

Toka Tū Ake EQC Building Cover Cap (EQC cap) and EQC levy changes

The Government have implemented Toka Tū Ake EQC Building Cover Cap (EQC cap) and EQC levy changes as part of the EQC Act review following the Canterbury earthquakes. These changes are designed to help keep insurance affordable in high-risk areas such as Wellington and Hawke's Bay.

What is EQCover?

Toka Tū Ake EQC provides natural disaster insurance called EQCover, for residential homes and some areas of residential land after earthquakes, volcanic eruptions, tsunamis, natural landslips, and geothermal events. It also provides cover for fire resulting from any of these natural disasters, and land damage from storms or floods.

You automatically have EQCover if you have a current private insurance policy for your residential building that includes fire insurance.

What is Toka Tū Ake EQC Building Cover Cap (EQC cap)?

If you need to make a claim for natural disaster damage, Toka Tū Ake EQC will cover a portion of your loss, up to a capped amount (EQC cap).

If the damage is more than the EQC cap, your House Insurance policy provides cover above the EQC cap, up to the natural disaster sum insured shown on your schedule.

What changes are being made to the Toka Tū Ake EQC Building Cover Cap (EQC cap)?

From 1 October 2022, the EQC cap is increasing from \$150,000 to \$300,000 + GST.

For example, if a house was damaged in an earthquake resulting in a total loss, and it had a natural disaster sum insured of \$750,000 +GST, Toka Tū Ake EQC will now cover the first \$300,000 + GST.

House insurance will continue to cover the difference between the amount paid under EQCover and up to the natural disaster sum insured.

Natural disaster sum insured \$750,000

EQCover	\$300,000
House insurance	\$450,000

What is the EQC levy and how is it changing?

Part of the amount that you pay for your House Insurance premium is made up of an EQC levy, which we collect on the Government's behalf to help fund EQCover.

From 1 October 2022, the EQC levy changes **from 20 cents for every \$100 + GST** of EQC Building Cover (up to a maximum annual cost of \$300 + GST) **to 16 cents for every \$100 + GST** of EQC Building Cover (up to a maximum cost of \$480 + GST).

The levy applies to each 'self-contained' dwelling, so will be more than this if your house includes, for example, a fully self-contained granny flat. You can check the number of dwellings we have noted for your house on your House Insurance Schedule.

As a result of the increase to the EQC cap, the EQC levy will increase in most cases.

When do these changes apply to my insurance?

The changes will apply to all new insurance policies (that include fire insurance) from 1 October 2022, and to all existing policies on their next anniversary after that date.

Where can I see the details of my premium?

The House Insurance Schedule you received from us shows the details of your premium. This includes your House premium, Earthquake Commission Levy (EQC levy), Fire and Emergency Levy and GST.

Any other questions?

If you would like to talk about the changes to the EQC cap, EQC levy or your level of cover, give us a call, we have a great team of insurance specialists that can help you.

Contact us:

Call us on [0274 386 387](tel:0274386387)

Email us on admin@fundagroup.co.nz