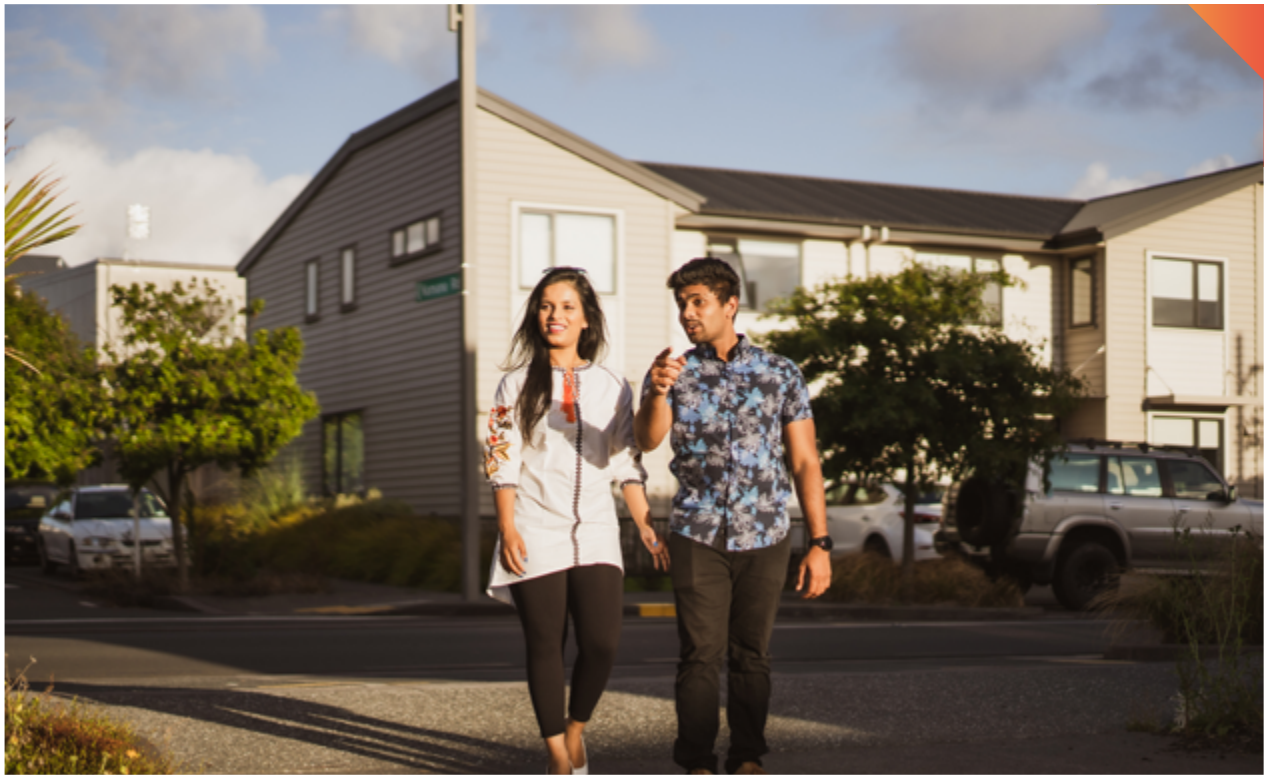
HOME BUYERS' GUIDE

Toka Tū Ake EQC

EVERY HOME IS DIFFERENT

There's a lot to think about when buying a new home and top of your list might not be how it will stand up to a natural hazard. But disasters happen, and all homes are at some risk of damage.

This guide contains important information that every home buyer should think about.



TOP THINGS TO CHECK BEFORE BUYING A HOME

The importance of location

Aotearoa New Zealand is at risk of many types of natural hazard. Before you buy, find out which natural hazards are most relevant to the property you're buying and how the risk of damage might be reduced.

PAGE 2

Chimneys and roofs

While you're having a good look around a prospective property make sure you look up, too.

PAGE 7

Foundations

Every home has foundations. But not every home has foundations that are secure and in good condition.

