

## **Insurance Companies – Good, Bad or Indifferent? Which would you pick?**

Survey sheds light on post-earthquake performances

*[We] don't trust [the insurance company] one bit after a lying project manager, inept loss adjustor, and non-responsive claims manager, slow progress and failure to listen to any of our requests.*

That's not the sort of thing an insurance company wants said about them. Even worse if it comes on the back of a survey showing how badly they are serving their customers in post-quake Christchurch when compared to other insurers. Add to that a possible national backlash against such poor performers and you have the potential for some very difficult times ahead for insurers, unless they pick up their act.

InsuranceWatch.org.nz, an initiative of five local residents' associations from Ferrymead to Sumner, has been taking a hard look at what has been happening in their area, seeking to compare anecdotes with hard statistical data. Public meetings with individual insurers have been backed by a survey which has canvassed around 380 insured property-owners regarding their experiences. The survey, meeting information and tips for dealing with insurers have been made available on the InsuranceWatch.org.nz website.

"We've all heard horror stories about people being totally stonewalled by their insurers. We've also heard of insurers who have done a fantastic job," says David Stringer, of InsuranceWatch.org.nz. "It's important to identify which insurers are doing well, and what the actual problems are with those who are doing badly."

InsuranceWatch.org.nz has just released its local survey results and is now calling for property owners across the region to take the survey and provide a snapshot of what is happening throughout Canterbury. Stories can vary widely, even when the same company is involved, which is why a broad survey is important.

Individual comments for AMI, for example, ranged from one property owner praising the insurer as "brilliant" while another felt "completely disillusioned" with them. The figures from the combined Ferrymead-Sumner data show AMI as actually scoring relatively well in terms of rate of progress, coming second only to Lumley, and generally having a more positive consumer perception than most.

"There have been major frustrations on all sides with the delays and difficulties of such a massive rebuild and repair project, but some insurers have handled this much better than others. There are important lessons to be learned in that, especially when you come to select your next insurance provider, regardless of where you live in New Zealand," says Stringer.

IAG has been identified as the slowest out of the gate, with their banks/Lantern-based unit and IAG-State scoring very poorly on almost all ratings, hitting above 80% in the poor-to-awful ratings for progress. IAG's NZI brand rated consistently better than its stable mates in other areas. The banks and State grouping had four times as many clients as NZI in the unenviable position of still not knowing for certain whether they were facing a rebuild or repair some 17 months after the February 22 earthquake.

The InsuranceWatch.org.nz team believes that clearly identifying where people are at in the process will provide a chance for insurance customers to push collectively for better treatment and better results.

"This initiative gives property owners locally and across the country the opportunity to stand shoulder to shoulder, learning what they can do together to gain a better result, now and in the future."

At a recent public meeting IAG acknowledged the difficulty they have had in coping with claims management, and guaranteed a December 20<sup>th</sup> deadline for providing detailed assessments to determine options and informing all clients in the survey area of their repair/rebuild status.

“We’ve been surprised to see how very, very late IAG-Banks has been in producing scopes in comparison to just about every other insurer out there. The others have been producing scopes of work through the latter half of last year; IAG-Banks have only just begun now,” says Stringer.

The survey has supported that on-the-ground impression. Twenty percent of respondents have yet to have an assessment undertaken, with IAG-State and IAG-Banks accounting for half of that group at this point.

Some 75% of respondents have had their insurer complete an assessment, but the quality of these has varied significantly. Some have been very cursory and not updated since the early series of quakes; others have been completed to a high degree and passed on already for rebuild or repair. Many heartfelt comments that accompanied the survey data talked about documentation that was full of mistakes, a refusal to provide any written confirmation, or assessments that wildly diverged in repair estimates (some by as much as \$500,000).

Stringer has been concerned to see some IAG scope work undertaken in less than an hour, with the resulting two pages of paperwork containing no identifying names (neither property owner nor insurer/PMO nor assessor), no identifying addresses, no date, no letterhead, no land category noted, no photos or floorplans. This in a document which was said to have been checked and “peer-reviewed”.

“These give the impression of being a basic predetermined template, with very little actual work done on any individual property. And we have had vulnerable people being pushed to settle on the basis of this – it’s not just unprofessional, it’s offensive.”

He compares this apparently minimal effort with an example from AMI, where a solidly detailed scope of eight pages includes colour photos of each property with room-by-room assessments. AMI also has a relatively low proportion of people still unsure of their status – around one-third the count of Vero/AA/SIS customers, for example.

Stringer and his volunteer team are pleased to see some changes being promised to improve the current state of play. As well as extending its survey to Canterbury as a whole, InsuranceWatch.org.nz intends to conduct repeat surveys at regular intervals to see how things progress. It should be noted that, on the day of the 300-strong public meeting with IAG representatives, the group announced that it had doubled the number of its assessment teams and that it had also boosted the experience level of those undertaking assessments.

“We may find that some companies have been good initially, but later come to a grinding halt, or that others which seem to be stalled at present actually start to pick up their act,” says Stringer. “This first survey provides us with a baseline to work from.”

