mechanism (discussed further from page 92).



“EQC needs a robust complaint centre that empathises with their EQC customers and then properly follows up on their enquiries in a constructive manner.”

(Individual submitter, Canterbury earthquakes)

“Needs staff managing complaints to have both technical and people skills. They must be informed, skilled, qualified people.”

(Public forum notes, Christchurch)

Level of service

Some people were happy with the overall service they received from EQC. Many others gave examples of polite or helpful service when they rang the EQC call centre or dealt with particular staff members.



“Our total experience with EQC was superb, excellent and first-class. From initial people visiting to check our safety to damage assessment etc everything was really good.”

(Individual submitter, Canterbury earthquakes)

“EQC call centre staff were impeccably polite and tried their best to be helpful”

(Individual submitter, Canterbury earthquakes)

“I can say that all the frontline staff at EQC I ever spoke to were none other than polite and professional each and every time I dealt with them.”

(Facebook comment)

“Supervisor at EQC who dealt with my issues and concerns was supportive, honest and helpful.”

(Individual submitter, Canterbury earthquakes)

Meetings and interviews

Dealing with EQC (Canterbury experience)

Meetings and interviews that addressed people's claims experiences identified concerns about how EQC communicated with claimants. These were similar to concerns raised in the public engagement and included:

- people not knowing who to contact within EQC
- lack of continuity in staff handling a claim
- EQC call centre staff being unable to provide any information on claim progress.

The Inquiry also heard concerns about EQC using complex language and jargon, and language barriers experienced by some communities (e.g. migrants and refugees).

Suggestions for improvement included a single point of contact (or case manager) for claimants; using local staff with local knowledge to answer phones at the call centre; enabling people to access their claims online; and interpreters to help people understand and navigate the claims process.

Former and current EQC staff told the Inquiry they were instructed not to provide their phone numbers to claimants, and lack of email or phone access at EQC limited their ability to contact claimants directly. They described call centre staff as being 'caught in the middle' between claimants and EQC technical staff, and being hindered by lack of communication by EQC management about how long the claims process would take. They also identified a need to improve the recording of customer information.

Claimants who met with the Inquiry described how they were treated by EQC. As with those who shared their experiences in the public engagement, some people viewed their dealings with EQC as 'punitive'. They described being treated with suspicion, threatened, bullied and treated disrespectfully, and discussed how men and women were treated differently.

At meetings and hui where the experiences of Māori claimants and tenants were discussed, the Inquiry heard concerns about not being treated as a 'whole person', with little or no acknowledgement of what was going on in the life of the claimant or recognition of the importance of whanau in decision making. People emphasised the importance of providing consistent contact, establishing trust-based relationships and understanding the value of 'place' to Māori.

As with the wider public engagement, meetings and interviews raised concerns about EQC lacking a clear and timely process for dealing with complaints. The Inquiry also heard from a former EQC staff member that 'mediation training' encouraged staff to make offers based on their perception of the claimant's wealth and likelihood to 'fight'. Suggestions for improvement included an internal arbitration/mediation service; a mechanism for complaining about staff; external review of complaints; open and transparent processes; and timely decisions accompanied by reasons.

Lodging a claim

People had mixed experiences with the availability and adequacy of information about how to make a claim and the claims management process. Some felt it was well explained.



“My own personal claim was reasonably well managed, information sent to me was thorough, the process was well explained and expectations were set around timeframes to resolve my claim. It was clear it wasn’t going to be a quick process.”

(Individual submitter, Canterbury earthquakes)

“For my husband and myself this was a good experience with every part of the process explained well and dealt with in a timely professional manner.”

(Individual submitter, Canterbury earthquakes)

Others would have liked more information with a clear description of EQC claims processes.



“The whole claims process was quite confusing. We were confused about what we could and couldn’t claim (one example is that we claimed on driveway damage a couple of years later, because we didn’t realise at the time that it was covered). We didn’t know who to contact (insurer, Fletcher, EQC) when we had a query. We got most of our information from media, friends, family, and otherwise used our initiative to hunt out information.”

(Individual submitter, Canterbury earthquakes)

“For us this is a new experience (damaging Earth Quakes) which comes with a whole lot of new terminology. It is important each customer is educated and guided through the process.”

(Individual submitter, Canterbury earthquakes)

Most people who commented about lodging their claims found the process straightforward. However, some noted that people without access to, or familiarity with, a computer and the Internet would have difficulty making a claim or getting information online.



“It was easy to make the claim online - the forms were simple and well laid out.”

(Individual submitter, Canterbury earthquakes)

“Anyone without computer access or knowledge would have had an impossible task.”

(Individual submitter, Canterbury earthquakes)

Assessment of damage

The Inquiry heard more about assessment of damage following the Canterbury earthquakes than any other topic. While some people had a positive experience, the Inquiry mostly heard negative comments about the assessment process. The main concerns were:

- the qualifications and experience of assessors
- the management of assessment visits
- the way people were treated throughout the assessment process
- under scoping of earthquake damage
- proposed repair strategies that were inadequate to address the damage identified.

Qualifications and experience of assessors

Many people told the Inquiry assessors lacked the qualifications and experience to assess earthquake damage. People described the wide variety of backgrounds that assessors came from to illustrate their concerns.



“EQC used incompetent and untrained people to assess damage and prepare reinstatement strategies. These assessors were not properly trained in the definition of ‘damage’, did not know how to assess damage, and did not even know what standard their repairs were supposed to be to.”

(Individual submitter, Canterbury earthquakes)

“[...] I have had people assess my house who worked as police. How is that professional!”

(Facebook comment)

“We received what was to be the first of a series of ‘assessment’ visits from various people.. builders, council officials, [...] salesmen, ex police officers.. basically anyone who had some time on their hands and felt like joining the gravy train.”

(Individual submitter, Canterbury earthquakes)

“EQC assessors often had no relevant qualifications at all, i.e. not a Licenced building practitioner nor any other type of expertise. There were ex-police, ex-salesmen and all manner of people who didn’t know their attic truss from their elbow.”

(Residents’ group, submission, Canterbury earthquakes)



A few people mentioned assessors' inability to deal with the technology or tools for completing and recording an assessment.



“The assessors lack expertise for the work they had to do and out of their depth, struggling to use the technology issued to them (iPads for recording the assessment, devices for checking floor slope).”

(Individual submitter, Canterbury earthquakes)

“During one assessment at my property the [assessor] couldn't use the iPad so someone was sent out to help him.”

(Individual submitter, Canterbury earthquakes)

A few former EQC and Fletcher EQR employees identified similar concerns and suggested lack of experience and training contributed to poor quality assessments.



“Staff training was almost non-existent.”

(Individual submitter, Canterbury earthquakes)

“The EQC attempt to put people on the ground to start scoping in the early stage only produced acrimony and distrust in the public due to the variety of people used. Personally I came across Teachers, Ministers of Religion, [...] retired Policemen and retired Accountants. Most of these early scopes had to be redone and all this produced confusion within the public mind, as the scopes were not accurate.”

(Individual submitter, Canterbury earthquakes)

Many people suggested that, in future, EQC employ suitably qualified and experienced assessors. Engineering and building skills were commonly mentioned.



“The first person sent out to do assessment must be qualified and competent – not a retired policeman.”

(Public forum notes, Christchurch)

“Get qualified builders to do the first inspection [...]”

(Facebook comment)

“Only perform assessments when you have qualified assessors available. This means Level 2/3 builders and engineers. They must be qualified and you must check their qualifications.”

(Individual submitter, Canterbury earthquakes)

“EQC should have hired working and retired engineers, surveyors, builders and assessors. Such persons would have been more than adequately experienced and qualified to assess earthquake damage.”

(Individual submitter, Canterbury earthquakes)

Some people suggested that EQC should have a team of qualified assessment staff on standby. Several people suggested EQC should not be involved in assessment at all.

Management of assessment visits

Many people told the Inquiry they experienced multiple assessment visits. They expressed frustration about constantly changing personnel and the need to explain the situation again to new assessors.



“Multiple site visits and multiple people to deal with. Constantly having to be available for people for these visits, time taken off work.”

(Individual submitter, Canterbury earthquakes)

“Stop doing endless invasive house inspections. We must have had at least 10. Surely you can believe what the last pictures and experts have said. It is very upsetting constantly having strangers go through your home!”

(Individual submitter, Canterbury earthquakes)

“We never had the same people back each time, the next lot never knew what the previous lot had talked about we had to explain everything over and over again.”

(Individual submitter, Canterbury earthquakes)

People also described situations where each new visit resulted in a different scope of works, often with reduced scopes on subsequent visits.



“The hardest issue to deal with was EQC’s vacillation between saying my home was a rebuild, first, then a repair, back to a rebuild, then a repair again, with almost 3 years elapsing before a decision was made.”

(Individual submitter, Canterbury earthquakes)

“Like many people had a scope of works listed from the September 2010 quake stating the property needed lifting for foundation damage yet after the February 2011 quake the property no longer needed lifting and the ring foundations and piles were now fine.”

(Facebook comment)



“ All of our clients have had the earthquake damage to their homes assessed by EQC’s representatives on multiple occasions. In most, if not all cases, the nature and extent of the earthquake damage and the resulting scope of works has decreased with each assessment. This has seriously undermined trust and confidence in the assessment process.”

(Law firm, submission, Canterbury earthquakes)

Some people expressed concern about the waste of money in undertaking multiple assessments.



“ Waste of taxpayers’ money with multiple scopes.”

(Public forum notes, Christchurch)

“ Multiple ‘assessment’ visits by people with no previous building/ plumbing/ construction experience wasted millions of dollars. We had 9 ‘assessments’ while we were white zoned. A bureaucratic stuff up if ever there was one.”

(Facebook comment)

Some former EQC and Fletcher EQR employees told the Inquiry that EQC focused on the number of assessments undertaken each day, at the expense of quality. A number of people suggested EQC spend more time on initial assessments and ‘do it right’ the first time.



“ Emphasis was on quantity, not quality. I still believe that the reason my estimator and I were not invited back for 2012 was due to the fact we were not achieving 5 jobs per day.”

(Individual submitter, Canterbury earthquakes)

“ Spend more time in the initial assessment to get an accurate and fair scope of works. Make the assessment as thorough as possible. Don’t try to save money by doing things poorly and cheaply.”

(Individual submitter, Canterbury earthquakes)

“ There needed to be a culture of ‘do it once and do it right.’”

(Individual submitter, Canterbury earthquakes)

Some people said records of assessment contained missing or incorrect information. Others told the Inquiry the technology assessors used to record their assessments was limited, which hindered their ability to record accurate information for each property.



“Once the building contractors came to repair damage was the 1st time I had seen the assessment. This was totally wrong, they didn’t have correct details (it had wooden windows, we have double glazed aluminium windows), house layout incorrect, damage that we had identified not on list etc etc.”

(Individual submitter, Canterbury earthquakes)

“In the end EQC advised the error had occurred on their behalf as their original inspectors completed the assessment on an iPad with the only facility to tick boxes. As our house was an unusual architectural build it didn’t fit the boxes.”

(Individual submitter, Canterbury earthquakes)

“[...] staff scoping on the ground were required to input data from a series of fixed options, particularly around such significant items as foundation damage, meaning that the closest option available for them to select might not necessarily be the most accurate. This ultimately led to an expectation of the necessary work sent by EQC to the homeowner in their early scopes that in the majority of the cases I worked on, persisted for years afterwards. It also created the basis for a lot of ongoing conflict between the two parties, when the scope was often scaled back to represent a truer picture of the damage incurred.”

(Individual submitter, Canterbury earthquakes)

Some people commented on the scheduling of assessment visits:

- a few people considered the first assessment visit happened in a timely manner; others were unhappy with the time taken before their properties were first assessed
- a few people told the Inquiry about assessors visiting unannounced
- some people expressed frustration with the inefficiency of assessments being conducted across town rather than in one area at a time.



“One assessor told me he had three assessments that day, one in Central City (me), one in New Brighton, and then one in Sumner. That seemed an enormous waste of manpower, when we had a whole street full of people that needed assessing, and he could have done six to eight that day alone. He said that was the system.”

(Individual submitter, Canterbury earthquakes)

Treatment of people

Many people commented on how they were treated by EQC assessors. Their comments were along similar lines to people's overall comments on how claimants were treated by EQC (discussed on page 11):

- some people felt they were treated politely by some assessors but many more described assessors as being unprofessional, rude, sexist, arrogant and aggressive
- many people felt bullied and intimidated
- some people felt they were treated as dishonest and trying to 'rip off the system'
- many people described their experience as a 'fight' for a fair assessment of damage and/or an appropriate repair strategy for their homes
- several people talked about being lied to by assessors and verbal agreements not being reflected in final scoping reports
- several people told the Inquiry they were threatened with delayed claims processing or a reduced settlement if they did not agree with EQC assessors.



“ They were all so rude and patronising it was unbelievable and I often knew more about the building code and engineering than they did.”

(Individual submitter, Canterbury earthquakes)

“ He was bullying and dismissive. He told me it was his right to visit the property without telling us and that if I complained he would just make a cash settlement of our claim which was also his right. He was one of the most arrogant persons I have ever had to deal with.”

(Individual submitter, Canterbury earthquakes)

“ It was a 7 year battle to which I was lied to, and called a liar, threatened to have my claim stalled unless I agreed to a repair strategy that was never going to fix my house, have damaged apportioned to pre-existing damage where there was none, the list goes on and on.”

(Individual submitter, Canterbury earthquakes)

“ Like many people, I pride myself on my honesty and integrity. To be directly accused of dishonesty and not to be allowed to discuss the damage to my home with the assessors, or accompany them to ask questions or show them damaged areas in my home was demeaning.”

(Individual submitter, Canterbury earthquakes)

“ Occasionally we had good experiences with our dealings with EQC assessors. The good people made you realise that there was a respectful and fair way of managing a claim.”

(Individual submitter, Canterbury earthquakes)

Some former EQC employees echoed these concerns.



“ Lastly I would like to point out that as part of our Canterbury induction we were often told that homeowners would be aggressive and difficult to deal with as well as try to pull the wool over our eyes. I can confidently say that out of the hundreds of inspections I carried out, 2 owners were trying to promote dishonest earthquake damage. The rest were extremely matter of fact and accepting of our assessments and many were more concerned about others in their community.”

(Individual submitter, Canterbury & Seddon/Cook Strait earthquakes)

A number of people told the Inquiry that EQC assessors should have well-developed communication skills and be able to demonstrate empathy for people.



“ Assessors and staff of EQC to be trained in empathy for people that have found themselves in the situation of having to make a claim through no fault of their own.”

(Individual submitter, Canterbury earthquakes)

“ The remedy for this poor treatment goes beyond mere communications training. [...] Nonetheless, there must be a significant change in attitudes, a much better understanding of cultural safety, of power imbalances and of the factors that allow honest, respectful discussions to take place. It is important that this happens across all levels of EQC personnel.”

(Individual submitter, Canterbury earthquakes)

Assessment process

Many people described situations where the assessment process did not capture the full extent of the damage caused by the earthquakes. Many people expressed frustration at damage being described by assessors as pre-existing damage and at EQC's reluctance to believe the homeowner or specialist reports they commissioned to support their claims.



“ Reports took months to appear and gave very poor and incorrect assessment but most of all, omitted items that I clearly pointed out as a professional architect that were clearly earthquake damaged.”

(Individual submitter, Canterbury earthquakes)

“ Every single scope of works we have seen to date has been incorrect and incomplete. If we said that something was missing, and we were lucky enough to have it put on the scope, something else would come off.”

(Individual submitter, Canterbury earthquakes)



“Over and over again we presented evidence including photographs of earthquake damage only to be told that the damage either did not exist or must have been there before the quake (it wasn’t and we had reports, repair receipts and photographs to prove it; however nobody at EQC was prepared to look at the evidence!).”

(Individual submitter, Canterbury earthquakes)

“They didn’t want to read the engineer’s report that I had. In fact I paid for 3 engineer’s reports after each earthquake event to ensure that my tenants and I were safe but no notice was taken of them.”

(Individual submitter, Canterbury earthquakes)

Many homeowners felt the assessment of their homes was not thorough and referred to assessors not looking at foundations, under carpets, in ceiling spaces, or on roofs. Several former EQC employees told the Inquiry that some areas could not be inspected for health and safety reasons.



“Told assessor only [there] to look from floor to ceiling and not assess any structural issues – roofing and foundations – seemed that assessors who cared about doing a thorough job were ‘let go’ by EQC.”

(Individual submitter, Canterbury earthquakes)

“They must be willing to look further than just the surface - lift carpets, remove wall linings, get under floors if the owner has concerns. Doing the job once, and properly will save money and save people stress.”

(Individual submitter, Canterbury earthquakes)

“As EQC staff were not allowed to inspect sub floor areas or roof areas due to health and safety rules it meant that these areas were assessed and scopes of works produced by EQC staff without knowing what the damage was but by estimating damage and repair strategies from looking at the building from outside.”

(Individual submitter, Canterbury earthquakes)

Many submissions provided examples of the dollar value of EQC assessments to illustrate people's concerns. In many of these cases, the homeowner had challenged the initial assessment and the claim ultimately went over cap, resulting in private insurer rebuilds or repairs to the value of many hundreds of thousands of dollars.



“ 6.5 years of being told less than \$115k repair until handed to insurance where it [eventuated] in a \$1million rebuild.”

(Individual submitter, Canterbury earthquakes)

“ Initial EQC scoping of around \$70,000 failed to put the property over-cap, and at one-point coverage was mistakenly denied. The property was eventually settled with the settlement figure being close to a rebuild figure and close to ten times the originally scoped figure. That kind of discrepancy cannot be anything other than negligence.”

(Individual submitter, Canterbury earthquakes)

Some people expressed concern that EQC assessments, or engineering reports commissioned by EQC, were not independent or impartial. Some felt it was necessary for homeowners to commission their own reports.



“ It is my observation that the EQC (and insurers) when engaging external ‘experts’, did not engage them to act impartially [...]”

(Individual submitter, Canterbury earthquakes)

“ Some engineers not independent – they just said what they were paid to say.”

(Public forum notes, Christchurch)

“ We assumed that with them being a government entity they would be honest and independent, when in reality and with hindsight, it was crucial for claimants to get their own truly independent advice and submit their own damage reports.”

(Individual submitter, Canterbury earthquakes)

Several people suggested that thorough and consistent assessments would be assisted by a clear definition of natural disaster damage, checklists and quality assurance mechanisms.



“EQC still doesn’t have a clear definition of earthquake damage as there is nothing to this day. Multiple assessors had a different view. Needs to be a formal, structured process to assess and measure damage.”

(Public forum notes, Christchurch)

“Thorough guidelines and check lists should be supplied so that Assessors are accountable for ensuring that all aspects of properties (land and homes) are comprehensively checked rather than just being at the whim of the Assessor.”

(Individual submitter, Canterbury earthquakes)

Claimants’ comments to the Inquiry appeared to be based on an assumption that EQC assessors were responsible for identifying the damage that had occurred to their homes. The Inquiry also heard from a few people who had worked closely with EQC and said that the onus was on claimants to identify damage.



“In our training we were told under no circumstances were we allowed to point out damage that we saw, it was up to the assessor to take information from the claimant. This is so wrong as there was a lot of damage that assessors could see and because the claimant didn’t mention it was not added to scopes.”

(Individual submitter, Canterbury, Seddon/Cook Strait, Eketāhuna & Kaikōura/Hurunui earthquakes)

“EQC’s interpretation of the Act not, as I understand, seriously disputed prior to the Canterbury earthquakes, is that EQC does not accept liability for failing to find damage. That is the homeowner’s responsibility. EQC is not a building inspection company. The further ‘inspection’ of the property [...] is simply to help the homeowner, and help the EQC to reduce the number of occasions when damage has to be reassessed.”

(Individual submitter, natural disasters generally)

Repair strategies

Many people told the Inquiry about what they saw as inappropriate repair strategies put forward by EQC. People talked about EQC proposing cosmetic repairs that did not solve the underlying structural damage, and often described proposed repairs to foundation damage as an example.



“ Lots of repair strategies were bandages over gaping wounds.”

(Public forum notes, Christchurch)

“ They bodged all the repairs such as using epoxy to fill in the [...] garage slab which was in 3 pieces, epoxy filling cracks in the foundations, wallpapering over cracks basically gluing everything back together.”

(Individual submitter, Canterbury & Kaikōura/Hurunui earthquakes)

“ We were not surprised when his report confirmed substantial damage to our foundations, and concluded that EQC’s proposed methodology to repair the foundation (jack and pack the piles, notch the bearers, and epoxy resin the ring foundation) would, in fact, compromise the structural integrity of the foundation and likely cause further damage.”

(Individual submitter, Canterbury earthquakes)

The Inquiry heard many concerns about EQC’s reinstatement standard. Many people felt EQC should have been required to repair to an ‘as new’ standard. Some people drew attention to the replacement standard of their private insurance policies and contrasted this with what they believed to be the EQC standard of ‘like for like’, or repairing to pre-earthquake condition.



“ They refused to acknowledge [their] obligations under the act to restore the property to ‘as new’ and actively looked for cheap shortcuts and patch up options, all the time treating me like an idiot that didn’t know my rights under the act to have my property restored to as new condition.”

(Individual submitter, Canterbury earthquakes)

“ The terms of my insurance contract was ‘as new’ yet EQC had a lower level of repair so my home was not able to be repaired as per my contract with my Insurance [company].”

(Individual submitter, Canterbury earthquakes)

“ I would really like to know why, when a homeowner has full replacement insurance, that this was not applied by EQC.”

(Individual submitter, Canterbury earthquakes)



Some people referred to guidance developed by the Ministry of Business, Innovation and Employment (MBIE) on the repair of earthquake-damaged homes in Canterbury.¹ People told the Inquiry the guidance was flawed and led to a lower standard of repair. In their view, the MBIE guidance did not meet the standard required by the Earthquake Commission Act 1993 (EQC Act), private insurance replacement policy terms, or the Building Code. Some felt the guidance was promoted by EQC (and private insurers) to save money.



“At the heart of the problem was the MBIE guidelines that EQC and our insurer have used to deny and delay our claim for years. MBIE wrote to insurers and EQC stating that the guidelines were not a substitute for the standard of repair required in policies or the EQC Act (as the EQC Group Action resolved). The mis-use of these guidelines by insurers and EQC has led to incredible heartache, financial ruin for some, and sub-standard repairs.”

(Individual submitter, Canterbury earthquakes)

Some people considered repairs should be scoped to meet Building Code requirements and provided examples of where this did not happen. A number of people felt EQC staff needed better training on required standards of repair.



“EQC staff did not understand the EQC Act in regards to land and buildings. Training on the Act should be compulsory for the future.”

(Public forum notes, Christchurch)

“All assessors need to know that building code compliance is required.”

(Public forum notes, Christchurch)

1. MBIE published technical guidance on repairing and rebuilding houses affected by the Canterbury earthquakes in December 2012. Building consent authorities, insurers, builders, designers and engineers were the intended audience of the guidance.

Some people told the Inquiry that poor assessment processes, including inadequate repair strategies, were a key contributor to poor quality repairs and a need for re-repairs.



“The poor quality of damage identification and repair solutions by EQC has manifested in experiences of failed repairs, substandard repairs, missed earthquake damage during initial (and subsequent) assessments, and ultimately litigation for those customers whose views of damage or reinstatement requirements still differs from EQC.”

(Insurance company, submission, Canterbury & Kaikōura/Hurunui earthquakes)

“It is my observation that had the EQC properly looked for ‘earthquake damage’ and allowed to reinstate it to the EQC Act 1993 standard, then no-one would be living in broken homes still today. No-one would have failed repairs and no claim would have been inadequately settled or inadequately repaired.”

(Individual submitter, Canterbury earthquakes)

A few submissions drew attention to the importance of appropriate repair strategies for heritage buildings.



“Scopes and specifications for repairs, including pricing, often did not acknowledge the regulatory and best practice requirements of heritage buildings. Many repairs were undertaken in a manner which resulted in further, often significant, avoidable loss of heritage fabric and values of the historic heritage resource.”

(Christchurch City Council, submission, Canterbury earthquakes)

Meetings and interviews

Assessment of damage (Canterbury experience)

Meetings and interviews addressed a similar range of matters as raised in the public engagement.

Many organisations and individuals the Inquiry met with considered that assessors had insufficient skills, experience and training to assess damage to people's homes. In their view, this adversely affected the quality of damage assessments and repair strategies.

The Inquiry was told that, given a shortage of experienced loss adjusters, EQC's approach was to use two people for the role – a builder to assess damage and someone experienced working with people (such as a teacher or police officer) to work with claimants. Some former and current EQC staff suggested that, in practice, former police staff ended up assessing earthquake damage.

The Inquiry heard that EQC had a strong emphasis on assessors completing a certain number of assessments each day, which people felt was unrealistic and undermined the quality of assessments.

Some claimants told the Inquiry they experienced many different assessments of their homes. The Inquiry also heard that people were treated disrespectfully during assessment visits and not believed when they described what was or was not earthquake damage to their homes.

At meetings and hui where the experiences of Māori claimants and tenants were discussed, the Inquiry heard concerns about:

- little recognition by EQC staff, assessors and contractors of tikanga Māori and the importance of whānau-based decision making and responsibilities
- lack of respect by visiting EQC staff, assessors or contractors for the taonga of whānau members' land, homes and possessions.

The Inquiry heard a range of concerns about the assessment of earthquake damage, including:

- assessments not being thorough and under scoping the extent of earthquake damage
- confusion about where the burden of proof lay for identifying damage (EQC or the homeowner)
- homeowners having to pay for their own expert reports and a lack of consistency in EQC policy for reimbursing the costs of these reports
- lack of oversight and quality assurance of assessment processes.

Suggestions included a standard definition of earthquake damage; use of more invasive techniques for assessment; and standard briefs, checklists and criteria to improve consistency.

Meetings and interviews also addressed repair strategies. The Inquiry was told there were often disagreements between EQC, homeowners and experts on what standard of repair is required by the EQC Act, when a building consent is required and the appropriateness of repair strategies for specific situations (e.g. repair of rubble foundations). The Inquiry also heard concerns about a lack of independence among those providing expert advice on repair strategies.

Settlement of claims

Apportionment

A number of submissions commented on aspects of the apportionment process undertaken by EQC to identify what damage was caused by each earthquake event.²

People's main frustration was that the apportionment process kept them under EQC's \$100,000 cap, which meant they could not access their private insurer and remained within the scope of the Canterbury Home Repair Programme. Some people told the Inquiry they were encouraged to put in claims after each event but were then disadvantaged by doing so.



“ We then had the unfortunate decision by EQC that as we had three claims our pay out was attributed over those three and each claim came under the cap, which meant we would be handed over to Fletchers for the repair program, how ridiculous was that!!”

(Individual submitter, Canterbury earthquakes)

“ It seemed the problem laid with the amount of individual claims that had been put into EQC by us. It was not clear after each major aftershock whether a new claim should be submitted. I was advised by EQC, it was best to do this to make sure we were covered. We put in 4 claims and so were told because of that they would be able to have 4 claims that would just be undercap..... how convenient.”

(Individual submitter, Canterbury earthquakes)

Some people questioned the methods used by EQC to apportion damage across events. Several people felt it was unreasonable and difficult for homeowners to be asked to assign damage without specialist skills. A few people expressed frustration with their apportionment calculation changing over time.



“ On EQC's website re Apportionment; it states, they looked at the area in general and neighbour's damage claims to get some sort of average of event damage. As we know much damage was quite random, one house could be beyond repair while a neighbour may only have needed a cosmetic fix.”

(Individual submitter, Canterbury earthquakes)

“ We had a phone call from EQC sometime in early 2012 asking us about apportioning the damage between the two main events, a task that we found hard to do, as we didn't understand the full extent of the damage to the house.”

(Individual submitter, Canterbury earthquakes)

2. Apportionment is the determination of how much damage to a property is caused by each individual event in a sequence. As EQC cover is restored after each natural disaster classed as an event, EQC was liable for up to the first \$100,000 plus GST (the 'cap') of damage for each event. The private insurer became liable beyond this amount. From 1 July 2019 the cap was increased to \$150,000 plus GST.



Some people felt the need for damage to be apportioned across events resulted in confusion and delays in resolving their claims. Private insurers told the Inquiry the apportionment process added further complications to their dealings with EQC.



“ This was quite possibly the most frustrating, time consuming, and, at least from an outside observer’s point of view, irrational and wasteful process of all. In many cases both or all claims were under cap and the only result was the use of valuable experts’ time and the loss of months or years while the process was undertaken.”

(Member of Parliament, submission, Canterbury earthquakes)

“ Issues with apportionment of claims and the determination of whether the statutory cap has been exceeded continue to this day with ongoing impacts for customers and/or insurers.”

(Insurance Council of New Zealand, submission, Canterbury & Kaikōura/Hurunui earthquakes and natural disasters generally)

Several people told the Inquiry there should be one claim per policy term or earthquake sequence.



“ In my view to make this work in the future the law needs to be changed and clarified where EQC cover is exhausted once it hits \$100,000 within the policy period, (unless perhaps where money has been already been spent completing repairs). This is really no different to a standard insurance policy. I am actually surprised that EQC never challenged the original court decision.”

(Individual submitter, natural disasters generally)

“ It seems to me that it would have made more sense to have each household enter a single claim for the connected events.”

(Individual submitter, Canterbury earthquakes)

A few submissions commented on the importance of correctly apportioning claims to provide confidence to reinsurers.³



“ Reinsurers also have an interest in apportionment. After a major natural disaster, EQC will usually place additional reinsurance contracts against future events [...] Both the consortium of reinsurers and the relative proportions of their cover will almost certainly be different. So reinsurers, after a sequence of events, will want assurance that their liabilities under each separate event are being correctly assessed.”

(Individual submitter, natural disasters generally)

3. A reinsurer provides insurance (known as reinsurance) for insurance companies.

EQC interaction with private insurers

Some people felt EQC worked well with their private insurers in resolving and handing over their claims. Others referred to poor communication with private insurers.



“ When our claim was finally recognised as over cap, the handover to our insurer was smooth and did not require intervention from us.”

(Individual submitter, Canterbury earthquakes)

“ EQC refused to communicate with SR and SR said they could not speak with us until EQC acknowledged we were overcap. I must have spent days and days trying to convince somebody to take some notice and help us.”

(Individual submitter, Canterbury earthquakes)

“ As our claim for contents was over cap it was a nightmare trying to deal with both EQC and insurance as neither of them would communicate directly with each other and I had to be the middle man, which just added time and extra stress to the proceedings.”

(Individual submitter, Canterbury earthquakes)

A number of people told the Inquiry about differences of view between EQC and private insurers (e.g. on the extent of damage, repair strategies, or the costs to repair or rebuild). Claimants, and those working with them, felt this was responsible for slowing down settlement of claims. Some people felt 'stuck' between competing views, or that EQC and private insurers deliberately 'passed the buck' between them to avoid paying out on claims.



“ We are still dealing with EQC over 8 years later for various items and details regarding our site that are in dispute between EQC and our private insurer.”

(Individual submitter, Canterbury earthquakes)

“ Pushed backwards and forward between EQC and insurance companies.”

(Public forum notes, Christchurch)

“ The link between EQC and insurers was used negatively. They used each other to delay cash flow in payouts and responsibility to process claims with haste. Eight years later I'm still processing claims.”

(Individual submitter, Canterbury & Kaikōura/Hurunui earthquakes)



Many people expressed frustration at having to deal with two different organisations – EQC and their private insurer.



“The unclear relationship between EQC and private insurance created unnecessary bureaucracy and heartache for everyone.”

(Individual submitter, Canterbury earthquakes)

“It would be helpful if EQC and the insurance companies could work together to make it a better experience for your customers and to sort issues out. Instead it has been a totally shitty horrible experience, coming up to almost nine years. I have been paid out by the insurance company with possibly more to come for the foundations however now back with EQC to get the land sorted. Grrr”

(Individual submitter, Canterbury earthquakes)

“There should be cooperation not competition between EQC & the insurer.”

(Individual submitter, Canterbury earthquakes)

Many people suggested there be one point of contact for claims, with most (but not all) indicating a preference for their private insurers to take on this role and to coordinate with EQC on their behalf. Views on the future management of claims are discussed later in this document (page 153). People’s experiences with private insurer-managed claims following the Kaikōura/Hurunui earthquakes are summarised from page 59.