PAGE 8

Retaining walls and slopes

Retaining walls are important, and you need to be particularly aware of big, structurally important walls when buying a home.

PAGE 10

Units, townhouses and apartments

If you're thinking about buying a unit, townhouse or apartment, you might need to consider different things to a standalone house when it comes to disasters and their impact.

PAGE 12

Insurance, reports and legal advice

Sometimes the list of things to think about when buying a home can seem overwhelming. But as this may be one of the biggest purchases you'll ever make, it's important to be well informed before putting in an offer.

PAGE 13

Buying a home that's had an EQCover claim

Find out whether the home has had an EQCover claim, and what to be aware of if a property claim is being transferred.

PAGE 15

THE IMPORTANCE OF LOCATION

Aotearoa New Zealand is at risk from many types of natural hazard. Before you buy, find out which hazards are most relevant to the property you're buying and how the risk of damage might be reduced.

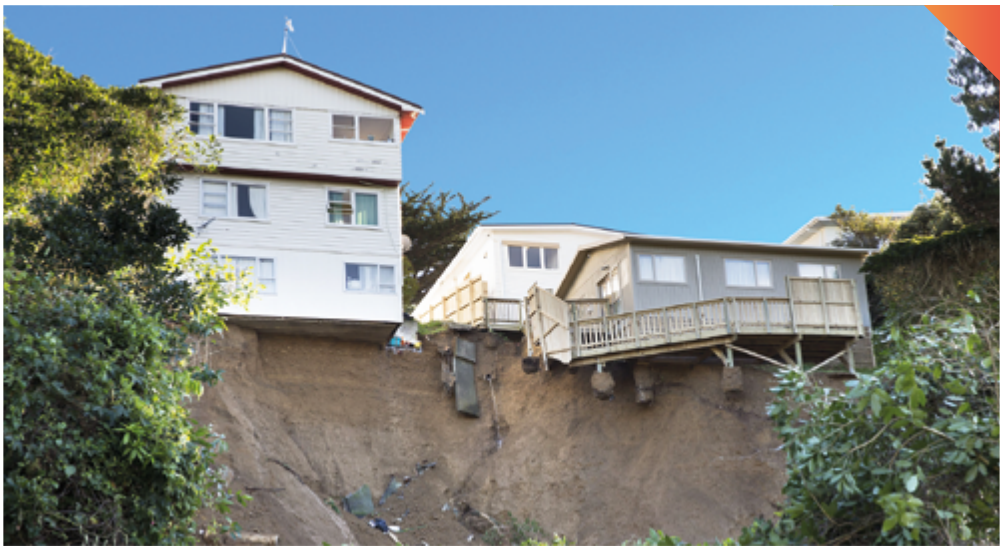
Find out more about natural hazards in the area you're looking to buy on the **Natural Hazards Portal.**

Landslides

Landslides are one of the most common disasters to affect residential properties in Aotearoa New Zealand.

A home built on a hill, or near a steep hill, could be affected by landslides due to an earthquake or heavy rain from a storm. As well as checking slopes and retaining walls on the property, consider whether a landslide on neighbouring land might affect you.

Contact the local council as they might have information about areas that are more susceptible to landslides.



Earthquakes

All parts of Aotearoa New Zealand are at risk of earthquakes and some regions are at higher risk. These areas are close to the boundary where the Australian and Pacific Plates meet and earthquakes are more common.

Each earthquake is different and the way the land moves can affect how a building might perform.

You can find a map of Aotearoa New Zealand showing the different seismic risk areas in the **Natural Hazards Where You Live: Earthquakes** section of the Toka Tū Ake EQC website.

Earthquakes and houses

Even smaller earthquakes can be damaging to a home depending on the home's design, construction and land it sits on. Pay attention to features such as chimneys, foundations and retaining walls, noting their construction and quality.

Certain features could make some homes more susceptible to damage. These include:

- houses on slopes with large open internal spaces, large windows along one wall and fewer windows on the back wall
- pole houses on slopes with limited foundation bracing
- houses with more than one type of foundation (e.g. a combination of concrete slab foundations and timber piles)
- houses with irregular design shapes or several split levels
- double skin brickwork and unreinforced concrete block walls.

