



31 May 2018

S18.23

## **Submission to the Finance and Expenditure Committee on the Earthquake Commission Amendment Bill 37-1**

### **Introduction**

- 0.1. The National Council of Women of New Zealand, Te Kaunihera Wahine o Aotearoa (NCWNZ) is an umbrella group representing 283 organisations affiliated at either national level or to one of our 19 branches. In addition, about 350 people are individual members of branches. Collectively our reach is over 350,000 with many of our membership organisations representing all genders. NCWNZ's vision is a gender equal New Zealand and research shows that New Zealand will be better off socially and economically if we were gender equal. Through research, discussion and action, NCWNZ in partnership with others, seeks to realise its vision of gender equality because it is a basic human right. This submission has been prepared by the NCWNZ Public Issues Standing Committee and the Parliamentary Watch Committee after consultation with the membership of NCWNZ.
- 0.2. This bill amends the Earthquake Commission Act 1993. The focus is on simplifying and speeding up the handling of claims for natural disaster damage, particularly when dealing with a large-scale natural disaster.
- 0.3. NCWNZ contributed a submission in 2015 into the Inquiry into Parliament's legislative response to future national emergencies<sup>1</sup>. It summarised members' views on what could be learnt from the Canterbury earthquake sequence and how these lessons should shape future legislative responses to natural disasters.
- 0.4. Building on this previous submission, the NCWNZ membership was invited to comment on the four proposed changes – both positively and critically. In particular, the members were asked whether they thought women (or particular sets of women) will be in any way affected by these changes. Responses to these questions, some of them very detailed, were received from individual members and branches throughout New Zealand.

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<sup>1</sup> NCWNZ. 2015. Submission to the Regulations Review Committee for the Inquiry into Parliament's legislative response to future national emergencies. S15.19. <https://www.ncwnz.org.nz/wp-content/uploads/2013/06/S15.19-Inquiry-into-Parliaments-legislative-response-to-future-national-emergencies.pdf>

## 1. Part 1 – Amendments commencing on day after assent date

### Clause 5 New section 31A inserted

#### Release of information

- 1.1. Members generally supported this move to enhance the collection and publication of data that contributes to the interests of public health and safety. One member supported this amendment as it was consistent with the recommendation of the Canterbury Earthquakes Royal Commission.
- 1.2. A large number of members raised the issue of privacy around personal information which should be maintained and considered that it should be treated differently from property related information. EQC's authority to share and publish information in the interests of public health and safety is a valid point as long as it maintains the privacy of the personal information of individuals.

### Clause 7 Schedule 3 Amended

#### Amendment to lengthen EQC's pay notification time limit.

- 1.3. A considerable number of members thought that there are significant benefits to extension of time for notification of claims following a natural disaster of up to two years. The extension is of benefit because of the constraints on those with a disability, or anyone who through age/illness and general fitness who may not easily access areas of the house requiring ladders and agility in order to assess the damage within a few months of a disaster. Those living alone may not have ready access to family members or neighbours willing to give time to help in checking for damage and making a claim. Similarly, faults may not be exposed because weather events, such as rain or gales, which will expose gaps etc., may not occur within the specified three month period. Examples of these situations were outlined by members.
- 1.4. Lawyers and agents will need robust EQC/Private insurance clauses in agreements for sale and purchase as provisional clauses will need to be included for claims to be made. This will compel the vendor to lodge a claim and then assign the rights to payment for damages to the purchaser. It was also suggested that the expertise of assessors will often require a higher skill set which may not be readily available in a timely and accessible manner.
- 1.5. A majority of responders felt that immediately post-earthquake, or other disaster events, many women are fully focused on family and well-being and the state of people and communities. It is not for some time that physical home damage is noticed and that women are in a position to address the damages. In addition, some women may be inexperienced in the art of negotiation and may not be used to having to challenge those who are "in-charge" of making decision in that regard (who have often been men with construction experience). Advocacy needs to be available to those who feel unsure about their expertise in challenging assessment of damage, and would like support to negotiate a fair deal. It is also important for women living alone to be feel free to invite their own advocate to meetings if they choose.

- 1.6. Several members commented that there would need to be a mechanism to ensure that the extension of the claim period would not cause delay in settling claims and responding to timely repairs. Adequate staff would be needed immediately following the disaster, not spread more thinly over the longer time frame. This group also suggested that 18 months might be a better timeframe than 2 years.

## **2. Part 2 – Amendments with delayed commencement**

### **Clause 8 Section 18 amended (Residential buildings)**

- 2.1. When discussing this amendment to increase the EQC building cover, a number of members considered that this was a process issue and ideally the actual monetary figure should be linked to a logarithm related to average square metre building and land repair costs at the time of repair and remediation. At the same time, a number of responses to this question indicated that it makes sense to make a change that in the current climate allows for a simpler processing of claims and fewer opportunities to pass responsibility between respective insurers.
- 2.2. NCWNZ Members stated that, since women tend to earn less than men, an increase in private insurance premiums that will result from these changes will be likely to have an adverse effect on many women, in particular, those in retirement. A number emphasised the need to have a roof over their heads urgently after a natural disaster. Some considered that men would be affected equally if they were low income earners or on a benefit.

### **Clause 9 Section 20 repealed (Personal Property)**

### **Clause 10 Section 22 amended (Voluntary insurance against natural disaster damage)**

- 2.3. A large number of members considered that the shift in responsibility from Crown to private insurer for personal property and home contents would mean that EQC would be able to pay more attention to restoring buildings, making EQC more efficient. Comments indicated that there are often huge differences between individuals as to the value of their contents and this should not become a burden for the community through EQC levies. Personal property and contents should be the owner's responsibility as with losses in other circumstances. Members asked: if insurance companies take on this responsibility, would the EQC reduce the levy to correspond to this change in the law?
- 2.4. Some members had concerns about this shift in responsibility and thought that insurance companies don't have a "checks and balances" system in place and the Crown is more likely to have this. Some pointed out that the insurance companies would experience considerable financial gain from this move and the government would not have any control over private companies. Others pointed out that for people with no private insurance this situation would be extremely difficult and there should be an advocate for the poor, elderly and sick to ensure their claims were met in a timely manner. The latter should apply to all claims.

- 2.5. A prevailing comment from members was that all EQC assessors should be properly trained in disaster assessment and given sufficient time to deal with each client. Private insurers working to their own rule could be disastrous, especially for clients who are not able to “stick up for themselves”.
- 2.6. Given the gender pay gap and women’s average lower earnings, a number of members suggested that it is less likely that women will be able to afford insurance cover or may down-grade the value of their contents insurance in order to be able to attract a smaller premium. Insurance will be a low priority in a budget where women are struggling to meet day to day expenses.
- 2.7. It was reported that women are often the people at home when the assessors do an assessment and also those most likely to respond to a call on the telephone and often feel vulnerable in their interactions with EQC and private insurance companies.



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