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Advocacy Service Desperately Needed:

Deny, Defer, Delay by Insurers Leads to Depression, Departure, Death of Clients

The announcement of a Christchurch City Council-supported insurance advocacy service has been welcomed by volunteer group InsuranceWatch.org.nz, as concerns increase over the lengthy delays and shoddy treatment of desperate property owners waiting for resolution from EQC and their insurance providers.

The watchdog has been monitoring insurance company performance over the past 18 months and has not been impressed, citing the huge delays caused by EQC and insurers as "unconscionable". InsuranceWatch has received many heart-rending emails from home-owners trying to understand why such delays have occurred, what their rights are, and who to go to for help.

"We've heard of 80-year-olds deferring hip operations; others suffering from marriage break-ups or with constantly sick children; people living with gaping cracks and dripping rooms," says InsuranceWatch spokesperson David Stringer. "All that can be laid at the feet of EQC and the insurance companies who have created a national disgrace out of a natural disaster."

Strong advocacy is just one need, says Stringer. The government also needs to show some leadership in forcibly encouraging insurance companies to meet their obligations to resolve matters in a timely, ethical manner. Stringer cites the case of the Queensland floods, where pressure was brought to bear on insurers to process claims and settle them within a month or two. New Zealand insurers have been exceptionally poor at meeting any basic targets two years on from the February 2011 quake.

Insurance Watch figures show that IAG – consisting of NZI, State, Lantern and supported by a batch of banks -- is woefully behind in its rebuild programme. In May 2012 IAG promised policy holders that the group would be rebuilding 85 homes every month by November 2012, and seven a day when in "full swing". In the first three months of 2013, it managed an average of just 13 new houses a month.

In Australia, the seven major insurers worked hard for quick resolution, and even the more complex claims requiring site-specific hydrology reports were decided on average within 28 days. It helped that the insurers were held to account by the Australian General Insurance Code of Practice which defines timely decisions as occurring within 10 days. In addition, some heavyweight reviews of insurance company performance were undertaken by the likes of the Queensland Floods Commission, the Commonwealth Natural Disaster Insurance Review, the House of Representatives Standing Committee Inquiry; the Commonwealth Treasury and the Attorney-General's Department.

InsuranceWatch has not been impressed by the laissez-faire attitude adopted for Christchurch.

"We were dismayed to hear that CERA, after 18 months of dithering, has chosen to support a separate industry-involved advisory service. Christchurch people need a lot more help than having glossy brochures and company blandishments thrust upon them,"

says David Stringer. "And as for 'let the market decide' -- it appears that the New Zealand insurance market has decided it can do as little as it can for as long as it can, and the government is letting them get away with it. That means individual householders are left to battle sometimes-delinquent multinationals -- it's not a fair fight by any means."

InsuranceWatch, like other community organisations, has seen the appalling effects of the commonly cited "deny, defer, delay" tactic. Increasingly people are citing the consequences of the lack of progress as "depression, departure, death". The organisation applauds coverage of the rather harrowing case studies recently highlighted in the Press by Olivia Carville.

"It made a change from self-congratulatory Insurance Council releases," says Stringer. "For all the trumpeting about the 'rebuild', we still have thousands of people living in broken houses, with temporary water supplies, portaloos on the pavements. They could cope a lot better if they knew there was some resolution ahead, and that it would be just and equitable."

FOR FURTHER INFORMATION

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

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

Olivia Carville's stories in the Press:

Health risks lurk in post-quake homes 27/04/13:

<http://www.stuff.co.nz/business/rebuilding-christchurch/8602902/Health-risks-lurk-in-post-quake-homes>

Worry, despair plague Christchurch residents 02/04/13

<http://www.stuff.co.nz/national/christchurch-earthquake/8495604/Worry-despair-plague-Christchurch-residents>