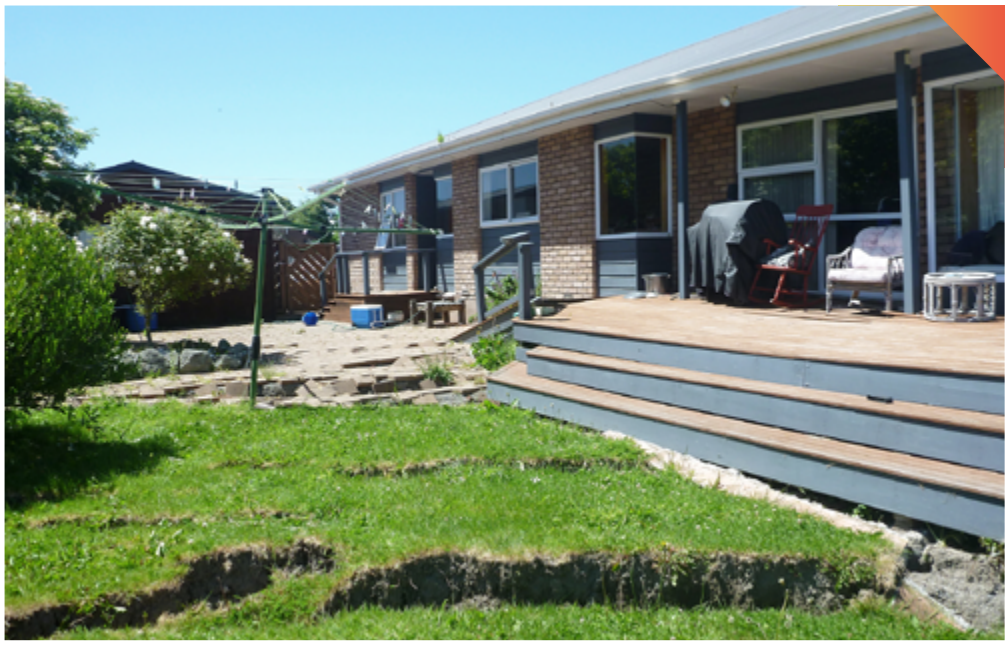
If you're interested in a home with these features, ask a structural or geotechnical engineer to assess the level of risk.

Earthquakes and land

When thinking about earthquakes, find out if the land the home sits on could be affected by:

- liquefaction (where liquid, sand and silt rise up from the ground)
- lateral spread (where land which has liquefied land pulls apart or cracks)
- changes in level or landslips

Check with the local or regional council for information on areas of land that might be at greater risk of earthquake damage.



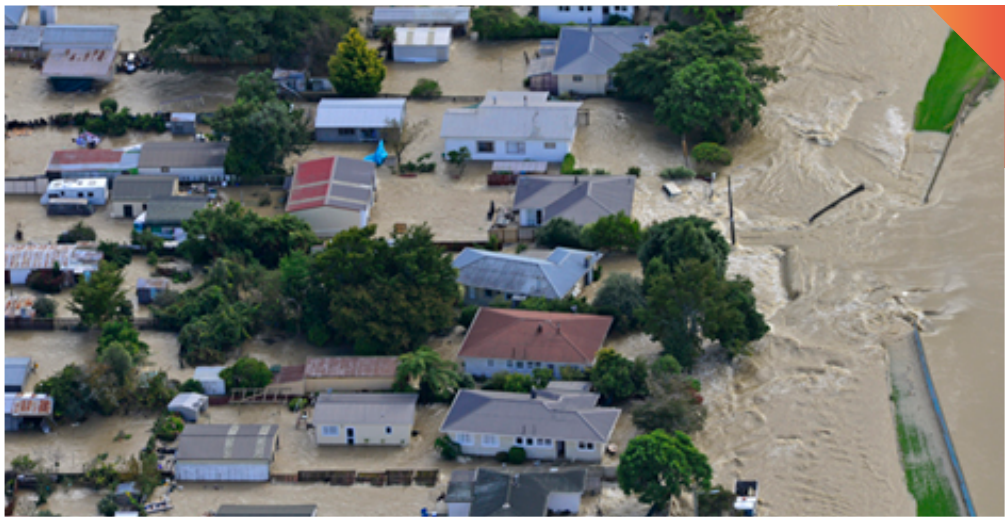
Land damage following the 2016 Kaikōura Earthquake. Image: Tonkin+Taylor

