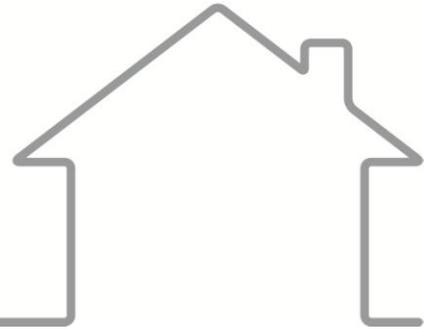




Urupare ki te Tonga



Owner Retained homes

If your house is assessed as being beyond economic repair and you have replacement insurance cover, we will fully compensate you for the loss of the house - by making a cash settlement payment or rebuilding the house as provided by your specific policy.

Our obligation to you is to compensate you for the loss of your house. Our obligation to our reinsurers (and the government) is to offset our claim costs where we are able to and this is traditionally done through salvage. As part of our settlement we may exercise our right to remove anything of value before completing demolition, potentially reducing many houses to a very basic shell. In some cases we may also look to relocate the entire house from the existing site.

This means two things when you sign a settlement agreement with us for the replacement of your house:

- You cannot remove items or elements from the house without our express consent - as we will assess whether we wish to salvage before demolition. Any such action by you will affect settlement of your claim.
- We will actively seek to recover the items (or value of those items) for anything removed from the house without our written permission.

If you want to retain your house, please discuss this with us before you enter into any agreement with a third party. We actively seek to protect our salvage rights and require confirmation of the long term structural integrity and safety of any house that is not demolished and intended for continued occupation.

It is not possible for an owner to retain a house in the red zone, regardless of whether the owner has accepted option one or option two from the Crown.

If you are considering making a request to Southern Response to retain the house, there are a number of steps to be completed. We can discuss these in more detail with you if you want to consider this option.

In summary:

- We need to be clear there is agreement between EQC and Southern Response, and agreement between you and Southern Response regarding the claim and settlement

and

- We require a structural engineer's report regarding the long term structural integrity and safety of the house. We may request any recommended remedial works to be completed.

and

- An estimate of salvage value is required, which we independently validate.

You will need to meet the cost of each of these reports, the estimates to arrive at the salvage value and also pay the agreed salvage value.

There are other things for you to consider; the loss of your temporary accommodation eligibility, potential loss of any further EQC and Southern Response Contents payments (eg carpets and drapes), future EQC cover, house insurance (AMI will be notified) and repayment of any costs we have incurred to date to respond to your request. We will also require future indemnification from you for any future action that may be taken regarding the dwelling.

Please contact us at the earliest possibility if you are considering seeking to retain the house, so we can talk through the requirements with you.