

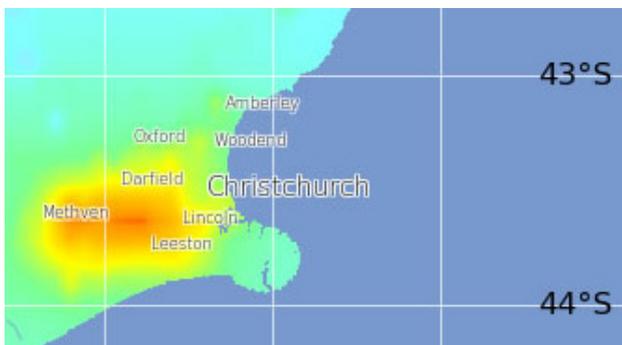
Client Alert

Christchurch earthquake

Background

New Zealand's second largest city, Christchurch, has been affected by a 7.1-magnitude earthquake which struck at 4:35am local time on Saturday 4 September. The quake has caused extensive damage to buildings, roads, as well as transport and sewerage systems, and has affected electricity supply to the city.

Early estimates have placed the extent of the loss at as much as \$NZ2 billion and individuals and businesses are currently determining the extent of insurable loss.



Epicentre of Earthquake to the West of Christchurch*

For the latest earthquake information refer to <http://www.civildefence.govt.nz/memwebsite.nsf>

Preparing for a claim

As an immediate response to insurance needs, clients may consider making careful preparations for a claim that properly quantifies the extent of loss and damage under their property and business interruption policies.

Clients should also be prepared for flow-on effects from the earthquake, particularly supply chain disruptions, which could affect or delay the return to normal business operating conditions.

The following preliminary actions should be considered prior and during the lodgement of claims and in consultation with your loss adjuster or claims preparer:

- Appoint a co-ordinator/key contact
 - Request that individuals from the insurer notify your business' key contact in advance of gaining access to a damaged facility and ensure that the nominated person is at every meeting with the loss adjuster
 - Ensure all staff are aware that any requests for access or information are to go through the key contact
- Take photographic or video evidence to depict:
 - An item's existence
 - An item's condition
- Quarantine the following pre-loss information:
 - Maintenance records for real and personal property
 - Fixed assets lists
 - All budgets/forecasts
 - All historical sales data
 - Meeting notes/minutes dealing with plans for business, including capital improvements
- Where possible, ensure that all computer files are backed up and copies removed to a separate site

*Source: US Geological Survey

■ Capture costs

- Maintain a separate voucher package for each claim disbursement. The voucher package should include a description of disbursement, copies of purchase orders, invoices, etc. Allocate a special PO number and ask of suppliers to quote this on all invoices.
- Create a separate general ledger account or sub-accounts for:
 - Permanent repair/replacement costs for each damaged building affected by the loss event and track loss-related disbursements by building
 - Temporary costs on same basis as above, including unusual vehicle usage
 - Costs to mitigate sales loss or impact of damage (eg temporary hire of equipment)

If in any doubt record it and it can be reviewed at a later date

■ For all in-house labour, note:

- Movement details
- Additional labour hours, by employee and by building location (if this can be allocated), including a breakdown for straight time and overtime

Maintain employee time cards indicating straight time and overtime

- Employees should be instructed to file separate expense reports for all costs incurred relating to the loss event

■ Maintain the following records:

- Chronology of events related to the loss and the impact that the loss has on their operations.
- Diary notes of phone call and discussions with customers and suppliers.

Next steps & contact information

New Zealand clients:

If you have insurance questions or wish to notify a potential claim please contact your Client Executive by phone or email. Alternatively, Marsh has set up a hotline on 0800 627 244.

Marsh's Forensic Accounting & Claims specialists may be consulted and appointed to assist the management of your post-loss recovery

Notifications of potential claims will be forwarded to relevant insurers and loss adjusters will be appointed. The scale of this loss will mean that it will take days until some sites are visited by loss adjusters. Loss adjusting firms are bringing additional staff from other NZ centres and from overseas to cope with the demand.

Clients with Domestic insurance enquiries (e.g. house, contents):

Contact the Earthquake Commission in the first instance. To make a claim phone 0800 326 243 or go to <https://cms.eqc.co.nz/claimcenter/cms/public/fnol.form> to lodge a claim online.

Notify your insurer for vehicle claims and other claims which may exceed \$100,000 + GST per dwelling and/or \$20,000 + GST for contents. Most clients will either be placed with Vero (0800 808 121) or NZI (0800 227 653).

Multinational clients:

Multinational clients outside of New Zealand with assets in the region that may have been effected may contact their Client Executive for assistance.

www.marsh.co.nz

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