Flooding

Floods can cause significant damage and homes in low-lying areas near waterways are generally more at risk. How vulnerable a home is to flood damage depends on its floor level in relation to the predicted flood level.

Ask the local or regional council for a flood plain map; these are usually available free of charge. This will show whether the property you're interested in is in an area at risk of flooding. You could also order a Land Information Memorandum (LIM) report from the local council.

Find out more about **storm, flood and landslide damage and what Toka Tū Ake EQC covers** on the Toka Tū Ake EQC website.



Flooding in Edgecumbe 2017

Tsunami

The likelihood of a severe tsunami affecting Aotearoa New Zealand is low, but even a small tsunami can affect properties in low-lying areas. If you're thinking of buying a home close to the coast or near a river, find out if it is in a tsunami zone.

Some councils use blue lines on roads to mark how far a large tsunami might reach. Contact the local council or civil defence emergency management office to find out more about tsunami risk for the area you're interested in.

Find out more about **tsunami and their effects** on the GNS Science website.

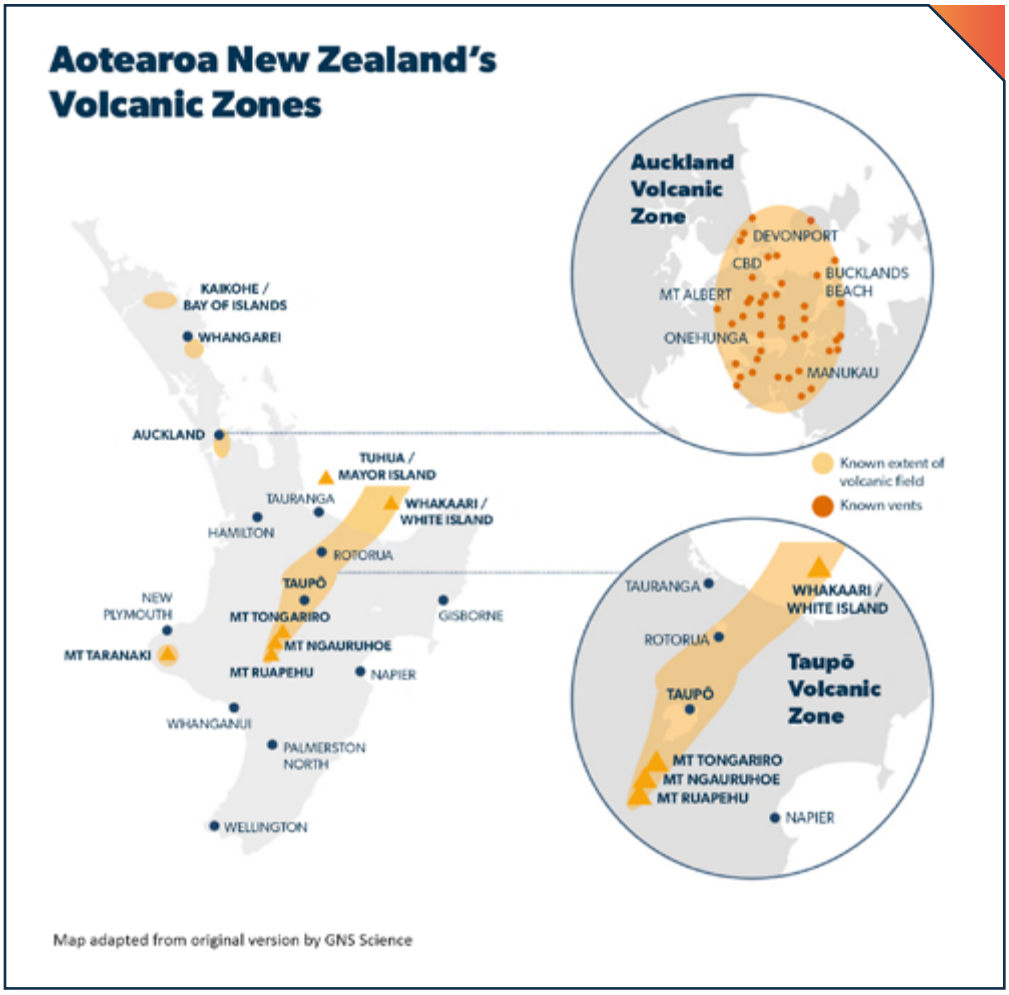
Volcanic eruptions

Aotearoa New Zealand is an active volcanic region and while eruptions (and the earthquakes that often precede them) are rare they are also unpredictable.

Damage to homes from volcanic activity could come in the form of falling ash, lahar (mudflows), pyroclastic flows (a flowing mass of hot gas and rock), landslips and fire. Most damage is likely to affect homes near an active volcano, but wind can spread ash over large distances causing damage to homes outside of volcanic zones.

Aotearoa New Zealand's volcanic centres are well known and shown in the map below. Check with the local or regional council for information on whether the area where you wish to buy is at greater risk of damage.

Read about **Aotearoa New Zealand's volcanoes** on the GNS Science website.



Hydrothermal activity

Most of Aotearoa New Zealand's hydrothermal activity occurs in the North Island's Taupō Volcanic Zone, an area that extends from Whakaari/White Island to Mt Ruapehu. Hydrothermal activity, in the form of hydrothermal eruptions, ground subsidence and emissions of gas, poses risks to homes and land.

When viewing a property, watch for warning signs, such as:

- patches with grass dying
- unusually warm or cracked hard surfaces such as paths and driveways
- holes, steam from the ground or hot surfaces and ground water