Private insurers also expressed frustration with the double handling of claims and with delays in EQC determining that a claim was over cap and passing the claim to the private insurer.



“Unreasonable delays in transferring over cap claims to private insurers has led to poor outcomes for consumers. The ongoing process of re-repairs and the absence of full and final settlements by EQC means that insurers continue to receive over cap claims over eight years after the largest earthquakes.”

(Insurance Council of New Zealand, submission, Canterbury & Kaikōura/Hurunui earthquakes and natural disasters generally)

In addition, private insurers noted a specific issue relating to EQC making rapid assessments and cash settlements for claims for relatively small amounts (e.g. claims under \$15,000) in the early response to the Canterbury earthquakes. The Inquiry was told that some claims were later found to involve more extensive damage and passed to private insurers, which meant the private insurers had to recover the cash payment from the customer before the property could be repaired.



“[This] sometimes proved problematic as the customer had already spent the settlement proceeds.”

(Insurance company, submission, Canterbury & Kaikōura/Hurunui earthquakes)

Cash settlement

Many people told the Inquiry that settlement of their contents claims went well, with claims being settled quickly and people generally (but not universally) being satisfied with the level of cash paid. Some people also commented favourably on EQC's cash settlement of their house claims.



“The contents claim went well. Straight forward. Paid out, finished and ticked off.”

(Individual submitter, Canterbury earthquakes)

“As far as EQC are concerned. They made contact and we settled early with a pay out to try and sort our lives out quickly.”

(Individual submitter, Canterbury earthquakes)

“My claim was a small one that was quickly assessed and settled. I could have claimed for further damage but it was my choice not to. Happy with the process/outcome.”

(Individual submitter, Canterbury earthquakes)

However, many people expressed dissatisfaction with the level of payment offered by EQC for house claims and/or the way in which EQC went about trying to settle claims. Many people told the Inquiry the level of payment offered was significantly lower than what was needed to repair their homes. Some people refused these offers; others accepted and then had to 'make do.'



“I refused all offers of a cash settlement, and stuck with it. I'm glad I did because we were constantly asked to sign it off as a full and final settlement. Instead we just wanted them to manage the process of builders and repairs, etc. Had I taken the first cash offer we would now find ourselves short by tens of thousands of dollars.”

(Individual submitter, Canterbury earthquakes)

“After the Feb 2011 earthquake I put a claim in it took 3 years then they underpaid for the repairs by about \$2000. So I had to get the house repaired for a much lower amount and try to make do. Because I was too tired of fighting.”

(Individual submitter, Canterbury earthquakes)

The general perception of those the Inquiry heard from was that EQC aimed to settle for as little as possible.



“ I really do believe these delays and denials are a deliberate attempt by EQC to ‘wear the claimant out’, so they give up on pursuing the claim any further, which ultimately means EQC pays less to the claimant than they should.”

(Individual submitter, Canterbury earthquakes)

“ Both the Christchurch and Kaikoura EQC responses have had problems and issues which appear to inherently be based around saving money, rather than looking after the people and giving them proper support and their full entitlement.”

(Individual submitter, Canterbury & Kaikōura/Hurunui earthquakes)

Some people reported feeling under pressure from EQC to sign a full and final settlement and, in some cases, a confidential non-disclosure order. Some people told the Inquiry their claims were closed without their knowledge or approval. Some claimants said they received a cheque from EQC without any information on what it was for or how the amount had been calculated.



“ [...] EQC offered us \$99,000 to fix our house and to take it or our claim would be closed on us!”

(Individual submitter, Canterbury earthquakes)

“ [...] a cheque arrived in the mail for an odd amount of money with no breakdown of what it was to cover or who would do the work for that exact amount. I called EQC, they couldn’t shed any light on what it was to cover.”

(Individual submitter, Canterbury earthquakes)

“ I have also seen several instances where money has appeared in a client’s nominated bank account, or is paid to the mortgagee before they receive the information explaining the calculation. This is confusing and distressing for clients.”

(Law firm, submission, Canterbury, Seddon/Cook Strait, Kaikōura/Hurunui & Eketāhuna earthquakes, Wellington land slips and natural disasters generally)

Some people discussed opting out of the managed repair process and taking a cash settlement instead. Some people had a good experience; others had mixed or negative experiences.



“ We ended up opting out and were subsequently out of pocket over \$30,000.00 but that cost in the long term was better than spending the next few years dealing with stupidity.”

(Individual submitter, Canterbury earthquakes)

“ We opted out and were allowed to use our choice of builder which went really well. Using our own builder allowed us to get extra work done at the same time [...]. We were never out of pocket and felt that the repair process was fair. We liked that the builder was paid directly. We liked that we could choose when to get our repairs done, at a time that suited our young family with two parents working.”

(Individual submitter, Canterbury earthquakes)

“ [...] in desperation I accepted EQC's \$45,000 and thought I could project manage things myself. The repair was much bigger than I had anticipated and it took 4 years to do it at great physical and emotional cost to me.”

(Individual submitter, Canterbury earthquakes)

A number of people reported difficulty getting reimbursed by EQC for repairs they had organised themselves. Some people had difficulty obtaining reimbursements from EQC for professional advice. They told the Inquiry EQC was slow to reimburse fees paid – if EQC reimbursed people at all.



“ We sent in a drain report - showing leeching sewer pipes that were earthquake damaged [...] we paid at our cost to get the report [...] it was acknowledged that it would be reimbursed but it took until 8 months (Feb - Oct) for that to happen.”

(Individual submitter, Canterbury earthquakes)

“ EQC are effectively using us as their lending broker. We pay for it now and they reimburse much later. This can also be said of the legal, ongoing engineering and building report costs incurred.”

(Individual submitter, Canterbury & Kaikōura/Hurunui earthquakes)

A few people were surprised to find their cash settlement payments had been made to their banks or private insurers, rather than to the claimant.



“ Claim payment sent to the bank who invested the money. The first we knew of it was when we received a bank statement.”

(Individual submitter, Canterbury earthquakes)

Temporary and emergency repairs

People had mixed experiences on the settlement of claims for temporary or emergency repairs. Some reported that EQC promptly accepted and paid out their claims; others experienced delays before EQC would approve and/or reimburse repairs.



“For the 2010 event, our claim was handled well, with a qualified New Zealand builder scoping our claim and making suggestions to handle emergency repairs. This was all done on a paper form and seemed very efficient.”

(Individual submitter, Canterbury earthquakes)

“EQC promises like: ‘that chimney looks very dangerous - we’ll have someone around within two weeks to get that sorted out’ two years later: ‘that chimney looks very dangerous, we’ll have someone round in a couple of weeks to sort that out!’”

(Individual submitter, Canterbury earthquakes)

Some people appreciated having the temporary or emergency repairs undertaken at their properties, but several commented on the poor quality of repairs. People’s comments on the Canterbury Home Repair Programme are discussed from page 45.



“The initial repair and making of the house safe after the September earthquake were good and seemed to be well co-ordinated.”

(Individual submitter, Canterbury earthquakes)

“Our house was not watertight and initially they did emergency temporary repairs which failed whenever there was severe weather - then they stopped caring and did nothing.”

(Individual submitter, Canterbury earthquakes)

Timeliness in settling claims

Some people reported prompt payment of claims. These were mainly contents claims, some emergency repair claims, and some house claims (e.g. houses that were immediately identified as over cap and passed to the private insurer).



“I had no issues with EQC, full over cap payments were made within months of the 2 big shakes. Because the damage was undeniable.”

(Facebook comment)

However, many other people were unhappy with the length of time it took to settle their claims, particularly house claims.



“Our claim has just been delayed yet again by our claims manager leaving. This has happened so many times and we are so very worn down.”

(Individual submitter, Canterbury earthquakes)

“Delaying tactics might seem fair and sensible to EQC but it isn’t fair to those at the receiving end. In our case we had to wait over five years for EQC to decide that our repair was over cap and we have had to wait another three years for our insurance company to offer us a cash settlement.”

(Individual submitter, Canterbury earthquakes)

“Why was there such a desire for EQC to hold on strongly to what were clearly over-cap jobs?”

(Individual submitter, Canterbury earthquakes)

A number of people told the Inquiry their claims were only settled after they took legal action or sought assistance from others (e.g. their local Member of Parliament (MP), the media, a senior EQC staff member, the Minister Responsible for EQC, or the Residential Advisory Service).



“My claim was cash settled only after going to the media and contacting my local MP for help and making threats of legal action.”

(Individual submitter, Canterbury earthquakes)

“[...] EQC took 6 weeks before they finally sent someone to look at it, and this was only after we had our local MP contact them twice to get it sorted.”

(Individual submitter, Canterbury earthquakes)

Others expressed frustration their claims were still not resolved after eight or nine years.



“Our claim with EQC is still open since the original claim. What can I say apart from how after 9 years we still have an open and unresolved claim with EQC? How could this be allowed to happen?”

(Individual submitter, Canterbury earthquakes)

“8 and a half years later. Still waiting for pay-out. Believe me, the excuses we have had. I could write a book, but don’t have time.”

(Facebook comment)



The Inquiry also heard about what was described as a 'war room' where the most difficult cases languished.



“ While I knew there were staff who oversaw some of the more difficult claims, it was shocking to learn that there was essentially a dedicated area of the business where these claims went to effectively sit without resolution for the homeowner, some times for years on end.”

(Individual submitter, Canterbury earthquakes)

People made various suggestions for speeding up claims processing, including:

- EQC sharing information with claimants' private insurers to reduce delays
- private insurers processing claims on EQC's behalf
- requiring that EQC process claims within a set timeframe (suggestions included three months, 12 months, 18 months, and two years)
- setting a 'penalty' if the timeframe is not met (e.g. a requirement to pay out to the maximum cap).



“ There needs to be a time limit by when all claims will be settled.”

(Individual submitter, Canterbury earthquakes)

“ Faster time frames for settling claims. Should be within 12 months. During the time you are awaiting settlement costs are increasing.”

(Individual submitter, Canterbury earthquakes)

“ Pay fines if you delay payments.”

(Facebook comment)

Others expressed concern about an undue focus on speed and 'getting the numbers down' at the expense of a good result for claimants.

Equity issues

Some people expressed concern that 'easier' claims were processed first. In their view, claims for more damaged homes should have been dealt with before claims for cosmetic damage (such as cracked paintwork).



“ [...] the entire process was backwards - EQC was most definitely tending to the easier cases and leaving the folks who had sustained incredible losses to endure even more hardship.”

(Individual submitter, Canterbury earthquakes)

“ People in Fendalton got their repairs done better and faster than people in the East. EQC wanted runs on the board.”

(Public forum notes, Christchurch)

“ Response needs to be timely - it felt terrible that people were getting a couple of cracks and having their home repainted while we lived in a damp cold damaged home without any support - a transparent and fair prioritisation system for repairs needs to be in place for large disasters.”

(Individual submitter, Canterbury earthquakes)

A number of claimants, people working with them, and former EQC staff commented on frequent changes in how EQC processed claims and inconsistency in how claims were settled. Others told the Inquiry that inconsistencies in assessments led to different outcomes for homeowners with similar levels of damage.



“ I am unsure of EQC’s policies as it would appear that they were made on the hoof and on a case by case basis. There appeared to be no consistency.”

(Individual submitter, Canterbury earthquakes)

“ How come one gets a brand new house, garage and swimming pool while others get a fill in the cracks and a paint job. Similar damage similar decisions please.”

(Individual submitter, Canterbury earthquakes)

“ I never felt like I was treated fairly or in an equitable manner. We were never all treated the same. Some were treated so generously it’s sickening, and others so poorly it’s disgusting.”

(Individual submitter, Canterbury earthquakes)

Some people felt those who were assessed in the early stages of the Canterbury response ‘got more’ than those assessed later on; others suggested the later claims received more generous settlements.



“ EQC was generous after the September 2010 quake. Probably too generous. [...] If it’s true, how much money was wasted there that might have been put towards later repairs?”

(Individual submitter, Canterbury & Kaikōura/Hurunui earthquakes and natural disasters generally)

“ Initial cosmetic damage had all the bells and whistles thrown at it, right down to colour consultants for Gods sake, throwing money around in a silly fashion.... unfortunately leaving ones further down the list having to fight for what they were entitled to.”

(Facebook comment)

Some people told the Inquiry it was unfair that only those who had the financial resources or the knowledge and ability to fight their claims could obtain a fair outcome. People expressed particular concern for the elderly, people with poor health and people who may be unable to navigate the EQC process without support.



“The consequence of the EQC taking a ‘judge and jury’ approach to anyone who disagreed with their assessments, meant that only those with the financial means and patience to prove them wrong could get the correct policy entitlement. This massively disadvantaged the Eastern Suburbs and vulnerable groups such as the elderly or infirm.”

(Individual submitter, Canterbury earthquakes)

“Not everyone has access or resources for lawyers to challenge EQC. It’s terrible that more vulnerable people ‘caved in’ because of a government agency.”

(Public forum notes, Christchurch)

“I found the experience with EQC to be completely disempowering and absolutely awful. I’m used to dealing with bureaucracy and administration. I hate to think what it must have like for the elderly and other vulnerable people.”

(Individual submitter, Canterbury earthquakes)

EQC handling of excesses

A few people commented on EQC’s charging for the excess on their claims. Some people were unhappy at being charged an excess for re-repair work, arguing that only one excess should be payable on the original claim. Others noted the delay in EQC sending invoices to claimants.



“And EQC are now trying to charge us excesses on our remedial repairs, which wouldn’t need to be done had the Fletcher EQR completed them properly the first time, or second, or third!”

(Individual submitter, Canterbury earthquakes)

Meetings and interviews

Settlement of claims (Canterbury experience)

Some meetings and interviews addressed reinstatement of cover and apportionment. The Inquiry heard that difficulties in determining how to apportion damage between the different earthquake events, combined with disagreements about pre-existing damage, contributed to delays in EQC settling people's claims.

Some people told the Inquiry that private insurers had an interest in damage being apportioned between events as it kept some claims under cap and reduced their liability.

Private insurers expressed frustrations with difficulties in getting information from EQC about which claims would go over cap and delays in these claims being passed to them. Some former and current EQC staff told the Inquiry they experienced difficulties in getting information from private insurers. Others told the Inquiry that claimants should not have had to navigate between EQC and their private insurers.

Equity issues were also discussed in some meetings and interviews. The Inquiry heard similar concerns to those raised in the wider public engagement about inconsistent treatment of claims. These included perceptions that earlier claims, claims from the western suburbs of Christchurch, and people with the time, energy, and resources to 'fight' were treated better than others.

Canterbury Home Repair Programme

The Inquiry heard from many people about their experiences of the Canterbury Home Repair Programme, which was managed by Fletcher EQR on EQC's behalf.

Some people commented negatively on the choice of Fletcher as the sole provider for managing the repair programme in Canterbury. They suggested any future managed repair programme should be managed by a panel or consortium.



“ One company is project managing the majority of the claims... Fletchers... a Monopoly... its uncompetitive... there are many builders left with no work... sitting around wanting work...”

(Community advocacy group, submission, Canterbury earthquakes)

“ My conclusion from this experience was that repairs required to thousands of properties from a major earthquake event should not be contracted to just one company. This effectively handed Fletcher's a monopoly, lasting several years, and drove up repair costs.”

(Individual submitter, Canterbury earthquakes and natural disasters generally)

Comments about the operation of the programme were mainly negative and centred on:

- project management of repairs
- the skills of the contractors undertaking the work
- the extent of work undertaken
- repair outcomes and the need for re-repairs
- the sign-off process
- oversight of the repair programme
- people's interactions with the 'system' and treatment by staff.

Project management

Many people expressed frustration with the overall planning and project management of the repair process. Of particular concern was the mismatch between the time people were told the repairs would take and the length of time they actually took. People described returning to uncompleted homes or having to seek alternative temporary accommodation at short notice.



“ Repair supposed to take 31 days [...] Completed 3 ½ years later.”

(Public forum notes, Christchurch)

“ The main issue was that we were told to get out so work could start on Monday, but then nothing happened for 4-6 weeks.”

(Individual submitter, Canterbury earthquakes)

“The company that provided my repairs under the Fletcher EQR scheme in 2014 was terrible and incompetent. I moved out for 6 weeks while repairs were to be done only to find that work had barely started on my return.”

(Individual submitter, Canterbury earthquakes and natural disasters generally)

Others expressed frustration with the scheduling of repairs, including the time taken to start repairs and the lack of certainty about when repairs would start.



“Repairs were meant to be started in February 2012 [...] Again promised by EQC repairs would be started in February 2013 but nothing happened. Repair did start in April 2013. We were told everything would be repaired and completed but work was still at a standstill in June 2013. [...] October 2013 still not repaired.”

(Individual submitter, Canterbury earthquakes)

A few submissions commented that giving Fletcher EQR responsibility for emergency repairs and the home heating programme diverted resources from the Canterbury Home Repair Programme, especially in 2011.

Skills of repairers

Many people expressed concern about the skills and qualifications of the contractors working on their homes. Using suitably qualified and experienced personnel was a commonly suggested improvement for the future.



“Contractors used to carry out EQC/EQR repairs were not skilled enough to complete the work and to manage the paper work associated with that work. Many have proven to be fly by night dishonest individuals who have walked away leaving a mess behind. Painters were setting up companies to manage building repairs!!!!”

(Individual submitter, Canterbury, Seddon/Cook Strait & Kaikōura/Hurunui earthquakes)

“Don't have tradesmen for the quote then sub contract 2 or 3 times so the person doing the painting is a kitchen hand or science university student.”

(Individual submitter, Canterbury earthquakes)

“Next time: need really well qualified builders – there were too many cowboys.”

(Public forum notes, Christchurch)

“Use competent contractors for repair work that understand their scope of work and are competent to execute the required scope of work in a quality manner.”

(Individual submitter, Canterbury earthquakes)

A few people told the Inquiry that competent tradespeople chose to 'walk away' from working with the Canterbury Home Repair Programme. They suggested key reasons were paperwork requirements and tradespeople being unwilling to undertake what they saw as incorrect or incomplete repair strategies.



“ Most decent builders in Christchurch refused to work for EQC in the end because they [weren't] repairing the houses correctly.”

(Individual submitter, Canterbury & Kaikōura/Hurunui earthquakes)

Several homeowners were frustrated at not being able to choose the builder used for their repairs.



“ People were stopped from using their own choice of builders eg the one who built the house. It just seems ridiculous.”

(Individual submitter, Canterbury earthquakes)

Extent of repairs undertaken

Some people told the Inquiry the agreed scope of repairs was reduced when the claim was referred to Fletcher EQR for repair. A few people mentioned that the repairs started without a full scope of works or confirmed repair strategy.



“ A Fletcher foreman who was sent to do their own scope of works, in 2012 did not take note of my foundation damage, or the lean on my floors, and denied me 50% of the initial claim.”

(Individual submitter, Canterbury earthquakes)

“ 3 years waiting for my repair, then Fletchers struck off everything structural.”

(Facebook comment)

“ I had a contractor turn up to start our repairs and they did not have a strategy.”

(Individual submitter, Canterbury earthquakes)

Several people felt there was a concerted effort to keep the repair scope under cap to ensure the work remained within the Canterbury Home Repair Programme.



“ We wondered if this was a way of the builder keeping the work, EQC assessors keeping the work under their management and keeping them in control? It would account for them aggressively removing items from the scope keeping it under \$115k and then finding serious damage once the repairs started so that they kept the job.”

(Individual submitter, Canterbury & Kaikōura/Hurunui earthquakes)

Many people described repairs that did not include all items that were in the scope and were supposed to be fixed. Some people said this was only identified later, once scopes of works were obtained via the Official Information Act 1982 (OIA) or if repair review processes identified unrepaired items.



“ I finally see original SOW and invoices from the builder, EQC aware that the builder was paid to lift the house, complete new ringwall, and re-pile. EQC has tormented me for years always aware that the builder didn't follow scope just charged for the work and signed off on his own work.”

(Individual submitter, Canterbury earthquakes)

“ My house not completed to scope: EQC know this. Fletcher paid the full amount.”

(Public forum notes, Christchurch)

A few former Fletcher EQR staff told the Inquiry that EQC sometimes refused or made it difficult to obtain variations to the scope of works, which contributed to delays and/or poor repairs. In their view, Fletcher EQR should have 'stood up to' EQC on these matters.



“ Often the changes to assessments and scopes was not approved by EQC as they had already set a budget and timeframe from their own assessment and so the repair from some contractors working in the program were only partly completed or compromised [...]”

(Individual submitter, Canterbury earthquakes)

“ [Fletcher EQR] didn't manage their client, always acquiescing to poor plans rather than 'drawing a line in the sand' and telling EQC when and where Fletcher should be controlling repair aspects - i.e. allowing EQC to provide extremely poor scoping.”

(Individual submitter, Canterbury earthquakes)



One contractor told the Inquiry they were dismissed after raising concerns about repair methodologies.

Several people told the Inquiry they wanted to add insulation during the repairs but were not allowed to. Another submitter provided context on EQC's considerations about installing insulation at the time.



“To my mind no house should have been repaired without being insulated at the same time, particularly in Christchurch.”

(Individual submitter, Canterbury earthquakes)

“There was a proposal that the opportunity should be taken to improve the insulation standards of houses during repair. I cannot now recall the source of this suggestion but it was problematic for several reasons. Installing a higher standard of insulation is ‘betterment’ rather than ‘reinstatement’, so who would meet the cost? In response, it was proposed that homeowners install their own insulation after the builders had left for the day. This raised serious issues of safety and liability as a house under repair is a construction site controlled by the builder who is responsible for site safety.”

(Individual submitter, natural disasters generally)

Quality of repairs

Many people were satisfied with the quality of the overall repairs, or aspects of the repairs, at their properties.



“The workers that EQC got in to do my repairs were amazing and very, very quick and helpful. [...] The workmanship was great and my house looked like new, despite being built in 1961.”

(Individual submitter, Canterbury & Kaikōura/Hurunui earthquakes and natural disasters generally)

“The repair went well and was completed on time to a high standard. As the repairs were undertaken there were some variations that were required and were accepted and approved by EQC.”

(Individual submitter, Canterbury earthquakes)

However, many others told the Inquiry about poor quality repairs. Common issues related to paint jobs, chimney rebuilds, and repairs to foundations and brick and plaster claddings. A number of people said their houses were worse after the repairs than after the earthquakes.



“Repairs were of a poor standard. Paint colours were wrong. Work that we had expected to be done, was not.”

(Individual submitter, Canterbury earthquakes)

“ [...] I cannot recall seeing an honest, competent EQC epoxy repair of a cracked perimeter foundation.”

(Individual submitter, Canterbury earthquakes and natural disasters generally)

“ The brick repair was even more substandard. The final repair method was that they epoxied the cracks on the bricks and then painted over the epoxy to match the brick colour. These re-cracked within a week.”

(Individual submitter, Canterbury earthquakes)

“ Our so-called ‘repairs’ have left our house in worse condition than it was after the earthquakes.”

(Facebook comment)

Some people said contractors did not undertake repairs in accordance with the Building Code or failed to apply for necessary building consents for repairs. Some people identified issues relating to the appropriate management of asbestos. A few people provided examples of not receiving ‘like for like’ repairs.



“ We were told ‘Yes it does not comply with the Building Code, but it has been signed off by the EQR Contract Supervisor and there is nothing you can do about it.’ We went to the Christchurch City Council and EQR were told to correct the cavity.”

(Individual submitter, Canterbury earthquakes)

“ Nobody checked for asbestos therefore we have all been exposed to it as the painter sanded the stippling.”

(Individual submitter, Canterbury earthquakes)

Many people told the Inquiry about contractors failing to take care with their property and possessions.



“ They were very rough, we felt we couldn’t trust them alone in the house. The workmanship was appalling and I eventually kicked them out. They totally destroyed polished floors that had no damage by throwing bricks onto it.”

(Individual submitter, Canterbury earthquakes)

“ The plasterers and painters used my mother’s crockery, cutlery and pots to cook themselves meals on her stove without anyone’s permission. They stubbed their cigarettes out in her cat bowl!”

(Individual submitter, Canterbury earthquakes)

“ We moved out of the house for the repairs, the carpets were lifted and thrown on to the lawn in full sun and trampled on. We came home one night to check on the place and found a strange 4x4 on the driveway. Inside was one of the builders with his girlfriend it was 8pm at night. We threw them out.”

(Individual submitter, Canterbury & Kaikōura/Hurunui earthquakes)

Re-repairs

Many people talked about the need for re-repairs at their properties. Some people expressed frustration at the additional cost to taxpayers and the ongoing disruption to their lives.



“ Every year since 2013, repairers have returned, attempting to rectify damage, some several times. It has been extremely stressful, repair process far worse than quakes.”

(Individual submitter, Canterbury earthquakes)

“ My house is now waiting for its 4th re repair and I am frustrated, stressed and fed up with the re repair process.”

(Individual submitter, Canterbury earthquakes)

“ Far too many re-repairs required - waste of time and money.”

(Public forum notes, Christchurch)

As noted earlier, a number of people told the Inquiry that poor scoping by EQC assessors was a key cause of poor quality repairs and the need for re-repairs. Some people felt there was too much focus on profit, or on ‘the numbers’.



“ I think many of the problems regarding the EQC repairs were caused by those quick inspections by unqualified assessors who pulled figures out of the air and then expected Fletchers or whoever to repair major structural damage for the sum quoted.”

(Individual submitter, Canterbury earthquakes)

“ [...] the scopes of work provided by EQC were inadequate or defective. The contractors would say they would only follow the scope and errors or omissions were not their fault.”

(Individual submitter, Canterbury earthquakes)

“ EQC saw it all as a numbers game – not about quality.”

(Public forum notes, Christchurch)

“ To add salt to the injury, Fletcher boasted that it would make \$300 million from the rebuild. Our lives then became a money making exercise and the resulting shambles are shame on all involved.”

(Individual submitter, Canterbury earthquakes)

Several people described their satisfaction with the re-repair process; a number of others commented on the difficulty in getting EQC to agree to re-repairs and the time taken for them to get started.

Sign off of repairs

Many homeowners expressed dissatisfaction with the sign off process for repairs. Their key concerns were that:

- the repairs were signed off by EQC, Fletcher EQR, or the contractor without their knowledge, or
- they felt bullied to sign off repairs, and were told that EQC, Fletcher EQR, or the contractor could sign if they refused.



“ Later also on this day the project manager and contractor signed the house off as completed not even bothering to tell me. (I found out in August 2017 when I received part 2 of my file under the OIA).”

(Individual submitter, Canterbury earthquakes)

“ [...] we felt that we were bullied into accepting the repairs that were done. We were told that if we did not sign it off it was not a problem they would sign it off themselves.”

(Individual submitter, Canterbury earthquakes)

Several people told the Inquiry that EQC should have a process for ensuring homeowners are satisfied with the completed repairs. A few people said they found it difficult to monitor the quality of repairs when they had little or no access to the property during the repair process. Several people suggested homeowner access to the final scope and cost of repairs would have helped the sign off process.



“ There must be checks in place to see if we were happy with the repairs or actually signed off on them.”

(Individual submitter, Canterbury earthquakes)

“ The workmen with orders from on high were reluctant to show us the list of what was going to be repaired. This was dumbfounding considering it was our house and was kind of important to ensure that the repairs agreed upon were actually done and that corners were not cut.”

(Individual submitter, Canterbury earthquakes)

Oversight of the repair programme

Many people considered lack of oversight and accountability for the repair process was a key reason for poor quality repairs. Suggestions for improvement included:

- closer supervision of contractors and subcontractors
- improved vetting processes for contractors
- tighter and better enforced contractual obligations on contractors
- independent sign off processes
- disciplinary action by professional bodies.



“ Usually the Fletchers and EQC supervisors only came to the site at the start of the job and the completion.”

(Individual submitter, Canterbury earthquakes)

“ Run a proper quality assurance process for sign off of work completed [...] Supervise them thoroughly during the repair process and make sure they cannot complete future EQC jobs if they are not performing to a high standard.”

(Individual submitter, Canterbury & Kaikōura/Hurunui earthquakes)

“ Building Companies awarded EQC repair work should require oversight by the Licensed Building Contractor on the actual building site during EQC Repairs.”

(Individual submitter, Canterbury earthquakes)

“ Avoid engaging with dodgy contractors. Thoroughly vet & assess before inflicting them on clients.”

(Individual submitter, Canterbury earthquakes)

Some people made allegations of dishonesty and fraud, such as contractors not doing work that was paid for, not using specified materials, or taking materials from site.



“ We were chosen to be audited by EQC. EQC ‘suits’ came [...] and thought they had detected fraud over roof costs [...]”

(Individual submitter, Canterbury earthquakes)

“ They all put in massive invoices for this and I contacted EQC to tell them that the fletchers contractors were committing fraud as the invoices had work on them that had not been completed, for example, pulling down my chimney which my friend, an engineer, actually did for me.”

(Individual submitter, Canterbury earthquakes)

Many submitters considered Fletcher EQR should have been responsible for better managing repairs and addressing dishonest practices; some saw a role for EQC in overseeing the repair process.



“EQC contracted Fletchers to oversee all work but failed to independently vet that Fletchers were a) Doing their job effectively and as per their contract, and b) That the payments to Fletchers were valid. Neither was the case it appears.”

(Individual submitter, Canterbury earthquakes)

Several people expressed concern that Fletcher EQR was not liable for the quality of the repairs in its contract with EQC.



“The second issue that needs changing is the contract that EQC entered into with Fletchers whereby they affectively absolved and indemnified Fletchers of any liability caused by their actions as project manager. [...] This should never ever have been agreed to by EQC.”

(Individual submitter, Canterbury earthquakes)

Navigating the Fletcher EQR system

Some people told the Inquiry they had difficulty navigating the Fletcher EQR system. They reported staff being hard to get hold of, staff not returning calls, poor communication about the expected process, and having to repeat conversations due to rapid staff turnover.



“Once again when we were passed to Fletchers, constant chasing on our behalf to get any answers. You weren't given a particular person to contact so just making a phone call could take ages and then someone would need to phone you back and when you are trying to work that is not always possible.”

(Individual submitter, Canterbury earthquakes)

“For me the House Repair process was a circus with personnel not communicating with one another.”

(Individual submitter, Canterbury earthquakes)

Some people felt they were 'shunted' between the EQC and Fletcher EQR systems. People described being referred from one organisation and back to the other, files being lost between systems, and it being evident to them that one organisation was not aware of what the other was saying to the homeowner. A few people expressed dissatisfaction with the Fletcher EQR complaints process.



“ Numerous phone calls to EQC & the major contractor & EQR with each passing the buck & referring me to another! No one wanted to take responsibility until I made a threat to get a solicitor involved.”

(Individual submitter, Canterbury earthquakes)

“ Communication at all times was poor, mostly reactive, and seemed to be uncoordinated. At various times depending on who I spoke to (EQC, EQR, contract supervisor, contractor) I would get four different answers. There appeared to be no central database for the various parties to update into - no common ‘hymn sheet’ that everyone could refer to.”

(Individual submitter, Canterbury earthquakes)

A few former Fletcher EQR employees commented positively on the hub model that Fletcher EQR put in place in communities.⁴



“ The Fletcher EQR model of stand alone hubs allowed Fletcher to recruit and place staff quickly and set up complete hubs staffed with the required skills.”

(Individual submitter, Canterbury earthquakes)

4. Fletcher EQR operated a hub structure in Christchurch, with a central office supported by hubs in the communities where repairs were taking place. Some EQC staff were also based in the hubs.

Treatment of people

A few people reported positive experiences dealing with staff and contractors as part of the Canterbury Home Repair Programme. Many others described their interactions negatively. They described staff as being rude, threatening, abusive, or aggressive and referred to bullying and intimidation.



“When I finally managed to speak to [...] on the phone he was very rude and abrupt and told me there was nothing to see so he wouldn't allow visits. I felt very intimidated by him and I am a strong person.”

(Individual submitter, Canterbury earthquakes)

“The company who did the repairs were totally unprofessional and extremely rude, so I was glad my mother didn't have to deal with them. It was disgusting.”

