



THE CHALLENGES OMBUDSMEN FACE WHEN DEALING WITH SUDDENLY DISPLACED COMMUNITIES AS A RESULT OF NATURAL DISASTER:

THE CANTERBURY EARTHQUAKES

Presented by

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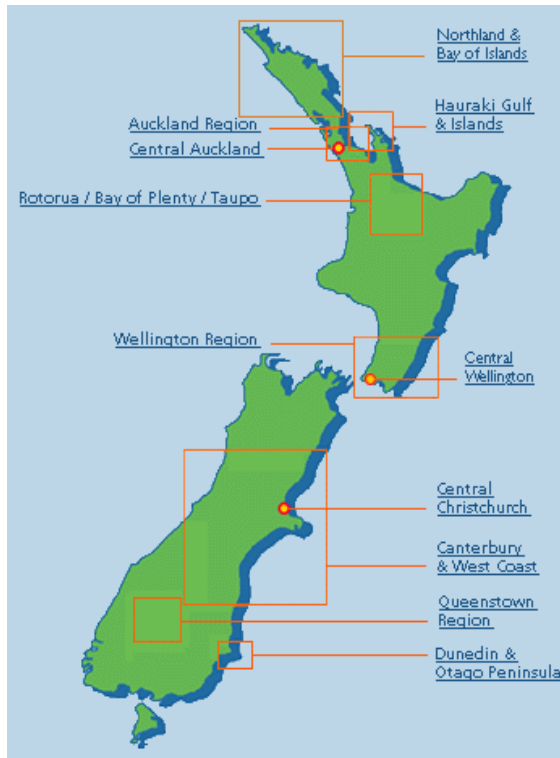
Insurance & Savings Ombudsman

The ISO SCHEME is an independent service for resolving disputes between financial service provider Participants and their customers





Christchurch is located in the Canterbury region of New Zealand, in the South Island. It has been substantially changed by earthquakes since 2010.





Canterbury Earthquakes – the Facts:

1. 4 September 2010, 7.1 magnitude earthquake – no deaths
2. 22 February 2011, 6.3 magnitude earthquake – 185 deaths
3. From 4 September 2010 to 7 November 2012, there have been about 4,240 aftershocks in Canterbury region
4. The total cost to insurers of rebuilding is estimated at NZ\$20–30 billion (equivalent to approximately 10 per cent of New Zealand’s GDP), making it by far New Zealand’s costliest natural disaster, and the third-costliest earthquake (nominally) worldwide
5. approximately 1,300 buildings (more than 60 percent of the commercial buildings in the Christchurch CBD) have been marked for demolition and whole residential suburbs are unliveable – classed as “*Red Zone*” – due to the land issues.





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Displacement of communities in the case of natural disasters: most common response is to evacuate over a short distance and on a temporary basis.

What happened in Christchurch?

- People in the central city and eastern suburbs most affected – destruction of buildings and liquefaction (liquefied sand and excess water force its way to the ground surface)
- Disruption of livelihoods and deterioration of quality of life





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Huge Challenge for New Zealand:

- Recognised internationally as one of the largest and most complex insured loss events in history which has impacted on the speed of the claims settlement process.
- How to rebuild/repair whole infrastructure.
- How to prevent delays in assessing damage and repairing it.
- Calls for early dispute resolution - insurers, ICNZ, consumers, Government, Christchurch City Council, EQC, CERA, and interest groups all involved in finding solutions for those affected.
- Scale of disaster has brought pressure on all of New Zealand – increase in insurance premiums, reinsurers influencing more restricted cover, problems going forward with availability and cost of earthquake cover, and cost to Government.





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ISO Scheme's response:

The ISO Scheme is an industry based consumer dispute resolution scheme. It has 17 years' experience providing a free dispute resolution service to customers of its insurance company members.

- To date, we have only had 40 investigated complaints and 800 complaints enquiries from the September 2010 and February 2011 earthquakes, because:
 - EQC deals with residential claims of up to the first \$100,000 for homes and \$20,000 for contents; complaints about EQC are made to the Office of the Ombudsmen.
 - Consumers come to the ISO Scheme after they have tried to resolve the dispute with their insurer through its internal process and have reached “*deadlock*”.





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1. We have developed 2 consumer information sheets about the earthquakes explaining:
 - residential issues - how to complain about EQC or an insurer in relation to issues about house or contents
 - small business issues - delays, proving loss and business interruption
2. We have developed frequently asked questions to help consumers understand what the options are.
3. We feature case studies of the completed earthquake complaints, which can be helpful for insurers and consumers to determine how to proceed.

These are all available on the Canterbury Earthquakes page of our website: www.iombudsman.org.nz





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resolved without assistance, we may be able to help. We can deal with complaints about: fire and general, health and life insurance, investments, loans and credit, superannuation, and financial services advice. Download the [ISO Dispute Brochure](#) for more information.

If you live in Canterbury and have been affected by the earthquakes you may like to read our [Earthquake case studies](#), [FAQs](#), [consumer information sheets](#) and [news articles](#).

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Video

[Watch the Fair Go Video](#)

Participant Section:

For new registrations, advancing an existing application, amending Participant details and membership renewal [Click here](#)

You can download the [ISO Scheme Brochure](#).

Webinar Series 2012 - Webinar 4 - Tuesday 25 September 2012

"Complex Income Protection Claims"

For more information and to register [click here](#)

[Information PDF](#)



TIP OF THE MONTH

Most superannuation plans (including Kiwisaver) only allow you to withdraw money in limited circumstances. [More Info](#)

Windows taskbar with icons for Internet Explorer, File Explorer, Windows Media Center, Mail, Music, and HomeGroup. System tray shows Internet | Protected Mode: Off, 125% zoom, and date/time: 5:27 p.m. 7/09/2012.





Earthquake complaints and enquiries to date include:

1. House insurance

- house unoccupied, loss of rent, scope of cover
- cancellation of bank accounts and insurance
- “temporary” accommodation
- delays and lack of information
- floor area
- “as new”
- valuation/ how to determine settlement amount
- repair or replacement
- whether there is a “loss” of contents located in the red zone



2. Small business

- business interruption cover – material damage or depopulation

Policies have been tested in ways never envisaged by policy drafters and underwriters. Lack of understanding by consumers and different interpretation of policy wordings have led to disputes.





Case Study – desperate times lead to desperate measures ...

