EQC Changes - 2019

New Zealand homeowners will now be eligible for an increased insurance cap from the Earthquake Commission (EQC) for damage to their property caused by a natural disaster.

The change follows the EQC Act Amendment Bill coming into effect from July 01. The cap has been increased for up to $150,000 (plus GST) from $100,000 for damage to a residential building up to the cap for each natural disaster event, depending on individual policy arrangements.

According to EQC chief executive Sid Miller, the changes would come into effect as individual policies for homeowners come up for annual renewal, or when new policies are taken out.

"The increase in the residential cap will bring the EQC cover more in line with increased house prices," Miller said.

The state insurer noted the new cap still excludes property cover in storms or flooding events where EQC only provides cover for land damage.

Additionally, EQC will no longer cover home contents damaged as a result of a natural disaster event from July 01.

"When the private insurers handle all contents damage, the customers will only have a single point of contact which should make things easier for the claimant," Miller said.

These changes are not retrospective and apply to events from July 01.

The EQC Act also covers two other changes that came into effect from February 19. These include the extension of the time limit for claim notifications from three months to two years after a natural disaster. The change only applies for claims lodged for events from February 19 this year and claims lodged after the three-month timeframe are subject to conditions being met. It also clarified EQC's authority to share information to speed up the settlement of insurance claims and where information sharing is in the public interest such as in regards to health and safety concerns.

These changes mean that the common cost of cover will rise from $240 per annum to $300 per annum i.e. from $100,000 building and $20,000 contents cover to $150,000 building cover only.