



# Public Inquiry into the Earthquake Commission

*Uiuinga Tūmatanui ki te Kōmihana Rūwhenua*

In the people's voice

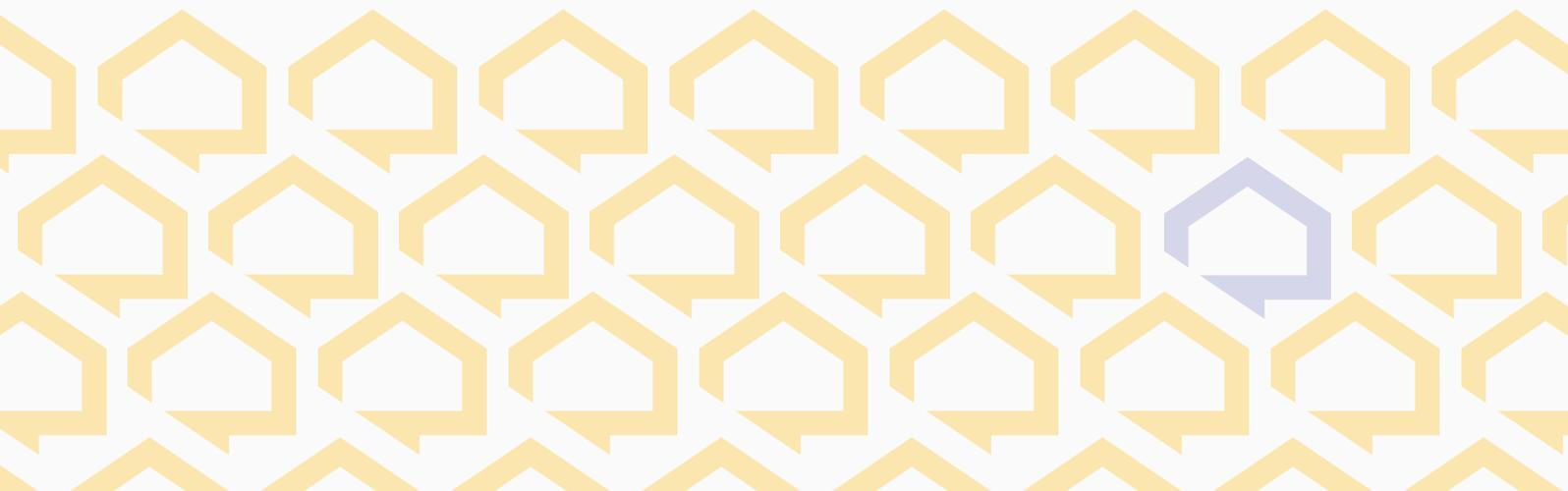
## A snapshot of what the Inquiry has heard

From April to July 2019, the Public Inquiry into the Earthquake Commission undertook a public engagement process. The Inquiry invited people to share their experiences, and tell us what went well, what didn't go well and what changes they thought were required to the way EQC operates.

The Inquiry has received 973 written submissions, and heard from people who attended 18 public forums held across New Zealand. The Inquiry Chair, Dame Silvia Cartwright, will consider all of the feedback provided as she prepares her findings and recommendations for the Government. The public engagement is an important component of Dame Silvia's deliberations, alongside what she is learning from meetings and interviews, and research.

**The full summary of what the Inquiry heard from the public engagement is expected to be available around the end of March 2020\*. In the meantime, here is a snapshot of the comments the Inquiry heard most often and who we heard from.**

\*Revised from December 2019



# Canterbury claims experiences

Some people had positive claims experiences. However, most people the Inquiry heard from found their **interactions with EQC** difficult. The main issues related to poor communication, inadequate record keeping and the way people were treated by EQC staff. People also experienced frustration with the EQC complaints process.

*“I had to speak to someone different every time I rang EQC and several times there was no record of previous conversations, despite me asking every time for them to record it. Documentation seemed to be either non-existent or negligible. I felt like I was banging my head against a brick wall and no one was listening.”*

*“Almost every single client I had who dealt directly with EQC reported being treated poorly, belittled, and made to feel like they were seeking assistance that they were not entitled to.”*

*“EQC never answered any of my complaint emails - ever - how is this possible to have a complaints process that results in zero action.”*

**Assessment of damage** was the topic the Inquiry received the most commentary on. Comments were mostly negative, with main concerns relating to the qualifications and experience of assessors, multiple assessments, the way people were treated, under-scoping of damage and proposed repair strategies. Many people talked about having to ‘fight’ EQC for a fair assessment of the damage to their home.

