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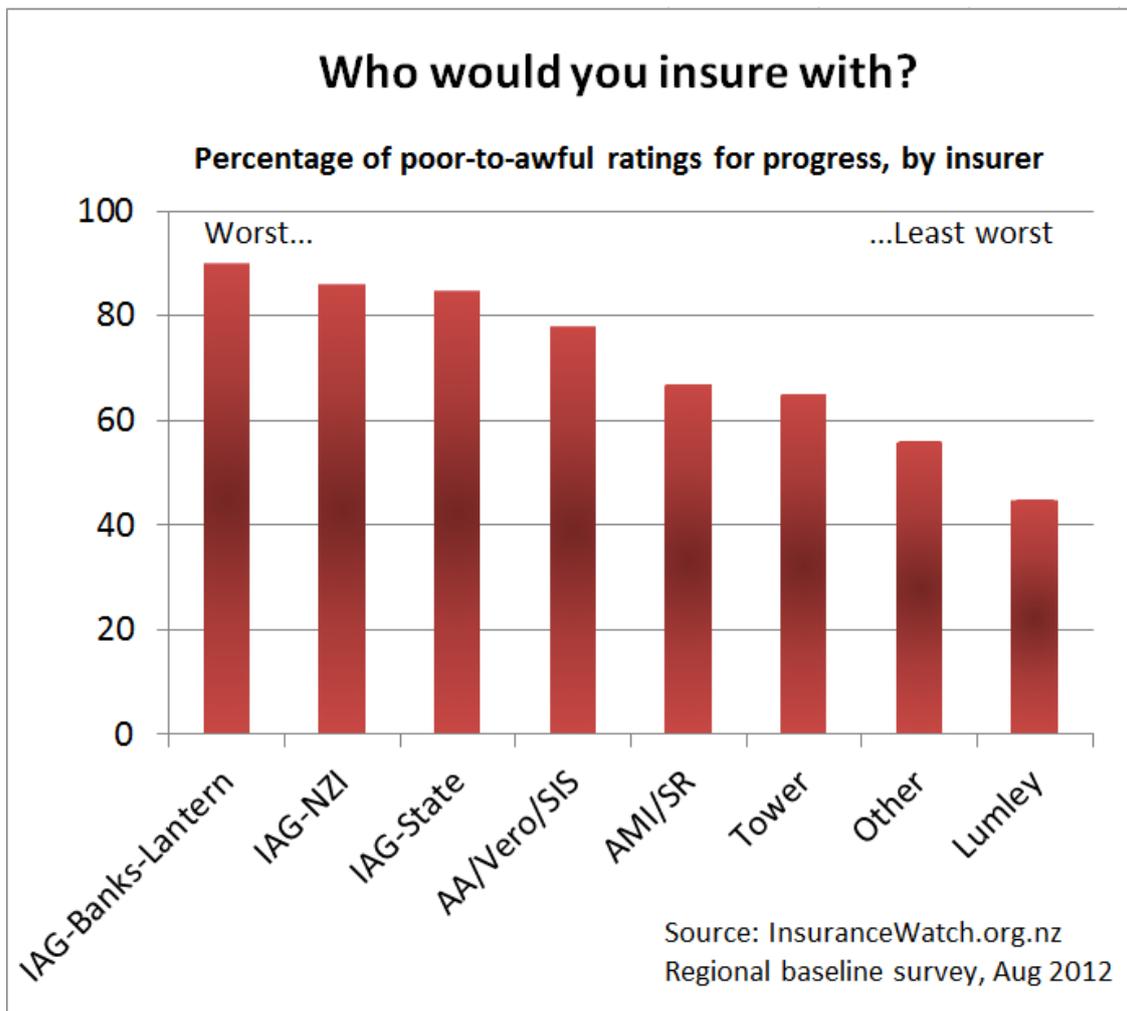
Good and Bad Insurers Identified by Independent Survey

Calls to identify under-performing insurance companies have been answered with the release of results from the latest InsuranceWatch.org.nz survey.

“The Insurance Council took Earthquake Recovery Minister Gerry Brownlee to task for complaining too generally about the private insurance market,” says David Stringer, spokesman for the volunteer-led insurance consumer watchdog. “InsuranceWatch.org.nz has built up a lot of data from suburban, local and now our regional survey to clearly identify which insurers are doing badly, and which ones are doing well. We’ve been publishing those results for the past two months, and we can tell the Council, Brownlee and the rest of the country just where the problems are.”

The just-closed survey saw around 1,000 people from across Christchurch and the surrounding region report on their experiences with rebuild and repair. As with earlier surveys, there are distinct differences between insurers.

The strategy of wait-and-see to avoid additional seismic risk has created problems for the likes of Vero-AA-SIS and the IAG brands (notably State, via Banks, and Lantern), with their customers reporting the greatest level of dissatisfaction in terms of lack of progress. Some 78% of Vero's customers reported them as being “poor” to “awful”. IAG brands averaged 2 out of 10 in the rate of progress category, compared to 5 for Lumley.