BEFORE YOU BUY

- [ ] Ask the local council for information that might help you understand any natural hazard risks associated with the property.
- [ ] Talk to your lawyer about advice they can provide on documents you receive and what other information you might need.
- [ ] Check with your private insurer as to the level of cover that might be available for the location and type of home you're interested in.
- [ ] Check out the **Natural Hazards Portal** for information about natural hazard risks in the area where you're looking to buy.

CHIMNEYS AND ROOFS

While you're having a good look around a prospective property make sure you look up, too.

In an earthquake, chimneys might crack, move or collapse, and heavy roof tiles can fall or shatter – potentially causing damage to property and people.

Some things to look for

- Check tall, unbraced chimneys made from brick or concrete masonry – these are usually found in houses built before the 1970s.
- Check for cracks in the chimney, leaning and twisting of the chimney, loose or broken bricks and loose masonry or plaster.
- Check for heavier-style roof tiles made from concrete, terracotta or slate that are not fixed to the supporting framing.

Fixing chimneys and roofs

Chimneys can be removed or braced to make them more secure. Brick or concrete chimneys can be replaced with lighter and stronger materials that look the same as heavy construction materials but pose less risk of falling.

Heavy roof tiles can be secured to the roof framing using wire, metal clips, nails or screws. Heavy roof cladding may be replaced with lighter weight material like corrugated iron or light tiles.

Work on chimneys and roofs are usually jobs for experts. Contact a licensed building practitioner or engineer to get an idea of the work involved.

You'll find information about hiring **licensed building practitioners** on the Ministry of Business, Innovation and Employment's website.

BEFORE YOU BUY

- [ ] Organise a home inspection report by an appropriately qualified professional such as an independent building surveyor or structural engineer to assess and identify possible issues.
- [ ] Check local council files on the property to ensure any building or construction work has appropriate consents and ask your lawyer to review these.
- [ ] Consider the potential cost of any construction or repair work needed and talk with your lawyer about how this might affect your offer.

FOUNDATIONS

Every home has foundations. But not every home has foundations that are secure and in good condition.