*“EQC assessors often had no relevant qualifications at all, i.e. not a Licenced building practitioner nor any other type of expertise. There were ex-police, ex-salesmen and all manner of people who didn’t know their attic truss from their elbow.”*

*“Every EQC assessment was so wrong, not once at any point have they gotten basic details of house correct, such as the total number of rooms in it. They never measured anything at all, or even looked at the piles which need replacing.”*

*“Occasionally we had good experiences with our dealings with EQC assessors. The good people made you realise that there was a respectful and fair way of managing a claim.”*

*“Assessors were dismissive of homeowner's own engineering reports that identified foundation damage.”*

People had mixed experiences with **settlement of claims**. Many people told the Inquiry their contents claim was settled quickly and most were satisfied with the payment received. However, many people were unhappy with time taken to settle house claims, the level of payment offered by EQC or the way in which EQC went about trying to settle claims.

*"I refused all offers of a cash settlement, and stuck with it. I'm glad I did because we were constantly asked to sign it off as a full and final settlement. Instead we just wanted them to manage the process of builders and repairs, etc. Had I taken the first cash offer we would now find ourselves short by tens of thousands of dollars."*

*"The contents claim went well. Straight forward. Paid out, finished and ticked off."*

Many people shared their experiences of the **Canterbury Home Repair Programme**. Many people were satisfied with the quality of repairs on their homes. However, many others told the Inquiry about poor repairs and a need for re-repairs. People also expressed frustration with the skills of contractors, the time taken to do repairs and process for signing off that repairs had been done.

*"My house is now waiting for its 4th re repair and I am frustrated, stressed and fed up with the re repair process."*

*"The repair went well and was completed on time to a high standard."*

*"We felt that we were bullied into accepting the repairs that were done. We were told that if we did not sign it off it was not a problem they would sign it off themselves."*

*"Builders took far too long and had to arrange extra out of house stays twice."*

*"There weren't enough skilled people to do the work, nor people checking that jobs were done to standard."*

# Comparative claims experience

The Inquiry heard from a number of people whose EQC claims were managed by their private insurer following the **Kaikōura/Hurunui** earthquakes. People reported mixed experiences. Some were very happy and compared it favourably to their Canterbury experience. Others reported poor communication and the feeling insurers were drawing out the process to 'wear them down'. Private insurers were positive about the insurer-led approach.

*"Taking in account the enormous amount of damage to many properties in the Hurunui and Kaikōura districts we are of the opinion that claim management and settlement has been executed in a most satisfactory and timely manner."*

*"Dealing with the private insurers is really no different from EQC. You are basically told you don't know anything and offered a pittance to take and walk with no structural reports or geotechnical advice."*

*"Whilst recognising the relative scale of the two events, insurers consider that customers benefited from a more efficient and effective recovery from the Kaikōura event, with a large proportion of residential claims settled within twelve months."*

*"It seemed to me that they were doing everything possible to slow the claim process down."*

People reported mixed claims experiences from **other earthquake events**, such as the Seddon/Cook Strait and Eketāhuna earthquakes. Some expressed frustration with how they were treated by EQC, getting information and delays in settling their claim. Some people were happy with the settlement or repair they received; others were not.

The Inquiry also heard from a small number of people with claims relating to various **landslip and flooding events**, such as the 2017 Edgecumbe floods. Most found EQC friendly and professional and reported good communication from EQC. However, people were less satisfied with the claims outcome, particularly the time taken to reach a settlement and the payment offered.

*"Our settlements leave us well short of being able to remediate."*

# The impact of people's claims experiences

Many people told the Inquiry about the impact that dealing with the EQC claims process had on their **health and wellbeing**. They talked about living with high stress over a number of years and the impact on their families, relationships and their ability to move on with their lives. Some people attributed poor mental health or physical ailments to the stress they endured. The Inquiry also heard about health issues arising from living in damaged homes.

*"The stress that was caused by the mismanagement of our claim had a huge impact on our lives and continued to do so until after our claim was settled with our insurance company."*

*"Our daughter suffered from croup and it was heartbreaking hearing her gasp away sometimes while the house leaked around us and the damp got to her lungs."*

*"Our overall experience with EQC has left us stressed, exhausted and living for years in limbo, unable to move forward with our lives. One of us is on anxiety medication and the other is attending regular counselling."*

People described **financial impacts**, with many noting the costs of building or engineering reports or legal assistance to support their EQC claim. People also talked about loss of productivity due to having to take time off work to attend meetings or progress their claims. Some faced repair costs as a result of accepting a low settlement.

*"The expense of hiring professionals to contest means my future looks like being severely limited in money. A terrible prospect of little money in retirement."*

*"As I work from home and am self-employed, I have sacrificed my work and income in order to get our house repaired as fast as possible. Sometimes it was a fulltime job."*

*"We have spent tens of thousands on repairs ourselves when we paid an EQ levy, we are an honest hard working family left disappointed with the system."*

Many people told the Inquiry they now feel a deep mistrust of EQC, private insurers and the building industry. For some, their experience with EQC has shaken their **trust and confidence** in the New Zealand government.