Excellent marks were very hard to come by -- most insurers achieved less than 2% of customers rating them that highly. AMI-SR was the best of the large players at 3.2%. Lumley, again, significantly out-performed the rest with a 22.3% excellent rating.

Initially, people appeared to be resigned to a drawn-out recovery process, but as the differences between company performances started to become more obvious and widely discussed at street level, resignation has turned to resentment.

"We feel that we are at war with our insurer and EQC. Originally we were patient and had some faith in the system. We knew it was an unprecedented event/s and were not demanding at all. Now we feel we are being completely dicked around," said one frustrated Tower respondent.

"We are incredibly disheartened living in a house that we don't know how or when may be rebuilt or repaired and paying insurance to a company who are incompetent and lazy and have made no effort at any stage to make contact with us, and progress forward," said an AA-Vero-SIS customer.

Other AA-Vero-SIS customers had more visceral responses: "When I see our insurer's advertisements promising fair and prompt settlement, and a commitment to excellence I am overcome by bouts of nausea." "There are so many people not doing their job that I don't even know who to punch."

Many of the older recipients report having been with an insurer for decades, and feel betrayed by "unprofessional, patronising, and insensitive" attitudes. Others are very unhappy that their banks recommended the poorest performers -- Westpac bucked the trend with a thumbs-up for encouraging its clients to use Lumley.

Stringer has seen attitudes harden as people consider the lengthy timeframes some companies are saying are necessary for the rebuild.

"If you're a Vero or IAG customer being told you're going to have to wait five years before being seen to, you're going to wonder why your next-door neighbour in exactly the same situation has already been sorted by Tower or Lumley."

The survey shows that, for example, only 46% of State customers had had a site assessment by their insurer, whereas Lumley had seen 90% of its client respondents. Of the State clients who had been seen, many of them commented that the assessments were partial, incomplete or brief.

Even those who have been verbally informed of their rebuild/repair status continue to suffer uncertainty, with some insurers appearing reluctant to put this status in writing. Only one-third of customers of the IAG brands State, Lantern, and via Banks have had confirmation in writing of their rebuild/repair where this status is known. This dropped to a quarter in the case of IAG brand NZI.

AMI-SR, in comparison, has twice as many clients who have had written confirmation. Similar results hold for provision of a detailed damage repair analysis -- only around 18% of IAG customers having one of these, compared to two-thirds of AMI-SR customers and half of Tower customers.

When it comes to helping their clients, Lumley scores streets ahead of any other insurer in providing hardship assistance or prioritisation, whether explicitly requested or not. Not surprisingly, Lumley also scores well above the average in all the ratings on communication, responsiveness, information and progress. Lumley's case managers, assessors and project managers are generally lauded, with a number of respondents citing a strong "get it done" attitude.

In contrast, the Vero-AA-SIS group had numerous brickbats for having a constant churn of case managers, resulting in loss of information, delays and lack of communication or consistency.

"Nearly 12 months from notification I still have no idea what the process ahead of me involves despite repeated requests to have the process and the various stages explained to me," says one of their customers.

Stringer has noticed that more survey respondents are talking about changing insurance companies based on their post-quake performance; others are already telling far-flung family and friends to do so.

"This is not just a Christchurch issue any more – we know the Australian insurance industry is paying close attention to these results," Stringer says.

Some survey respondents have noticed changes in their insurer's responses or attitudes, not always for the better -- Tower, for example, appears to have done a good job after the September 4 quake, but were seen to hit the brakes after February, according to respondents.

InsuranceWatch.org.nz plans to run further surveys to see what changes, if any, occur in the coming months.

"It may be," says Stringer, "that companies like State, who have managed one -- count 'em -- one rebuild in the February to April quarter, will come out firing on all cylinders and suddenly surge ahead. We await developments with interest."

Property-owners and insurers are united in expressing frustration with EQC, citing them for causing delays, indecision and dodgy assessments, creating very stressful situations and interfering with insurance response. Disputed scopes and allocations have been early issues, alongside geotech surveying and land assessments. Insurance companies are claiming a 75-99% success rate in challenging EQC's apportionment decisions; the largely unnecessary delay in dealing with this has been, and continues to be, time-consuming.

InsuranceWatch.org.nz has seen some very strong language regarding EQC come through its respondents' comments, with calls to highlight the problems caused by the government body. That falls outside the brief of the volunteer-led group, says Stringer.

"We know there are problems there, but we don't have the ability to apply the right kind of pressure in the right places to force any changes," says Stringer. "At least with insurance companies, when you're able to point the finger and call for consumer action, you have some chance of making a difference."

See graphics on following pages.