(Individual submitter, Canterbury earthquakes)

“In Christchurch homeowners were often afraid to complain about bullying or poor workmanship for fear of it getting worse or of the work being stalled- as was threatened at times.”

(Individual submitter, Canterbury earthquakes)

“Some EQC, EQR & Contractors were okay, but some were just dishonest, disrespectful & bullies. I have never experienced such behaviour before and found it very stressful to say the least. An EQR shouting at me like I was a little child, and no apology.”

(Individual submitter, Canterbury earthquakes)

Many people felt their legitimate concerns were dismissed and they were not listened to.



“The way they treated me made me feel like I was unimportant in this process and that no matter what I said about things I was dismissed. However, I was proven correct. This house was not fixed correctly, there were still major issues with the foundation and house in total.”

(Individual submitter, Canterbury earthquakes)

“EQC refused to listen to our concerns. [...] In addition, the repair itself was extremely poor but again EQC preferred to believe the misinformation from Fletchers.”

(Individual submitter, Canterbury earthquakes)

Meetings and interviews

Canterbury Home Repair Programme

Meetings and interviews held with EQC, former EQC staff and board members, Fletcher Construction and others addressed a range of matters to assist the Inquiry to understand why the Canterbury Home Repair Programme was established and how it operated in practice. This included:

- the decision to put in place a managed repair programme
- the procurement process and selection of Fletcher to run the Project Management Office
- how the programme was managed, including allocation of work to Fletcher EQR and prioritisation of repairs
- the relationship between EQC and Fletcher EQR
- communication with homeowners and communities.

The Canterbury Home Repair Programme was also discussed in other meetings and interviews, including meetings with claimants, private insurers, lawyers, community groups and others.

The Inquiry heard some similar concerns to those raised in the public engagement including:

- unskilled or unqualified tradespeople undertaking repairs
- difficulties in getting changes to the scope of works at the repair stage
- the extent of repairs not reflecting the full scope of works
- poor quality repairs and a need for re-repairs
- work being signed off before being completed or without homeowner agreement
- inadequate quality control processes and poor oversight of subcontractors.

Some people told the Inquiry the programme was delayed by being diverted to emergency repairs and taking time to consider matters such as possible addition of insulation and removal of asbestos. Others felt the repairs started too soon, and there could have been better communication about how long the repair process would take.



Comparative claims experiences



Kaikōura/Hurunui

The Inquiry received 100 submissions that related to the Kaikōura/Hurunui 2016 earthquakes, where most claims for damage to homes and contents were assessed and settled by private insurers on EQC's behalf, including those under the EQC cap. Most of these submissions (two-thirds) also related to the Canterbury earthquakes (and some to the Seddon/Cook Strait earthquakes). Only comments that are clearly about the management of Kaikōura/Hurunui earthquake claims are described here. The Inquiry also spoke in person with 34 people at public forums in Cheviot, Waiau and Kaikōura.

The following section on claims management experiences includes comments from claimants, former EQC staff, and organisations working with claimants. Private insurer perspectives are summarised separately.

Claims management experiences

Lodging a claim

People generally said the process of lodging a claim with EQC went well. However, some people told the Inquiry the process for managing the claim was not clear and they would have liked more information on the roles of the different parties (i.e. claimants, EQC and private insurers).



“After the original claims were filed it has been unclear what the process is and what my rights and reasonable expectations are.”

(Individual submitter, Seddon/Cook Strait & Kaikōura/Hurunui earthquakes)

A few people told the Inquiry they did not discover earthquake damage until after the 90-day period for lodging a claim and so their claims were not accepted. One person suggested that EQC be more proactive in encouraging people to get their claims in on time.

Management of claims by private insurers

People reported mixed experiences with private insurers managing claims on EQC's behalf.

Some people were very satisfied with the way their private insurers managed their claims. Some said it was 'far better' than management of their Canterbury claims. In their experience, their private insurers' claims staff were good to deal with, the process was fair, and claims were settled promptly.



“But this time round they made a good job in my experience. My house was condemned after the Kaikoura earthquake and had to be totally demolished. From the time I put my claim in to when it was settled in three days the people I dealt with were marvellous. Kind sympathetic and understanding. I was very, very impressed.”

(Individual submitter, Kaikōura/Hurunui earthquakes)

“Taking in account the enormous amount of damage to many properties in the Hurunui and Kaikoura districts we are of the opinion that claim management and settlement has been executed in a most satisfactory and timely manner.”

(Individual submitter, Kaikōura/Hurunui earthquakes)

Others had a different experience. They told the Inquiry their private insurers' settlement process was slow, communication was lacking, and they felt private insurers were deliberately drawing the process out to 'wear them down.' Some said they experienced rude or bullying behaviour. A number of people considered private insurers were not acting fairly and in the best interests of their customers.



“It has felt very much that the needs of the insurance company has been placed ahead of what I have needed to quickly and fairly resolve the claim.”

(Individual submitter, Seddon/Cook Strait & Kaikōura/Hurunui earthquakes)

“It seemed to me that they were doing everything possible to slow the claim process down.”

(Individual submitter, Kaikōura/Hurunui earthquakes)

“Farming out of all the claims to insurance companies won't solve the issue of information getting lost and lack of continuity of claims management.”

(Public forum notes, Cheviot)

“We experienced extreme bullying, lying, misleading and deceptive behaviour at the hands of [private insurer], EQC and [private organisation]. Their conduct was appalling.”

(Individual submitter, Kaikōura/Hurunui earthquakes)

A few submissions noted inconsistency in how different private insurers managed claims, which people found confusing. Some people expressed disappointment in what they perceived as EQC 'washing their hands' of them by delegating claims to private insurers.



“The inconsistency between different insurers caused considerable distress throughout the claims process. Correspondence from some insurers was complex to the point of being almost incomprehensible, or perceived as threatening or arbitrary. This resulted in some people needing to access specialist legal advice to access their entitlements, adding further stress to the process. Given EQC had delegated responsibility to these insurers it reflected badly on that organisation.”

(Marlborough Civil Defence Emergency Management Group, submission, Seddon/Cook Strait & Kaikōura/Hurunui earthquakes)

“EQC failed me and everyone else who they signed over to their private insurers without consent.”

(Individual submitter, Kaikōura/Hurunui earthquakes)

A few people said they encountered issues with claims being managed by different organisations (i.e. their private insurers for their Kaikōura/Hurunui earthquake house damage and EQC for land damage or house damage caused by a different event).



“The main damage to my house was covered under the Kaikoura earthquake claim and was administered on behalf of EQC by [private insurer]. However, there was further damage to my house as a result of the slips in the July 2018 weather event. The EQC assessor would not look at these as they did not relate to the land. [The private insurer] would not be involved because they related to the EQC claim and they were not noted in the EQC assessor’s report.”

(Individual submitter, Kaikōura/Hurunui earthquakes & weather events)

Assessment of damage

Some people commented that assessors used by their private insurers were friendly and undertook a professional and thorough inspection of their properties.



“We recently bought a holiday home and it was damaged in the Kaikoura shake. An assessor turned up (the same one that did our [Christchurch] house after the Feb quake). He did a good scope including most of the damage.”

(Individual submitter, Canterbury & Kaikōura/Hurunui earthquakes)

Others raised issues similar to those identified by Canterbury claimants. They expressed concerns about:

- multiple assessments
- unqualified assessors
- rude or bullying behaviour
- assessments not being full and thorough
- earthquake-related damage being assessed as pre-existing damage
- inappropriate repair strategies.



“When the assessor came, he only did visual checks from the ground and stated that the chimney was fine. When we lit the open fire early in the following winter the house was completely filled with smoke as the top of the chimney was blocked. They never go under the home to check for damage nor even up ladders to verify potential issues.”

(Individual submitter, Seddon/Cook Strait & Kaikōura/Hurunui earthquakes)

“ I had seven assessors, engineers, and architect – but only the last engineer that recognised fairly major structural issues – 18 months post-quake.”

(Public forum notes, Seddon)

“ Being in a small town it was interesting to hear through other family members/neighbours and friends the huge variations in what each inspector carried out on properties which in turn resulted in a huge and unfair allocation of funds with little or no consistency in the results of these inspections. Was this due to some of the people employed to carry out these inspections having none or very little experience in this work before hand?”

(Individual submitter, Kaikōura/Hurunui earthquakes)

The Inquiry also heard concerns about:

- MBIE guidance developed for the repair of Canterbury homes being used in other areas following the Kaikōura/Hurunui earthquakes
- the burden of proof for identifying damage sitting with the homeowner.



“ EQC were using the MBIE guidelines to suit themselves, when the guidelines are not appropriate for Kaikōura damage – they were designed for Christchurch’s liquefaction conditions.”

(Public forum notes, Kaikōura)

One person suggested that private insurers should have checked all homes, rather than relying on homeowners, especially in areas where there are a lot of holiday homes that are used infrequently.

Settlement of claims

A number of people were very positive about how promptly their claims were settled by their private insurers and were happy with the settlement outcome.



“ One claim. Experienced builders assessment. Interested in my observations. Liaison with experienced insurance worker. Satisfied with outcome of this claim.”

(Individual submitter, Canterbury & Kaikōura/Hurunui earthquakes)

Others were unhappy with delays in reaching a final settlement and were unsatisfied with the level of payment offered. Some told the Inquiry they felt pressured into accepting a lower amount; others felt their private insurers' focus was on paying as little as possible.



“ Nothing has gone that well from my perspective, it has taken too long, information has not always been provided to justify decisions made by EQC/Insurers and the focus seems to be on paying out the minimum amount, taking the longest time to do so.”

(Individual submitter, Kaikōura/Hurunui earthquakes)

“ Dealing with the private insurers is really no different from EQC. You are basically told you don't know anything and offered a pittance to take and walk with no structural reports or geotechnical advice.”

(Individual submitter, Canterbury & Kaikōura/Hurunui earthquakes)

The Inquiry also heard concerns about cash settlements being made with no explanation of what they were for, cash settlements being made to banks rather than claimants, and a perception that private insurers focussed on settling 'easy' claims first.



“ Insurance companies touted they had settled 90% of claims in a certain time, BUT these were all the easy claims and the remaining 10% of outstanding claims represented 80% of the total payout costs.”

(Public forum notes, Waiau)

Several people questioned whether the private insurer-managed approach had resulted in well-repaired homes and positive outcomes for claimants. A few people suggested managed repair would have been a better way to settle claims, particularly in land-damaged areas.



“ I had been familiar with the procedures and problems arising from family members' experiences with the Christchurch earthquake but then to find that we were to be in charge of handling any repairs etc and managing the money side of this was daunting.”

(Individual submitter, Kaikōura/Hurunui earthquakes)

“ My second issue was trying to co-ordinate a response across multiple properties in EQ land damaged area along a stream edge in Kaikoura. EQC had started individually compensating property owners with cash settlements which meant a coordinated response across all the properties could not occur. [...] My point is that individual settlement may placate property owners in the short term but it is not always the best outcome.”

(Individual submitter, Kaikōura/Hurunui earthquakes)

Private insurer perspectives

Private insurers were positive about the potential for the Kaikōura/Hurunui model to provide a better customer experience and more efficient management of claims. While acknowledging some implementation issues, private insurers were confident that it had worked well in practice.

For example, in its submission, one private insurer told the Inquiry it was able to mobilise quickly. In its view, taking a case management approach and undertaking proper damage assessments increased trust and resulted in most settlements being accepted by its customers. This insurer reported a lower level of litigated claims and better claims resolution and completion rates than that experienced in Canterbury.

The Insurance Council of New Zealand told the Inquiry that, across private insurers, 83 per cent of property claims relating to the Kaikōura/Hurunui earthquakes were fully settled within one year; in contrast, for the Canterbury earthquakes, only 34 per cent of claims to private insurers had been fully settled in the first three years.



“ Whilst recognising the relative scale of the two events, insurers consider that customers benefited from a more efficient and effective recovery from the Kaikōura event, with a large proportion of residential claims settled within twelve months.”

(Insurance Council of New Zealand, submission, Canterbury & Kaikōura/Hurunui earthquakes and natural disasters generally)

The Insurance Council of New Zealand identified some implementation issues, including:

- some initial uncertainty about whether EQC or private insurers would take responsibility for managing claims
- concerns about privacy issues and sharing data with EQC
- difficulties with claims for properties with damage from previous events that had not yet been rectified
- an initial lack of training and guidelines
- difficulties recovering fees on claims management and payment costs
- delay in EQC accepting the use of external disputes schemes
- delay in the reimbursement of claims expenses.

Other challenges identified by the Insurance Council were EQC's lack of trust in private insurers, fees being agreed before the complexity of issues was known, and the exclusion of land claims.



“ In future events, if the land forming the building footprint is also damaged, the response model could only work efficiently if land and building claims are being settled together, because land repair methodology will drive home repair scopes and costings for cash settlements.”

(Insurance Council of New Zealand, submission, Canterbury & Kaikōura/Hurunui earthquakes and natural disasters generally)

Meetings and interviews

Kaikōura/Hurunui claims experiences

Meetings and interviews addressed how well the Kaikōura/Hurunui claims model had worked in practice. The Inquiry heard a similar range of perspectives as in the public engagement.

Private insurers described the model as a success and told the Inquiry:

- the single point of contact provided clarity for claimants
- they were able to mobilise assessors quickly
- the process was transparent, with the scope of works being explained to claimants
- cash settlements were made quickly
- their customers reported increased satisfaction.

EQC also told the Inquiry the Kaikōura/Hurunui model had worked well and demonstrated that EQC and private insurers could work together.

Claimants and organisations involved in local recovery responses had mixed views and experiences. Some described issues experienced by claimants, including:

- early confusion about who to contact before the Memorandum of Understanding between EQC and private insurers was signed
- inconsistent or poor quality damage assessments
- homeowners being required to obtain their own reports if they disagreed with the initial assessment
- private insurers 'pushing' for a full and final settlement
- the inappropriate use of MBIE guidance designed for Christchurch.

The Inquiry was told that damage assessments and cash settlements were made relatively quickly. However, some people expressed concerns about the limitations of a cash settlement approach. The Inquiry heard that some people found the settlement insufficient to repair their homes properly, did not know how to go about organising repairs, or had difficulty getting tradespeople to work in rural areas.

A number of people suggested the Kaikōura/Hurunui earthquakes had not really tested the private insurer-managed claims model given its much smaller size than the Canterbury earthquakes.

Other earthquake events

The Inquiry received 27 submissions related to the 2013 Seddon/Cook Strait earthquakes, most of which also referred to the Kaikōura/Hurunui or Canterbury earthquakes. The Inquiry spoke with 28 people at public forums held in Ward, Seddon and Wellington.

The Inquiry received 12 submissions related to the 2014 Eketāhuna earthquakes, with most also referring to another earthquake event or to earthquakes and natural disasters generally. The Inquiry spoke with eight people at a public forum held in Eketāhuna.

The Inquiry also received a few submissions that identified other earthquake events (e.g. Gisborne, Fiordland).

Only comments that are about EQC's claims management for an earthquake event other than the Canterbury or Kaikōura/Hurunui earthquakes are summarised here.

Claims management experiences

Several submissions reported similar issues to Canterbury earthquake claimants in their dealings with EQC, including:

- frustration in getting timely information from EQC on the claims process and/or the progress of their claims
- feeling disrespected or not listened to by EQC staff
- earthquake damage being assessed as pre-existing
- lack of confidence in the knowledge of assessors
- delays in settling their claims.



“What a joke our house moved on its piles by 4cm the assessors didn't even look at it. Internal corners opened up in rooms but the assessors said it was old damage.”

(Facebook comment)

Views on claims outcomes were mixed. Some people were happy with the settlement or repair they received; others were not. At the Wellington forum, the Inquiry heard concerns that EQC was prioritising Canterbury claims at the expense of claims in other areas.

Landslip and flooding events

The Inquiry received nine submissions relating to the 2017 Edgecumbe flood (six of which also related to another event) and spoke with nine people at a public forum held in Edgecumbe.

A small number of submissions described land claims related to weather-related events (heavy rains or cyclones) in various parts of the country, including Auckland, Bay of Plenty, Wellington, and Otago.

Claims management experiences

A few people commented on the lack of information (or being provided with wrong information) about what to do after a landslip and the EQC claims process. One suggested that with severe weather events becoming more common, EQC should have more information on its website, including advice on what immediate actions to take.

Most submitters were satisfied with their dealings with EQC, with some commenting on receiving friendly and professional service, good communication, and a single claims manager. However, a few mentioned frequent changes of staff, emails going missing, or bad news being communicated late on Fridays or right before a holiday period.

One submitter referred positively to the coordinated way in which EQC worked with private insurers before 2010.



“ A good example is the response to the Horowhenua floods where the Insurance Company I worked for [...], co-ordinated with the other insurance companies and the loss adjusting firms to triage and share information and resources to assess the damage.”

(Law firm, submission, Canterbury, Seddon/Cook Strait, Kaikōura/Hurunui & Eketāhuna earthquakes, Wellington land slips and natural disasters generally)

People were less satisfied with settlement outcomes, particularly with the length of time it took to reach a settlement and the level of payment offered. Several people told us the settlement amount was insufficient and making up the difference would have significant financial implications for them.



“After 9 months in believing this would take place EQC rang us [...] and informed us that they would not be undertaking the repair as they couldn’t get the costs to work and that they would be settling our claim. We outlined that this would ruin us financially and their comment was they are aware of this. [...] Our settlements leave us well short of being able to remediate.”

(Individual submitter, Wellington landslip)

The Western Bay of Plenty District Council expressed similar concerns with compensation offered to homeowners in Omokoroa following Cyclone Cook and Cyclone Debbie in 2017. In this case, the Council pointed out the homes were undamaged but could not be occupied for safety reasons. It noted that EQC’s obligation extended only to the land damage, and private insurers would not pay out for the homes’ loss of value.

Response to Edgcumbe floods

The Whakatāne District Council was positive about EQC’s collaboration with local agencies during the recovery phase and its temporary role in leading the clean up of silt in flood-damaged properties. It suggested being clear about cost-sharing arrangements in future.



“Should EQC wish to follow a similar process in future to that in Edgcumbe where a directive is provided to clean up a town or wider area, a standard agreement for cost sharing would be useful to reduce the delay in agreeing an approach on a case by case basis.”

(Whakatāne District Council, submission, Edgcumbe floods)

The Council identified a need for improved communication with affected communities and noted a “disconnect between the EQC staff on the ground and wider EQC organisation”. The Council suggested EQC make more use of social media to keep people informed. It also advocated better sharing of information between EQC and private insurers, noting early confusion in Edgumbe about how many properties were insured.



“ While this was not a fault of EQC, it does present an opportunity to enhance the process for future events, and presents an opportunity for EQC to work more closely with the Insurance Council and insurance companies. Retrospectively, having this information more readily available would have saved all parties involved a significant amount of time and resources.”

(Whakatāne District Council, submission, Edgumbe floods)

The Insurance Council of New Zealand commented that communication between EQC and private insurers was generally good following the Edgumbe floods, but noted some sequencing issues where house repair moved ahead of land repair. It also noted delay for some claims where it was unclear if damage to homes was caused by flood or landslip.



“ Uncertainties were however created in relation to some claims as EQC cover differs for flood (land only) vs. landslip (up to \$100,000 for damage to buildings as well) and there were some residential buildings where the cause was open to interpretation.”

(Insurance Council of New Zealand, submission, Canterbury & Kaikōura/Hurunui earthquakes and natural disasters generally)



Claims experiences of particular groups of people



Vulnerable people

A few people reported positive experiences of EQC's process for managing vulnerable customers' claims and repairs.⁵



“EQC and insurers were open to hearing from our Recovery Office who we considered to be people with high needs and who we saw as priorities for settlement. To their credit they often acted upon this advice.”

(Marlborough Civil Defence Emergency Management Group, submission, Seddon/Cook Strait & Kaikōura/Hurunui earthquakes)

“Eventually I was contacted by [staff member] from EQC's Vulnerability team. [...] She was I think one of the few sincere kind people we came across. With her guidance we were given another project team due to the poor relationship with the existing team, we were given staff who understood the complexity of the interaction with the flooding and the EQ claims, who knew insurance law.”

(Individual submitter, Canterbury earthquakes)

However, many people felt the process failed to identify and prioritise vulnerable people's claims and repairs.



“EQC say that they care about vulnerable people but haven't reflected this in their actions.”

(Public forum notes, Christchurch)

“EQC's processes for dealing with vulnerable customers were dysfunctional and not fit for purpose.”

(Law firm, submission, Canterbury & Kaikōura/Hurunui earthquakes)

“It appeared that, if EQC had a system to prioritise and/or fast track these urgent cases, the system had failed totally.”

(Law firm, submission, Canterbury & Kaikōura/Hurunui earthquakes)

5. EQC developed criteria for identifying 'vulnerable customers' after the Canterbury earthquakes. The criteria include consideration of matters such as dependence on a carer, serious health issues, age, and recent loss of life within the immediate family.

Some people said they had trouble getting on EQC's list of vulnerable customers.



“ Our house continued to flood. It was damp and cold. My preschoolers both had asthma and my [GP] wrote a letter identifying them as vulnerable clients to try and hasten the repair. We were surprised to find we were at some stage removed from the vulnerability list as they were not vulnerable enough.”

(Individual submitter, Canterbury earthquakes)

“ At one point EQC was doing some major advertising that if you knew of a vulnerable person that needed urgency applied to their claim then you could simply ring the 0800 and ‘report’ these people and they would prioritise these people. [...] So I knew of someone who was terminally ill, so with this person’s permission I rang EQC. The 0800 staff member I talked to refused to take my request ‘due to privacy constraints’ even after I explained that I did not want information [...]”

(Individual submitter, Canterbury earthquakes)

Some people told the Inquiry that being classified as vulnerable made no difference to their claims experiences.



“ EQC had identified them as being vulnerable as their daughter has high, special needs, but this didn’t really make any difference to how they were treated.”

(Public forum notes, Cheviot)

“ Request for repairs to be dealt with urgently due to wellbeing concerns had no influence at all on pace of repairs.”

(Public forum notes, Christchurch)

“ Throughout this period, EQC had been informed I was a high needs case being treated for lung cancer. A case [manager] rang me every few months to let me know nothing had happened.”

(Individual submitter, Canterbury earthquakes)

A few people felt that being classified as vulnerable put claimants at a disadvantage.



“ People on the vulnerable list were treated far worse than other people because Fletchers EQC and the contractors could then identify who could not fight back and treated them with even more contempt and disrespect than full bodied able citizens.”

(Individual submitter, Canterbury earthquakes)

“ We were listed as vulnerable. I strongly believe that this classification on file brings about deliberate inefficiency in claim handling as they are hoping it will all be too stressful or if it is medically related, that you will pass on and the estate will settle for less.”

(Individual submitter, Canterbury earthquakes)

A number of people suggested the vulnerable customers' process could be improved by:

- using agreed best practice for identifying and prioritising vulnerable people
- training staff and engaging experts to help identify and work better with vulnerable people (e.g. social workers and specialised case managers)
- considering the claims experience for people with disabilities
- making use of lists of vulnerable people held by district health boards and the Ministry of Social Development.



“ It is recommended that EQC clearly identify, prioritise and support those who are particularly vulnerable. Utilise the Human Rights Commission Best practice guidelines for the prioritisation of vulnerable customers [...]. These guidelines were reviewed by New Zealand Red Cross prior to publication.”

(Non-government organisation, submission, Canterbury, Seddon/Cook Strait, Kaikōura/Hurunui & Eketāhuna earthquakes, Wellington land slips and natural disasters generally)

“ When first going into properties immediately after a disaster having a skilled social worker accompany the assessor of the building so that vulnerable people can get the right help.”

(Individual submitter, Canterbury earthquakes)

“ EQC need to train their staff to understand that this is a stressful experience for people. Those of us with additional challenges do not need to be treated as second class citizens. [...] All EQC staff should be trained to work with trauma and have an understanding of disability and vulnerability of people.”

(Individual submitter, Canterbury earthquakes)

Meetings and interviews

Vulnerable people

The Inquiry heard general concern for vulnerable people at a number of meetings and interviews. Particular concern was expressed for the elderly, who people felt were more likely to trust what they were told and to wait for the needs of others to be addressed first.

Meetings with EQC provided background information for the Inquiry on EQC's criteria and processes for identifying and prioritising vulnerable people.

Community representatives, Members of Parliament and advocacy groups told the Inquiry that, in practice, those identified as vulnerable did not appear to be prioritised for repairs and/or settlement of their claims. Some claimants told the Inquiry they were on EQC's vulnerable list but did not feel this had made a difference.

Others identified a need to improve the criteria and processes for identifying who is vulnerable and how they should be prioritised. Suggestions included better sharing of information with other government agencies; working with the community to develop an approach; providing for greater flexibility in categorising people as vulnerable; moving away from a 'tick-box' approach; and considering a broader range of criteria (e.g. language barriers, being parents or being of pre-retirement age).

The Inquiry was also told that describing people as 'vulnerable' or 'in need' is uncomfortable for some people, particularly those who are used to doing things for themselves but may nonetheless require support.

Tenants' experiences

The Inquiry's submission form gave people the option of providing background about their situation, including whether they owned their own homes or whether they were tenants when they were dealing with EQC. Only nine submitters selected the 'tenant' box, and few people identified themselves as a tenant at public forums.

Tenants described similar experiences to some homeowners (discussed in earlier sections):

- Some felt the management of claims could have been better and/or faster
- Most had positive experiences with contents claims
- Some had concerns about EQC's assessment processes and repair strategies
- Some felt managed repairs could be prioritised better
- One was disappointed the opportunity to improve the unit was not taken (by adding insulation and double glazing) when they moved out for repairs.



“ Our claim was a straightforward claim being only of contents at the time.”

(Individual submitter, Canterbury earthquakes)

“ We had contents damage as a result of the Christchurch September and February earthquakes. This was managed well, it was easy to submit a claim to EQC and from memory was resolved in an appropriate amount of time.”

(Individual submitter, Canterbury earthquakes)

The Inquiry also received a submission from the Tenants Protection Association.

The Association told the Inquiry that:

- Tenants had no formal role in the EQC (and private insurer) claims process, however some would stay home during assessments as this was the only way they felt they could participate.
- The managed repair timeframes meant tenants were not given the statutory 90 days' notice for the end of their tenancies.
- Tenants were not able to claim for emergency repairs from EQC post-earthquake, even when property owners were uncontactable.
- Tenants did not have the same rights to information about their homes as property owners did.

The Tenants Protection Association also expressed concern about uninhabitable properties being rented, the insurance position of tenants in on-sold 'as is, where is' properties, and EQC's vulnerable claimant process.

A few people identified concerns about the increasing rental costs for properties in Christchurch after the Canterbury earthquakes directly affecting tenants. The Tenants Protection Association cited an average increase of \$92/week in 2012.



“ [The landlords] let us stay until we could find somewhere affordable to rent which took a very long time as rents were so high and unaffordable.”

(Individual submitter, Canterbury earthquakes)

Meetings and interviews

Tenants' experiences

Meetings and interviews that addressed issues for tenants raised similar matters as the public engagement. The Inquiry heard concerns about:

- lack of communication with tenants about repairs
- an expectation that tenants would stay at home to deal with EQC assessors and contractors
- people coming onto properties without notice
- people having to move out for repairs
- rapidly increasing rents following the Canterbury earthquakes
- the quality of housing stock, particularly 'as is, where is' houses, now being tenanted.

The Inquiry was also told that most services are designed for homeowners and there is 'nothing out there for renters'.

Rural communities

The Inquiry heard from a number of people about the particular challenges faced by those living in rural communities. They identified matters they felt EQC needed to take into account when dealing with claimants in these areas:

- the travel time for people to attend meetings with EQC staff
- the challenges of communicating via email
- the difficulty in finding tradespeople willing to travel to rural communities and the extra costs associated with this travel.



“Email is not always an appropriate means of contact, both because of poor internet access in some rural areas and difficulties in engaging in a conversation if the client needs to ask questions about their claim.”

(Marlborough Civil Defence Emergency Management Group, submission, Seddon/Cook Strait & Kaikōura/Hurunui earthquakes)

“A rural challenge is that insurance might think something costs \$200 to repair but they don't account for someone needing to drive to Seddon. That's a lot more money.”

(Public forum notes, Seddon)

The Inquiry received several suggestions for speeding up assessments in rural areas, including having trained photographers available to take photos of damage and doing an assessment via cellphone.

People in rural communities also reported a lack of temporary accommodation following earthquake events and noted the challenge of finding suitable accommodation for people who need to keep working their farms. They told the Inquiry that most people managed by staying with family and friends or using other rural buildings.



“Temporary accommodation was difficult to get and expensive (prices escalated). Insurers were looking at an urban model, which didn't work in rural areas where there isn't a ready supply of temporary accommodation. Therefore, there were people left living in sheds. There were 19 temp accommodation units in Waiau – 4 in the town and the rest on farms – these were vitally important.”

(Public forum notes, Waiau)

“Temporary houses are difficult when you have dogs and animals, as many do in these rural areas. There was a lot of cottage hopping. Knew someone who lived in a horse trailer – people living with combinations of friends and family.”

(Public forum notes, Seddon)

“The effect was completely different to Christchurch in that the impacted communities were rural and in some cases remote. This brought new challenges to the table such as farmers being unable to leave their properties and having to live in sub-standard conditions on site for up to 2 winters.”

(Marlborough Civil Defence Emergency Management Group, submission, Seddon/Cook Strait & Kaikōura/Hurunui earthquakes)



Meetings and interviews

Rural communities

Some meetings and interviews raised similar matters as the public engagement, including the challenges of communicating with limited Internet access, getting tradespeople to rural areas, finding suitable temporary accommodation, and lack of recognition of additional travel costs for contractors in settlement payments.



4

Experiences with specific types of claims

Some people discussed EQC's approach to specific types of claims, including:

- EQC's approach to land damage
- damage to drainage
- claims involving multi-unit buildings.

EQC's approach to land damage

People's claims experiences

People had mixed experiences with the management of their land claims. Some Canterbury claimants felt their land claims experience with EQC was better than their house claims experience, and were positive about the staff they dealt with.



“Dealings with the Land Team at EQC were good. They listened to our description of land problems and assessed them. They made a number of site visits as new damage was revealed (not everything was captured on their first visit). When we queried their calculations they explained and updated as necessary.”

(Individual submitter, Canterbury earthquakes)

Others were unhappy with the length of time taken to resolve their land claims. Some people felt the delayed settling of land claims slowed down their house repairs/rebuilds. A few told the Inquiry their private insurers progressed plans to rebuild their homes on unrepaired, earthquake-damaged land.



“In terms of my land claim, I cannot say that anything has gone well. The land damage information was withheld for 5 years, after which I received nominal compensation for unmediated land that is now subject to flooding, liquefaction, lateral spreading, erosion, high groundwater, and seismic risks.”

(Individual submitter, Canterbury earthquakes)

“Our section and house (in South Brighton) had sunk noticeably and I was always concerned how the private insurer could proceed with a rebuild when the EQC had not yet settled the land claim, or even officially identified the specific damage to our land. The section often flooded, when it hadn't before. How could a house be rebuilt when the underlying land issues hadn't been addressed? Surely you would 'fix' the land, then rebuild? But this didn't happen.”

(Individual submitter, Canterbury earthquakes)

Private insurers told the Inquiry that uncertainty about how EQC would settle Canterbury land claims affected how quickly they could progress their customers' claims.



“Insurers were unclear how EQC would settle ILV [Increased Liquefaction Vulnerability] claims, how payments would be calculated and the extent and type of remediation that EQC would consider. Insurers faced considerable pressure from TC3 [Technical Category 3] customers to advance their claims and therefore insurers took Deed of Land Claim Assignments so that they might reinstate damage for their customers and have EQC contribute its land damage later.”

(Insurance Council of New Zealand, submission, Canterbury & Kaikōura/Hurunui earthquakes and natural disasters generally)

Some people considered that EQC should not have paid cash settlements for increased flooding vulnerability or increased liquefaction vulnerability (as part of an assignment of claim).

EQC's policy approach to settling land claims

A number of people commented on EQC's approach to claims relating to increased flooding vulnerability or increased liquefaction vulnerability:⁶

- Some people did not understand how 'diminution of value' was calculated to reflect their properties' loss of value.⁷
- Some people told the Inquiry EQC's approach led to inconsistent settlements that did not reflect the damage or loss suffered.
- Others felt the approach was purposely used to 'short change' people, particularly when compared to early land payments made to four Fendalton properties after the September 2010 Canterbury earthquake.