An initial stand-out has been the response of the smaller companies, such as Lumley, Medical Assurance and Farmers Mutual Group.

“Lumley have done some very clever things,” says Stringer. They appear to have been the first to employ experienced builders to undertake rapid assessments, which gave them a huge lead on initial understanding of the problems and the required actions to progress. Stringer has seen practical results from this.

“All of our [Lumley] policy holders in Brookhaven have made progress. They’ve got through a lot of milestones by comparison with the others.” He also believes that Medical Assurance would rate highly, although the baseline survey didn’t have enough customers of this specialist insurer to provide statistically significant results.

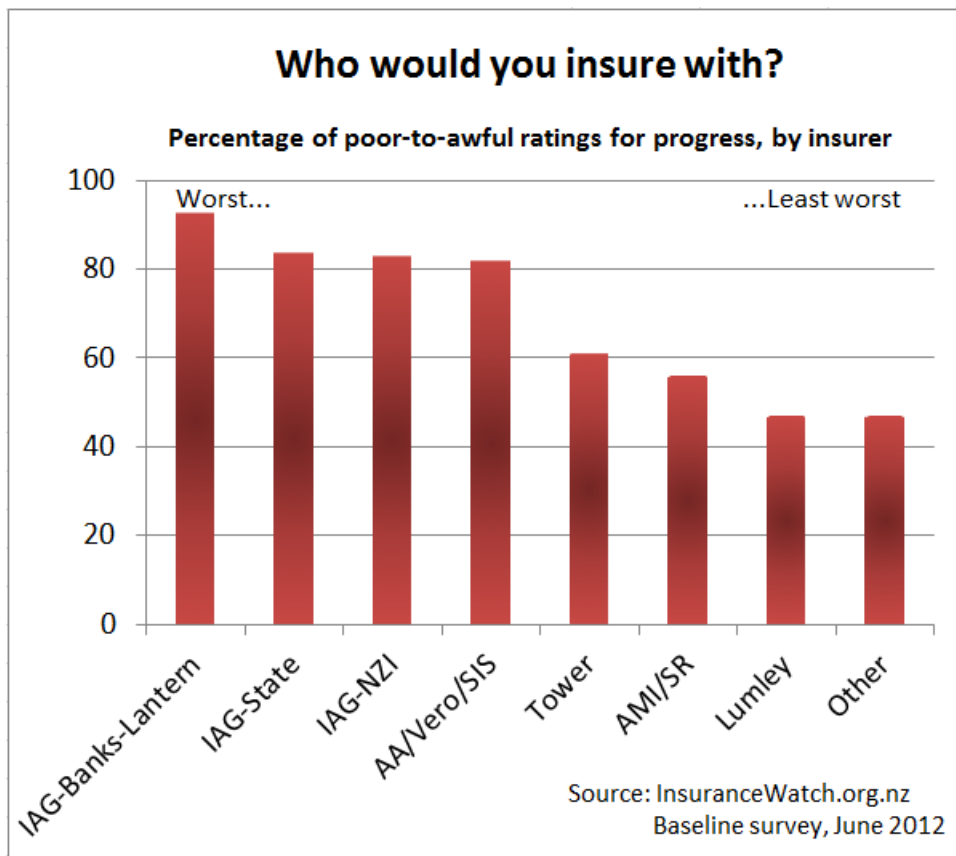
Stringer speaks approvingly of Westpac, which has recommended Lumley to their clients. In the survey, some 15% of respondents had had their insurers recommended by their mortgage lender. The survey results showed Westpac customers as significantly happier with their insurer than those of ASB or BNZ. More than half of respondents who had insurers recommended by ASB or BNZ considered their insurance companies poor-to-awful in all four rating categories (covering communication, information, response and progress).

“ASB sold about the same amount of policy [in Brookhaven] for IAG as Westpac has for Lumley, and a lot of their clients are sitting there with no progress.”

It’s not all kudos however. Professionals involved at the design end have seen Lumley claims come through quickly but then stall. InsuranceWatch.org.nz will be carefully checking their next survey results to see if that is reflected in the responses.

It’s possible to argue that these insurers have a very small number of claims to deal with, compared to the 13,000 that Vero was faced with on February 22, 2012. But you don’t have to be small to do a good job. AMI has gained a relatively high ranking in the survey for its rate of progress, scoring almost twice the rank of its new IAG master. Stringer has been particularly impressed with AMI’s “very efficient” PMO Arrow.

“Everyone in Brookhaven on TC3 land who is insured with AMI and is over-cap has already been scoped with Arrow. The contrast with IAG is amazing.”



It's that contrast which interests InsuranceWatch.org.nz, and which encourages them to continue with their volunteer consumer analysis. As David Stringer concludes:

“This sort of information could well have a major influence on selection of insurance companies in future, not just in Christchurch but across the country. If you have insurance, you want to know that that company will be there for you when you really need them.”

**Further information:**

Survey is now open to all Cantabrians at:

<http://InsuranceWatch.org.nz> – also has current survey results and FAQ

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

Coastal Hills Cluster: <http://CoastalHillsCluster.org> (includes links to the residents groups)