*"Like me, many have completely lost confidence in the idea of EQC and the compulsory payments we have to make as a part of our insurance policies."*

*"The whole process was unbelievably stressful and our view of NZ as a country where you can have belief in the ability and integrity of government departments has sadly gone forever."*

*"We experienced a natural disaster on an unprecedented scale in NZ, but over the last 8 years or so we have endured a much worse manmade disaster. My view of and faith in humanity has been shaken."*

The Inquiry heard concerns about the **impacts on housing**. These included concerns about housing availability and affordability in the wake of a natural disaster, the adequacy of temporary accommodation allowances when repairs are delayed and the longer-term impact of poorly or unrepaired homes on the quality of housing stock.

*"...finding another place to live became very difficult as there were many cashed up buyers chasing the same properties."*

*"Many people moved out of their homes thinking they would have everything settled in a year only to run out of accommodation funds and have to move back into a damaged house and still wait years to settle."*

*"The other legacy EQC has given the people of Christchurch is one [of] poorly repaired houses. This will add billions of costs into the economy over future generations as dodgy repairs are discovered and houses are bought and sold on and on. This is quite frankly unacceptable."*

*"My house is mouldy, damp, drafty, and deteriorating rapidly, because of extensive damage to roof, walls, foundations and windows. During winter, the inside of my windows are coated with about 5mm of ice. I have had no heat since 4/9/2010."*

# EQC's performance and organisational culture

Many people commented on **EQC's preparedness** to manage claims following a large event. People were mostly critical of EQC's general preparedness, its failure to recruit suitably qualified staff, information management systems and EQC's claims management policies and procedures. People told the Inquiry that EQC could have done a better job of communicating with the public and managing expectations.

*"The EQC computer and information systems were confused and complex and many documents for claims and files were missing or not accessible by staff. I often found homeowners had more documentation and information regarding their claims than EQC had."*

*"Unbelievable that an organisation set up specifically to deal with a disaster is so completely underprepared."*

*"EQC needed to employ qualified, knowledgeable staff who treated people with empathy and respect, but also had some understanding of the impact of EQ's and stress on people."*

*"Communications should be clear and not raise unrealistic expectations for claimants which exacerbate the feeling of being out of control."*

*"There were no SOPs, no manuals and the training was piffling – grossly inadequate to say the least."*

With regard to **organisational culture**, many people told the Inquiry that EQC adopted an adversarial approach towards claimants after the Canterbury earthquakes. They felt EQC was more focused on minimising costs than ensuring people received a fair settlement. The Inquiry also heard concerns about nepotism and conflicts of interest, and an internal culture that discouraged staff from speaking up.

*"The whole EQC culture needs to be changed. Staff need to tell the truth and treat clients with respect. People have paid premiums over the years with the expectation that they will receive help when they need it. To then be treated by EQC with deceit and contempt is not acceptable."*

*"It was well known and perceived among staff that if you raised your head above the parapet it was likely to be removed along with any further invitations to return."*

*"...we consider that EQC's general approach to the homeowners has been to treat them as if they were trying to defraud EQC."*

People commented on **governance and oversight** of EQC. Some people felt that the Government had failed to listen to, and address, concerns about EQC. Others considered the Government had too much influence over its day to day operations. People also had concerns about use of the National Disaster Fund and a general lack of accountability by EQC.

*“There was no agency to force EQC to do what they were supposed to do, nobody held EQC accountable.”*

*“Ensuring there is a distance between the government and EQC so that pressure to save money couldn't influence outcomes.”*

## Views on future roles and functions

Many people told the Inquiry that EQC should no longer be responsible for managing claims under the Earthquake Commission Act 1993. Many would like private insurers to take on this role, but others thought this would be no better. The Inquiry also heard calls for better coordination between EQC, insurers and recovery organisations, and greater oversight of EQC and the insurance industry.

*“Claims should be passed directly onto the insurance company; they have the skills and experience to best assess damage and what is needed to repair it.”*

*“I would not like insurance companies to have full responsibility for handling all claims. There is too much variation across companies, too much profit-motivation and too much scope for treating people differently.”*

# Who the Inquiry heard from

## Written submissions

- 972 written submissions
- 925 from individuals; 47 from groups/organisations
- Most (890) related to the Canterbury earthquakes - 100 related to Kaikōura/Hurunui, 63 to earthquakes or natural disasters generally, 27 to the Seddon/Cook Strait earthquakes, 12 to the Eketāhuna earthquakes, 8 to the Edgcumbe floods and 27 to other events (people could select more than one option)

## Public forums

- 18 public forums
- Held in Christchurch, Waimakariri district (Kaiapoi), Selwyn district (West Melton), Cheviot, Waiau, Kaikōura, Ward, Seddon, Wellington, Eketāhuna and Edgcumbe

## What happens next

This document provides an overview of the comments the Inquiry heard most often. The Inquiry expects to publish a full summary of what the Inquiry heard around the end of March 2020, which will include the wider range of comments received during the public engagement.

Dame Silvia will draw on this material, along with information from meetings, interviews and research, and what she is learning from EQC, in producing her final report.