“ The formula they invented and subsequently used (DOV) to settle IFV claims was very difficult to understand and rationalise.”

(Individual submitter, Canterbury earthquakes)

“ We felt the land settlement damage settlement was totally unfair. Our neighbours suffered a lot less than our property and yet received much bigger settlements. We lost \$60,000, when we sold the bare land, compared to GV and yet only received [around \$2,000] for our land damage claim.”

(Individual submitter, Canterbury earthquakes)

“ EQC were obviously trying to minimise exposure to land claims and land damage. They developed arbitrary land damage categories that people's claims had to match.”

(Individual submitter, Canterbury earthquakes)

“ The land compensation payments under the diminution of value scheme stand in stark contrast to payments made following the September 2010 earthquake, when the government agreed that the EQC could pay [four] riverside Fendalton properties \$595,000 each (this represented the insured, pre-earthquake value of the land) because they would not benefit from area-wide land remediation. The rationale at the time was that the cost of land remediation would be greater than the insured value.”

(Residents' group, submission, Canterbury earthquakes)

6. Increased flooding vulnerability and increased liquefaction vulnerability are forms of land damage identified after the Canterbury earthquakes. They are commonly abbreviated to IFV and ILV.

7. Diminution of value refers to the reduction in the property's market value as a result of the land damage.



A few people suggested EQC's approach to settling land claims be clearly defined and communicated to the public before a natural disaster occurs.

The Inquiry received a few comments on EQC's approach to settling non-Canterbury land claims. One submission suggested EQC recover excesses where land damage is caused by an identifiable party (e.g. a landslide following run off from a neighbouring property).

Use of experts in assessing land damage

Several people expressed concern about the expert advice EQC used to assess land claims. Some questioned the technical information used in EQC's methodologies for assessing increased flooding vulnerability or increased liquefaction vulnerability.



“After meeting EQC assessors on site numerous times it was obvious these individuals - who were employed by EQC to be professionals - had no idea of landscape damage from earthquakes and engineering requirements to rectify the damage. The land damage assessments from EQC are poorly conceived, inaccurate and misleading and this has led to many problems when working with home owners and insurance companies to rectify the land damage after a natural disaster event.”

(Landscaping company, submission, Canterbury earthquakes and Auckland cyclone damage)

“I have uncovered compelling evidence (based on EQC's own information) that for particular properties near the Heathcote River EQC have used the wrong flood level inputs for their DoV determination, by choosing a model that does not correlate (by a wide margin) with observed flood levels adjacent to those properties.”

(Individual submitter, Canterbury earthquakes)

A few people questioned the cost of obtaining expert advice on land damage.



“EQC spent a lot of money getting engineer's reports to determine the cost to repair the damaged land. This was always going to cost much more than the value of the damaged land by a factor of at least 20x, so wasted both time and money.”

(Individual submitter, Wellington landslips)

One private insurer told the Inquiry that EQC withdrew from a joint venture for area-wide land investigations to run its own programme, which affected private insurers' timeframes and increased costs as “insurers and EQC were competing for the same limited drilling and geotechnical resources”.

Repairing land damage

Some people expressed concern that property owners were not required to use cash settlements for increased flooding or liquefaction vulnerability to repair their land and mitigate the risks of future damage. They expressed concern about the implications for future insurability of properties.



“Getting paid a little sum due to loss of market value did save the EQC money but it didn't make Canterbury's housing stock up to scratch. There are some new BMWs, Range Rovers and Mercedes Benz's in town though!”

(Individual submitter, Canterbury earthquakes)

“As a result, since no land remediation has been carried out, homeowners are left waiting for the next disaster in the form of either increasingly severe flooding, or the next severe earthquake with a repeat experience of subsidence, liquefaction and lateral spreading.”

(Residents' group, submission, Canterbury earthquakes)

A few people told the Inquiry that EQC should repair land damage.



“The victims of such events as are covered by EQC should be able to have their property repaired to the original state without having to be in debt for the rest of their lives and/or be left with nothing. EQC should handle the total project dealing with contractors and inspectors, and signing off when all is completed to the building and council standards.”

(Individual submitter, Wellington landslips)

A few suggested area-wide remediation of land damage rather than settling land claims individually.



“Land repair would be better dealt with on an area rather than a section-by-section basis. By its nature land damage does not respect property boundaries, therefore best practice repairs will need solutions that deal with multiple homes at one time.”

(Individual submitter, Canterbury earthquakes)

“EQC legislation [should] be reviewed to ensure that any land damage compensation be made available in the first instance for area wide mitigation or remediation, where a global solution is the most effective mechanism for addressing the consequences of the land damage.”

(Christchurch City Council, submission, Canterbury earthquakes)

The Christchurch City Council suggested that compensation be available for area-wide mitigation to address earthquake-related land damage and the increased flood risk caused directly by the earthquake-related land damage.



Meetings and interviews

EQC's approach to land damage

Meeting and interviews highlighted the challenge of addressing land issues in Canterbury.

A number of meetings highlighted the complex interplay between land claims and building claims. Some of those the Inquiry met with considered that land damage assessments should have informed the settlement of building claims, and expressed concern that land and building repair programmes progressed independently. Others told the Inquiry that, in some situations, land damage may be addressed either by remediating the land (an EQC matter) or strengthening building foundations (generally within the remit of private insurers).

Some meetings raised similar matters as the public engagement, including:

- the impact of delays in addressing land issues on the speedy resolution of building claims
- questions about the robustness of methodologies for assessing increased flooding vulnerability and increased liquefaction vulnerability
- concern about the adequacy of cash settlement payments made using a diminution of value approach
- inconsistencies in land decisions made before and after the February 2011 earthquake
- a desire for better information for claimants on land damage claims.

Other matters discussed included:

- the role of EQC's research function in informing land-use planning decisions
- the impact of the Crown's residential red zone decisions on EQC's approach to land damage
- the opportunity for EQC to be thinking ahead about what future land issues might be and how these will be addressed (e.g. if there is a volcanic event)
- how information on natural hazards and risks feeds into land-use planning.

Damage to drainage

Some people told the Inquiry that drains were not included in EQC's assessment of damage but should have been. A few people expressed concern that damage to drainage identified later would not be, or was not, covered by EQC.



“EQC’s assessment of claimants properties in Christchurch did not include assessment of drains. This is quite a concern, as a large proportion of homeowners drains will be clay pipes, which can easily crack with the force of earthquakes.”

(Individual submitter, Canterbury earthquakes)

“Many of these [pipes] were damaged by the earthquake yet until an inspection takes place they won’t be detected. It will fall on the owners at the time to cover the cost, when in fact these charges should be covered as part of the initial damage.”

(Individual submitter, Canterbury earthquakes)

“After the Seddon earthquake, we did not submit a claim because there were no clear damages. We found out later that we did have underground pipe broken (sewage) but despite the fact that the issue was clearly earthquake related, EQC did not accept to consider the claim since it was outside the period set for claims.”

(Individual submitter, Seddon/Cook Strait & Kaikōura/Hurunui earthquakes)

A few people identified issues with getting drains repaired including:

- difficulty in coordinating repairs across neighbouring properties
- issues with drainage easements and repairing damage under someone else's land
- questions about who (EQC or the private insurer) pays for landscaping, path, and drive replacement after drainage repairs are undertaken.



“[...] we needed to coordinate with neighbours to do a repair. This was very difficult as there were 5 neighbours in one case, and 4 in the other.”

(Individual submitter, Canterbury earthquakes)

“We are in the position of having a drainage easement running under our property on its way to meet with the Council sewer line. [...] What is wrong is that our neighbours, whose drain it is, were insurance settled for their earthquake settlement, and their insurance cover would pay to have their sewer line replaced only as far as their boundary with us, but no further.”

(Individual submitter, Canterbury earthquakes)

“When we inquired as to how this works EQC told us that our insurance company would pay for concrete paths, cobblestone, asphalt, garden repairs and for the repairs to our drive; however, when we talk to our insurance company they say that EQC will pay for this damage as they dug it up to repair the drains so it’s their problem to fix.”

(Individual submitter, Canterbury earthquakes)

Several submissions expressed concern about drains not being repaired following cash settlement. A few noted the public health and environmental implications of unrepaired infrastructure (e.g. raw sewage on properties).



“Large scale unrepaired damage to service laterals has compromised the functionality of the Council’s infrastructure, resulting in significantly more groundwater and stormwater infiltration into the wastewater network and thereby increasing the frequency of wastewater overflows with the associated negative effects on public health and the environment.”

(Christchurch City Council, submission, Canterbury earthquakes)

Suggestions included EQC undertaking a coordinated managed repair of drainage and EQC working with local councils to address drainage issues. The Christchurch City Council proposed that a proactive method to determine damage is initiated and funded by EQC and that EQC undertakes the necessary repairs, or requires evidence that these have been completed. Alternatively, the Christchurch City Council suggested that EQC could fund the Council to undertake these investigations and repairs.



“Where there are large scale / important repairs, and where the impact is broader than the household - for example drains/sewerage - repairs should have to be managed. This means that home owners wouldn’t have had to independently coordinate, and that the repairs would have actually happened.”

(Individual submitter, Canterbury earthquakes)

“I would strongly advocate a greater partnership between private insurers/EQC and local councils in managing repairs to both water and waste systems. Poor ineffectual repairs lead to long term operational issues for Councils which in turn has an impact on rates. In addition, with the advent of new technologies, the sharing of damage assessments with Councils may help long term in developing better repair strategies for council owned infrastructure.”

(Individual submitter, Canterbury earthquakes)

A drainage contractor told the Inquiry that EQC's drainage repair programme worked well while it was in operation, but expressed concern about subsequent management of drainage claims.



“The Drainage program ceased in 2017 and homeowners were left to assess their own drains as they saw fit, however without organisations like mine to help homeowners manage the entire claim and drainage assessment process they would simply give up once realising they would need to deal with EQC on the phone.”

(Drainage contracting company, submission, Canterbury earthquakes)

Meetings and interviews

Damage to drainage

Similar matters were discussed in meetings and interviews as raised in the public engagement.

Some of those the Inquiry met with advocated proactive assessment and repair of damage to drainage on people's properties. Some told the Inquiry it would have been more efficient to repair the laterals on people's properties at the same time that repairs to public infrastructure were undertaken.

The Inquiry was also told that early assessment is not always feasible as damage may take some years to become apparent.



Claims involving multi-unit and mixed-use buildings

A number of people discussed the particular challenges associated with EQC claims involving multi-unit buildings (e.g. an apartment building or a block of flats).



“The management of shared property claims was extraordinarily difficult. They were the most complex claims the insurance industry has faced in the Canterbury earthquake recovery. Developing solutions to resolve these claims often involves multiple insurers, multiple property ownership, differences in insurance cover, multiple claim handlers across Insurers/EQC, multiple loss adjusters across Insurers/EQC and multiple Project Managers across insurers/EQC.”

(Private insurer, submission, Canterbury & Kaikōura/Hurunui earthquakes)

The Inquiry heard that adjoining units were sometimes assessed by EQC at different times by different people with very different outcomes. This made it difficult to achieve a coordinated repair strategy.



“[...] EQC decided that each unit should be individually assessed not as a whole even though they share a common floor slab and walls. [...] Two of the units had also been repaired already so when they decided we all were rebuilds, those 2 units had just had thousands of dollars of public money wasted on them by having repairs and the owners were also inconvenienced again by having to move out again.”

(Individual submitter, Canterbury earthquakes)

“[...] it was immediately apparent to the six separate owners that our six individual claims (this is a cross lease situation) needed to be considered collectively. [...] It became apparent that no matter how or who was contacted at EQC often as a result of extraordinary effort, that the machine carried on regardless and was unable to respond or adapt. As a result our six townhouses were assessed for damage by different people at different times. Their reports were wildly at variance.”

(Individual submitter, Canterbury earthquakes)

Some people told the Inquiry that EQC did not have a plan for dealing with multi-unit buildings, which led to lengthy delays in settling claims. A few people said that elderly and other vulnerable people living in multi-unit buildings were disadvantaged by delays to managing these claims.



“[...] they had not made allowance for multi-unit buildings nor cross lease properties, and had to make up policy responses as they went along.”

(Individual submitter, Canterbury earthquakes)

“ There was considerable confusion from EQC for many months over how to handle units in a complex. The time just drifted on with little meaningful response from EQC.”

(Individual submitter, Canterbury earthquakes)

“ The decision to not tackle multi-unit buildings affected many elderly - including my parents-in-law who were both 98 when the quakes began, and were living in their own home. When asked if their claim could be prioritised because of their age I was told ‘sorry but we can’t do anything because they are in a multi-unit building’”

(Individual submitter, Canterbury earthquakes)

Private insurers told the Inquiry that EQC was slow to join an agreed programme for multi-unit and shared properties, known as the Shared Property Process, with private insurers.



“ The first [Memorandum of Understanding] between insurers was in April 2013. From August 2014, insurers worked together to agree a draft Canterbury Earthquake Shared Property Process – Insurer Contract (SPP) which sets out obligations for insurers and appoints a lead insurer to act on behalf of other insurers with respect to the repair and rebuild of shared properties, which was in successful operation by mid-February 2015 for any sites not involving EQC. In February 2015, EQC re-engaged with insurers, but it was not until August 2015 that insurers were able to agree amended terms with EQC.”

(Insurance Council of New Zealand, submission, Canterbury & Kaikōura/Hurunui earthquakes and natural disasters generally)

Several people identified a need for EQC to work better with body corporates on claims.



“ Bodies Corporate have particular challenges for inclusion in communicating and in developing plans & decisions. All owners in bodies corporate need access to information and assistance.”

(Individual submitter, Canterbury earthquakes)

“ EQC provided a lump sum of money but this was never broken down into what each unit was getting and for what. We were at one stage just offered under \$100,000. How do you divide that among 8 landowners.”

(Individual submitter, Canterbury earthquakes)

The Inquiry also heard from a number of people about EQC’s interpretation of the definition of a residential building under the EQC Act. They told the Inquiry EQC had changed the way it views shared areas of mixed-used buildings (e.g. a commercial building that includes residential apartments) and no longer classifies these as ‘residential’. They told the Inquiry that, in some cases, this has had the effect of reducing a building’s level of EQC cover.





“Our submission is that the EQC in excluding the access and service areas associated with dwellings in the calculation of the percentage of residential area in a building is incorrect. Alternatively, if this is not incorrect, the legislation should be changed as it is artificial and distorts the reality of mixed-use buildings and the need for access and services to be covered by EQC insurance.”

(District law society, submission, Kaikōura/Hurunui earthquakes and natural disasters generally)

“EQC was excluding parts of the common areas from the residential coverage and instead saying they were commercial space. This altered the ratio – went from 68% to 38% coverage as residential.”

(Public forum notes, Wellington)

Meetings and interviews

Multi-unit and mixed-use buildings

Meetings and interviews that addressed claims relating to multi-unit buildings highlighted the complexities of these claims.

The Inquiry was told this resulted in delays in resolving claims following the Canterbury earthquakes and that the elderly were disproportionately impacted by these delays.

In relation to the Canterbury earthquakes, the Inquiry also heard that:

- private insurers worked together, and in time with EQC, to manage claims relating to multi-unit buildings
- body corporates found it challenging to deal with complex EQC claims processes and would have benefited from more support.

Some of those the Inquiry met with expressed concerns about EQC’s general approach to multi-unit buildings, including:

- a change in approach in how EQC treats shared-use areas of mixed-use buildings
- the application of excesses to all units in a building rather than to just the damaged units.

Insurance was discussed in some meetings. The Inquiry heard suggestions for a minimum level of insurance for multi-unit buildings or requiring all units to be insured by the same private insurance company.

Wellington was identified as an area of particular concern for the future given the high number of residential properties with multi-unit buildings and other shared construction features (e.g. shared walls, driveways, and retaining walls).



Support for people in resolving claims

Many people discussed the support they, or others, used to resolve their EQC and private insurance claims. People told the Inquiry about the type of support claimants accessed and what they would like to see in future.

Power imbalance

Some submissions referred to a power imbalance between EQC/private insurers and claimants.



“The process is deliberately intentionally stacked against the homeowner and wilfully ignores both case law and legislation.”

(Individual submitter, Canterbury earthquakes)

“They are average ordinary people facing the giants.”

(Public forum notes, Christchurch)

“Wealth and powerful organisations are on one side, individuals on the other. The scale of vulnerability after a disaster everyone is vulnerable.”

(Community advocacy group, submission, Canterbury earthquakes)

Types of support people accessed

Many people told the Inquiry they contacted lawyers, claims advocates, and/or publicly funded services like the Residential Advisory Service (RAS) and the Greater Christchurch Claims Resolution Service (GCCRS) to help them resolve their EQC or private insurance claims.⁸ They had mixed views and experiences of these services.

Many people commented on the cost of seeking advice from lawyers and/or claims advocates.



“A couple of calls from a lawyer helped them make that decision, which was great, but it was an expense we could have done without.”

(Individual submitter, Canterbury earthquakes)

“The law firm [...] was one reported to be experienced to deal with EQC issues. I heard more from their accounts department than her. The bill was over \$4000.00 for no outcome.”

(Individual submitter, Canterbury earthquakes)

8. The Residential Advisory Service (RAS) was established in May 2013 to help Canterbury property owners progress the repair or rebuild of their homes and settlement of their EQC and private insurance claims. The Greater Christchurch Claims Resolution Service (GCCRS) was established in October 2018, building on the RAS model. The GCCRS helps resolve unresolved residential earthquake claims and has assumed responsibility for RAS's work in Canterbury. RAS is continuing to provide services in other areas.

Several people felt they should not have to seek legal advice or engage claims advocates to get a fair settlement.



“ If we had not used a lawyer (been able to afford) as well as get support from friends and family for resolution from both EQC and our insurer then I think we would not have got what we were entitled to by paying our insurance.”

(Individual submitter, Canterbury earthquakes)

Others commented on the time that was ‘wasted’ with these services.



“ I contacted GCCRS and registered with them. They told me the claim was over cap and a claim should be made with my insurance. I was extremely annoyed because this process had taken about 4-5 months and I could have been told on the first day about this.”

(Individual submitter, Canterbury earthquakes)

“ We got assistance from a cowboy and went to court, which wasted more than six months and then got handed onto their lawyer which required constant phone calls to get things moving.”

(Individual submitter, Canterbury)

“ The involvement of ‘claims advocates’ and ‘public adjusters’ as intermediaries was a significant complication in the settlement of claims by both EQC and private insurers and sometimes led to worse outcomes for customers. In some cases these advocates raised unreasonable expectations by steering customers into seeking cash settlements for sums greater than actual repair costs (to fund their services through contingency fees), which distorts the nature of claims settlement, which is to remediate the loss.”

(Insurance Council of New Zealand, submission, Canterbury & Kaikōura/Hurunui earthquakes and natural disasters generally)

Several people raised concerns about the impartiality of publicly funded services like RAS and GCCRS. A few suggested the GCCRS should have been established earlier.



“ The Greater Christchurch Claims resolution service is seen by the community as another arm of the EQC, we have not seen any positive connotation attached to the service yet.”

(Drainage contracting company, submission, Canterbury earthquakes)

“ In my opinion GCCRS arrived 3 years + too late.”

(Individual submitter, Canterbury earthquakes)

Other people told the Inquiry they found expert advice helpful and appreciated having a support person as a 'buffer.'



“ We used a lawyer to assist us with our outside claim which was a god send and made the process easier. The lawyer picked up faults in the written documentation which if we had signed would have been detrimental to our claim.”

(Individual submitter, Canterbury earthquakes)

“ The things that worked well for our family were having our insurance advocate to provide a buffer and protection [...]”

(Individual submitter, Canterbury earthquakes)

“ RAS was a lifeline; have a service like that in place. You could trust them.”

(Public forum notes, Christchurch)

“ While major uncertainty for our home continues, I have been greatly relieved and am now more hopeful, with the GCCRS now assisting us.”

(Individual submitter, Canterbury earthquakes)

Several people told the Inquiry about their experiences with the Earthquake Support Coordination Service.⁹ Most of these people described positive experiences with the service—they said the coordinators were helpful and some felt the service ended 'too soon.' A few people found the service less helpful.



“ Quake assistance co-ordinators 2013, 2015 (sorry I've forgotten official name) were kind and very helpful for the brief assistance they could give—they knew the systems and staff, and how to listen, and carried mana. Unfortunately they kept moving on and weren't able to pass cases on, but they were able to shift some of the log jams in getting some things done.”

(Individual submitter, Canterbury earthquakes)

“ The ESC often with the able support of RAS (Residential Advisory Service) were most often able to find a successful outcome for the client often taking years to achieve.”

(Individual submitter, Canterbury earthquakes)

“ He sought the advice and support of Earthquake Support Co-ordinator who, I have to say was not much help and indeed we believe her lack of knowledge and experience contributed to the poor outcome - the failed repair.”

(Individual submitter, Canterbury earthquakes)

9. The Earthquake Support Coordination Service provided free information and practical help for people, families or households affected by the Canterbury earthquakes.

The Inquiry heard positive feedback about supports provided in several different rural areas, including earthquake navigators and council-funded rebuild officers and claims support staff.



“The Hurunui District Council Recovery Hub was really good.”

(Public forum notes, Waiau)

“Selwyn Council employed a ‘wonderful lady’ to help people with their claims.”

(Public forum notes, Selwyn)

“Rebuild Officer in the district has helped enormously. Good to have someone with both the wellbeing and the technical knowledge to assist.”

(Public forum notes, Cheviot)

Several people told the Inquiry about the value of social networks, including traditional and online communities, for support and information sharing.



“Facebook groups sprang up to provide support and assistance to people who found themselves in this terrible situation. These groups were very helpful and gave a lot of answers, when EQC Fletchers and their contractors could not.”

(Individual submitter, Canterbury earthquakes)

“Social Media has played a big part in informing people of their own experiences – letting people know what worked for them and what didn’t. The TC3 Facebook page gave a lot of information both good and bad, people felt they had nowhere else to go so many would express their views about EQC and what wasn’t working.”

(Individual submitter, Canterbury earthquakes)

Some people contacted their local Members of Parliament, the Minister Responsible for the EQC, and/or the Prime Minister. A few people told the Inquiry about using the media to help progress their claims.



“I ended up calling Gerry Brownlee’s office and magically the work was back on track.”

(Individual submitter, Canterbury earthquakes)

“When we sought compensation for this, EQC happily ignored us again, until Ruth Dyson M.P. became involved and EQC then sent their own review team who wholly concurred with our inspector.”

(Individual submitter, Canterbury earthquakes)

“The media had my claim paid out in a day.”

(Facebook comment)

People also referred to accessing support through a number of different channels including the Ministry of Social Development, Red Cross, CanCERN, Human Rights Commission, the Office of the Ombudsman, churches, Canterbury Insurance Advisory Service, the Insurance and Savings Ombudsman, and Presbyterian Support. Their experiences with these organisations were mixed.

Suggestions for the future

Many people offered suggestions about the types of support that might be useful for people in the future. The most common suggestion was an independent disputes resolution service, which is affordable, reliable, efficient and has ‘teeth.’



“An affordable, reliable and efficient dispute resolution process is essential, and particularly for these vulnerable homeowners.”

(Law firm, submission, Canterbury earthquakes)

“Properly funded independent resolution services with teeth to make EQC behave reasonably and not just ignore claimant’s legitimate claims or concerns.”

(Individual submitter, Canterbury earthquakes)

“System needs an objective body that works on dispute resolution.”

(Public forum notes, Christchurch)

People had mixed views about whether such a service should take a mediation, facilitation, or arbitration approach. Several suggested that lawyers should be excluded from the process.



“A facilitation service which is simple, low cost and accessible should be available at an early stage to assist in claims settlement.”

(Individual submitter, Canterbury earthquakes)

“Perhaps instead of the court process there could have been a government arbitration/mediation panel to sort out disputes. This way all those poor people who cannot afford lawyers can get proper repair to their damaged houses.”

(Individual submitter, Canterbury earthquakes)

“There should be a tribunal where disputes can be settled without involving lawyers.”

(Individual submitter, Canterbury earthquakes)

As noted in the section on equity issues (page 41), many people expressed concern about others' inability to pay for expert advice. A few people suggested claimants should have access to financial assistance for the cost of independent professional reports.



“It is obvious that EQC earthquake insurance is two tier in this country. Those who can afford to spend the money for professionals will get their homes properly repaired or rebuilt. Those who can't afford to spend more on insurance claims, other than what they already spend on their insurance premiums, will have to make do with whatever standard of repair is offered to them.”

Individual submitter, Canterbury earthquakes

“I think there should've been a financial sector to help families through this process. We had so many delays caused by payouts that had they come earlier we wouldn't have been so badly disadvantaged.”

Individual submitter, Canterbury & Kaikōura/Hurunui earthquakes and natural disasters generally

A number of people suggested an insurance advocacy service to help guide people through claims and repair processes.



“I think that there should be independent (not employed by EQC) support people available who are available to support claimants navigate the claim's process.”

Individual submitter, Canterbury earthquakes

“For all single women (in fact any person who is completely unversed in construction methods, requirements etc) should be assigned a knowledgeable 'guide' to help them through the process. Unfortunately, it cannot be assumed that everyone will be treated with respect and honesty during the process of repairs or rebuild.”

Individual submitter, Canterbury earthquakes

Some submissions advocated an independent body to support, educate and empower EQC/private insurance claimants.



“We recommend that a regulatory body be established whose role is support, educate and empower natural disaster claimants. This body would be connected to a larger body who is charged with the wider insurance industry.”

Community advocacy group, submission, Canterbury earthquakes

Meetings and interviews

Support for people in resolving claims

Some meetings and interviews addressed the extent to which people need support in resolving their EQC claims, the strengths and weaknesses of different forms of support and people's experiences of using these.

A wide range of supports were discussed including:

- the RAS and GCCRS
- Earthquake Support Coordinators
- navigators and rebuild officers within local councils
- use of claims advocates, lawyers and the courts
- the Canterbury Earthquakes Insurance Tribunal
- mediation and dispute resolution services
- the use of experts (such as engineers)
- other supports such as the Insurance and Financial Services Ombudsman.

The Inquiry heard a range of different perspectives on these supports and mixed experiences.

Those the Inquiry met with were mostly positive about the support provided by RAS, GCCRS, Earthquake Support Coordinators and community-based navigators and rebuild officers. However, some expressed concern about the independence of the government-funded RAS and GCCRS. Others were frustrated at the time it took to secure government support and funding for Earthquake Support Coordinators and navigators.

Meetings that addressed Māori perspectives affirmed the value and effectiveness of Māori Earthquake Support Coordinators, along with similar specialist support people for Pasifika and migrant and refugee homeowners. Local councils in smaller districts told the Inquiry rebuild navigators are needed early on after a disaster to help mediate between insurers, councils and claimants.

The Inquiry heard mixed views on legal mechanisms for supporting claimants and resolving disputes. A number of people felt that while the courts could be effective, legal action is expensive and some Canterbury claims should never have gone to court. Some expressed concerns about the impartiality of experts, suggesting some became advocates. The Inquiry heard that limited use was made of mediation and that mediation had been helpful for some but not others.

Those the Inquiry met with were less positive about claims advocates. The Inquiry heard concerns about some claims advocates giving poor or misleading advice and acting for their own gain rather than in the interest of homeowners. Some felt that lack of other options and delays by EQC had created a vacuum that was filled by claims advocates. Some suggested regulation of their activities.

Suggestions for future access to dispute resolution mechanisms included an independent advisory body; easy access to adjudication with complementary mediation processes; a list of approved legal counsel and experts to improve equity of access; and access to expertise through a local community law or advocacy service.



The impact of people's claims experiences



Impacts on people

Many people described the impacts that dealing with the EQC claims process had on them and others, particularly in Canterbury.



“The experience was a worse disaster than the earthquakes themselves. At least the earthquakes only lasted a few seconds. The EQC process took years.”

(Individual submitter, Canterbury earthquakes)

“The earthquake didn't break me. EQC almost did.”

(Public forum notes, Christchurch)

“The emotional toll that dealing with EQC has taken, is considerably larger than the impact of the earthquakes alone.”

(Public forum notes, Christchurch)

A number of people said they found revisiting their experiences to write a submission emotionally challenging. Some people said the Inquiry might not hear from people who were affected because it is too difficult for them.



“I am just one person making my submission, but there are many around me that just can't, they are just too weary from the battlefield, too teary from abuse, too tired from late night crafting the next chess move against our own government so I take a moment to acknowledge those people for whom this is just too traumatic, who have no energy left to relive the experience.”

(Individual submitter, Canterbury & Kaikōura/Hurunui earthquakes)

Health and wellbeing

Many people described the impact of living with high stress levels over a number of years.



“The stress that was caused by the mismanagement of our claim had a huge impact on our lives and continued to do so until after our claim was settled with our insurance company.”

(Individual submitter, Canterbury earthquakes)

“We are no longer the people we used to be.”

(Public forum notes, Christchurch)

Many people felt their experiences with EQC and the managed repair process led to, or exacerbated, poor mental health. Some people reported instances of sleeplessness, anxiety, panic attacks, depression, breakdowns, post-traumatic stress disorder, suicides, suicide attempts, and suicidal thoughts.



“ Living in such difficult conditions is a recipe for depression, and dealing with EQC was extremely anxiety-provoking and frustrating.”

(Individual submitter, Canterbury earthquakes)

“ I suffered a near mental breakdown dealing with EQC, I was left with damaged belonging, depression and anxiety, my house was left in a worse condition than when repairers turned up, the whole experience was tormenting.”

(Facebook comment)

“ As a direct result of EQC's actions I suffered a mental breakdown and was diagnosed with severe PTSD. (fully documented and corroborated by professionals).”

(Individual submitter, Canterbury earthquakes)

“ Worst thing? Close to suicide a number of times.”

(Public forum notes, Christchurch)

Many people talked about the impacts on their families. They talked about time spent away from their children, the stress on their families, and marriage/relationship breakdowns.



“ The whole ordeal was a financial strain and emotional wrecking ball that cost me my marriage and made me a solo dad [...]”

(Individual submitter, Canterbury earthquakes)

“ The stress was so great and the frustrations so mind boggling that I know I wasn't the best mother I could be. I was angry and emotionally exhausted with the EQC battle which meant I just couldn't deal with my own children at times and that kills me.”

(Individual submitter, Canterbury earthquakes)

“ Now that what has been done has been done, please tell us how to fix our traumatised kids, and our catastrophically damaged souls and mental health. Not damaged from the quakes, but irreversibly changed from dealing with you.”

(Individual submitter, Canterbury earthquakes)

Some people told the Inquiry they sought treatment for poor mental health, including medication and counselling. A few people told us they self-medicated with drugs and alcohol.



“ Our overall experience with EQC has left us stressed, exhausted and living for years in limbo, unable to move forward with our lives. One of us is on anxiety medication and the other is attending regular counselling.”

(Individual submitter, Canterbury earthquakes)

“ You have no idea what is going on out there do you? You have no idea of the lives so many of us led; no idea of the despair, the anti-depressant use, the alcohol consumption, the dismantling of people's lives.”

(Individual submitter, Canterbury earthquakes)

A few people suggested there is a need to better understand and quantify the impact of the Canterbury earthquakes, and EQC and private insurer claims processes, on the mental wellbeing of Cantabrians.

Many people reported a range of physical health concerns that they felt were due to the stress they had endured while settling their EQC and private insurance claims. These included dental issues from grinding teeth, high blood pressure, the onset of or exacerbated autoimmune conditions, headaches, chronic pain, weight changes and cancers.



“ The last three years have been extremely stressful and just to prove mental health is not the only consequence I am having heart health problems, more than likely due to this stress according to my Cardiologist.”

(Individual submitter, Canterbury earthquakes)

“ To say our health both mental and physical has suffered would be a gross understatement now that our issues have finally been settled the improvement in my chronic pain is nothing short of a god given miracle.”

(Individual submitter, Canterbury earthquakes)

Some people commented about health issues they suffered due to their living situations. These included respiratory problems caused by dampness, and injuries they suffered in their homes that they attributed to unrepaired earthquake damage.



