

Immediate Release: News/Features

Quake Rebuild Insurance Woes Relentless

Christchurch home-owners struggling with EQC and insurance companies are reporting increasing levels of intimidation and bullying, along with major health effects of three years of living in limbo, according to the latest survey results from volunteer group InsuranceWatch.org.nz.

"Given the lack of progress that continues to dog the domestic rebuild, it's perhaps not surprising to see such levels of anger and despair," says InsuranceWatch spokesperson David Stringer. "For many people, their situations haven't changed significantly since our first survey back in 2012. EQC and the insurers need to take responsibility for the hugely negative impact they have caused by their lack of communication, lack of action and lack of basic humanity."

InsuranceWatch's statistician, Tony Aldridge, in analysing the data, noted that while there were some positive comments and reports of successful resolutions this time round, there were also "a raft of heart-breaking responses to our survey".

Numerous respondents are still waiting to hear from EQC as to whether their house is considered over-cap and therefore the responsibility of the insurers. Some have had no contact regarding this; others have had joint reviews a year or more ago and are still unsure of the outcome; yet others reported inaccurate scopes, disputes over what is to be included, and lack of promised action.

There are, naturally, suspicions that the dragged-out process is deliberate, in an attempt to get people to settle for a cash offer. Some survey respondents mentioned being told they could not opt-out to get their own work done; others were told that there would only be cash settlements from now on, take it or leave it.

Many people expressed concerns that they were in a very vulnerable position. This is particularly so for the elderly and those with young families, facing yet another winter in damaged, drafty, leaking homes with an uncertain future. Even those who had managed to extricate themselves from EQC's flawed system felt they had gone from frying pan into the fire.

"We thought we would be much further ahead in the process after being adjudged vulnerable by [Southern Response], realistically we feel in a worse position (emotionally, financially and healthwise) than we were when we were battling with EQC."

The situation has been exacerbated by the often-wildly varying estimates and offers people have received over the past three years.

"Right after the first quake [EQC/Fletchers] said the driveway would cost \$2,000 to repair, I didn't do anything about this and then the next quote I got back was \$24,000. What if I'd accepted the \$2,000 then? What if I accept the \$24,000 now? It all feels totally hit and miss and cowboy-ish!"

Others are concerned that their house damage is now being classed as pre-existing, a "leaky home", or due to deferred maintenance or in some other fashion not covered,

despite having neighbours with the same problems being repaired or rebuilt around them. The very arbitrary nature of the response -- often based, it seems, on who turns up on the day -- has been very hard for many people to manage.

"This whole process has been horrific. Our house has suffered serious damage and the only way for us to get an appropriate outcome is to spend thousands of dollars on lawyers etc. Disgusting!"

"The process is slow and frustrating even with a priority for age and respiratory problems due to mould....It's dragged out to be a waiting game and it is maddening to have so little progress in three years when they have been quick to increase my insurance fee to more than double. And my rates just keep increasing when the services have been reduced."

Delay, defer and deny were very common terms in describing EQC and insurer responses, or lack of them, with further problems occurring along the way due to a lack of action.

"Our main cause for concern is that EQC have not acted with our or the insurance company's best interests at heart and have exacerbated or ignored serious damage that has continued and has been made substantially worse by their actions. My feeling is that the EQC itself has made our claim very much more substantial and now more costly to even address."

Of concern are the number of people reporting strong-arm tactics and bullying on the part of those organisations, contributing significantly to the stress and anger expressed by survey respondents.

"As we have been bullied by EQC and Fletcher (project manager and two of the contract workers) we are very cautious about giving out any information. Police have been contacted, but they said they can only do something once an event occurs. Comments from workers like 'we know where you live' and 'we know your place inside out' caused anxiety and sleepless nights -- yet we can't prove it -- it is our word against theirs."

"The stresses from dealing with the insurance company have badly affected our lives. The earthquake only affected our property. The insurance company is using our vulnerability as a bargaining ploy."

InsuranceWatch has been dismayed by the number of people reporting quake-response-related health issues -- stress-related heart problems; bronchial illnesses from living with mould and damp year after year; severe depression and a sense of hopelessness.

