

SUMMER 2010

Earthquake

The Canterbury Earthquake of September 4 is estimated to cost around Four Billion Dollars — for the insurance industry one of the largest insurance disasters cost-wise in world history.

Fortunately for businesses and homeowners, New Zealand insurance companies are well-organised, with reinsurance to cover the huge cost involved.

Commercial builders are presently working through issues with structural engineers before beginning repair or demolition. With so much damage, the amount of time taken has tested the patience of clients but, overall, engineers and assessors are doing a good job to develop safe and practical solutions.

Fletcher Construction has been appointed to manage the issuing of building permits and work on other issues for the Christchurch

City Council, and it is hoped permits can be fast-tracked to help businesses reopen.

Many businesses carry Business Interruption and Loss of Rents insurances. Commonly cover extends up to 12 months from the date of the damage. It is critical to get repairs completed within that timeframe where possible.

For buildings needing to be demolished, it is probable that many rent covers will fall short of the rebuild timeframe. On the positive side, building owners with adequate replacement insurance may gain in the longer term by having a more valuable asset.



In this newsletter, we cover some general information relating to both home and contents, and commercial cover in the aftermath of this event.

Our BrokerWeb connection

As members of a consortium of 38 respected New Zealand owned and operated independent Insurance Brokers since 2006, our clients have been benefiting by our BrokerWeb connection with its capability to manage the considerable change occurring within the Insurance Industry. Results are seen in improved policy wordings and access to a much wider range of products.

Like several other Broking houses throughout the country, we have now taken a further step in formally becoming part of BrokerWeb Risk Services Ltd, which will further strengthen the products and services we offer. BrokerWeb Risk Services Ltd has very strong links to BrokerWeb Group and

the majority of the current shareholders / Brokers in ODL Group Ltd have taken a significant shareholding in BrokerWeb Risk Services.

What does this mean for our clients?

The personal relationship you have with your ODL Group advisor will continue. After all, we want to retain your loyalty and the outstanding relationships we have built up over time. We are local people serving local people, and look forward to continuing to provide high quality insurance advice and risk services, and in assisting you to handle the challenges we may face in the years ahead.

Hold that thought

It's hard to beat a person who never gives up.

Babe Ruth

If I have the belief that I can do it, I will surely acquire the capacity to do it, even if I may not have it at the beginning.

Mahatma Gandhi

Season's greetings

From all of at the ODL Group, we wish our clients a happy and peaceful Christmas and a safe and relaxing holiday period. We have been privileged to be of service to you this year. Thank you for your support.



Holiday office hours

We close for the Christmas break at 3pm on Wednesday 24 December and will be open on 29, 30 and 31 of December. Normal office hours resume on 5 January. During the holiday period our 24-hour 7-day claims service will operate by just dialing into the normal landline number – (03) 348 9802.

Commercial insurance

Major Insurers NZI and Vero have received 7000 and 5000 claims respectively.

The Loss Adjustor's role

Insurers will follow normal claim protocols and make the required decisions on cover, involving Brokers as required if there are cover issues, and in respect to settlements and offers. When visiting with clients, Adjusters should advise what will happen next and what to expect, as these people have a role to play in effectively managing clients' expectations and keeping these within reasonable bounds, but not advise on cover issues.

New insurance

The main Insurers have kept Brokers fully informed as to their current position regarding new insurance policies, and requirements may change on a case-by-case basis. Normal acceptance criteria

for new businesses will inevitably change post-earthquake. Changing insurance company on property in the affected region at this time is not recommended.

EQC cover automatically kicks in with any domestic fire cover taken and any '21 day earthquake cover stand down period' applied by the Insurer does not apply to EQC cover.

City Council strengthening requirements

The Christchurch City Council has signaled that earthquake strengthening of buildings to 67% (previously nil or 34%) is being triggered, effective the next time a building permit is required. This is likely to result in many buildings becoming constructive total losses due to lack of cover and/or insufficient sum insured. There are issues too in who is going to pay for such strengthening, and

for upgrades to undamaged property. Underwriters are currently talking to Government and working with the Insurance Council of New Zealand to try and resolve these.

Government and Insurers are committed to limiting or reducing escalation of costs (gouging) post earthquake.

Business interruption issues

Government grants are only payable if there is no insurance cover. Depopulation has been widely talked about, mainly by Loss Adjusters and Insurers. Each Insurer will have a different approach based on the circumstances of individual case.

Prevention of access

Every situation is different and will be negotiated based on circumstances and policy wording.

House and contents

Most people will now be aware that providing correct insurance is in place, the Earthquake Commission (EQC) will cover the first \$100,000, with the balance handled by the private insurer (subject to excess). After a repair claim is paid by EQC, the cover will automatically reinstate.

Issues excluded from EQC cover but which may be claimed on the private insurer policy are paths, driveway, swimming pool, some landscaping, and temporary relocation expenses.

In the event of a total loss, under the policy a stress payment may be insured, along with demolition cost and architect/draughtsman fees.

The private insurer's policy covers replacement repair to the same size as the damaged house, however if the insured wants a different style, larger or better standard house, the owner will be required to contribute, including architect/draughtsman fees.

Despite best intentions, in some cases there will be delays so we urge patience as EQC, your Insurer and the assessors work through the process.

Jason Graham, new Broker



Have You Seen this Man? If not then some of you soon will do. He is the latest addition to our broking staff. Jason joins us from his previous employment with Farmers Mutual Group. He is married to Gill and has a six year old son Finn. Out of office hours Jason is a huge rugby fan, and although his playing days are over he does coach at a junior level for the Shirley Rugby Club. He also enjoys getting out on his dirt bike and participating in trail rides when time permits, as well as spending time with family and friends.

Kristy Gilbert, new Receptionist



Born and raised in Blenheim, Kristy moved to Christchurch eight years ago. Outside work, Kristy has three main interests: animals, the outdoors – particularly the beach on a lovely summer's day – and cars, having been heavily involved in the 'car scene' and organizing club stands at car shows. Kristy even owns her dream car, which is a Mitsubishi Evo 6. Her love of travel has taken her to Australia, Malaysia, Singapore and Hong Kong, and next year plans to get away to Australia with her partner – his first time out of New Zealand.

Write it down!

Some years ago Yale University researched goal setting among final year students. The research revealed only 4% had goals that were written down.

Twenty years later the researchers re-visited the sample group and found that the 4% who had written goals rated significantly higher than the rest of the group when it came to indications of success. Each individual within the 4% group was financially secure; indeed as a group the 4% was worth more than the combined worth of the 96% with no written goals.

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