“ Our daughter suffered from croup and it was heartbreaking hearing her gasp away sometimes while the house leaked around us and the damp got to her lungs.”

(Individual submitter, Canterbury earthquakes)

“ I have tripped over the floor slab cracks in the lounge and have suffered serious injury on two occasions.”

(Individual submitter, Canterbury earthquakes)

“ Never had asthma in my life, cannot walk more than 100mtr without running out of breath. They have a lot to answer for.”

(Facebook comment)

Some people told the Inquiry about deaths in their families or among friends, drawing connections between their deaths and their EQC and private insurance experiences. Others talked about people who died before their claims could be resolved or their homes repaired.



“ The stress of EQ has cost me the life of my mother- let alone for herself queueing up 3 plus years begging to have her home returned to a functional healthy home- she died having her home repaired by EQR at the time of her death but never able to set foot in it again. She died 4 days after sign off.”

(Individual submitter, Canterbury earthquakes)

“ My elderly parents had a leaky and broken but liveable home. They have three grandsons who are all builders and who had capacity to fix their home. They both died 3 years later before these repairs could be authorised.”

(Individual submitter, Canterbury earthquakes)

Several people spoke of the impact of the stress on their overall quality of life and/or their perceived life expectancy.



“ It's taken nine years off my life.”

(Public forum notes, Selwyn)

Financial costs

Many people described the costs they faced from seeking expert advice to progress their EQC or private insurance claims. Most of these people referred to legal fees. People also told the Inquiry about the cost of seeking other expert advice such as engineers' reports, builders' reports, and quantity surveyors' reports to help estimate their earthquake damage and repairs.



“ We have incurred huge legal fees, partly due to EQC not being timely, this is not acceptable.”

(Individual submitter, Seddon/Cook Strait & Kaikōura/Hurunui earthquakes)

“ I incurred enormous personal expense to reach the overcap claim - employing a lawyer and all the relevant professional experts (which I feel that EQC could have used in the first place). E.g. construction engineer, quantity surveyor.”

(Individual submitter, Canterbury earthquakes)

“ Whole process came at personal cost to claimant: for specialist reports, lawyers' fees, and health and wellbeing concerns. The real beneficiaries are the lawyers.”

(Public forum notes, Christchurch)

Some people talked about the costs they faced doing unscoped earthquake repairs, or re-repairs, themselves.



“ We have spent tens of thousands on repairs ourselves when we paid an EQ levy, we are an honest hard working family left disappointed with the system.”

(Individual submitter, Canterbury earthquakes)

Many people told the Inquiry about the overall, ongoing impact of delayed or disputed insurance settlements on their financial situations. Many referred to financial 'distress' or 'suffering.'

Some people said they needed to dip into their savings, increase their mortgages, increase other lending, or forgo their disposable income. For several people, this affected their financial planning or enjoyment of their retirement. A few people reported having to take on additional hours at work and/or get an extra job.



“ The financial distress of the family was beyond any acceptable level and most of the money \$100,000s apportioned for retirement has been used to keep the family over water and pay the lawyers.”

(Individual submitter, Canterbury earthquakes)

“ We had to refinance in order to pay the builder and keep our house, and we have been on an interest-only mortgage since.”

(Individual submitter, Wellington landslips)

“ The expense of hiring professionals to contest means my future looks like being severely limited in money. A terrible prospect of little money in retirement.”

(Individual submitter, Canterbury earthquakes)

“ Our insurance advocate was still acting for us and communicating with EQC, but I had to get another job to pay for the mortgage [...]”

(Individual submitter, Canterbury earthquakes)

Some people told the Inquiry about loss of equity in their properties.



“ At the end of all of this we are in a worse position than when we bought the house, not only financially as we have a mortgage on a house that should never have been able to get one, but also the fact that EQC has had two attempts to fix this property and have got it so wrong the second time that we now have to spend more on it to fix it than when we bought it.”

(Individual submitter, Canterbury earthquakes)

“ At the end of the day, we stuck at this drudgery of challenging EQC for one reason: protecting our equity. We simply could not afford to pay a mortgage for 10 years only to find out the house has unidentified damage and is worthless.”

(Individual submitter, Canterbury earthquakes)

Some people said they accepted a lesser option, such as a lower settlement, to 'let it go,' as they did not have the energy to 'fight.'



“ Just wanted to find a place that was our own and found the flat I am in now and did not have the energy to fight for a fair settlement and know we were taken advantage of.”

(Individual submitter, Canterbury earthquakes)

“ Our health took a beating, no money for litigation, retired on fixed income, when I rang [Southern] Response to say we didn't any fight left, the following day they sent us unsolicited \$1500. Cheque in the mail. We saved the country roughly \$700k by tanking. We are overseas now sorting out the monstrous treatment we barely lived through.”

(Individual submitter, Canterbury earthquakes)

A number of people told the Inquiry their income or productivity was affected due to taking time off work to attend meetings and/or progress their claim with EQC, or because of loss of rental income from their empty rental properties.



“As I work from home and am self-employed, I have sacrificed my work and income in order to get our house repaired as fast as possible. Sometimes it was a fulltime job.”

(Individual submitter, Canterbury earthquakes)

“In addition, we lost income as we could not let the house until it was safe to access it.”

(Individual submitter, Auckland landslip)

Several people spoke about the financial impact of moving out of their homes for earthquake repairs, sometimes more than once.



“I had to pay rent that was greater than my income and we didn't have a choice.”

(Individual submitter, Canterbury earthquakes)

“We felt like no one cared and we just had to wait until EQC and insurance got around to us despite the fact we were now having to rent and pay a mortgage that the subsidy did not cover completely.”

(Individual submitter, Canterbury earthquakes)

A few people described additional costs they faced, such as higher electricity and heating-related costs, when living in their unrepaired homes.



“Repairs that left gaping holes hidden from sight allowing cold air into our home for 7 years. (I have only just located these). In the winters over those years I paid thousands of dollars in heating, trying to keep my son warm. Not understanding why it was so cold.”

(Individual submitter, Canterbury earthquakes)

Delayed life choices

Many people felt their lives were on hold while they settled their insurance claims. Several people commented on the years they had lost while dealing with EQC processes.



“They have hijacked our lives for 8 years.”

(Individual submitter, Canterbury earthquakes)

“My teenager grew up through this. Not had their teenager years.”

(Public forum notes, Christchurch)

“I can never be compensated for what EQC put me through, hundreds of hours on the phone, writing emails, sleepless nights, anxiety to the point of complete hopelessness, they stole a huge part of my life.”

(Individual submitter, Canterbury & Kaikōura/Hurunui earthquakes)

Many people felt their choices were taken away from them and they could not plan for the future; people told us they felt unable to move on or were 'in limbo'. A number of people spoke of feeling 'powerless,' 'hopeless,' and not in control of their situations.



“We have been unable to properly plan and move on with our lives. This is taking a huge toll on us. Eight and a half years on and we are still in limbo waiting for a settlement and knowing that we have a major repair ahead of us, requiring us to pack up and move out for a second time.”

(Individual submitter, Canterbury earthquakes)

“The overall feeling that was so depressing was powerlessness. We were at the mercy of everyone.”

(Individual submitter, Canterbury earthquakes)

“For my ex-husband and me, we had just divorced in January 2011 and were looking forward to starting new separate lives but had to remain living together for a further 6 years before we could sell the property and buy our own.”

(Individual submitter, Canterbury earthquakes)

A few people said their experience affected their ability to start a family.



Ability to trust

Many people told the Inquiry they now feel a deep distrust of EQC, private insurers, and the building industry. For some, their experience with EQC has shaken their trust and confidence in the New Zealand government.



“The whole process was unbelievably stressful and our view of NZ as a country where you can have belief in the ability and integrity of government departments has sadly gone forever.”

(Individual submitter, Canterbury earthquakes)

“I have lost my faith in this country and all I thought it stood for. I am no longer proud to be a Kiwi.”

(Individual submitter, Canterbury earthquakes)

A few people said they now plan to self-insure rather than pay insurance premiums.



“My experience of the corruption and incompetence in EQC and the insurance industry overall has been so miserable that I cancelled all my insurances in 2012 and will never willingly spend another cent on insurance. I believe it is a very expensive scam.”

(Individual submitter, Canterbury earthquakes)

Some people expressed a broader lack of faith in and mistrust of humanity, or a loss of their sense of self.



“We experienced a natural disaster on an unprecedented scale in NZ, but over the last 8 years or so we have endured a much worse manmade disaster. My view of and faith in humanity has been shaken.”

(Individual submitter, Canterbury earthquakes)

“Sadly my belief in essential goodness, integrity and truth has been replaced by disillusionment and cynicism!”

(Individual submitter, Canterbury earthquakes)

“It has taken an enormous toll on my family and undoubtedly changed the person I once was.”

(Individual submitter, Canterbury earthquakes)

Human rights implications

In its submission, the Human Rights Commission noted that:

“The earthquakes resulted in challenges to the realisation of a range of human rights, such as:

- the rights to an adequate standard of living and adequate housing
- the right to property
- the right to the highest attainable standard of physical and mental health
- the rights to education and social security.”

The Human Rights Commission drew attention to Commission reports and resources relevant to the Inquiry's scope with a focus on experiences of EQC's operational practices.

A few organisations submitted that EQC breached its international human rights obligations as a state agency.



“ Read together, these claims demonstrate a pattern of conduct by EQC and its agent, Fletcher EQR, which had a devastating effect on people living with unresolved housing insurance claims, or inadequately repaired dwellings. The actions (or failure to act) by EQC and its agent resulted in breaches of a wide range of Canterbury residents' human rights, provided for in international human rights instruments to which New Zealand is a party, together with domestic legislation including the New Zealand Bill of Rights Act 1990 and the Human Rights Act 1993.”

(Community advocacy group, submission, Canterbury earthquakes)

Meetings and interviews

Impacts on people

A number of meetings and interviews addressed the emotional toll that dealing with EQC claims had on people, particularly in greater Christchurch. As with the public engagement, the Inquiry heard that:

- People found dealing with EQC and their EQC claims extremely stressful.
- People felt disempowered, hopeless, and unable to move on with their lives.
- The stress of dealing with EQC claims manifested in mental and physical health issues and affected people's work, relationships, and ability to parent. This, in turn, impacted their children.

The Inquiry was also told that:

- Dealing with EQC became a secondary stressor that was greater than the earthquakes themselves.
- For some people, dealing with EQC issues became all-consuming and an 'obsession'.
- People dealing with unresolved claims became a stigmatised group and others 'ran out of empathy' for them.

Some organisations told the Inquiry EQC needs to put more emphasis on people and on understanding the impacts of trauma after a disaster.

The Inquiry also heard about:

- the financial costs of challenging EQC or repair-related expenses not covered by EQC
- the bitterness and loss of trust that has resulted from people's EQC experiences
- a need for wellbeing and other support for people
- human rights issues associated with EQC activities.

Impacts on housing

Housing availability and affordability

Several people told the Inquiry it was difficult to buy a house after the Canterbury earthquakes due to the limited number of properties available and the high number of 'cashed-up' buyers in the market.



“Once she had the money, finding another place to live became very difficult as there were many cashed up buyers chasing the same properties.”

(Individual submitter, Canterbury earthquakes)

Others described the difficulty in finding temporary and/or rental accommodation in Christchurch, with few properties available and rents increasing rapidly at the time.



“Some rentals were costing up to 3 and 4 times the normal rate and this was achieved because companies were paying their workers large amounts of money to be seconded to Christchurch to work.”

(Individual submitter, Canterbury earthquakes)

“It was touch and go as the home we rented for the 5 weeks, we had to relinquish for the returning owner. Homes to rent in ChCh in 2012 were almost non-existent, we had little choice but to pay.”

(Individual submitter, Canterbury & Kaikōura/Hurunui earthquakes and natural disasters generally)

A few people spoke positively about their private insurers sourcing temporary accommodation for them. Several people described sleeping in caravans, sheds, or garages while their homes were repaired. Others talked about having to stay with friends and family.



“Alternative accommodation during first repairs was sorted quickly and easily by our insurer.”

(Individual submitter, Canterbury earthquakes)

“I lived in that one room sleepout for 4 years. It had a toilet and basin but no shower. No power and water for weeks of course, but I am used to camping.”

(Individual submitter, Canterbury earthquakes)

“ In my case it was 7 years sleeping in the garage. Sure, my insurance would give me \$20,000 for alternative accommodation but the question was when to use that as that amount wasn't going to last for the length of time it was needed in hindsight, but at the time I couldn't tell how long it was going to take. In the end I didn't use it at all.”

(Individual submitter, Canterbury earthquakes)

“ We were forced to rely on the generosity of friends who provided short term emergency accommodation (a friend's garage converted into a tiny flat) and loans of clothing and other necessities until we were able to secure a place to live and finally get some payment under my insurance for temporary accommodation.”

(Individual submitter, Canterbury earthquakes)

A few people described accommodation that was not suitable for people with disabilities or having to pay extra for it.



“ Worst of all, 6 intellectually challenging men forced to live in a four bedroom house when they are used to individual rooms when the renovations were taking place, which was no negotiations, no outdoor area, no living space between houses on the other side of town which they found extremely stressful.”

(Individual submitter, Canterbury earthquakes)

“ For people with disabilities, the need to use wheelchair accessible motels means that we have to work around the availability of motels and insurers need to be aware that these motels are usually more expensive per night.”

(Individual submitter, Canterbury earthquakes)

Temporary accommodation allowances

Some submissions commented on temporary accommodation allowances paid by private insurers. Most of these people expressed concern that allowances did not go far enough, especially when earthquake repairs were delayed or ran over time.



“ The amount of \$20,000 in my temporary accommodation cover took considerable effort and some weeks to recover from my insurer. It did not cover our rental costs for the length of time that we were displaced from our home.”

(Individual submitter, Canterbury earthquakes)

“ We moved out in October and nothing was done for two weeks. (That means our insurance company paid our rent for nothing?) [...] Our insurance company paid for our rental accommodation but what should have been a six weeks bill turned into a four month bill.”

(Individual submitter, Canterbury & Kaikōura/Huruni earthquakes)

Several people expressed concerns about having to pay for alternative accommodation if and when they move out again for re-repairs, as private insurers do not normally cover a second move. The Inquiry heard from others that EQC had provided some temporary accommodation support for repairs in Christchurch.



“Where will my 2 children, husband, cat and dog live while EQC are fixing their unscoped, shoddy work. Yes.... EQC should be coming to the party and paying the accommodation.”

(Individual submitter, Canterbury earthquakes)

“If/when resolved repairs will take 8 months during which time we must live elsewhere at our expense as we have already had our accommodation costs paid for during initial repairs.”

(Individual submitter, Canterbury earthquakes)

A number of people made suggestions for improving temporary accommodation allowances and the situations in which EQC might pay costs. They suggested:

- greater flexibility about how payments can be used
- clarity about who pays and how it is triggered
- a clear policy for every event.



“Ensure that if EQC or insurance companies delay a repair that they cover accommodation and costs associated with people and pets living elsewhere.”

(Individual submitter, Canterbury earthquakes)

“You need to have a clear policy for every event. Many people moved out of their homes thinking they would have everything settled in a year only to run out of accommodation funds and have to move back into a damaged house and still wait years to settle.”

(Individual submitter, Canterbury earthquakes)

Housing quality

Some people told the Inquiry about consequential damage to their homes caused by unrepaired or poorly repaired earthquake damage (e.g. leaks from earthquake-damaged roofs). A few people commented on being unable to undertake maintenance while waiting for assessments or claim settlement, which further damaged their homes.



“EQC holding our claim under-cap and not passing it on to our insurer for five years caused untold amounts of further damage - moisture, mould, weathertightness, damage to the paintwork and original wood eg windowsills in our hundred year old wooden house.”

(Individual submitter, Canterbury earthquakes)

“ Not to mention the fact in the 7 years you can't do maintenance to your house, you don't want visitors over - you feel like you are being judged on your house.”

(Individual submitter, Canterbury earthquakes)

Several people suggested the cost of repairing damage caused by delays in settling claims should be covered by EQC.



“ Additional damage caused by failing to settle claims in a timely manner should be included in settlement costs. Delaying for five years and not accepting the costs of any impacts from the delay is unacceptable.”

(Individual submitter, Canterbury earthquakes)

Some people told the Inquiry about living with rats, mould, mildew, and mushrooms while they awaited repairs to their homes. They described the difficulties they faced heating their homes and ongoing sewerage issues. As noted earlier, several people told the Inquiry their living conditions affected their health.



“ My house is mouldy, damp, drafty, and deteriorating rapidly, because of extensive damage to roof, walls, foundations and windows. During winter, the inside of my windows are coated with about 5mm of ice. I have had no heat since 4/9/2010.”

(Individual submitter, Canterbury earthquakes)

“ Our house has been infested with rats because we weren't allowed to plug the holes and gaps in the house because by doing so we might affect the claim.”

(Individual submitter, Canterbury earthquakes)

“ Our house had black mould growing and mushrooms in it as a result of all the years of broken drains and water seeping in to it.”

(Individual submitter, Canterbury earthquakes)

“ Everyday is a continuing never-ending battle against sewerage, mould, broken fixtures, water leaks, draughts, vermin and inefficient temporary heating to try and keep their home dry, warm and safe for themselves and their family.”

(Individual submitter, Canterbury earthquakes)

A few people said their homes were considered uninhabitable, but they were still living in them.



“ Damaged house – raw sewerage flowing under house but bullied back into living in it even though the house is uninhabitable.”

(Public forum notes, Christchurch)

A number of people referred to feeling 'stuck' or 'trapped' in their homes while they worked through their EQC and private insurance claims. A few people told us their homes were no longer safe havens; others talked about selling their homes 'as is, where is' to be able to move on.



“ We need a home that is a safe haven, not an inadequately repaired home that might not withstand a significant earthquake. We need a home that is our private space again, not repeatedly overrun by (mostly) men in fluoro.”

(Individual submitter, Canterbury earthquakes)

“ We settled the claim on our family home, 8 years and one month after it was damaged. We are currently selling our home 'as is' because we are too tired, too stressed to even contemplate repairing our home.”

(Individual submitter, Canterbury earthquakes)

On-sold houses

A number of people expressed concern about the legacy of poor earthquake repairs for Canterbury's residential property stock. Several people commented on situations where people had unknowingly bought unrepaired or poorly repaired houses.



“ On sold house has been repaired and currently on the market, foundations were repaired with epoxy, which I now know was not a viable repair strategy. It's my belief that EQC has contributed to a damaged housing stock in Christchurch that will cause issues for years to come.”

(Individual submitter, Canterbury earthquakes)

“ Risk of lack of confidence in housing stock in Christchurch possible for the future because of the quick and shoddy repairs, especially to foundations.”

(Public forum notes, Christchurch)

“ The other legacy EQC has given the people of Christchurch is one per poorly repaired houses. This will add billions of costs into the economy over future generations as dodgy repairs are discovered and houses are bought and sold on and on. This is quite frankly unacceptable.”

(Individual submitter, Canterbury & Kaikōura/Hurunui earthquakes and natural disasters generally)

“ Subsequent owners of houses with failed repairs are the latest victims of the EQC, financially compromised, emotionally devastated. Even something as core to our society as an honest and transparent housing market is now threatened.”

(Individual submitter, Canterbury & Kaikōura/Hurunui earthquakes)

A few people commented on the difficulties of getting information about earthquake damage and repairs from EQC and private insurers when buying a house. People offered various suggestions to improve how information is collected and shared about properties:

- recording information about earthquake damage and repairs on council-held Land Information Memorandum (LIM) reports (similar to 'leaky buildings' information)
- EQC and local councils working together to ensure repairs are recorded and comply with building code requirements
- improving how the real estate industry shares information about properties (e.g. claim/repair information being included in house sale and purchase agreements)
- encouraging homeowners to collect information on their properties for insurers.



“EQC, CCC and insurers needed to collaborate with homeowners and share information so that damage reports go on LIMs and remediation gets prioritised.”

(Individual submitter, Canterbury earthquakes)

“[...] allowing things like Resource Consents for major repairs to be bypassed has caused a lot of the problem with rework and unsafe repairs, and has in a lot of cases, been the root cause of the entire 'on sold' situation. Because if consents and signs offs were needed then the buyers of onsolds would have had known 'point in time' evidence that work was scoped and repaired correctly.”

(Individual submitter, Canterbury earthquakes)

“[...] when a house is put to market it should be mandatory to be given the full file from EQC not the bits and pieces vendors choose to show and what they choose to hide.”

(Individual submitter, Canterbury earthquakes)

“Introduce an optional 'house condition status': a list of the condition of various parts of a house, supported by photographs, similar to the lists monitored by property managers for landlords and tenants. This would ensure a written record of assessment of the condition of a home (especially if house is older than 10 years old) for any sort of insurance claim. This would also encourage investors and homeowners to maintain their properties.”

(Individual submitter, Canterbury earthquakes)

A few people expressed concern about people using cash settlements for purposes other than repairing their homes. Some suggested cash settlements not be paid until repairs have been undertaken or that funds be attached to a property rather than to a person.



“ There doesn’t seem to be an affordable remedy to force the cashed up owner to payout the funds to a new owner if the repairs are not completed. We saw a lot of new cars and boats in the Rolleston area in the early days.”

(Individual submitter, Canterbury earthquakes)

“ Attach the repair funds to the property title, not the current owner so any future owners can draw down the funds if the repairs have not been carried out.”

(Individual submitter, Canterbury earthquakes)

A few suggested people should not be able to sell houses ‘as is, where is’ because of the longer-term impact and risk for future purchasers.

Meetings and interviews

Impacts on housing

Some meetings and interviews addressed matters relating to the availability of housing following a natural disaster, including:

- the scarcity of rental properties and the increase in rents after the Canterbury earthquakes
- varying availability of, and provision for, temporary accommodation in different parts of the country
- the challenges people experienced living in temporary accommodation, including the stresses that came from living with others or being away from their pets, neighbours and communities.

With regard to EQC, the Inquiry heard that temporary accommodation allowances provided by private insurers sometimes ran out because they did not cover the time taken for repairs under the Canterbury Home Repair Programme. Some former and current EQC staff told the Inquiry that EQC did not have a consistent policy on what temporary accommodation costs it would cover.

Some meetings and interviews addressed matters relating to housing quality. Some people told the Inquiry that work undertaken under the Canterbury Home Repair Programme had improved the quality of the housing stock. However, many others raised concerns about the quality of repairs and homes being left unrepaired following a cash settlement. People expressed particular concern about a growing 'as is, where is' market for unrepaired homes in Canterbury, and more generally the implications for the longer-term quality of the housing stock.

Meetings addressed the availability of information on damaged homes and the repairs that have been undertaken. A number of people suggested that information on damage and repairs be disclosed on LIM reports, Property Information Memorandums (PIMs) and/or other local council records. Other suggestions for recording the state of a property included private insurers requiring a report on a home's condition at the time of insuring the home and a warrant of fitness for houses.

Other impacts

A number of people told the Inquiry that EQC's slow processing of claims restricted people's ability to take court action against private insurers because of the six-year limitation on filing proceedings.



“The holding off on settlement of repairs claims until after 5 1/2 years from the event pushed claimants up against the Limitation Act 1950 threshold. We do understand that the Limitation Act is excluded from the Inquiry, but the weak position EQC's tardiness put claimants into when transferred so late to over-cap that has put claimants in an unnecessary stress situation is a real concern.”

(Body corporate, submission, Canterbury earthquakes)

“This delay combined with their under scoping caused a lack in identifying and acknowledging our claim was likely to go over cap, which in turn meant the opportunity to raise a claim on time with the insurance company was missed. How do actions like this meet with the EQC Act to reduce distress in an effective and efficient manner?”

(Individual submitter, Canterbury & Kaikōura/Hurunui earthquakes)

The Inquiry heard that some people initiated proceedings before the six-year period expired to protect their interests. Others expressed concern about people being unaware of unrepaired damage to their houses and no longer being able to initiate proceedings in the future.



“We filed on advice from our lawyer to safeguard ourselves against the Statute of Limitations: dealing with EQC has proven to be a long drawn out process with no time frames for resolution (sadly, this also seems to be the case with the Court process!) We also had no choice but to file against our Insurers as there is the very real possibility the properties could go overcap and likely should have been from the outset!”

(Individual submitter, Canterbury earthquakes)

Several people talked about the implications and legacy of the EQC claims experiences for New Zealand generally, referring to the country's reputation and how reinsurers view the country.



“EQC's failures have left the country seriously exposed to the effects of any future natural disasters and to climate change. It's a national tragedy.”

(Individual submitter, Canterbury earthquakes)

Some people expressed concern about people taking advantage of the EQC system and prospering as a result of disasters.



“ At the time I said the only ones that will make money out of the disaster were the legal profession and those who wanted too much. I consider I am correct on both accounts.”

(Individual submitter, Canterbury earthquakes)

“ Attendees all seemed aware of some fraudulent claims being put in by some local people.”

(Public forum notes, Eketāhuna)

“ You did not need to be a rocket scientist to notice the number of NEW vans and trucks that were around town. Every builder, plumber, electrician, every new company seemed to have a fleet of them, all sign written. Even if they were leased there were so many of them, the car dealers must have been laughing all the way to the bank.”

(Individual submitter, Canterbury earthquakes)

A few people told the Inquiry that some businesses in the building industry had suffered and were yet to recover.



EQC as an organisation

As well as hearing about people's EQC claims experiences and associated impacts, the Inquiry heard many comments about EQC as an organisation. This included comments about various aspects of its strategic management and planning processes, organisational culture, and the governance and monitoring of EQC.

Strategic management and planning

EQC's preparedness for a large event

Many people were of the view that EQC was unprepared to deal with a large event such as the Canterbury earthquake sequence.

A number of people commented on the unprecedented nature of the event and felt it would have been difficult for any organisation to be ready to respond and scale up quickly.



“ I wish to begin by saying that I understand that the scale of the impact of seismic events in Canterbury beginning with the September 2010 earthquakes and ongoing for the following years was unprecedented, and that even in an ideal world EQC would be unlikely to be well prepared to cope from day 1.”

(Individual submitter, Canterbury earthquakes)

“ In reality EQC cannot have 100s of qualified staff engineers, builders etc etc sitting around waiting for such an event as the Christchurch Earthquakes. So to think the following processes, responses was going to be smooth sailing is a bit naive.”

(Individual submitter, Canterbury earthquakes)

“ Given they were always on the ‘back foot’ I consider they did quite well under the circumstances.”

(Individual submitter, Canterbury earthquakes)

Many others felt EQC should have been better prepared for such an event and expressed disbelief and dismay that it was not. They told the Inquiry EQC did not appear to have a plan.



“ One often repeated remark I think sums up EQC's problem: that the earthquakes were ‘unprecedented’. This is complete rubbish. Unprecedented means ‘never before known or experienced’ and to say that about earthquakes in New Zealand is just ridiculous. Napier? All the concern about ‘the big one’ in Wellington? I think that what it really means here was ‘didn’t expect it on my watch!’”

(Individual submitter, Canterbury earthquakes)

“Unbelievable that an organisation set up specifically to deal with a disaster is so completely underprepared.”

(Individual submitter, Canterbury earthquakes)

“EQC ‘prepared’ for 70 years for this but were they prepared? No.”

(Public forum notes, Christchurch)

“Systemic issues may be excused because of magnitude of the events for 2 years NOT 8 years.”

(Public forum notes, Christchurch)

Several former EQC staff referred to the Catastrophe Response Programme, which was developed in anticipation of a large event and was in place at the time of the Canterbury earthquakes. In their view, the issue was not lack of a plan, but failure to implement it.



“So, we ended up in a situation where the original catastrophe response plan was effectively thrown out in favour of quick muddled inspections.”

(Individual submitter, Canterbury earthquakes and natural disasters generally)

“There is however no getting away from there having been systemic failures in so much as the DRP [disaster response plan] was not followed as had been intended and alternative paths were taken without the understanding of the consequences or impacts.”

(Individual submitter, Canterbury, Seddon/Cook Strait, Eketāhuna & Kaikōura/Hurunui earthquakes and natural disasters generally)

A number of people emphasised the importance of EQC learning from the Canterbury experience and having good plans in place before the next big event. Some people suggested making use of international expertise or looking at how other countries manage after a natural disaster.



“Plan prepare and train for the next one, if the Alpine goes or god forbid Wellington it will make Christchurch look like a tea party.”

(Individual submitter, Canterbury earthquakes)

“More preparation and planning for the next big one. I can guarantee there will be one!!”

(Individual submitter, Canterbury earthquakes)

“Develop a far more robust recovery plan using a combination of international earthquake expertise.”

(Individual submitter, Canterbury earthquakes)

Some people identified a lack of leadership capability as a key reason for what they saw as EQC's poor planning and performance.



“EQC were ill-prepared for the aftermath of the earthquakes. More significantly they did not have the leadership capable of getting the organisation to rise to the occasion.”

(Individual submitter, Canterbury earthquakes)

“Those in charge were totally out of their depth. They had no idea of how to handle a situation of such magnitude.”

(Individual submitter, Canterbury earthquakes)

Staff recruitment and capability

Many people commented on the skills, experience, and training of staff recruited by EQC following the Canterbury earthquakes.

Some people expressed concern that, in scaling up, EQC did not recruit people with the right skills and experiences for the roles they were appointed to. In particular, people considered EQC should have employed people with building experience and technical skills (such as engineers) and people with good communication skills.



“I think one of the biggest issues, was EQC was woefully unprepared but the Government needed to be seen to be doing something. Their way around it was to put huge pressure on EQC to just get it done. As a result, they grew quickly, didn't invest in training, and sent people with limited skills to assess houses which in some cases were not even liveable.”

(Individual submitter, Canterbury earthquakes)

“The biggest mistake was to engage persons with insufficient building experience without checking if stated experience was ok. In short true expertise was lacking.”

(Individual submitter, Canterbury earthquakes)

“EQC needed to employ qualified, knowledgeable staff who treated people with empathy and respect, but also had some understanding of the impact of EQ's and stress on people.”

(Individual submitter, Canterbury earthquakes)

Some considered EQC should have made more use of local staff. Several people noted limited availability of some skills, particularly as insurers were also scaling up their use of loss adjusters and staff at the same time.



“Using local staff would have saved a lot of money rather than paying to bring people in and accommodating them.”

(Individual submitter, Canterbury earthquakes)

“It required [...] EQC to become a major assessment and adjustment business all in a market where trained and experienced material damage assessment and adjustment personnel were thin on the ground and doubly so when competing with private sector commercial forces.”

(Body corporate, submission, Canterbury earthquakes)

A number of people suggested EQC put in place arrangements to enable it to quickly procure suitably qualified staff and services after another big event. Suggestions included:

- a civil defence-type approach where staff from multiple agencies conduct regular training exercises during ‘peacetime’ and are able to quickly come together after an emergency
- lists or registers of suitably qualified builders, engineers, assessors, and experienced claims staff who can be called on
- pre-agreed arrangements with reputable building and engineering companies
- a territorials/Army reserve model with trained people who are ready to drop everything and help when required.



“EQC needs to train people before an earthquake like they do for civil defence. Have people on stand by and train them in a consistent manner.”

(Individual submitter, Canterbury earthquakes)

“Ideally EQC would have a pool of appropriately qualified forensic engineers who they can call on to conduct initial assessments when a disaster occurs. But we recognise that in large scale disasters there may not be enough engineers. The other option is for EQC to have a pool of trained building professionals who have checklists of the key information they should be gathering (including photos) and clear guidance for when an expert engineering assessment should be triggered.”

(Engineering New Zealand, submission, natural disasters generally)

A few former EQC employees told the Inquiry that, before the Canterbury earthquakes, there were arrangements in place for appointing builders and calling on loss adjusters at short notice.

Many people emphasised the importance of training. Some people made specific suggestions, including:

- having training courses ready to implement as soon as additional staff are needed
- developing training modules that people can undertake as part of professional development in their usual roles (similar to St John New Zealand)
- training all New Zealand builders in EQC assessment processes
- running regular seminars and education sessions.



“ Ensure that all staff are inducted and trained with consistent messages, they should all be singing from the same hymn sheet, and delivering consistent decisions.”

