

21 September 2011

For the attention of: Patrick Cummuskey

Submission

Auckland Council

Draft Earthquake-Prone, Dangerous and Insanitary Buildings Policy

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### **AUCKLAND COUNCIL'S DRAFT EARTHQUAKE-PRONE, DANGEROUS & INSANITARY BUILDINGS POLICY 2011 – 2016**

The Insurance Council is the industry body representing 26 general insurers in New Zealand. We are pleased to have the opportunity to comment on this draft policy document.

The Insurance Council applauds Auckland Council for advancing its process to deal with earthquake-prone, dangerous & insanitary buildings. Many lessons have been learned from the recent Canterbury earthquakes.

There are three issues which the insurance industry would like to raise:

- (i) The Insurance Council recommends that the recording of earthquake-prone and dangerous buildings should be on a public register held with Auckland Council that anybody can view free of charge. We understand currently that access to such building information is only possible if a LIM report is requested at a cost.

The Insurance Council feels that the general public should be aware of earthquake-prone and dangerous buildings in their community, and therefore one way of achieving this awareness is to make the information readily available without application complexities and associated costs. We believe that the people in the community, who are the users of buildings, will ultimately discriminate against buildings which are earthquake-prone or dangerous and therefore this will assist Auckland Council in achieving building upgrade compliance. We have noticed that in Wellington there is a move by many businesses to seek new premises which are earthquake-safe. Unfortunately the information on earthquake-prone buildings is not easy to obtain.

- (ii) Heritage buildings may include the provision for the retention of historic building material or components. Many Heritage buildings are not specifically insured for 'heritage' reinstatement. Often the insurance costs to insure for 'heritage' reinstatements are going to be significant for many building owners and therefore it is normal for the building to be insured for an equivalent replacement using modern day materials.

With the lessons learned from Canterbury it is likely that the cost of insuring Heritage buildings, even for fire cover, is likely to become more expensive in the future. Any proposal to require the retention of historic building materials or components would have to be factored correctly into replacement building insurance valuations. Insurers have had past experience in having to retain and store heritage building material and components, and it has proved to be expensive. Items such as ornate stair balustrades and other wooden and metal components need to be stored correctly, and these storage costs and the potential protection costs, such as sprinklers, can prove to be very expensive.

The Insurance Council is not saying that the retention of historic building material should not occur we're simply stating that these are hidden costs which building owners may face which could result in higher insurance costs for Heritage buildings.

- (iii) Potential earthquake-prone buildings are those buildings that have been assessed as being less than 33% of the new Building Standard (NBS).

The '*Assessment and Improvement of the Structural Performance of Buildings in Earthquakes*' process also identifies buildings that are a **Potential Earthquake Risk** (between 33% and 67% of NBS). During the process undertaken by the Auckland Council, will these buildings also be identified and the information made available?

This will be of particular interest to insurers and building owners because we have witnessed with both Gisborne City Council and Christchurch City Council attempts to require building strength upgrading to 67% of NBS. These attempts to require earthquake strength upgrades once a loss has occurred, such as a fire or an earthquake, are of particular concern to insurers and also to building owners, as generally building upgrades to meet new requirements are not completely covered in insurance policies responding to fire or earthquake damage.

The Insurance Council would be happy to discuss any issues with Auckland Council. Please phone 04-495 8006 or [john@icnz.org.nz](mailto:john@icnz.org.nz)

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**Insurance Manager**