FOR FURTHER INFORMATION

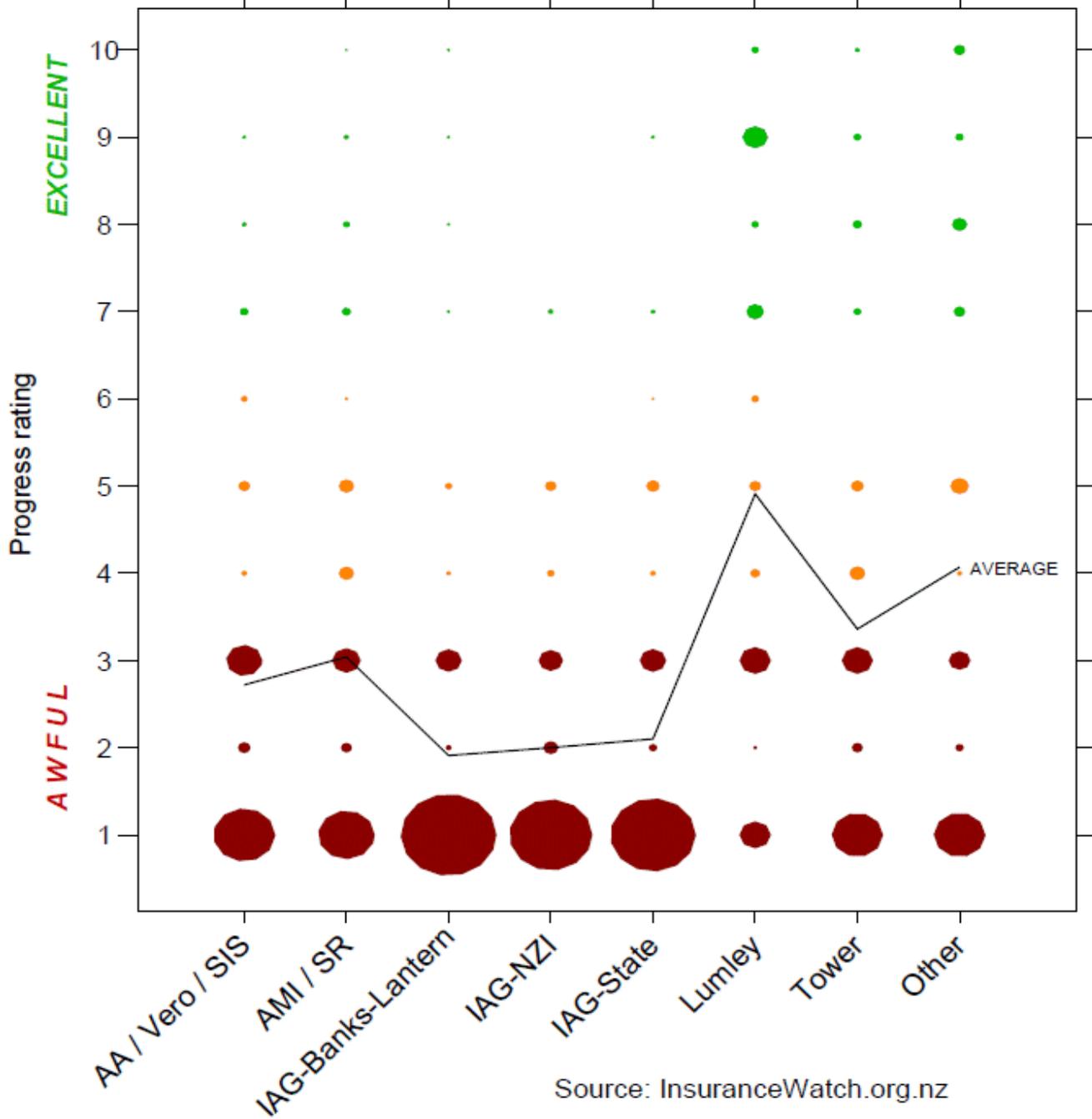
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Insurance issues and survey: <http://InsuranceWatch.org.nz>

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

Magnitude of Misery

Customer ratings of progress for each insurer



Source: InsuranceWatch.org.nz
Regional Baseline Survey, 01 Aug 2012

Common Themes By Insurer

The most common words used by respondents to the InsuranceWatch.org.nz survey provide a quick snapshot of the relationship between property owners and insurers. The larger the word, the more often it was used in comments. As with the survey's more traditional numerical responses, they reveal distinct differences....

IAG (IAG, via Banks, Lantern):

Awful **Case Manager** Excuses Giving House
IAG Information Available **Insurance** Land Reports
Lawyer Little **Months** Project Manager Properties
Relevant **Repair** Respond Return Calls Sept 2010 slow Stranded

NZI (the best-polling member of the IAG brands):

Communication **EQC** Excellent Forward Hold **House**
Insurance Company Lives **NZI** Phone Calls Process
Progress **Rebuild** Unable

LUMLEY:

Called **EQC** Fantastic Service Going Hard **House**
Land Line **Lumley** Nice Phone Premiums **Repair**
Settlement Slow