A house should be well connected to its foundations and those foundations need to be well connected to the ground. If a house isn't secured to its foundations, it's more likely to move during an earthquake or flood.

House foundations can be concrete slab on grade, or suspended timber floors on pile foundations (typical of older houses and houses with mixed types of foundations).

Some things to look for in concrete slab foundations

Try to get information on the construction of the concrete slab, including whether it is reinforced. You might be able to find this information in the local council property file. If the home is on land that might be at risk of liquefaction in an earthquake, check with an engineer about what this could mean for the home.

Some things to look for in pile foundations

- Check there are connections between the joists, bearers and piles and that those connections are in good condition (not loose, rusted or broken).
- Check piles are standing straight, are evenly supporting the bearers and haven't been exposed by ground movement.
- Check piles aren't showing any signs of degradation (rot or borer for timber piles, cracking or crumbling for concrete piles).
- Check piles are properly braced, with diagonal timber braces between the piles and bearers or joists.

Securing, repairing or replacing pile foundations

If you decide to buy a home with pile foundations that need securing, you might be able to complete this work yourself. Special fixings such as wire, bolt or bracket bearers are available from building suppliers and can be fitted to existing concrete and timber piles.

Repairing or replacing degraded pile foundations and adding bracing are jobs for experts. Get advice from a licensed building practitioner or structural engineer to find out more about the work involved.

You'll find information about hiring **licensed building practitioners** on the Ministry of Business, Innovation and Employment's website.

BEFORE YOU BUY

- [ ] Organise a home inspection report by an independent building surveyor or structural engineer to assess and identify possible issues.
- [ ] Check local council files on the property to ensure any building or construction work has appropriate consents and ask your lawyer to review these.
- [ ] Consider the potential cost of repairs needed and talk with your lawyer about how this might affect your offer on a house.

RETAINING WALLS AND SLOPES

Retaining walls are important; pay attention to big, structurally important walls when buying a home.

Well-designed, well-constructed retaining walls that are in good condition are more likely to withstand a disaster.

Land movement due to earthquakes can have a significant impact on retaining walls, causing them to move, crack or even fail. Inadequate drainage could cause excess water to build up behind a wall during heavy rain from a storm, potentially causing the wall to fail or collapse.

Some things to look for

Retaining walls

- Check retaining walls for any cracks, bowing, bulging, tilting or leaning, and check that weep holes are not blocked. These things could mean there's a problem that needs to be investigated by a geotechnical engineer.
- Check overland drainage doesn't direct stormwater into and over the retaining wall.
- Some retaining walls might have required building consent before they were constructed (for example, if they're supporting land that has a building on it). Depending on a wall's age and size, local council property files might tell you whether it has appropriate consents.

Slopes

- Check the slope above a retaining wall. Is it steep? Does it show signs of instability (e.g. bulging, cracking and leaning trees)? If so, you may want to get advice from a geotechnical specialist.
- Check that slopes are planted, as vegetation generally adds stability to a slope through the drying out and reinforcement effects of the tree or plant roots.
- If the property has a big soil bank without a retaining wall, get advice from a geotechnical engineer about whether it needs one.

Repairing or replacing damaged retaining walls

Repairing or replacing a retaining wall, especially if it's large, can be a big job and could require building or resource consent. For an accurate idea of what's involved, talk to a structural or geotechnical engineer. Be aware of retaining walls (and their condition) that are on the boundary between properties. There might be added complexity with different owners, insurance companies and policies if these need repair or replacement.

Find a **qualified engineer** on Engineering New Zealand's website.

Find out about **slopes and retaining walls** on the Toka Tū Ake EQC website.

BEFORE YOU BUY

- [ ] Organise a home inspection report by an appropriately qualified professional such as an independent building surveyor or engineer to assess and identify possible issues.
- [ ] Check local council files on the property to ensure retaining walls over 1.5m high have appropriate consent; ask your lawyer to review these.
- [ ] Check with the local council to see if it has information on whether the property could be susceptible to landslides – which a new retaining wall could help mitigate.
- [ ] If you're buying a home that needs repairs to a retaining wall, or a new wall built, you'll want to think about the potential cost. Talk with your lawyer about how this might affect your offer.
- [ ] Find out who would be responsible for repairing or replacing walls that border neighbouring properties.

