

# The Treasury

## Earthquake Commission (EQC) Act Review Submissions Information Release

### Release Document

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In preparing this Information Release, the Treasury has considered the public interest considerations in section 9(1) of the Official Information Act.

Re review of EQC Act

[1]

The Treasury  
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Dear Sir / Madam

Thank you for posting me a copy of the 'Discussion Document' regarding changes to The Earthquake Commission Act 1993.

I have read it and I am impressed by its scholarly content.

I understand the intent of the proposed changes to The Earthquake Commission Act. However whether they are relevant or not will not change what was central to the problems my wife and I faced subsequent to Feb 22 2011.

I note your comment on page 7 of The 'Discussion Document' ... 'However there are a number of lessons that will need to be addressed by changing the operational practices and processes of both EQC and private insurers. The review cannot address these.'

For us the 'Earthquake Commission Act 1993' worked well after the Feb 22 2011 earthquake. Our home was assessed by EQC as a rebuild as early as April 5 2011, emergency repairs carried out and unsafe chimneys removed. This enabled us to continue to live in our home. All of this happened in a very efficient and friendly manner.

Our ongoing problems started when our overcap claim was transferred from EQC to AMI and subsequently Southern Response.

The point I make here is that no matter how effective and appropriate any alterations to The 1993 Act are what caused so much stress and misery to so many Canterbury people will remain.

Your 'Document' is clear this factor 'needs to be addressed' but who will do that?

Private insurers with an eye on profit margins will not be interested. (I read in 'The Press' on September 4 that I.A.G pay their chief executive more than \$4,000,000 dollars – the highest paid chief executive in NZ.)

Private citizens will not have the resources or the legal expertise.

I believe when an impasse is reached a cost effective method of arbitration is essential.

Only the government has the resources to do that.

The one area of 'Section 6 Issues and Proposals' I would like to comment on is section '6.4 claims'. EQC immediately assessed our home as a 'rebuild' and therefore replacement cost became an important factor. We had good reason to believe the EQC assessment was fair, accurate and reasonable. Given that we were unable to settle our claim with Southern Response until near the end of 2013. I believe it is possible – even likely – that a private insurer with a less objective view than EQC may find reasons to offer settlement options that do not address adequately what would be required for an acceptable outcome.

We were forced to wait for more than two years to finally take a settlement (age and poor health were factors) that was much less than that estimated by EQC and in doing so we also had to pay out many thousands of dollars for professional assistance. The claim could have been settled by the end of 2011. Yet the insurers maintained they were being 'fair' at all times.

There are of course many others still waiting for settlement after 5 years and it is sobering to reflect that much of the deny and delay tactics are inflicted by New Zealanders on New Zealanders. Hard to believe.

Whilst what I have written may not conform to the ideal submission format it is well intentioned and hopefully the concept of arbitration can at some stage in the near future can be explored by those with the power to make a difference.

Yours sincerely

M.A. McRae  
Q.S.O