(Individual submitter, Canterbury earthquakes)

“ [...] looking to a state of future readiness we should see a combination of professional development programmes which sit alongside formal education options, with some experts being required to hold certification in certain aspects of expertise.”

(Community advocacy group, submission, Canterbury earthquakes)

Several people advocated training EQC staff in understanding the impacts of disasters on people's mental wellbeing and dealing with traumatised customers. Others emphasised the importance of customer service training.



“ Staff need to have training in the psychological impact of long term stress, working with people who are traumatised and a solid understanding of how mental illness affects a person's ability to process information.”

(Individual submitter, Canterbury & Kaikōura/Hurunui earthquakes and natural disasters generally)

“ All staff well trained in customer service including the leader of EQC.”

(Individual submitter, Canterbury earthquakes)

Several people noted the loss of institutional knowledge at EQC due to high staff turnover. A few people noted the efforts of EQC staff in difficult circumstances.



“ We appreciate that the event was huge and getting enough staff to deal with all the queries/questions must have been difficult but we want to express a thank you to all those who filled the EQC roles and probably dealt with some very distraught/aggressive behaviour from the public most of it due to frustration, stress and probably shock of the event.”

(Individual submitter, Canterbury earthquakes)

“ Most (not all) of the individuals I talked to and dealt with were working hard and trying their best. The people were not the problem: the process, system, and management was the problem.”

(Individual submitter, Canterbury earthquakes)

“ Some of the claims were fabricated some were genuine. These guys did the best they could in a shitty situation that affected a lot of people not only customers but staff themselves.”

(Facebook comment)

Policies and procedures

Some people told the Inquiry EQC's policies and processes for managing claims were inconsistent and often changed. In their view, this led to confusion for claimants and hampered the performance of EQC.



“ EQC also continually changed its systems and policies, which made it very difficult as the homeowner to get consistent information. And even consistent treatment between claims.”

(Individual submitter, Canterbury earthquakes)

“ It was also obvious that a lack of process existed. Process was invented quickly and had to be constantly adapted, resulting in confusion and a large amount of re-work.”

(Individual submitter, Canterbury earthquakes)

Some former EQC employees said EQC lacked standard operating procedures (SOPs). Others provided examples of inefficient claims management processes.



“ It was constantly astonishing how we went into event with little or no plans. In many instances weeks, and in some cases months were wasted by virtue of no response plan being in place and one having to be 'invented' after the event had occurred.”

(Individual submitter, Canterbury, Seddon/Cook Strait, Eketāhuna & Kaikōura/Hurunui earthquakes, Edgecumbe floods and natural disasters generally)

“ There were no SOPs, no manuals and the training was piffling – grossly inadequate to say the least.”

(Individual submitter, Canterbury earthquakes)

A number of people expressed surprise EQC did not foresee and plan for some of the issues that arose following the Canterbury earthquakes, or run test cases in the courts as soon as they became apparent.



“ Regarding preparedness, we also concluded that EQC could have foreseen some of the issues and challenges in the CHRP. For example, EQC could have anticipated that there would be asbestos in residential buildings and the implications that would have for repair work. EQC could also have anticipated the difficulties faced by vulnerable citizens.”

(Office of the Auditor-General, submission)

“ Many of my files had similar issues, namely ‘rubble-type’ foundations and their repairability, flood zone floor levels and whether properties had to be raised, how the technical category of the land affected the repair strategy, and voids under concrete slabs. Many of these files would not have to be litigated and could have been settled if some early declaratory judgments had provided some answers to these questions. These test cases should have been run in order to provide some certainty to policyholders who felt their own only option was to sue in order to get an answer.”

(Individual submitter, Canterbury earthquakes)

Some people identified a need for good systems for triaging, assessing, and repairing damage following a big event. In their view, the focus should be on prioritising the worst-affected people and properties.



“ EQC needs a system to properly triage cases in a major incident - putting people into tranches, communicating this and addressing the most vulnerable as a priority - I would have been happy to be told ‘You can keep living there. In 2016 we will attend to you’”

(Public forum notes, Waimakariri)

“ An overall assessment plan where initial assessments were done suburb by suburb and street by street. [...] Prioritisation of claims so that the worst impacted were dealt with first.”

(Individual submitter, Canterbury earthquakes)

A few people commented on the learning that has occurred following the Canterbury earthquakes.



“ One of the positive outcomes of the Canterbury earthquakes is that there are now a good number of references and documents that discuss and describe how to carry out engineering design of repair works for residential buildings.”

(Individual submitter, Canterbury & Kaikōura/Hurunui earthquakes and natural disasters generally)

“ There is a huge breadth of expertise developed by individuals as a result of the CES [Canterbury Earthquake Sequence]. [...] It is imperative that this knowledge is captured and analysed in order to be able to identify a best practice process, which incorporates this knowledge and reduces potential harm in any future response.”

(Community advocacy group, submission, Canterbury earthquakes)

Information management

Some people identified poor information management as a major reason for delays in processing people's claims following the Canterbury earthquakes. Some former EQC staff provided detailed comment on this topic.

A number of people said EQC did not have an integrated claim management system capable of holding all information on a person's claim. The Inquiry heard that:

- various IT systems were in use but were not compatible with each other
- some records were only paper based, and some information (e.g. notes on conversations and detailed assessment information) was not recorded at all
- files and records were located in multiple places (within EQC and between EQC and Fletcher EQR), but EQC lacked the information management processes to join these up.



“ It surprised me that they didn't seem to have a database/connected information. It was all checking emails and excel sheet by the sound of it.”

(Individual submitter, Canterbury earthquakes)

“ The EQC computer and information systems were confused and complex and many documents for claims and files were missing or not accessible by staff. I often found homeowners had more documentation and information regarding their claims than EQC had.”

(Individual submitter, Canterbury earthquakes)

“ EQC works in silos. Claim files could be listed in different places. Drainage team had all paper files which could get lost.”

(Public forum notes, Christchurch)



A few former EQC staff provided examples of claims information being lost through IT or phone upgrades and insufficient testing of IT changes before changes were introduced. A few people told the Inquiry about missing files or files being discovered in boxes or cabinets.



“ Data was not migrated to a new system and claims were left behind and ignored, for example: there were 80,000 open claims, left open in CMS4 which is a legacy claim system. EQC data was effectively lost in the Kaikōura earthquake event, as a data exchange with insurers failed.”

(Individual submitter, Canterbury, Seddon/Cook Strait, Eketāhuna & Kaikōura/Hurunui earthquakes, Edgecumbe floods, and natural disasters generally)

“ At one point over 900 open claims were found by EQC that no one knew about or had any record of.”

(Individual submitter, Canterbury earthquakes)

Some people discussed the consequences of poor information management. Some pointed to delays in progressing claims.



“ Many times there were inadequate numbers of files being delivered on a daily basis for LA [Loss Adjuster] teams solely because there were inadequate people in the central registry to put these together. At one point I had LA teams waiting a day & a half without work as there were no files delivered.”

(Individual submitter, Canterbury, Seddon/Cook Strait, Eketāhuna & Kaikōura/Hurunui earthquakes and natural disasters generally)

“ We understand that customer files were held in a number of system and locations within the EQC operations. Reports that were held by the relevant Fletcher Hubs were often difficult to locate as there were poor records held by EQC on document controls.”

(Private insurer, submission, Canterbury & Kaikōura/Hurunui earthquakes)

Others told the Inquiry EQC was unable to extract accurate and reliable information on the number and status of claims being processed. They said this had implications for public confidence in data and for other organisations (such as private insurers, who struggled to get good information on the volume of over-cap claims likely to be passed to them).



“ EQC continued to understate the level of potential over cap claims being held by it, which has had ongoing impacts on insurers and their planning.”

(Insurance Council of New Zealand, submission, Canterbury & Kaikōura/Hurunui earthquakes and natural disasters generally)

“ As a person managing building approval processes I struggled to get certain information from EQC about claim numbers, when consents would be coming in and the consent volumes. [...] This made it very difficult to plan and convince senior managers that additional resources were needed to handle the large volume of consents that could possibly be expected.”

(Individual submitter, Canterbury earthquakes)

A number of people told the Inquiry EQC needs better systems for managing claims information and extracting data.



“EQC needs better systems to manage information. I find it astounding that an organisation set up expressly to deal with a major earthquake did not have systems already in place to manage the flood of information that was going to be generated. We did not have a bad run but even so some of our information was lost.”

(Individual submitter, Canterbury earthquakes)

“A comprehensive computer system to record as much information as possible to allow development of an evolving data source.”

(Individual submitter, Canterbury earthquakes)

“Build computer systems where data extraction is easy for insurers/agencies to access and extract data/reporting.”

(Individual submitter, Canterbury earthquakes)

Public communication and managing expectations

A few people were positive about EQC's communication with the public and engagement with communities. Others felt that EQC could have done a better job of communicating with particular communities or population groups.



“We were kept up-to-date with numbers of repairs of houses, road, water and sewerage pipes repairs by newspaper articles from [EQC] which helped us realise they (EQC) were going to get the job done, we wouldn't be forgotten.”

(Individual submitter, Canterbury earthquakes)

“Although EQC provided a range of print material, in our experience it was not used. The language was often complex and technical or did not address the needs of affected people. The exception to this was the FAQ (Frequently Asked Questions) sheets, which proved helpful.”

(Marlborough Civil Defence Emergency Management (CDEM) Group, submission, Seddon/Cook Strait & Kaikōura/Hurunui earthquakes)

“EQC has failed to provide accessible information for those with disabilities, despite accessible forms of communication being requested repeatedly. For example, key information was provided over the telephone to members of the deaf community, and those with visual impairment or learning difficulties received only written information which was difficult to read and/or interpret.”

(Canterbury District Health Board, submission, Canterbury earthquakes)



A number of people emphasised the importance of clear and proactive communication to help set realistic expectations about what EQC can and cannot do, and when.



“In our view, EQC needed to set realistic expectations. For example, its original target date for ending the CHRP was December 2015. EQC brought the date forward to December 2014 but did not meet this target. We understand that the December 2014 date was a ‘stretch target’, but EQC did not make this clear in its communications to the public, who might have had different expectations.”

(Office of the Auditor-General, submission, Canterbury earthquakes)

“Communication and engagement is critical in a post-disaster situation. Regular, accurate, empathetic, solutions focused communication is a non-negotiable component for an organisation like EQC.”

(Individual submitter, Kaikōura/Hurunui earthquakes)

A number of Canterbury claimants also expressed concern about what they saw as ‘PR spin’ in EQC’s communications about overall progress in settling claims. Some felt that references to complex or difficult cases were derogatory to claimants.



“Cut the policy of the CEO getting up in front of the media and quoting the number of claims settled or whatever. It just sticks in the throat of those trying to get somewhere with EQC.”

(Individual submitter, Canterbury earthquakes)

“The PR Department successfully produced ‘smoke and mirrors’ effects that EQC managers were on top of every issue and challenge facing them, when in fact it appeared to claimants that the organization was merely ‘spinning its wheels and getting no traction.’”

(Individual submitter, Canterbury earthquakes)

“Whenever [we] promoted a meeting online, the EQC and Southern Response often placed advertising in local newspapers around the country, advertising which focused on the number of claims they had ‘settled’. By engaging in this behaviour, the EQC and Southern Response were attempting to protect their image outside Canterbury. We believe this strategy has played into a perception that Canterbury claimants are greedy.”

(Community advocacy group, submission, Canterbury earthquakes)

Some people felt EQC provided misleading information about the reinstatement standard they could expect under the EQC Act. One submission suggested that claimants were negatively impacted by perceptions of what others were getting and ‘scaremongering’ by building companies, lawyers, and others about inadequate repair strategies and people being treated unfairly.

Performance measurement and reporting

Some submissions commented on the performance measures used by EQC. They expressed the view that EQC was too focused on the number of claims assessed and settled following the Canterbury earthquakes and placed insufficient emphasis on the quality of its performance.



“ [...] it was all about quantity, not quality. Oh yes, lip service was paid to quality, accuracy, things like that, but it was the numbers that were religiously counted, and they featured prominently every day on our time sheets.”

(Individual submitter, Canterbury earthquakes)

As noted earlier, some people told the Inquiry that EQC's inability to extract good claims data affected its ability to report on its performance. The Office of the Auditor-General (OAG) summarised its findings of limitations in EQC's key performance indicators in an October 2013 report “Earthquake Commission: Managing the Canterbury Home Repair Programme”. The OAG also reported on EQC's subsequent improvements.



“ In our 2013 report on the CHRP, we highlighted limitations in its key performance indicators. Some indicators were not reported consistently, some had no targets or comparative data, and some were of limited value. In 2015, we reported that EQC had made improvements to its key performance indicators for the CHRP. The performance reporting was more consistent and complete. There were measures for cost, timeliness, quality, and safety; and targets for the performance measures.”

(Office of the Auditor-General, submission, Canterbury earthquakes)

The OAG said it continued to identify problems in its annual audit work, including “a lack of quality control over performance information (resulting in some under-reporting), inconsistencies with how measures were defined, incorrect customer complaints data and using incorrect data sets.” It also told the Inquiry that “we continue to find a lack of key performance indicators for the outcomes that EQC seeks to achieve,” and that it understands that EQC is responding to its recommendations.

Managing requests for information

A number of people told the Inquiry about difficulties in accessing information on their claims. They expressed concern about being required by EQC to make a claim under the Official Information Act 1982 (OIA) and delays in getting information.



“ EQC very often failed to meet its obligations under the OIA and seemed disinclined to meet their statutory obligations. The position of many claimants wanting information was often a matter of great distress.”

(Individual submitter, Canterbury earthquakes)



“ I resorted to using the Official Information Act on many occasions - which was frustrating for me, (and I am sure for EQC too) because time and resources were being wasted answering OIA requests which should have never happened - the information should have been readily available to home owners.”

(Individual submitter, Canterbury earthquakes)

The Office of the Ombudsman emphasised the importance of claimants being able to access information that affects them. It quoted its 2013 report:



“ Access to information is not just a ‘nice to have’ that gives way to more important priorities in disaster recovery. It is a basic right that enables individuals to engage effectively with government agencies, and to have a proper say in decisions that profoundly affect their lives.”

(Office of the Ombudsman, submission, Canterbury & Kaikōura/Hurunui earthquakes)

The Office of the Ombudsman pointed to several recommendations, made to EQC by the Chief Ombudsman and Privacy Commissioner in 2013, with relevance to EQC’s ongoing business.



- reviewing internal authorisations to ensure sufficient staff are permitted to release information to meet an increased demand, and ensuring those staff have appropriate software to allow them to do redactions;**
- reviewing and updating internal guidance material;**
- considering how information may be released proactively to property owners to avoid the need for a request under the OIA and/or Privacy Act;**
- making it clear that information held by contractors in the exercise of their contract to EQC is information ‘held’ by EQC, and clarifying whether that information is captured by requests using common terminology (e.g. requests for the ‘claim file’); and**
- EQC creating a system to identify and remedy any delays in responding to requests.”**

(Office of the Ombudsman, submission, Canterbury & Kaikōura/Hurunui earthquakes)

The Office of the Ombudsman also told the Inquiry that EQC needs to be ready to scale up its teams dealing with requests for information and internal complaints handling processes.

Meetings and interviews

Strategic management and planning

Meetings and interviews covered a wide range of matters relating to EQC's strategic management and planning processes.

The Inquiry heard that EQC was underprepared for a large natural disaster event before the Canterbury earthquakes. Some people told the Inquiry that EQC had a disaster plan but it was not fully implemented.

The Inquiry was also told, by various individuals and organisations, that:

- the lack of spare capacity and capability in a small country like New Zealand made it difficult for the organisation to scale up
- the scale and complexity of the Canterbury earthquakes was unprecedented
- EQC was prepared for the role that it had at the time of the September 2010 earthquake, and responded well to this event
- despite an increasingly complex environment after the February 2011 earthquake, EQC did not pause and reassess its response.

Some of those the Inquiry met with, including some former and current EQC staff, expressed reservations about EQC's planning and readiness for a future event.

Some meetings and interviews addressed the challenges EQC faced in accessing sufficient numbers of skilled staff in a short period of time. The Inquiry heard that, at the time of the Canterbury earthquakes, EQC had no policy, legal or communications expertise and little in-house customer relations expertise.

Some people, including some former and current EQC staff, felt there was inadequate training of staff recruited following the Canterbury earthquakes.

People identified various skills and training needs, including:

- more staff with construction, engineering and drainage experience
- greater investment in developing people skills
- recruitment of Māori staff to embed tikanga within the organisation
- more Pacific staff to deal with claims in a culturally appropriate way (e.g. the importance of prioritising elders in Pacific cultures)
- training and guidance on how to interact with traumatised customers.

The Inquiry heard some concerns about EQC's leadership and management capability. Some former and current EQC staff referred to a lack of strategic vision and no clear strategic plan. They talked about reactive decision making and constantly changing policies and processes.

The Inquiry also heard about EQC's claims management approach for Canterbury earthquake claims and its subsequent shift to a case management model.

A number of meetings and interviews addressed EQC's public communications. People emphasised the importance of clear communication and suggested the following improvements:

- setting and communicating realistic timeframes for settlement of claims
- providing better information about EQC cover, the claims process and homeowners' obligations
- tailoring information to the needs of specific communities and audiences by having information in multiple languages and making use of a range of communication channels (e.g. access radio, churches)
- working collaboratively with communities to develop and spread consistent and accessible messages.

The Inquiry heard a few suggestions for broadening membership of EQC's Claimant Reference Group, including having a wider range of community representatives.

Some of those the Inquiry met with felt the media had been unbalanced in its reporting of EQC's handling of claims following the Canterbury earthquakes.

A number of meetings and interviews addressed EQC's information management systems. The Inquiry heard that:

- a planned upgrade to EQC's claims management system was put on hold following the September 2010 Canterbury earthquake
- when systems were upgraded, the old and new versions were not compatible
- Fletcher and EQC systems were incompatible
- EQC staff used paper-based systems and multiple Excel spreadsheets to compensate for the lack of an integrated information management system
- the use of iPads made damage harder to record and upload to the system – but stopping their use led to greater inconsistency in assessments.

The Inquiry was told that EQC requires a system that provides a 'single point of truth' about claims information and that can also be used to support strategic planning across the organisation. The Inquiry also heard calls for better standardisation and sharing of information between EQC and private insurers.

Some former and current EQC staff told the Inquiry that EQC could be making better use of data and performance measures to inform EQC's decision making.

As with the public engagement, the Inquiry heard concerns about EQC requiring claimants to make an OIA request to access information on their claims, and delays in responding to these requests.

Organisational culture

Comments on organisational culture mainly reflect the experiences of Canterbury claimants and those working with them. The Inquiry also heard about EQC's organisational culture from former EQC staff and a small number of people who experienced other natural disaster events.

Attitude toward claimants

As noted earlier (page 11), many people were unhappy with the way they were treated by EQC. Many people felt this reflected EQC's adoption of an adversarial attitude toward claimants following the Canterbury earthquakes.



“ There seemed to be an assumption that most people would try to cheat both EQC and insurance companies. While I recognise that you need to be alert for the dishonest few, I believe the majority of citizens did not make inflated claims -- in fact, many did not make minor claims they would have been entitled to.”

(Individual submitter, Canterbury earthquakes)

“ On reflection, we consider that EQC's general approach to the homeowners has been to treat them as if they were trying to defraud EQC.”

(Law firm, submission, Canterbury earthquakes)

“ This should have been a partnership not a war.”

(Individual submitter, Canterbury earthquakes)

Many people told the Inquiry EQC's focus was minimising costs rather than ensuring people received a fair settlement in accordance with the EQC Act and people's private insurance policies.



“ Orchestrated attempt to shut down costs. Anyone in EQC being awarded for cost minimisation?”

(Public forum notes, Christchurch)

“ It is hard not to conclude that EQC and the ICs [Insurance Companies] have deliberately and systematically set out to defraud the claimants from a significant part of their entitlements.”

(Individual submitter, Canterbury earthquakes)

“ EQC was only ever about seeing how much you could drive a person into the ground before they broke.”

(Individual submitter, Canterbury earthquakes)



Some submissions from former EQC staff expressed similar concerns.



“ There was / is a quite deep seated belief that the customers were trying to ‘rip the system’ with false claims relating to quake damage. Guilty until proven innocent springs to mind.”

(Individual submitter, Canterbury earthquakes)

“ EQC staff developed a mindset around cost saving at all costs and withholding information that persists today through several changes of management.”

(Individual submitter, Canterbury earthquakes)

“ My perception of the climate was ‘How can we resist’ rather than ‘How can we assist.’”

(Individual submitter, Canterbury, Seddon/Cook Strait, Eketāhuna & Kaikōura/Hurunui earthquakes and natural disasters generally)

Some people felt EQC showed a lack of care for people as claimants or citizens or that it lost its sense of public service. Some people simply referred to EQC having a toxic culture or being morally bankrupt or corrupt.



“ People got forgotten in the process.”

(Public forum notes, Christchurch)

“ The whole EQC culture needs to be changed. Staff need to tell the truth and treat clients with respect. People have paid premiums over the years with the expectation that they will receive help when they need it. To then be treated by EQC with deceit and contempt is not acceptable.”

(Individual submitter, Canterbury earthquakes)

“ EQC is a toxic, shambolic organization that ignores their legal responsibilities with impunity.”

(Individual submitter, Canterbury earthquakes)

Some felt EQC's culture was more akin to a private insurance company, and a few suggested there was collusion with private insurers to minimise the value of claims. The Insurance Council of New Zealand, on the other hand, identified "strong cultural differences between EQC and private insurers in terms of customer management" and echoed concerns that EQC took "an overly cautious and litigious approach" to claims.

A number of people identified a need for culture change within EQC. People advocated:

- a change in attitude toward claimants with a more trusting approach rather than treating people with suspicion
- more attention to customer service and care for people
- putting the purpose of EQC legislation, and the entitlements of claimants, at the centre of decisions.



“EQC needs to hold the core purpose for its existence at the centre of all decisions. That is, the levy payer and their circumstance.”

(Individual submitter, Canterbury earthquakes)

“EQC attitude to its obligations under its Act of Parliament must be re set to lawfully delivering the greatest benefit under the Act. It is a compulsory insurance after all. The ACC approach to claims handling must be avoided.”

(Individual submitter, Canterbury earthquakes and natural disasters generally)

“Genuine customer service that reflects the nature of work, and the nature of customer's situation needs to be the central ethos of the whole organisation. Currently there's a kind of 'call centre' mentality whereby customer service can be dealt with by process, and by a numbers game.”

(Individual submitter, Canterbury, Seddon/Cook Strait, Eketāhuna & Kaikōura/Hurunui earthquakes, Edgcumbe floods and natural disasters generally)

“Actually pay out on earthquake damaged properties rather than looking for loopholes and court cases.”

(Facebook comment)

Staff conduct

Some submissions commented on staff conduct and identified issues people felt reflected the overall culture of the organisation. A number of people, for example, suggested that lying, withholding information, and bullying behaviour were tactics used to pressure claimants into settling for less than they were entitled to.



“I was seeing a pattern of behaviour from EQC that was not good, treatment of claimants that can only be described as bullying and abusive. All of this from a Government organisation that was established to help the residents of New Zealand recover quickly from natural disasters.”

(Individual submitter, Canterbury earthquakes)



“As to why things didn’t go well, I can only reiterate, deceit, evading responsibility, trying to save money no matter the cost to the individual concerned. They tried to pull the ‘wool over our eyes’ due to our lack of knowledge [...].”

(Individual submitter, Canterbury earthquakes)

Others expressed concern about conflicts of interests.



“EQC was pretty much ‘an old boys network’ with former colleagues, friends and family getting well paid jobs often without merit.”

(Individual submitter, Canterbury & Kaikōura/Hurunui earthquakes)

“How can a contractor be employed by EQC, then work out there’s more money to be made actually doing the work then get contracts via their contacts at EQC??? Not right!”

(Individual submitter, Canterbury earthquakes)

Some former EQC staff also raised concerns about nepotism and conflicts of interest among staff and managers.



“[...] the Field Offices became ideal breeding grounds for nepotism to raise its ugly head, and in the EQC generally while I was there, it not only did just that, but it soared like an eagle.”

(Individual submitter, Canterbury earthquakes)

“Nepotism amongst Managers and Staff was rampant.”

(Individual submitter, Canterbury earthquakes)

A number of submissions advocated more honesty and transparency within EQC, including better processes for managing conflicts of interest.



“Honesty would be a good start and go a long way!”

(Individual submitter, Canterbury earthquakes)

“Remove any conflicted staff from reporting lines in EQC and insurers.”

(Individual submitter, Canterbury earthquakes)

Role of leadership

Some people commented on the role of leadership in setting the 'tone' or culture of an organisation. In their view, EQC's adversarial approach toward claimants and the way staff behaved was influenced, and condoned, by EQC's leaders.



“It was clear to me that the culture at EQC was preventing a proper and respectful approach, and this was led from the top.”

(Individual submitter, Canterbury earthquakes)

“Leadership of staff comes from the top and by their failure to lead, left staff adrift and forced to enunciate incorrect policies and advice and undertake incorrectly based assessments.”

(Individual submitter, Canterbury earthquakes)

Similar comments were made about the role of the Minister Responsible for the EQC (discussed on page 147).

Several people told the Inquiry EQC management failed to address concerns about staff behaviour.



“I realise that the authorities had a massive task on their hands and that not everyone would be satisfied by how this matter was being handled. However that is no excuse for ignoring what was going wrong.”

(Individual submitter, Canterbury earthquakes)

Staff wellbeing and internal culture

A number of former staff were positive about their time, or aspects of their time, at EQC. They referred to hard working and committed staff, good remuneration, and supportive managers and colleagues.



“EQC retain a number of extremely committed, experienced and skilled staff who provide an excellent level of customer service.”

(Individual submitter, Canterbury, Seddon/Cook Strait, Eketāhuna & Kaikōura/Hurunui earthquakes, Edgecumbe floods and natural disasters generally)

“For what it's worth, I really enjoyed my time at EQC, albeit an extremely stressful environment with constant changes. [...] Lots of good memories, fantastic office culture and job satisfaction.”

(Individual submitter, Canterbury earthquakes)



Others told the Inquiry of a 'toxic' and bullying environment, with those who questioned things being encouraged to leave or moved on. Some people felt this reflected a 'police culture'.



“ The workplace was toxic, with bullying and sexism rife.”

(Individual submitter, Canterbury earthquakes)

“ It was well known and perceived among staff that if you raised your head above the parapet it was likely to be removed along with any further invitations to return.”

(Individual submitter, Canterbury earthquakes)

“ A common phrase used by those leading after making a statement on how things should be done was ‘if you don’t like it don’t let the door hit you on the behind as you leave’, maybe even less polite words were used.”

(Individual submitter, Canterbury earthquakes and natural disasters generally)

A number of people expressed concern about lack of transparency regarding recruitment and promotion decisions. They suggested decisions were not always based on merit.



“ It’s all about who you hold hands with in the organisation, not about what experience and qualifications you have.”

(Individual submitter, Canterbury, Seddon/Cook Strait, Eketāhuna & Kaikōura/Hurunui earthquakes)

“ The majority of infield staff/contractors had great ethics, as did pod leaders, however it seemed that some pod leaders and other senior staff did not and also pushed their own buddies and others of poor repute into promotion and permanency, or got rid of contractors simply because eg that person knew someone who had been dating them and got dumped, purely petty judgemental reasoning rather than performance based.”

(Individual submitter, Canterbury and Seddon/Cook Strait earthquakes)

Some people noted a high turnover among EQC staff and contractors. Some emphasised the need for EQC to value and look after its staff, particularly with regard to staff wellbeing. A number of people advocated training, counselling, or supervision for staff working with distressed people.



“The annual turnover of staff in some departments exceeds 30%, in short it’s become a toxic place to work, no matter how positive one can be.”

(Individual submitter, Canterbury, Seddon/Cook Strait, Eketāhuna & Kaikōura/Hurunui earthquakes, Edgcumbe floods and natural disasters generally)

“Many of these same people also suffered illness & exhaustion dealing with claims, the claimants, contractors, engineers etc.”

(Facebook comment)

“I hope EQC had counselling in place for staff. But more than that, there should be some uplifting staff team building in place, to help counterbalance the emotional drain of dealing with the claimants in distress.”

(Individual submitter, Canterbury & Kaikōura/Hurunui earthquakes)

A few people raised specific concerns about working conditions, including crowded, noisy work areas, delays in being paid, or insufficient attention to health and safety in some circumstances.



“Management closed its eyes to poor asbestos management and contractor management in health and safety. Once again exposing staff to unnecessary risk.”

(Individual submitter, Kaikōura/Hurunui earthquakes and Edgcumbe floods)

Meetings and interviews

Organisational culture

Some meetings and interviews addressed similar concerns about EQC's organisational culture as raised in the public engagement. The Inquiry heard concerns about:

- an organisation driven by a focus on the speed of claims resolution rather than on people
- a lack of public service ethos
- an adversarial approach to claimants, which treated people with suspicion and as if they were trying to defraud EQC
- an overly legalistic approach to settling claims
- an apparent culture of keeping costs down and minimising payments to claimants
- a closed, inward-looking culture that was not open to criticism and lacked transparency.

Some people told the Inquiry the culture was set by the leadership of the organisation. Some said the culture had changed with the recent change in leadership. Others felt that it had not.

Some meetings and interviews addressed staff wellbeing and internal culture. The Inquiry heard about:

- the commitment of EQC staff and the support they provided each other in often-stressful working environments
- the wellbeing training and support available to staff
- a culture that was resistant to new ideas and promoted "yes people"
- siloed thinking and processes across the organisation
- the impact of multiple restructures within EQC.

Some former and current EQC staff told the Inquiry about poor human resource practices and described an 'uber-masculine' culture, with aggressive behaviour towards staff. The Inquiry also heard about instances of alleged fraudulent behaviour by EQC staff or conflicts of interest.

Governance, monitoring and accountability

Oversight of EQC

A number of people expressed dissatisfaction with governance and oversight of EQC.



“ There was no agency to force EQC to do what they were supposed to do, nobody held EQC accountable.”

(Individual submitter, Canterbury earthquakes)

Most comments referred to the Government or government agencies such as The Treasury. People expressed concern that the Government failed to identify and address issues with EQC and did not listen to concerns being raised by claimants and others.



“ The government of the day I feel contributed to the pain by not admitting there was a problem and resolving it quicker.”

(Individual submitter, Canterbury earthquakes)

“ At the highest level, it seems that no one was prepared to admit that things were not going well.”

(Public forum notes, Christchurch)

A few submissions commented on the EQC board.



“ There was a failure of leadership by the EQC board. It took no steps to ensure gaps between EQC performance and client satisfaction (plus deteriorating client well-being) were closed rapidly to the benefit of both parties.”

(Individual submitter, Canterbury earthquakes)



Role of Minister and Government

Some people felt the Minister Responsible for the EQC, or the Government generally, had too much influence over EQC's approach to settling claims following the Canterbury earthquakes.



“It seemed to me that there was too much political influence in Christchurch, where diverse aims and ambitions diluted the focus that should have been concentrated on the restoration and reinstatement of the damage, rather than on scoring points.”

(Individual submitter, Canterbury & Kaikōura/Hurunui earthquakes and natural disasters generally)

“It felt as though the government at the time had told EQC to keep costs / pay outs down.”

(Individual submitter, Canterbury earthquakes)

“In the case of these earthquakes, the government appears to have put other priorities above the fulfilling purpose of the EQC.”

(Individual submitter, Canterbury earthquakes)

“I believe the culture of mistrust and meanness at EQC came right from the top [...]”

(Individual submitter, Canterbury earthquakes)

People expressed mixed views, particularly on social media, on whether EQC's approach changed following the change of Government in 2017. Some told the Inquiry things improved and others felt there was no change.

A number of people felt EQC should have greater distance from Ministers in meeting its statutory obligations.



“EQC budget and guidelines should be apolitical in all forms and should not be limited by political budget fixing.”

(Individual submitter, Canterbury earthquakes)

“Whilst there are mechanisms for the Minister to provide directions, and reasons for Treasury oversight and auditing, there is a very good reason why the EQC operates through an independent board which provides an element of separation from the government of the day - to protect the public. Has this worked in practice?”