UNITS, TOWNHOUSES AND APARTMENTS

If you're thinking about buying a unit, townhouse or apartment, there are some additional things to consider.

Understand what's involved with shared property ownership

Units or townhouses, where there is a shared property ownership arrangement, can raise complex issues when it comes to thinking about repair or rebuild following a disaster. Some reasons for the complexity are:

- each unit or townhouse might have varying degrees of damage
- owners might have different private insurers and levels of insurance for their unit or townhouse
- where units or townhouses are physically joined, multiple owners might need to agree on a repair or rebuild strategy before work can begin following a disaster.

There are many other details to consider, so seek legal advice to help clarify the nature of the ownership arrangement and your rights and obligations before you buy a shared property.

Is the apartment building up to standard?

Ask the real estate agent or vendor if they have any information about the strength or construction of the building, including what percentage of the New Building Standard (NBS) it meets. Your local council might also have this information.

If an apartment building is listed on a council register as 'earthquake prone' it could require strengthening in the future to bring it up to the standard, which might be costly. Councils are now required to assess the earthquake-prone level of all buildings that are two or more storeys high and include three or more residential units.

INSURANCE, REPORTS AND LEGAL ADVICE

Sometimes the list of things to think about when buying a home can seem overwhelming. But as this could be one of the biggest purchases you'll ever make, it's important to be well informed before putting in an offer.

Seek advice from appropriately qualified professionals such as building surveyors, chartered professional engineers and lawyers. They can help get the information you need and to think about what's most relevant for your situation.

Private insurance

Your new home might be your most valuable asset. To protect it against damage or loss caused by natural hazards you need to purchase private insurance for your home that includes fire insurance (most policies do).

One of the most important things to consider is how much it will cost to rebuild your home should it suffer significant damage from a natural hazard. Deciding on this number can be complicated as there are many factors to consider, such as the types of material used, access to the property and cost of demolition.

Online calculators can help estimate your rebuild cost, but for greater certainty ask a registered quantity surveyor, builder or architect to provide an estimate.

Find out more about **private home and contents insurance** on the Insurance Council of New Zealand website.

EQCover insurance

Under the Earthquake Commission Act 1993 you automatically receive some insurance cover from Toka Tū Ake EQC (EQCover) for your home and some parts of your residential land if you have private home insurance (that includes fire insurance) at the time of a natural hazard event. EQCover insures against residential loss or damage caused by natural hazards such as earthquakes, landslips, volcanic eruptions, hydrothermal activity and tsunami. Damage caused by fire as a result of any of those hazards, and some land damage as a result of storms and floods, is also covered.

EQCover is capped, meaning if your home suffers significant natural hazard damage Toka Tū Ake EQC can only pay up to the applicable cap for that natural hazard event. The amount Toka Tū Ake EQC can pay to repair or rebuild your property for an event is generally capped at a maximum of $300,000 (+GST) per event. Caps for land cover are a bit more complex.

From 1 October 2022 the maximum amount of EQCover available for a home increased from $150,000 + GST to $300,000 + GST. This is known as the EQCover building cap. The EQCover building cap will change for you when either:

- Your existing insurance policy reaches its first anniversary date after 1 October 2022

Or

- You enter into a new insurance policy on or after 1 October 2022.

Before then, the current EQCover building cap will remain $150,000 + GST for your home, if you have an existing policy.

These capped amounts are set in legislation and don't allow for any discretion, so you will need to talk to your private insurer about what disaster damage they will cover over Toka Tū Ake EQC's capped amounts.

Find out more about **what EQCover covers you for** on the Toka Tū Ake EQC website.

Builders' reports

It's a good idea to get a builder's report (also called a property inspection, pre-purchase inspection or building survey) before purchasing a property.

