

# Apportionment



This factsheet explains apportionment and what it means for the settlement of EQC claims for damage to your home.

## What is apportionment?

If your home has suffered damage from more than one earthquake event, EQC has to determine how much damage was caused by each individual quake.

## Why is apportionment necessary?

Multiple large-scale earthquakes and aftershocks in Christchurch are unique in world insurance history. A 2011 High Court ruling was necessary to decide how to handle multiple insurance claims. The ruling declared that EQC cover is renewed after each event as long as the property remains insured. Because cover begins afresh after each event, it is necessary to determine when the damage occurred so that it can be worked out what costs EQC needs to cover and what potentially rests with the private insurer.

Apportionment also ensures that EQC and private insurers can show their reinsurers how and when the damage was caused and that EQC is only paying for the damage

caused in the event claimed for. Reinsurers are large international companies that provide backup insurance cover to EQC and your insurance company.

It is essential that the apportionment process is robust to maintain the credibility of EQC and the New Zealand insurance industry with international reinsurers. If reinsurers withdraw from the New Zealand market, no one will be able to offer insurance cover to home owners.

## How is my claim affected by apportionment?

The settlement of many claims won't be affected by apportionment. However, the progress of some claims could be delayed if they are close to the EQC cap, which is usually \$115,000 (\$100,000 +GST). Your exact EQC cap is shown in your insurance policy. If your damage has been assessed as close to the cap, the decision must be reached on who the claim will be handled by: either EQC or the private insurer.

If apportionment shows that no damage from any single event exceeds the cap, the repair to the building will be managed under EQC's Canterbury Home Repair Programme. However, if damage from a single event is over the EQC cap then the repair or rebuild will be looked after by your private insurer.

In many cases, a house may have cumulative damage well in excess of the cap, but still be managed under the Canterbury Home Repair Programme because the damage is spread across more than one event. For instance, a house with damage of \$180,000 spread across three events could have three claims for \$60,000, meaning that the claim will remain with EQC's Canterbury Home Repair Programme rather than be handed over to the private insurer.

## How does EQC know which event caused what damage?

If your property has been assessed after each event, apportionment is straightforward – we will have records of the damage that occurred with each quake. But in the majority of cases there was no time to collect this information before the next quake happened. In these situations, EQC needs to use a variety of methods to establish how damage should be apportioned. These include comparing the damage with other properties in the area where we know what damage occurred and when it occurred. It also includes information provided by the homeowner.

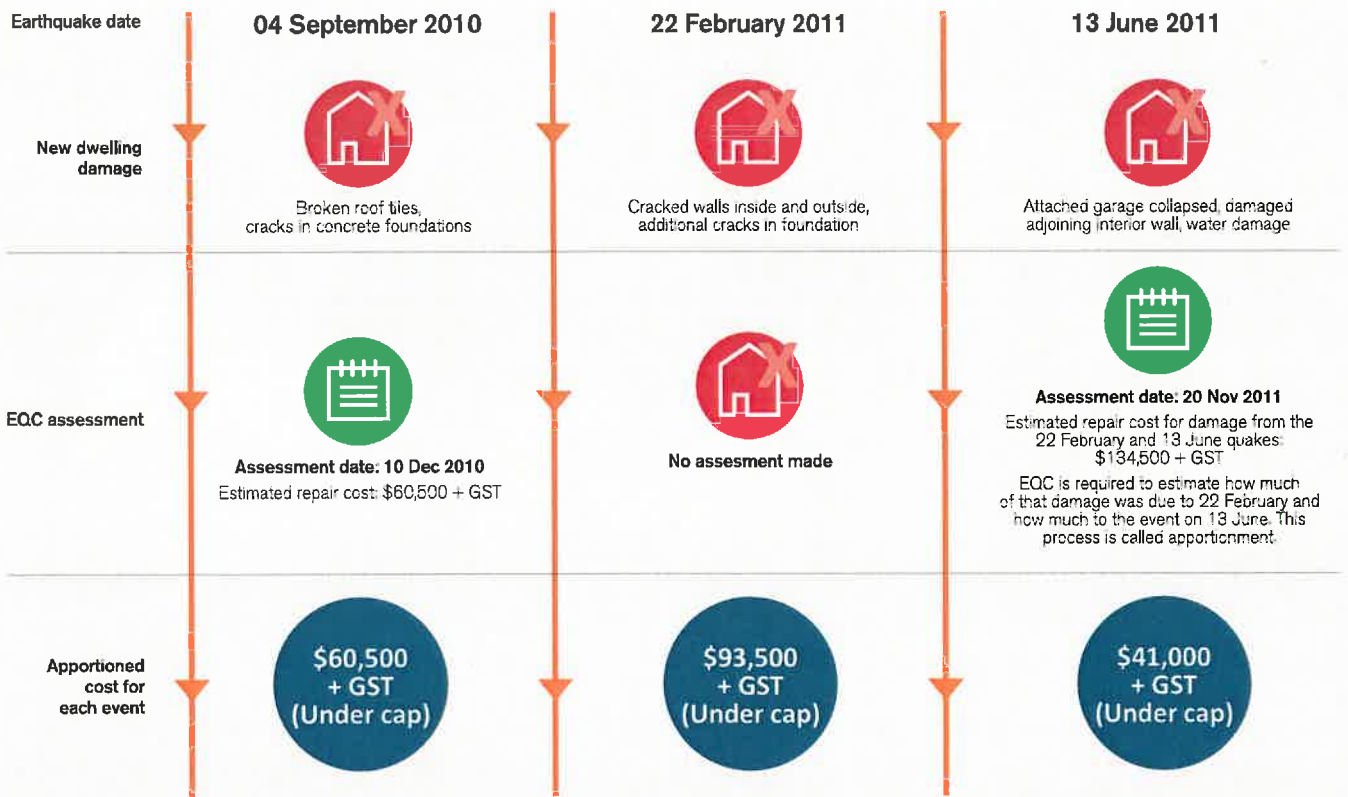
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JUNE 2013

# How apportionment works



If the damage to your home wasn't assessed after each event, EQC needs to use a variety of methods to establish how damage should be apportioned. These include comparing the damage with other properties in the area where we know what damage occurred and when it occurred. It also includes information provided by the homeowner.

If damage from any of the three events exceeds the cap which is usually \$115,000 (\$100,000 + GST), the repair of the property will be managed by the private insurer. Otherwise it will be managed under EQC's Canterbury Home Repair Programme.

For any further information about the apportionment or your claim, please phone EQC on 0800 326 243 or visit us at [www.eqc.govt.nz](http://www.eqc.govt.nz).

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