"We expected some of this, but not the high level reported -- after all, EQC and the insurers have repeatedly said that they would look after the vulnerable first," says Stringer. "Their response has not been adequate."

INDIVIDUAL COMPANY PERFORMANCE

Most of the anger from survey respondents was directed at EQC, perceived as the major stumbling block preventing people from getting on with their lives. Arguments about apportionment, repair costs and repeated scopes, often inaccurate, have contributed to

this. Lack of communication and failure to follow-up on promised action are a common theme, despite these issues being identified as problems over two years ago.

"[The] issue is that EQC is reluctant to include all needed repairs in [a Scope of Works]. State believes we are over cap. EQC has not yet provided an SOW for consideration, and will not advise apportionment. Major issue appears to be engineering incompetence and delays."

It hasn't been helped by the revelation that EQC had classified people who queried their work as "do not survey", enabling them to report artificially high satisfaction levels to the Minister. One survey respondent felt his claim had been closed because he asked too many questions; another found from an OIA request that she had been noted as having "threatened" to go to the media. Further revelations that EQC was also maintaining a VIP list has led to yet more negative views of the government body and its treatment of claimants.

In contrast with earlier InsuranceWatch surveys, many of the most negative comments came from clients of AMI/Southern Response. Although the insurers were represented in the survey roughly in line with their market share, SR clients appeared to be particularly unhappy with the organisation's response. This could be partly attributed to the publicity that dissatisfied SR claimants have been able to gather with joint action, street protests and networking. Judging from their comments, however, it does not appear that the company has made much headway in dealing with clients who feel bullied, ignored and betrayed. Southern Response topped the charts for the worst ratings, with 68-79% of respondents reporting poor-to-awful levels in communications, response and rate of progress.

IAG, which has been one of the bottom-scorers in earlier InsuranceWatch surveys, has had a very mixed response this time round, ranging from "very supportive" to "absolutely hopeless", reflecting the differing experiences of those whose claim has finally been addressed and those still in limbo. About a quarter of those surveyed felt the IAG companies -- States, NZI, Lantern and the banks -- had been good in responding and communicating, but just on 60% considered their rate of progress to be poor-to-awful.

Tower received more favourable comments than IAG, but also had unhappy clients who felt bullied and intimidated, and hit a 67% score in poor-to-awful for rate of progress, even including the cases they had completed to the clients' satisfaction.

Once again, the smaller insurers, such as MAS and FMG, scored significantly higher than their larger counterparts, and responders expressed strong interest in moving away from the larger insurers at the earliest opportunity.

In some cases, the insurance company or EQC has come through, but were let down by the lack of quality of their contractors, with incompetency, unprofessionalism and a lack of action or accountability being reported on the part of builders and project managers.

"We are in our 70's, both had cancer and are worn out to the stage we'll accept almost anything to get the so-called builders out of our lives. The standard of workmanship is pathetic and our home is nothing like the near-new house we bought for our last few years."

One new development that came up in the latest survey is that the plight of Christchurch homeowners is attracting attention overseas. Kiwi ex-pats have been talking to their local and national media outlets and business organisations about their experiences. One respondent mentioned a proposed documentary in planning in the UK; others have been active in Australia and Singapore alerting people to the lack of service and support from global insurance companies.

The New Zealand government's laissez-faire response of "let the market decide" has been contrasted very unfavourably with that of the Australian federal and state governments who, post-Queensland floods, placed strong pressure on their insurance industry to respond promptly and undertook half-a-dozen inquiries scrutinizing the industry's behaviour.

InsuranceWatch hopes that their next survey will indicate a lot more progress, but is not holding out a great deal of hope regarding that, based on the performance of the past three years.

"It will be very interesting to see if the much-promised 2016 completion date really does mark the end of this sorry saga of delay, defer and deny," says Stringer.

FOR FURTHER INFORMATION

David Stringer, Spokesperson, InsuranceWatch.org.nz

info@InsuranceWatch.org.nz

Insurance issues and survey: <http://InsuranceWatch.org.nz>

Press releases, graphs, resources: <http://InsuranceWatch.org.nz/ICNews>