A building inspector will assess the home, or features of the home, and prepare a report for you. Make sure you know what they will include in their inspection and ask for a sample report, so you know what to expect. Check that they'll consider how chimneys, foundations and retaining walls might perform or be affected by natural hazards. Ask them to comment on the maintenance of the house.

If the property has previously had a settled claim for natural hazard-related damage, you can share this information with your building inspector and ask them to check whether this has been properly repaired.

Find out all you need to know about **property inspection reports** and hiring an inspector on the Settled website.

LIM reports

Local councils provide Land Information Memorandum (LIM) reports – usually for a fee. A LIM report will have historical and current information that the local council has on a property, including:

- potential erosion, subsidence or slippage of land
- risk of flooding
- any consents, notices, or orders or requisitions affecting the land or buildings.

You can ask your lawyer to explain any important issues or potential problems that might arise from the LIM report. LIM reports can take a few days to receive; check with your local council for current turnaround times.

Legal advice

Your lawyer can help with obtaining and reviewing any relevant information about a property. Make sure you understand the scope of the advice your lawyer will provide so you are clear about the work they will do and which aspects you need to look after.

BUYING A HOME THAT'S HAD AN EQCOVER CLAIM

Find out whether the home has had an EQCover claim and what to be aware of if a property claim is being transferred.

The Natural Hazards Portal

The Natural Hazards Portal shows settled EQCover claims from 1997 onwards on residential buildings and land throughout Aotearoa New Zealand.

Visit the **Natural Hazards Portal** to see whether the residential property you're interested in has had a previous EQCover claim.

EQCover claims information on the Portal includes:

- the property address
- the natural hazard event date
- event type (natural hazard event that caused the damage e.g. earthquake, storm)
- claim type (whether the claim was for land or building damage).

Claims which are still open and being assessed are not included on the Portal claims map.

What EQCover claims mean on a property

A property with an EQCover claim is not necessarily a bad thing. If an EQCover claim has been settled on a property, it means:

- there has been damage in the past from a natural hazard and a payment was made to settle the claim, or the repair was managed and completed by Toka Tū Ake EQC
- the property may have been restored to its previous state
- the building may have been demolished and rebuilt to appropriate standards, making it stronger and more resilient to future natural hazard events
- work may have been done to lessen the impact of future natural hazard events (for example building a retaining wall to hold back a potential landslide).

Properties without an EQCover claim could still have had natural hazard damage. The damage may not have been identified, or it could have been fixed at the owner's expense, without submitting an insurance claim.

Find out more about a claim

To find out more information about a claim on a property you can:

- ask the real estate agent anything you want to know about the property. They can't withhold any information they know.
- ask the vendor or agent to see the documents that support any repairs they have completed, if the EQCover claim was cash settled.
- complete an **Information Request Form** on our website to find out more about the claim. This can take up to 20 working days.

More information

See **Transferring a EQCover claim** to someone else for information about what homebuyers need to be aware of, and what Toka Tū Ake EQC needs, when transferring an EQCover claim as part of a property purchase.

If you are buying or selling a home in Canterbury, see our **Buying or selling a home in Canterbury** page for important information specific to the area.

The **Assignment of claims with natural disaster damage factsheet** for new Canterbury homeowners also outlines the assignment process, limitations of assigned claims and what is required to reopen an assigned claim.

RELATED INFORMATION

Hazards and personal safety

If a disaster happened tomorrow would you be ready? The Civil Defence website has the information you need to get ready and get through.

Visit **getready.govt.nz**

Natural hazards and risks

Aotearoa New Zealand has many natural hazards. GNS Science helps us to understand these and ways to increase resilience.

Visit **gns.cri.nz**

Home buying advice

Buying a home is a big deal. The Real Estate Authority's Settled website has information on some important things to consider.

Visit **settled.govt.nz**

Natural Hazards Portal

The Natural Hazards Portal makes it easy to find information on past insurance claims and natural hazard risk in your community.

Visit **naturalhazardsportal.govt.nz**

LOVE A HOME

CHECK IT FIRST

Toka Tū Ake EQC

Document last updated September 2023