(Individual submitter, Canterbury earthquakes)

Some people suggested an independent agency to oversee EQC or external monitoring of various aspects of EQC operations.



“Regulation from an entity independent from and higher than government is the only thing that will lend credibility to EQC.”

(Individual submitter, Canterbury earthquakes)

“Having regular independent reviews to monitor things like customer satisfaction and corporate culture within EQC.”

(Individual submitter, Canterbury earthquakes)

Funding

A few submissions commented positively on EQC's role in managing the Natural Disaster Fund and obtaining reinsurance to ensure sufficient funds for a major disaster. Another advocated that EQC continue to make an annual payment to the Crown to offset any shortfall in funds available.



“Obtaining continuing reinsurance during this time was another significant challenge for EQC, and it managed that challenge well.”

(Office of the Auditor-General, submission, Canterbury earthquakes)

Others expressed concern about 'plunder' of the Natural Disaster Fund by successive governments, with some referring to a 2019 news article on this topic. A number of people advocated protecting the fund so it cannot be used by governments for any other purpose.



“I believe political parties used to dip into EQC funds from time to time and therefore there was not enough to pay people out.”

(Individual submitter, Canterbury earthquakes)

“Tighter legal restrictions should be put in place on how the natural disaster fund is handled.”

(Individual submitter, Canterbury earthquakes)



“The funds accumulated by EQC need to be held out of reach of governments trying to balance their books or obtain free funds to spend.”

(Individual submitter, Canterbury earthquakes)

“Government needs to stop raiding the EQC Fund.”

(Public forum notes, Christchurch)

Accountability

As noted in the section on impacts on people (page 101), many people indicated they no longer have any trust or confidence in EQC and, in some cases, government generally. They told the Inquiry they expected EQC would be there for them when they needed help and would make sure they received a fair settlement, and they felt betrayed when that did not happen.



“After the earthquake, I like many kiwis, believed that EQC was going to look after me. As they are a Government agency I never expected them to lie to me or misrepresent facts in order to minimize their liability.”

(Individual submitter, Canterbury earthquakes)

“These government run entities are supposed to be there to support the people of NZ. We pay into one involuntarily, and the other in good faith presuming (apparently wrongly) that in the event of a natural disaster, we will be covered fully.”

(Individual submitter, Canterbury earthquakes)

Some people expressed concern about a waste of money due to EQC ‘drawing out’ the claims process.



“They wasted people’s time and money. They ground people down. They ended up costing the country a lot more because of delays to work and subsequent escalation of costs.”

(Individual submitter, Canterbury earthquakes)

“I feel that more money has been spent on EQC admin and staff expenses, together with legal costs disputing claims, than has actually been given to genuine claimants.”

(Individual submitter, Canterbury earthquakes)

A number of people felt EQC should be held accountable for the impact of its actions on people or for money wasted. Suggestions varied and included:

- an apology
- compensation
- putting things right by restoring homes to the required standard
- investigating the actions of individuals.



“Considerable stress and frustration has been caused by EQC and its management, yet no-one has fallen on their sword, or been held to account.”

(Individual submitter, Canterbury earthquakes)

“EQC need to put right what they have botched up. No other business could leave you worse off and then say ‘not our problem’ anymore. Put right what you screwed up!”

(Individual submitter, Canterbury earthquakes)

“We need to be compensated for the years of hell we’ve been through.”

(Individual submitter, Canterbury earthquakes)

“NZ citizens shouldn’t be forced to live in houses they can’t repair due to financial limitations. Upon reaching cap if no further insurance cover is available to pay for prior unknown damage then EQC must step up. EQC took responsibility for scopes and therefore scope omissions clearly fall into their responsibility.”

(Individual submitter, Canterbury & Kaikōura/Hurunui earthquakes)

Some people emphasised a need to restore trust in EQC. They advocated a clear commitment from EQC to meeting its legal obligations and operating consistently and transparently. Others suggested a complete overhaul of EQC is necessary.



“Work must be done to restore people’s trust in EQC. There is a high likelihood of an Alpine Fault or Hikurangi Fault earthquake event at some time in the future, so people will need help. If they survive the earthquake, they should not have to struggle to survive the process of getting their homes repaired/replaced.”

(Individual submitter, Canterbury earthquakes)

“A complete overhaul needs to be had as it’s inevitable we will have another disaster and this time we are home owners which I have no confidence that the govt will be there to assist.”

(Individual submitter, Canterbury earthquakes)



Meetings and interviews

Governance, monitoring and accountability

Meetings and interviews with EQC, former EQC board members and others addressed a wide range of matters to provide the Inquiry with information on EQC's governance, monitoring and accountability arrangements. These included:

- the composition and role of the EQC board
- the roles of the Minister Responsible for the EQC, other Ministers, and government agencies
- monitoring of EQC performance by The Treasury
- recent reviews of EQC
- how Ministerial Directions are used
- management of the Natural Disaster Fund.

Other meetings and interviews also addressed some of these matters. Some of those the Inquiry met with raised concerns about:

- Ministerial pressure on EQC senior management to speed up claims processing
- the use of Ministerial Directions
- the role of politicians in setting public expectations
- how the Natural Disaster Fund was managed
- lack of a body to hold EQC to account and address the public's concerns.



Future roles and functions



Options for future management of claims

Who should manage claims – EQC or private insurers?

Many submissions addressed the question of who should manage EQC claims in the future.

As noted earlier, many Canterbury claimants told the Inquiry private insurers should take on the role of managing claims on EQC's behalf. In their view, private insurers are better placed to manage claims because they have the necessary infrastructure, skills, and experience to work with claimants.



“Has any consideration been given to taking EQC out of the picture completely and having the insurer do all the repairs and sending the bill to EQC. Everything can go back to one’s insurance policy then, and people only deal with one entity.”

(Public forum notes, Selwyn)

“Claims should be passed directly onto the insurance company; they have the skills and experience to best assess damage and what is needed to repair it.”

(Individual submitter, Canterbury earthquakes)

“EQC needs to just be a claims handling organisation and allow the private insurers to carry out the assessments of claims as they are the ones that have to continue insuring the property.”

(Individual submitter, Canterbury earthquakes)

Others, including some former EQC staff, expressed concern about the prospect of private insurers managing EQC claims. Some people felt the government should retain responsibility for claims management. Others emphasised the need for EQC to set clear rules and implement a robust audit process if private insurers manage claims in the future.



“I would not like insurance companies to have full responsibility for handling all claims. There is too much variation across companies, too much profit-motivation and too much scope for treating people differently. A well managed EQC, with appropriate people at the helm and accountability built into the process, seems the best approach.”

(Individual submitter, Canterbury earthquakes)

“As a matter of principle I do not consider that any Government should, for its ‘front line’ force in recovering and rebuilding after a natural disaster, rely on private companies which are: overseas owned; with their own commercial, competitive, branding and image priorities; unable to be directed by the Government; using public money to discharge one of the most fundamental responsibilities of a Government, namely the care of its citizens following a natural disaster.”

(Individual submitter, natural disasters generally)

“Significant care must be taken if claims inspection and/or settlements are to be handled by third party Insurers. Robust checks and balances will need to be in place to ensure management of costs and settlements are appropriate with the opportunities for opportunistic behaviour minimised.”

(Individual submitter, Canterbury, Eketāhuna & Kaikōura/Hurunui earthquakes and natural disasters generally)

Kaikōura/Hurunui claimants expressed mixed views, reflecting their mixed experiences of private insurer-managed claims in practice.



“The Kaikoura event with Lump Sum contracts & the Insurance Companies delivering the service was far better in my experience.”

(Individual submitter, Canterbury & Kaikōura/Hurunui earthquakes)

“We implore you not to allow insurers to conduct damage assessments on behalf of EQC as they have a financial incentive to understate damage to ensure it remains under the EQC cap.”

(Individual submitter, Canterbury & Kaikōura/Hurunui earthquakes)

Private insurers indicated a clear preference for insurance companies to act as the single point for all claims, pointing to their existing relationship with homeowners, their substantial claims teams and supporting systems, and their ability to scale up more easily than EQC. The Insurance Council of New Zealand told the Inquiry private insurers are working with EQC to develop a future response model.

Other organisations expressed mixed views, and some simply noted the need to consider both the risks and benefits of private insurers acting as EQC's agent.

A few submitters suggested various alternatives for improving claims management, including:

- EQC and private insurers undertaking joint assessments of property damage
- EQC managing claims assessed at half the cap level, and private insurers managing all other claims
- for claims not progressed by EQC within a set timeframe, releasing the full value of the cap to the private insurer, in a trust account, for the insurer to manage and settle
- EQC being responsible for all claims, including those that are over cap
- enabling an independent claim specialist to prepare the claim and obtain reports
- establishing a new government agency to manage claims in the future.



Settlement approach – managed repair or cash settlement?

Some people commented on the relative merits of cash settlement or managed repair as an approach for settling claims.

Some indicated a preference for cash settlement. A few people suggested cash is necessary to give people confidence and choice and to support economic recovery after a natural disaster. Others told the Inquiry EQC was not well placed to manage repairs and expressed concerns about liability issues.



“EQC should only be a cheque-book. Not involved in rebuild or repairs.”

(Public forum notes, Christchurch)

“They should have assessed and paid out only, that would let homeowners do what they want with their own money.”

(Facebook comment)

“Victims of the disaster need money in their hands to revive their confidence and the community’s economy. Whether or not this is wisely spent is irrelevant. It helps the individual and the community to gain their dignity, self-determination, and competence; which includes making unfortunate decisions as well as wise ones.”

(Individual submitter, Canterbury earthquakes and natural disasters generally)

A former EQC staff member told the Inquiry that, based on earlier experience in Te Anau, EQC had resolved not to undertake managed repair again.



“In short it was a cost, logistical and claims management nightmare and EQC determined not to ever go down that path (repairing homes) again. They also recognised they would never have the trained resources available to administer/supervise large claim event house repairs.”

(Individual submitter, Canterbury, Eketāhuna & Kaikōura/Hurunui earthquakes and natural disasters generally)

Others advocated managed repair on the grounds that managing repairs to earthquake-damaged homes is beyond the skills and experience of most homeowners. They expressed concern that a cash settlement approach could result in repair costs being underestimated and create the risk that repair work will not be completed to an appropriate standard.



“Managed repair is far better than cash settlement.”

(Public forum notes, Christchurch)

“When insurers & EQC cash settle they talk about empowering claimants. What they are actually doing is transferring risk & costs to many who are ill equipped to manage. The well-resourced will cope. Those who aren't won't through no fault of their own.”

(Individual submitter, Canterbury earthquakes)

“To be ‘assessed’ that the damage is worth \$xxx and given the cash does not work for people who do not have the skills to organise the work or do the work themselves. Example - We pay insurance to fix our car and ‘they’ do the repair.”

(Individual submitter, Canterbury earthquakes)

One submission noted the particular challenges for homeowners in contracting skilled tradespeople in rural areas.



“We feel strongly that the repair/rebuild process does not end once payment has been made to the home or business owner. The majority of home owners do not have the skills or experience to project manage complex repairs or rebuilds. Coordinating tradespersons and materials for small towns is challenging and can add extra cost and other stressors to individuals.”

(Marlborough Civil Defence Emergency Management Group, submission, Seddon/Cook Strait & Kaikōura/Hurunui earthquakes)

Meetings and interviews

Options for future management of claims

Future claims management was discussed in many meetings and interviews.

The Inquiry heard mixed views about the possibility of private insurers managing EQC claims. As with the public engagement, some people told the Inquiry that private insurers are well placed to take on this role. The reasons they gave included the following:

- a single point of contact is easier for claimants (who would no longer need to deal with both EQC and their private insurers)
- private insurers have an existing relationship with, and better information on, claimants
- private insurers are better able to scale up quickly
- the work would be spread across multiple organisations
- claims resolution would be faster and more efficient due to reduced duplication of effort.

Others expressed reservations about the role not being undertaken by a government agency. The Inquiry heard concerns about:

- the government abdicating its role to care for people and ensure they are housed
- private insurers having too much of a commercial focus
- private insurers being unable to manage a system-wide approach when they are in competition with each other
- the risk of private insurers failing or being subject to influence beyond the control of New Zealand legislation.

Some meetings and interviews emphasised the importance of strong controls and an audit role for EQC if private insurers are to manage EQC claims. Suggestions included contractual obligations on private insurers to assess and provide people's entitlements under the EQC Act; a strengthened audit and monitoring function for EQC; retention of experienced staff to provide training; and a clear mechanism to deal with disputes.

The Inquiry also heard mixed views on the relative merits of cash settlement and managed repairs. Some pointed to the benefits of a quick cash settlement, which they told the Inquiry provides certainty and choice for homeowners and injects funds into the community quickly. Others highlighted the advantages of a well-managed repair programme, which they described as:

- a better option for people who do not have the capacity or capability to manage contractors
- providing for consistency in the quality of repairs
- providing more certainty around the future quality of the housing stock because there is low risk of repairs not being undertaken or homes being poorly repaired
- making best use of scarce resources and controlling inflationary pressures
- protecting the homeowner from the risk of a cash settlement that is insufficient to fully address the damage incurred.

Some meetings addressed whether EQC should run any future managed repair programme; of those who expressed a view, most considered that EQC should not.

EQC purpose and functions

Purpose

A number of people told the Inquiry they value having earthquake insurance cover and an organisation such as EQC. Their concerns were focused on how EQC had delivered in practice.



“ I am very grateful that in New Zealand we have a system for insuring against earthquakes and for repairing property.”

(Individual submitter, Canterbury earthquakes)

“ I am a great believer in EQC as an insurer/ concept, just thought the execution was poor, and very slow to work out they had it wrong, and to adjust their service delivery.”

(Individual submitter, Canterbury earthquakes)

Some people felt EQC had failed to achieve its fundamental purpose. People described their view of EQC's purpose in different ways, but generally referred to reducing the distress to homeowners after a natural disaster and protecting them from loss.



“ EQC's purpose is to protect the equity of homeowners whose property is damaged by natural disaster. EQC has woefully failed to achieve that purpose [...]”

(Individual submitter, Canterbury earthquakes)

“ In so far as the underlying purpose of the EQC Act is to protect the quality of life of New Zealanders, the way in which it operated in the aftermath of the Canterbury Earthquakes for many thousands of people had the exact opposite effect.”

(Member of Parliament, submission, Canterbury earthquakes)

“ [...] the purpose of the Act is fundamentally a humanitarian purpose, namely to reduce the distress of affected people in as effective and efficient a manner as possible.”

(Individual submitter, Canterbury & Kaikōura/Hurunui earthquakes)

“ The primary purpose of the EQC Act is to provide relief to people in times of crises to repair their homes, which suggests a strong welfare component is required.”

(Individual submitter, Canterbury earthquakes and natural disasters generally)

A few people suggested making EQC's purpose clear in the EQC Act.



EQC roles and functions

Settlement of claims

As discussed earlier (page 153), many people told the Inquiry that EQC should no longer be responsible for managing claims under the EQC Act. In their view, private insurers should manage people's claims and EQC's role should be to simply provide the funding and monitor private insurer performance. However, others expressed reservations about private insurers taking on responsibility for managing claims.

Several people discussed uninsured properties. Some felt EQC should not provide direct cover for people without private insurance. Others felt that EQC or another government agency should assist those with uninsured properties.



“If you have no insurance, it's fair you have no right to lodge claims. However, where private insurance cover is not available, EQC is being tasked with being the insurer of last resort. This is not its role.”

(Individual submitter, Canterbury earthquakes)

“EQC should only provide claims handling for claims that cannot be directed to an insurance company, such as for land and uninsured property owners.”

(Individual submitter, Canterbury earthquakes)

Managing the Natural Disaster Fund and obtaining reinsurance

Management of the Natural Disaster Fund is discussed in the section on governance, monitoring, and accountability (page 148). People's comments focused on the government's role in relation to the fund. A number of submissions advocated protecting the fund so it can only be used to meet EQC's claims liability.

A few people emphasised the importance of EQC's legislative obligations being clear, and EQC acting consistently with these, so it can obtain reinsurance on reasonable terms.

Research and education

Some people commented on EQC's research and education roles. Comments were mostly positive, and a few submissions made particular mention of EQC's role in funding GeoNet.



“It is important that EQC's contribution to the effective science responses and availability of science advice across government be recognised. We would also like to highlight EQC's leadership role encouraging the uptake of science research data and information by local, regional and central government. The EQC vision of a resilient New Zealand has been important as New Zealand faced the increased number and frequency of natural hazards events since 2010.”

(GNS Science, submission, Canterbury, Seddon/Cook Strait, Eketāhuna & Kaikōura/Hurunui earthquakes and natural disasters generally)

Several people suggested specific research ideas to be funded by EQC to improve building design or support recovery from a natural disaster.



“ Three examples come to mind:

- portable and simple to use equipment that can assess a concrete foundation slab for damage (a major issue with modern houses).
- a science-based methodology for determining and demonstrating the extent of preexisting damage (a major point of contention in many claims, especially involving older houses).
- Open source claims recording and processing software suited to NZ conditions and NZ law.”

(Individual submitter, Canterbury earthquakes)

“ Future focused - support independent building knowledge to improve building over time to help minimise costs of seismic damage costs and risk-based insurance increases.”

(Individual submitter, Canterbury earthquakes)

Others suggested EQC address various education and information needs, including:

- providing information on what to do after a natural disaster, how to go about repairing damage, and who can help
- providing advice on dealing with insurance companies
- encouraging people to look after, and have good records about, their properties
- educating the community about building designs that are more resilient in earthquakes.



“ EQC should be actively involved in education about earthquake counter measures and low damage earthquake design of buildings. Not just the ambulance at the bottom of the cliff.”

(Individual submitter, Canterbury earthquakes)

“ What we’ve seen is that the public could be better informed about what an insurance response involves, and who can help them navigate through the process. EQC is well placed to lead this work. It includes:

- encouraging homeowners to have a record of the health of their house, including an understanding of its structural condition, so that if disaster strikes they have clear evidence for professionals to work from; and
- setting public expectations about what the insurance process looks like and where they can go for help (for example, our website now has important information for homeowners about how to engage an engineer with a template letter of engagement that anyone can use)”

(Engineering New Zealand, submission, natural disasters generally)

One submitter, however, felt that EQC was no longer a trusted provider of education and support to the community.



“ The EQC is no longer the entity that can support, educate, and empower the community. Unfortunately, their brand has been seriously tarnished, and it will be difficult for them to rebuild their reputation in the short-to-medium term. There is, however, the capacity within the EQC Act to fund education and that must be acted on outside of its traditional use by EQC.”

(Community advocacy group, submission, Canterbury earthquakes)

Other roles and functions

A few people commented positively on EQC's role in removing silt and debris from under people's houses in some circumstances (e.g. following the Edgcombe floods). The Insurance Council of New Zealand noted private insurers and EQC are testing private insurer-led removal of silt and debris for EQC land claims.

Some submissions suggested other roles for EQC. These included:

- monitoring the use of settlement funds to ensure properties are repaired and that funds are used for their intended purpose
- working with others to develop kitset housing that can be rapidly assembled for temporary accommodation or replacement housing after an emergency
- providing psychosocial support to people after a natural disaster
- providing input into subdivision planning by councils.



“ For the future: EQC needs to act as a fast-paced home builder and get people into safe housing ASAP after a disaster. They should be using new technology to build small homes, fast - transportable homes that can be moved readily into areas of need. Speed is vital and EQC should assume this role as a home provider.”

(Public forum notes, Christchurch)

Competing objectives

A few people expressed concern about EQC having competing objectives in its various roles.



“ Who is EQC working for? Reinsurers? Government? Or claimant?”

(Public forum notes, Christchurch)

“ EQC is both an insurance company trying to minimise its risk through underhand tactics and also trying to be a govt agency acting in the public interest. Can they ever be done together?”

(Individual submitter, Canterbury & Kaikōura/Hurunui earthquakes)

“EQC has a conflict in funding research into earthquakes and the damage to dwellings they can cause. Although EQC would obviously like earthquake damage to houses to be minimal, EQC has no interest in findings that would increase their liability, for example, research that increased the need for major foundation repair/replacement, instead of minor repairs.”

(Individual submitter, Canterbury earthquakes and natural disasters generally)

Meetings and interviews

EQC purpose and functions

A number of meetings and interviews addressed EQC’s purpose and functions. The Inquiry heard a range of comments, including:

- the importance of retaining an organisation like EQC
- how EQC’s roles changed over time as it was asked by the Government to take on additional functions after the Canterbury earthquakes and Edgecumbe floods
- the need for clarity about EQC’s purpose and functions so people know what to expect and EQC knows what it must be prepared for
- views on the extent to which EQC, as a government agency, has a social responsibility rather than working solely within an insurance model.

Some meetings and interviews addressed how EQC manages its research and education roles. Those the Inquiry met with felt that EQC should maintain a focus on research, with some suggesting better coordination with others or commissioning more economic and social research.

Others discussed EQC’s responsibility for securing reinsurance, and noted the importance of this role.

Additional roles suggested for EQC included taking a lead role to coordinate others during recovery; selling reinsurance to private insurers; extending its focus to climate change and consideration of other hazards (e.g. biohazards and cyber hazards); and being an active party in resource consent processes in the Environment Court.

The broader 'ecosystem'

A number of people commented on the insurance and recovery 'ecosystem' that EQC functions within, including the roles of various organisations/sectors in disaster recovery and how EQC works with other organisations. Most comments related to people's experiences following the Canterbury earthquakes.

Coordination and role clarity

Some people emphasised a need for coordination between different organisations involved in insurance and recovery activities.



“There seemed to be a profound lack of coordination and overall management of the insurance and re-build activities.”

(Individual submitter, natural disasters generally)

“Disaster recovery efforts typically involve many organisations across both government and private industry to help communities affected by disaster events. While each organisation tends to be internally focussed on managing their respective responsibilities, customer groups and stakeholders, it is critically important that there is effective oversight and coordination of all recovery activities to not only monitor the speed of recovery but also to assist in overcoming and resolving blockages and obstacles.”

(Private insurer, submission, Canterbury & Kaikōura/Hurunui earthquakes)

Some people suggested a need for more clarity about different organisations' roles. A few people suggested a role for EQC in ensuring that agencies are well prepared.



“Clarify where EQC stops and the government & insurers start.”

(Individual submitter, Canterbury earthquakes)

“Legal rights need to be clear regarding the services in the area, who is responsible for fixing them after an event and for how long, that needs to be clarified, who is responsible for repairing storm protection.”

(Individual submitter, Canterbury earthquakes)

“EQC's role should be to make sure the insurance industry is prepared. Look at the range of services that will need to be required (in an emergency) and ensure they are prepared.”

(Public forum notes, Christchurch)

A few people said EQC and other organisations should collectively focus on people's wellbeing in disaster response and recovery.

One submission commented on EQC's Expert Advisory Group and suggested that such a group be coordinated before an event.



“ It is essential that there is an ability to swiftly establish such a technical advisory group, with appropriate arrangements (such as professional engagement) in place prior to the event. We believe that a core group of individuals is required to have the assigned responsibility of mobilising appropriate individuals.”

(Individual submitter, Canterbury & Kaikōura/Hurunui earthquakes and natural disasters generally)

Oversight of EQC and the insurance industry

Some people told the Inquiry the insurance industry (comprising EQC and private insurers) needs greater oversight and/or regulation. Suggestions included:

- increased government involvement
- a new independent regulatory body
- an increased role for the Insurance Council of New Zealand.



“ Simple, regulate the EQC system properly and then make the system follow its own regulations.”

(Individual submitter, Canterbury earthquakes)

“ What I would like to see is the establishment of an Insurance Commission, similar to what exists in California. The Insurance Commissioner has far-reaching powers, the commission is funded effectively and the focus is on the public, the policy holder, the claimant.”

(Individual submitter, Canterbury earthquakes)

“ If EQC will continue to pay out and hand over to private insurers then the government needs to ensure the insurance council is monitoring what is happening.”

(Individual submitter, Canterbury & Kaikōura/Hurunui earthquakes)

A few people suggested there is a place for a government insurer to provide 'competitive pressure' within the insurance industry.



“ I would like a disaster recovery unit co-ordinating EQC & the private insurer. Better still - set up a real State Insurer - the private sector failed us during a disaster.”

(Individual submitter, Wellington landslip)

Meetings and interviews

The broader 'ecosystem'

Many meetings and interviews addressed the way agencies work together following a natural disaster, and EQC's relationships with various government and community organisations following recent natural disasters. The meetings and interviews emphasised the importance of:

- clarity of roles and responsibilities
- strong relationships being in place before a natural disaster occurs
- good participation, coordination, collaboration, and leadership by agencies to support an effective recovery.

Some meetings and interviews highlighted the importance of local leadership and input from those who know their communities. Others told the Inquiry that iwi partnership is essential, and pointed to the statutory role that Ngāi Tahu had following the Canterbury earthquakes.

The Inquiry heard that EQC worked well, and had good relationships with some agencies but could have worked better with other agencies and local communities.

Some of those the Inquiry met with described EQC's relationship with the private insurance industry as uncooperative and lacking in trust. Private insurers told the Inquiry that EQC did not consistently engage with them and that the relationship had improved in recent times.

Some meetings and interviews addressed information sharing. The Inquiry heard that privacy and confidentiality considerations have inhibited information sharing and that there would be value in more sharing of information on customers, claims, properties and risk.



EQC cover and other legislative provisions

While the Inquiry is constrained by its Terms of Reference in relation to the EQC Act and related matters, the Inquiry nonetheless received a range of comments on the extent of EQC cover, EQC levies, and other matters relating to the EQC Act.

EQC cover

Extent of cover

House cover

A few people suggested EQC should only cover structural damage to people's homes and not cosmetic damage (such as cracked paintwork).



“EQC earthquake cover should only be directed to significant damage (eg structural, physical danger to occupants or neighbours, water-tightness), excluding cosmetic damage and/or have a much higher excess to minimize trivial damage claims.”

(Individual submitter, Canterbury earthquakes)

The Office of the Ombudsman noted a common theme in complaints it received was lack of coverage for consequential loss (e.g. loss of rental income or having to pay for a mortgage on an unliveable property while also paying rent).

One person suggested making provision for EQC cover for houses under construction, possibly by paying levies via building permits. Another suggested greater discretion for EQC to pay out for houses with moderate damage that are located on intermittently moving land.

As discussed earlier (page 89), several people raised concerns about EQC cover for multi-unit buildings that support a mix of residential and commercial uses. In their view, EQC had incorrectly narrowed its interpretation of what areas of the building are included in its calculation of residential use, which affects the level of cover provided. People asked that this matter be clarified in legislation.

The Tenants Protection Association told the Inquiry any residential dwelling (e.g. boarding houses) should be covered, in line with the different types of dwellings in the Residential Tenancies Act.

A few people questioned the need for EQC to provide house cover at all, given that private insurance companies offer house insurance.

Land cover

A few people told the Inquiry that EQC cover does not adequately recognise situations where land is lost in a landslide or where there is rock fall or mass movement risk.



“EQC appears limited by legislation, offering compensation for the loss of that portion of land lost, but ignoring the fact that the rest of the land is now also valueless.”

(Western Bay of Plenty District Council, submission, Cyclones Cook and Debbie)

“Similar complexities arose in respect of rock fall risk (which was generally not a covered risk under EQC or any insurance cover) and susceptibility to mass land movement (which arguably was covered as land damage under the EQC Act).”

(Member of Parliament, submission, Canterbury earthquakes)

People suggested various changes to land cover:

- covering uninsured land, possibly by enabling people to pay levies via property rates
- providing cover for work to make land safe, along with cover for any additional loss of unsafe land
- providing insurance cover for the whole section where the whole section is damaged
- amending the definition of residential land to “all the land within the Certificate of Title for the property on which the residential dwelling is lawfully situated”
- covering only the land the main house sits on plus ten metres from the house to ensure adequate provision for other structures on the property (rather than covering these structures separately).

As noted earlier (page 84), the Christchurch City Council suggested any land damage compensation should be used for area-wide mitigation or remediation in situations where a global solution is the most effective option.

Contents cover

A few people expressed support for EQC no longer providing cover for contents.

Level of the EQC cap

A number of people noted the cap on home claims had effectively been reduced over time by not being adjusted in line with the increasing costs of a replacement home. Most of these people advocated an increase in the cap and some advocated ongoing adjustment for inflation.



“The cap sum should be raised to the median cost of building a new home, as it originally was, and inflation linked. This would avoid the inevitable problem of doubling up with the private insurer.”

(Individual submitter, Canterbury earthquakes)

“The purpose of the cap was to make the owners of more expensive houses pay private insurers for part of their insurance - above the EQC cover. It was thus based on a concept of social equity. [...] The more that the cap is allowed to creep down year by year, the greater the social inequity.”

(Individual submitter, Canterbury earthquakes and natural disasters generally)

Views on the desirable level of the cap varied. Some suggested dollar amounts ranging from \$200,000 to \$500,000. Others considered the cap should be set at the median replacement value of a home. One submitter suggested the cap be set as a proportion of the property value (with a variable levy to match). Another advocated removing the cap and instead limiting EQC's liability to the cost of EQC supplying a kitset replacement home.

The Insurance Council of New Zealand, on the other hand, viewed the gradual reduction in the cap's value over time as a positive development.



“ This has reduced the fiscal risk to the Crown and more recently through more granular pricing of risk by private insurers has enabled clear signals to be given to New Zealanders about the risks their property faces. It has also enabled New Zealanders who have been paying more as a consequence of less granular pricing of the risks they face to potentially benefit from price reductions. Any moves to substantially increase the EQC cap would reverse these benefits and place a lot more risk on the taxpayer, in effect onto all New Zealanders.”

(Insurance Council of New Zealand, submission, Canterbury & Kaikōura/Hurunui earthquakes and natural disasters generally)

Level of excess / deductible

A few people suggested raising the excess (or deductible) on home claims so claims are only lodged for significant damage. Another advocated maintaining the current excesses for land cover.



“ Most EQ policies elsewhere come with very large excesses (in the tens of thousands of dollars) so that insurance kicks in once the damage is significant, and typically structural.”

(Individual submitter, Canterbury earthquakes)

“ At the moment there is a minimum Land Excess of \$500.00 and a maximum Land Excess of \$5,000.00. These should remain. The minimum excess alleviates small claims and property owners know they have a finite amount to meet in the event of a large claim.”

(Individual submitter, Canterbury earthquakes and natural disasters generally)

Obtaining EQC cover

Some people advocated various alternatives to the current arrangement, where EQC cover is linked to people's private insurance policies. They included:

- being able to opt out of EQC cover
- EQC cover only being compulsory when a person has opted not to have private insurance
- being able to choose to only have EQC cover and obtain it directly from EQC
- competition in the provision of natural disaster insurance.

EQC levies

Several people suggested raising the EQC levy to build up funds for future events or to enable EQC to develop its capability to respond.



“ Well for one you need to increase the levies so EQC is ready for the next event.”

(Individual submitter, Canterbury earthquakes)

A few people suggested a shift to variable levy rates to reflect the variable level of risk to properties and to encourage homeowners to think about earthquake vulnerability when choosing a property.



“ When setting premiums, all insurers should be encouraged to develop means to differentiate between houses. This must not be simply based on the seismic zoning. The characteristics of the building, its foundation and site situation have a far greater influence on damage in earthquake.”

(Individual submitter, Canterbury earthquakes and natural disasters generally)

Several people suggested the EQC levy be paid via property rates rather than private insurance premiums, either because they felt all properties should be protected by EQC cover or because they felt all people should contribute to EQC funding. Another felt EQC should be funded through taxes.



“ Take EQC funding through rates so everyone has to have it. It should be there for everyone, and not exclude those who don't have insurance.”

(Individual submitter, Canterbury earthquakes)

“ I believe the current system of placing the funding burden on insured people only, is not equitable. It should be funded from a levy on ALL property owners. Maybe through rates.”

(Individual submitter, Canterbury earthquakes)

Other comments on the Earthquake Commission Act 1993

Clarity of legislation

A number of people told the Inquiry the response to the Canterbury earthquakes highlighted a number of areas where the legislation is unclear about people's entitlements and how claims should be settled by EQC (e.g. apportionment and treatment of claims for different events).

Several people expressed concern about the effect that delays in resolving these matters had on claimants.



“ There were times when the meaning of a part of the EQ Act was unclear. Failure by EQC to seek prompt declaratory judgements meant hardship for those whose claims were held up.”

(Individual submitter, Canterbury earthquakes)

“ Some of this case law took a considerable amount of time to [come] through, and it would be fair to state that repairs completed prior to these [determinations] and in 2012 to 2015 may not be the same repair methods or standards that were applied at a much later date.”

(Individual submitter, Canterbury & Kaikōura/Hurunui earthquakes)

Others emphasised the importance of legislative clarity and certainty for the future.



“ [...] where the Act is silent or ambiguous, litigation is more likely. Litigation is time-consuming, expensive for all parties, adds to individuals' distress and generates publicity which can erode confidence in the Government's settlement process.”

(Individual submitter, natural disasters generally)

“ Only clear and enforceable legislative direction will ensure that inappropriate and unlawful actions are prevented in the future.”

(Individual submitter, Canterbury earthquakes)

Some submitters identified specific areas where they consider legislative clarity is required. These included the required standard of repair, the interface between land and residential claims, and technical issues associated with private insurers acting for EQC.



“ I believe that there is a good case for the Act to be clarified on the issue of what is required in the nature of repairs. This might be as simple as clarifying section 29 and providing an interpretation of what is meant by the words ‘replacement’ and ‘reinstatement’.”

(Individual submitter, Canterbury & Kaikōura/Hurunui earthquakes and natural disasters generally)

Others advocated having mechanisms in place for promptly seeking declaratory judgments when areas of legislative uncertainty arise in the future.



“ Government should quickly seek declaratory judgements in key test cases arising after a major disaster to help quickly resolve contractual uncertainty.”

(Individual submitter, Canterbury & Kaikōura/Hurunui earthquakes and natural disasters generally)

A few people told the Inquiry the law should not be amended following an event.

Proposed legislative amendments

Some people made general comments on the need to update the EQC Act. Others identified specific matters they would like to see addressed in legislation. These included:

- a clear purpose statement
- provisions on the treatment of policy holders
- reversal of the onus of proof (i.e. an assumption that damage is caused by the relevant disaster unless proved otherwise)
- a timeframe in which EQC must settle claims
- penalties if settlement timeframes are not met
- a requirement for claimants to use their settlement to undertake repairs within a specified timeframe
- enabling EQC to pay over cap when re-repairs are required
- preventing EQC land claims being assigned to private insurance companies.



“ That the Act be amended and defined to ensure the responsibilities of EQC to its clients is water tight and with much narrower discretions.”

(Individual submitter, Canterbury earthquakes)

“EQC legislation was changed behind closed doors...allowing EQC to settle claims when they wanted...NOT good enough...change the law back to having the claim settled within a year as was written in law..”

(Community advocacy group, submission, Canterbury earthquakes)

Some people commented on the timeframe for lodging claims. Some supported a longer period (up to two years) to enable people to claim for previously undiscovered damage.¹⁰ Others felt three months was ample time for lodging a claim.



“Needed more time as people kept finding more Earthquake damage to their buildings after the time allotted to put the claim in.”

(Facebook comment)

Meetings and interviews

EQC cover and other legislative provisions

Some meetings and interviews addressed whether the level of the EQC cap should be increased. Some did not express a firm view. Others suggested increasing the cap to anywhere from \$200,000 to \$500,000, or removing the cap altogether.

Some addressed the implications of increasing the cap for private insurance. One private insurer told the Inquiry the volume of claims handled by private insurers would change but not the interface issues with EQC. Another suggested private insurance premiums might decrease in high-risk locations but increase in low-risk areas if the EQC levy is priced at a higher rate than the insurance component.

A few people the Inquiry met with commented on the way in which EQC levies are collected. Suggestions included continuing to collect levies via private insurers; collecting levies via rates; or collecting levies via wages and pensions similar to the ACC levy.

The Inquiry also heard general comments on the desirability of updating the EQC Act to provide greater clarity about EQC cover, the reinstatement/repair standard and how claims should be handled.

10. The EQC Act has since been amended to enable claims to be lodged up to two years from the event that caused the damage. The amendment took effect from 1 July 2019.



Other matters



Insurance and insurability

While the Inquiry's focus is on EQC, many people also told the Inquiry about their experiences with their private insurers on over-cap claims and claims not covered by EQC. Some people shared their thoughts about the insurance industry generally.

People's experiences with their private insurers

People's experiences with private insurers predominantly relate to the Canterbury earthquakes. (People's experiences with private insurer-managed EQC claims following the Kaikōura/Hurunui earthquakes are discussed on page 59.)

Many people described positive experiences with their insurance companies, often drawing comparisons with their experiences with EQC. People praised the fast settlement of their claims, the professionalism of their insurance companies, and the clear communication and information they received.



“Once we were over cap [our insurance company] responded extremely quickly. Within 5 weeks a team of specialists had visited to carry out a full assessment. Our negotiations took some time (mainly due to our own personal circumstances at that time) but we fully cash settled 15 months later. Our case manager was very responsive and competent, and the whole process was professional, thorough, fair and inclusive.”

(Individual submitter, Canterbury earthquakes)

“From there things proceeded much more professionally and quickly with our own private insurer who did a much better job of assessing the damage and we soon agreed on a cash settlement with our insurer such that we could then do a repair combined with renovations.”

(Individual submitter, Canterbury earthquakes)

“The contrast in dealing with our insurance company [...] was hugely different and so much easier - it took six months to settle, the process was professional and well communicated.”

(Individual submitter, Canterbury earthquakes)

Many others described poor experiences with their private insurers. Complaints mainly related to delays in settling claims and low settlement payments.



“They do not focus on the customer whatsoever. They deny delay and defend. A very poor service industry who hides behind contracts and technicalities.”

(Individual submitter, Canterbury earthquakes and natural disasters generally)

“The real problem came not with EQC who we found supportive and informative but with [insurance company]. The game they played was delay, & deny. [The insurance company’s] opening position played to the ignorant. They offered \$0 on the grounds that EQC had paid out the maximum.”

(Individual submitter, Wellington landslip)

Some people told the Inquiry about misinformation, bullying and intimidation. The language people used was similar to the language some submitters used to describe poor experiences with EQC.



“Constant misinformation. Was told that our [insurance company] manager had changed and given the name of the ‘new’ manager who didn’t even work for [insurance company]. Information changed week by week.”

(Individual submitter, Canterbury earthquakes)

“[insurance company] should not be left out of the equation, they too have been what I can only describe as pure evil in their heavy-handedness, bullying and intimidating actions.”

(Individual submitter, Canterbury earthquakes)

“No difference between EQC and insurers - both could treat people better.”

(Public forum notes, Christchurch)

“I also had out of scope works through [insurance company] for driveway and that was a stressful process trying to prove the cost and damage associated. It really felt like a guilty till proven innocent process all round which was really unfair.”

(Individual submitter, Canterbury earthquakes)

Some people said they did not get ‘what they paid for’ with their private insurers. A few people suggested private insurers wanted to save money when settling claims to keep their shareholders happy. Several people were frustrated with being turned away by their insurance companies while their claims were under cap and with EQC.



“[We] believe that, at the very least, insurers failed to provide the service they sold us and failed to settle our claims fairly.”

(Community advocacy group, submission, Canterbury earthquakes)

“Over the years, especially in the beginning. I asked (almost begged) for [insurance company] to help me deal with EQC and Fletchers but I was told as I’m under cap they could choose who they helped. It wasn’t going to be me.”

(Individual submitter, Canterbury earthquakes)

A few people expressed concern about the power private insurance companies have over their customers when settling claims. A few people questioned the independence and expertise of private insurers' experts.



“ Sometimes insurers were quite open that they were using their in house ‘technical experts’ who are not independent, other times they tried to pass off external ‘technical experts’ as being impartial, when they aren’t. Most insurers used the same experts who predominantly only worked for them, who they gave a lot of work and had a close commercial relationship with.”

(Individual submitter, Canterbury earthquakes)

Some people made suggestions for the future. These included:

- undertaking a review or inquiry into Southern Response or the insurance sector generally
- better regulating the insurance industry (e.g. required timeframes for settling claims and monitoring insurers' financial positions)
- improving how insurance policies are written and how insurers communicate with their customers
- improving disputes resolution processes (also discussed from page 92).



“ The inquiry should take the opportunity to point out to the Government of the day the link between EQC and private insurers and the need to regulate the private insurance industry.”

(Individual submitter, Canterbury earthquakes)

“ New Zealand should introduce laws that require any insurance company doing business here to reach a settlement with claimants within a certain time frame.”

(Individual submitter, Canterbury earthquakes)

“ Make sure all insurance companies meet required underwriting standards and they continue to comply via legislation similar to the capital adequacy that applies to banks.”

(Individual submitter, Canterbury earthquakes)

Ability to get insurance

Some submissions commented on the ability of property owners to get and/or maintain private insurance.

Some people referred to some private insurers shifting to risk-based pricing and expressed mixed views about this. Several people suggested private insurers need better information on properties to make risk-based pricing work.



“ People who chose to build on cliffs or flood plain areas should pay much higher premiums and not be subsidised by other policy holders.”

(Individual submitter, Canterbury earthquakes)

“ Some insurers are effectively phasing out cover in high risk areas, or are charging much higher rates in those areas. This makes it difficult to sustain the form of EQC cover which is based on a uniform rate across the country. It is called ‘community pricing.’”

(Individual submitter, Canterbury earthquakes and natural disasters generally)

Some people questioned the future insurability of poorly repaired or unrepaired homes.



“ The private insurer now has a ‘get out of jail for free card’ as with any future events they will say your house wasn’t damaged in the earthquake, it was damaged due to the shoddy EQC/EQR repairs so we can’t help you.”

(Individual submitter, Canterbury earthquakes)

“ The terms of the EQC Act and insurance policies leave the purchasers of ‘as-is’ and on-sold properties with missed earthquake damage without cover.”

(Individual submitter, Canterbury earthquakes)

A few apartment owners raised concerns about breaching the Unit Titles Act 2010 (UTA) if they do not have access to insurance.



“ The UTA requires the Body Corporate to insure buildings to their full insurable value. [...] The legislation does not take into account earthquake prone buildings, or the reality of the insurance market in high risk areas. What does ‘not available in the market mean’? There is a point at which insurance may be available but might be so expensive in price that it is unaffordable, but that building might not be able to use the s137(2)(b) exclusion.”

(District law society, submission, Kaikōura/Hurunui earthquakes and natural disasters generally)

People offered a number of suggestions to help people to get insurance in the future, such as:

- taking action to mitigate or adapt to the future risk properties will face from natural hazards
- regularly documenting the condition of a property (e.g. through five-yearly photos or video)
- providing incentives for people to improve their homes
- enabling people to access EQC cover directly and/or a state insurer.



“ As a society, and individually, we are facing increasing risks and vulnerability from natural hazard events, and there is an urgent need for more effective planning with public authority development of appropriate standards.”

(Individual submitter, natural disasters generally)

“ The Government recently increased grants for commercial heritage property owners to 66% of the cost of seismically upgrading them. The Government subsidises the cost of home insulation. It is inconsistent to not also have a pro-active policy to improve housing, by offering grants to owners to flood mitigate / seismically improve their home.”

(Building company, submission, Canterbury & Kaikōura/Hurunui earthquakes and natural disasters generally)

“ With private insurers now moving to risk-based pricing & cherry-picking customers coupled with lengthy settlement times, the Government needs to step in & ‘own’ the industry.”

(Individual submitter, Canterbury earthquakes)

Several people talked about the insurance/reinsurance system and the risk of reinsurers not covering New Zealand’s risk any longer.

Meetings and interviews

Insurance and insurability

Some meetings and interviews addressed people’s experiences with private insurers on over-cap claims or matters not covered by EQC.

As with the public engagement, the Inquiry heard that some people found private insurers better to deal with than EQC, but others experienced inadequate assessments of damage, being treated with mistrust and/or poor settlement outcomes.

A number of people told the Inquiry people do not understand their insurance contracts and suggested a need to educate people about their policies.

Wider insurance issues discussed in meetings and interviews included:

- the shift to sum-insured insurance policies by most private insurers
- the implications of increasing use of risk-based pricing on people’s ability to get insurance
- EQC’s role in light of changes occurring within the private insurance market
- the role of the government in regulation of the insurance industry
- the resilience of housing stock and insurability after a natural disaster.

The Inquiry heard some concerns about the ongoing affordability of insurance, the risk of under-insurance and people’s ability to get insurance after a disaster event, or in areas identified as high risk.

Some meetings provided the Inquiry with background information on the nature of New Zealand’s insurance market, the role of the Insurance Council of New Zealand and MBIE’s Review of Insurance Contract Law.

MBIE guidance

As noted earlier (page 29), a number of people expressed concerns about the MBIE guidance on the repair of earthquake-damaged homes in Canterbury. Some people felt that the guidance was flawed and led to a lower standard of repair than required by the EQC Act, private insurer policies, or the Building Code.



“ Creation of and reliance on the MBIE Guidance has and continues to have a catastrophic impact on the proper resolution of claims. Despite the guidance having no legal bearing, insurers including EQC have relied upon it as a way of minimising the degree and cost of reinstatement. The guidance was used in this way for years before MBIE issued clarification to insurers that the insurance policy contract takes precedence.”

(Individual submitter, Canterbury earthquakes)

“ MBIE guidelines have caused massive issues and are being used to get around properly fixing things.”

(Public forum notes, Christchurch)

The Inquiry also heard concern that the guidance was being inappropriately used in other parts of the country (e.g. Kaikōura/Hurunui).

Some people questioned the independence of those developing the MBIE guidance, with some noting that EQC was involved in its development. Several people expressed concern about lack of homeowner involvement in developing the guidance.



“ It was compiled by a group of people who, it now appears, were acting on the instructions of the government to minimise the insurers’ exposure.”

(Individual submitter, Canterbury earthquakes)

“ There was no public consultation during its creation or development, the interest of homeowners appear to have been largely ignored. There is strong doubt the experts consulted in its creation and continued development were independent.”

(Individual submitter, Canterbury earthquakes)

However, another submission provided a different perspective.



“ The primary focus of the Guidance was on achieving regulatory compliance and confidence around obtaining building consent for repairs. The intent was for the solutions in the Guidance to also be consistent with the EQC Act and the requirements of insurance contracts. It was however always appreciated that the specific requirements of insurance contracts would guide the extent of overcap repairs and when rebuilding was required.”

(Individual submitters, Canterbury & Kaikōura/Hurunui earthquakes and natural disasters generally)



Meetings and interviews

MBIE guidance

Some meetings and interviews addressed the purpose and use of the MBIE guidance.

The Inquiry heard mixed views about the content of the guidance and the extent to which the guidance was tested with the engineering profession. A number of people expressed concern about the suitability of repair strategies in the guidance, particularly strategies for repair of rubble foundations.

Most discussion related to how the guidance had been used in practice. A number of people told the Inquiry that the guidance had not been used as intended and had inappropriately become the default standard for repairs. Some people felt this was part of a deliberate cost saving strategy. Others told the Inquiry this was not the intent and suggested that further reference to EQC Act requirements and insurance policy standards would have been helpful.

The Inquiry also heard some concerns that the guidance was being applied in parts of the country that it was not designed for.

Other matters raised with the Inquiry

Building and construction sector

A number of submissions discussed issues facing the building and construction sector, and related professions (such as engineering). These included comments about:

- a general lack of knowledge and skills and the need to improve skills and training across the building and construction sector
- governing bodies having the ability to hold members to account and ensuring they do so
- a need to improve building standards to make buildings more resilient
- improvements to building products so they perform better
- the difficulties in designing appropriate repair solutions due to the wide range and complexity of modern building design, materials used, and construction methods
- the lack of technical skills in government agencies with responsibility for building standards, and the need for a new government agency (like the Ministry of Works).



“A series of external economic shocks starting in 1967 began a serious degradation of the skill base of New Zealand’s [building and construction] sector. Up to that point, we had a highly skilled and productive workforce that compared well with the best in the world [...] Until these problems are properly addressed, a repeat of the failed EQC (and insurance) repairs following another major earthquake cannot be avoided.”

(Individual submitter, Canterbury earthquakes and natural disasters generally)

“The demands on our construction sector increased significantly as a result of the earthquakes and our design and construction sector did not have the ability to step up and respond with effective solutions. I believe that EQC suffered as a result of incompetence in our construction sector.”

(Individual submitter, Canterbury earthquakes)

“The sooner New Zealand improves its Building Standards the better. The Building Industry is overrun with ‘Cowboy Builders’ hiding behind a LBP, (Licenced Building Practitioner) programme put in place by a Government too lazy to invest in the education of its people.”

(Individual submitter, Canterbury earthquakes)

Some people discussed the potential for Geographic Information Systems (GIS) data and new technologies to assist the assessment process, coordinate property data across agencies, or record infrastructure nationally.



Broader earthquake and natural disaster experiences

Many people described experiences related to the natural disaster they had experienced but that were unrelated to EQC. Most comments related to the Canterbury earthquakes and included descriptions of:

- living through the immediate aftermath of the Canterbury earthquakes
- the longer-term impacts of the Canterbury earthquakes on people, businesses, and rural communities
- impacts of residential red zone decisions and other land-related decisions
- the role of other agencies (e.g. Christchurch City Council, Canterbury Earthquake Recovery Authority, Ministry of Education) in the post-earthquake recovery
- impacts of the Canterbury earthquakes on services (including health, education, and the arts).

Some people commented on the repair of damaged non-residential property (including roads, schools, commercial buildings, the Christchurch estuary edge, and council-owned property).

Meetings and interviews

Other matters raised with the Inquiry

A range of other matters were raised in meetings and interviews.

Some meetings and interviews addressed various building-related matters, including Building Code standards, regulation of the building industry, the general skill level of tradespeople and the role of professional bodies in overseeing the conduct of their members. Some people questioned whether the risks associated with natural hazards are being adequately addressed in planning decisions about where building may occur.

Other matters discussed in meetings and interviews included:

- residential red zoning following the Canterbury earthquakes
- the roles of other agencies such as the Canterbury Earthquake Recovery Authority
- the wider impacts of the Canterbury earthquakes and other natural disaster events on communities.

Inquiry Terms of Reference

A number of people made general comments thanking the Inquiry for the opportunity to participate and expressing their hopes that lessons will be learned and changes made so EQC is better prepared for future events.



“ Thank you for giving us the forum to exercise our views on EQC.”

(Individual submitter, Canterbury & Kaikōura/Hurunui earthquakes)

“ We hope that this EQC Inquiry will enable EQC to respond differently to future events throughout Aotearoa/New Zealand.”

(Individual submitter, Canterbury earthquakes)

“ I hope that something good comes from this inquiry and that significant and real changes are made so that future claimants don't have to go through the same frustrations and challenges we have. May some good come from our experiences.”

(Individual submitter, Canterbury earthquakes)

Others were sceptical about whether any useful changes will result from the Inquiry, particularly those commenting on social media.



“ Interesting how it's taken this long to open a public forum. This in itself is laughable.”

(Facebook comment)

“ I hope they will learn from this, but doubt it will amount to real change or holding those responsible to account.”

(Facebook comment)

“ Something good might come of it but all I'm certain of is that it'll cost the taxpayers a bundle and retraumatise the victims (which includes anybody who had 'repairs' done).”

(Facebook comment)

“ I see this EQC Inquiry as being just another version of the EQC repairs: scrape, plaster and paint. Cosmetic, get in and out fast - don't deal with the actual problem.”

(Individual submitter, Canterbury earthquakes)

Some people commented on the scope of the Inquiry:

- Some expressed concern that no one will be held to account and no blame apportioned. In their view, righting wrongs is as important as focusing on how to make improvements for future claimants.
- Others were disappointed that the Inquiry cannot address specific claims. Several people thought the focus should be on helping those with unresolved issues rather than spending time and money on an Inquiry.
- Several people felt the Inquiry should also cover the activities of related entities such as private insurers, MBIE, Engineering NZ, and the Building Research Association of New Zealand (BRANZ).



“ I am disappointed that this is a ‘no blame’ inquiry, however, because I think people should be held accountable for actions that should never have been tolerated.”

(Individual submitter, Canterbury earthquakes)

“ I get it. The inquiry cannot address specific claims. That is just a cop out. There has been no recourse for us other than threaten lawsuits and go to court. I hope your Inquiry is not a waste of time and just a white wash that ends up sweeping the issues away.”

(Individual submitter, Canterbury earthquakes)

“ Why are you only focusing on EQC when EQC and the insurance companies are so intertwined in their handling of the events. Their handling was equally corrupt, equally inept, equally responsible for all the mess caused. I say this as a person whose claim was close to the \$100,000 over cap cut off point so both were involved.”

(Individual submitter, Canterbury earthquakes)

Several people commented on the process the Inquiry is using. Some suggested specific data collection processes, questions for the Inquiry to consider or people the Inquiry may wish to speak with. One organisation questioned the Inquiry’s inquisitorial approach and expressed a desire to cross-examine witnesses.

Meetings and interviews

Inquiry Terms of Reference

Some meetings and interviews addressed the Inquiry’s Terms of Reference and approach. Some commended the Inquiry for listening to people’s experiences. Others raised concerns similar to those identified in the public engagement, including the scope of the Inquiry and, in one case, the decision to take an inquisitorial approach rather than public hearings to test evidence.

Appendix 1:

The Inquiry's public engagement process

The Inquiry Chair chose to take an inquisitorial approach to this work, which provided the opportunity to engage in people-friendly ways with citizens, claimants, groups, communities of interest, and organisations.

The Inquiry wanted anyone who wished to participate to feel comfortable and able to take part in the Inquiry's engagement activities, whether they had experiences with or knowledge about EQC, or had been involved or were interested in recovery from a natural disaster event such as an earthquake or flood.

Listening to the community

A Community Reference Group provided regular advice and feedback to the Inquiry Chair on effective ways to reach people and encourage public participation in the Inquiry.

They emphasised that many people would value having someone listen to their stories and experiences with EQC but that it could be difficult or upsetting for some to revisit or talk about these experiences. The Inquiry invited a professional wellbeing advisory service to many of the public forums to provide support where needed. The Inquiry also had information on hand about practical assistance on offer from different organisations.

The Community Reference Group was Christchurch based, as that was where most interest in the Inquiry was expected to come from. The Inquiry talked with local councils and support agencies in the places outside Christchurch to hear how local people might want to participate.

Ways of participating

The public could participate in the Inquiry in any one or more of the following ways:

- making a written submission to the Inquiry
- attending a public forum discussion led by the Inquiry Chair
- dropping in to a public forum to share 'sticky note' comments and talk with members of the Inquiry team
- video recording experiences and views (no one took up this option)
- reading and/or making comments on social media channels
- providing relevant written material to the Inquiry
- on request, having an individual meeting with the Inquiry
- calling the Inquiry's free phone (most calls were to check details about process or engagement activities)
- reading about the Inquiry's progress via the dedicated website and social media accounts
- receiving regular e-newsletter updates about the Inquiry's activities and progress.

In addition, the Inquiry Chair undertook a diverse programme of interviews and meetings with experts, advocates, local bodies and organisations, and individuals who had been identified as having information and views of relevance to the Inquiry, or who sought a meeting.

How the Inquiry reached people

The Inquiry publicised the opportunity to make a submission or attend a public forum via the Inquiry website (eqcinquiry.govt.nz), newsletter updates, online and radio advertising, advertisements in print newspapers, and on social media.

The Inquiry invited local leaders, community newsletters, and Facebook pages to share news about forthcoming visits and opportunities to participate. The Community Reference Group also engaged people with word-of-mouth and social media posts.

Information and opportunities to register for forums were provided on the Inquiry's own Facebook and Twitter pages and published on a range of other community Facebook pages. Organisations such as city and district councils also published information about opportunities to engage with the Inquiry on their websites and social media accounts.

The Inquiry directed people to the Inquiry website where they could participate by making an online submission, registering for a group discussion, or finding out who the Inquiry had met with or more about the scope and purpose of the Inquiry.

Current and former EQC staff were invited to participate in the Inquiry, either by attending forums with the Inquiry Chair or through other suitable forms of engagement. Current staff were invited through a letter from the Inquiry team, shared internally by EQC. EQC also passed on an Inquiry invitation to its former staff, where it had contacts for those people. The invitations asked the current or former staff to contact the Inquiry directly if they wished to take part, provided general information about the Inquiry and encouraged them to share the invitation to others.

Submissions

Written submissions to the Inquiry could be made using an online or paper form. The Inquiry also received free-form submissions via email and by post. A few people chose to make their submission by talking with an Inquiry team member on the phone.

To assist people, the submission form prompted submitters to tell the Inquiry about their experiences with EQC, what went well, what did not go well, and what suggestions they had to make EQC more effective in future.

The submissions period formally ran from 10 April to 26 May 2019, but the Inquiry accepted late submissions over following weeks.

The Inquiry received 973 written submissions - 926 from individuals and 47 from groups or organisations. Some people made more than one submission or provided supplementary information, resulting in 933 unique submitters. Many submitters provided the Inquiry with a substantial amount of material to support their submission, including copies of reports relating to their properties, correspondence with EQC, research documents, books, newspaper articles and other material relevant to the Inquiry's Terms of Reference.

Most submissions (892) related to the Canterbury earthquakes.

The Inquiry also received submissions relating to:

- the Kaikōura/Hurunui earthquakes (100 submissions)
- earthquakes and natural disasters generally (63)
- the Seddon/Cook Strait earthquakes (27)
- the Eketāhuna earthquakes (12)
- the Edgecumbe floods (8)
- a range of other earthquake or weather-related events (27).

(People could choose more than one option.)

Most submissions (816) were from homeowners. They included a mix of people who had their claims managed by EQC and/or private insurers and who had received a cash settlement or managed repairs. Many had closed claims but around one in five said that their claims were still open.

The Inquiry also received submissions from those who worked with claimants (such as lawyers), current or former EQC or Fletcher EQR staff, private insurers, building and engineering professionals, local councils, community groups, and government organisations.

Public forums

Eighteen public forums were held around New Zealand in locations at or near where natural disaster events named in the Inquiry's Terms of Reference had occurred. They provided opportunities for people to speak directly to the Inquiry Chair or her team.

The public forums included facilitated group discussions (one to two hours long) with the Inquiry Chair and/or informal public drop-in sessions that usually ran over several hours.

Forums were held in well-frequented community venues that were relatively easy for people to access and feel comfortable visiting. Tea and coffee was available and people were encouraged to take time to relax, share experiences with an Inquiry team member, ask questions about the Inquiry process, browse the notes from previous forum discussions, and/or add comments to a 'Comments Wall' (available in most locations). Many people took half an hour or more to share their experiences and views in a one-on-one conversation with an Inquiry staff member.

Attendees were asked to register in advance for the public forum group discussions. In most places, an external facilitator led the sessions to ensure everyone felt comfortable and had a fair chance to speak. Note takers recorded discussion points (in writing) so that the Inquiry had a record of what was discussed.

Public forums and/or drop-in sessions were held in Christchurch, Kaiapoi, West Melton, Cheviot, Waiiau, Kaikōura, Seddon, Ward, Wellington, Eketāhuna, and Edgecumbe.

Social media

People also shared their views and experiences in comments on the Inquiry's Facebook page.

The Inquiry advertised the submissions process and public forums on Facebook from April to June 2019. A total of 417 comments were written on the Inquiry's Facebook posts during this period.

Meetings and interviews

The Inquiry process provided for the Inquiry Chair to request a formal meeting or interview with anyone whom she felt had specific insights or information relevant to the purpose of the Inquiry.

The Inquiry Chair met with a number of organisations – sometimes on several occasions – including EQC (with the leadership and current/former staff members), Fletcher, private insurers, Māori leaders, local councils, and a range of other organisations, groups and individuals.

The Inquiry met with Māori groups and individuals who were able to share their experiences interacting with EQC. In Canterbury, where the greatest number of claimants were heard from, the Inquiry talked with Te Puni Kōkiri, a number of Māori iwi organisations and leaders, and attended a hui to hear about issues that whānau faced and the work of the Māori earthquake support coordination services.

The Inquiry also met with Pasifika elders, a refugee and migrant forum, an older-aged claimants' group, and representatives of families bereaved by the Canterbury earthquake. This included hearing from specialist providers of earthquake support coordination who assisted many Pasifika and migrant or refugee households.

Members of the public could also request a meeting with the Inquiry Chair or the team supporting her. Any requests for meetings were accommodated where possible.

Appendix 2:

Process for preparing this document

The Inquiry received a substantial amount of material during the engagement process.

To make the process of summarising people's comments more manageable, the Inquiry team 'coded' all material so that comments on related topics could be grouped and read together.

This enabled the Inquiry to identify the common themes and range of comments on any one topic.

Written submissions

Written submissions were coded as they were received, using Delib's Citizen Space online submissions platform.

Before the submission process opened, the team identified a range of likely Inquiry topics based on early material received, matters raised in meetings and interviews, and discussion with the Inquiry Chair. These topics formed the basis of a submissions 'coding schedule'.

As each submission was received, a small team of analysts coded each submission against these topics. This essentially involved copying topic-related text from each submission and assigning it to the relevant code.

To ensure consistency between coders, a second person checked the coding for all submissions received within the first week, submissions from organisations, longer and more complex submissions, and all submissions coded by new staff within their first few days of coding. The team also met regularly and undertook informal review by discussing any questions as they arose.

Once submissions closed, the team was able to extract all comments coded to each topic. A smaller team of senior analysts reviewed the comments as a further check for consistency of coding and recoded if necessary.

The team then obtained updated extracts of coded comments, reviewed the comments, and distilled the key themes and range of comments for each topic. Some topics were collapsed in this process, and some additional topics were created to better reflect the submission material.

One analyst took responsibility for preparing key points for each topic, and the analyst team collectively reviewed and discussed the draft summary of key points. An initial selection of quotes was completed at this stage to represent the range of comments people made.

The focus was on identifying what was said rather than how many people said it. However, the following qualifiers were used to provide a general indication of the extent of comment on a topic:

- 'Many' – used when at least 50 people commented or expressed a particular point of view on a topic
- 'Some' or 'a number of' – at least six people but fewer than 50
- 'Several' – four or five people
- 'Few' – two or three people.

Public forum and Facebook comments

Public forum and Facebook comments were coded at the end of the public engagement process. The Inquiry team used the same coding schedule as for submissions, using the NVIVO software package.

The public forum comments included three types of material, each of which was entered into NVIVO for coding:

- summary notes of key points made at group discussions with the Inquiry Chair (recorded by Inquiry team members during the discussion)
- key points of individual conversations at public forum drop-in sessions (recorded by Inquiry team members after the conversation)
- sticky note comments that people shared and placed on the 'Comments Wall' at public forum drop-in sessions.

Quotes were extracted from the comments that people made on the Inquiry's Facebook posts between April and June 2019.

The process for coding comments from public forums and Facebook mirrored the process for the written submissions:

- each comment was coded by assigning it to the relevant topic code
- a second person checked the coding to ensure consistency of coding
- the coded comments were then extracted for each topic and reviewed to distil the key themes and range of comments
- a summary of key points was prepared, with quotes to illustrate the comments people made.

Meetings and interviews

The formal meetings and interviews are different from the public engagement in that they have mostly been undertaken at the request of the Inquiry Chair.

They provide an opportunity for her to ask specific questions of specific people and organisations, such as EQC, rather than being a more general forum for people to share their views and experiences.

Nonetheless, the Inquiry team has used a similar coding process to help draw together the range of comments made by different people at these meetings.

Information from EQC

The Inquiry has received a number of written briefings from EQC as well as a detailed submission.

The content from EQC's submission and briefings has not been included in this summary.



Integration of material

In preparing this summary document, the Inquiry team first integrated the key points made in the written submissions, public forums, and social media.

This was a relatively straightforward process as people raised a similar range of topics across the public engagement.

The team then reviewed the range of comments made in the formal meetings and interviews and prepared a short overview of the main topics discussed, noting any areas of similarity and difference from what the Inquiry heard during the public engagement.

The document does not provide a full summary of the meetings and interviews. Nor does it draw any conclusions from, or comment on, the statements that people have made, or seek to prefer one view over another. Rather, the intent is to provide some additional context on the range of perspectives the Inquiry has heard from.



**Public Inquiry into
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