

Policy on Use of House Insurance Providers – 5.2

Queenstown Lakes Community Housing Trust

26 July 2010

Updated 26 January 2012

Updated April 2013

Updated December 2013

Background

Under cl. 3.2 of the *Shared Ownership Agreement*, QLCHT is responsible for insuring the Shared Ownership property with a “reputable insurance company” and subsequently invoicing the Shared Homeowner for the full amount.

For the first 2 ½ years of the programme, house insurance policies have been implemented solely through AMI. However, recent requests from SO Homeowners have resulted in the Trust reviewing the use of only one insurance company provider.

Following the July Board meeting, Trustees have agreed Homeowners can choose their own providers so long as they fit within QLCHT’s criteria for insurance providers.

The criteria below are recommended for adoption as QLCHT’s house insurance company standards.

Policy Adopted Trustee Meeting August 2010

QLCHT’s house insurance company provider criteria;

(i) Credit Rating – the company needs to be a registered insurer in NZ, with an *AM Best* claims paying rating of A++, A+ (Superior), or A or A- (Excellent), or a Standard & Poor’s rating of AAA (Extremely Strong), AA (Very Strong), A (Strong).

(ii) ICNZ & IBANZ member - the company must be a member of the Insurance Council of New Zealand (ICNZ) <http://icnz.org.nz/about/our-members> and the broker must be a member of the Insurance Brokers Association of New Zealand (IBANZ) <http://www.ibanz.co.nz>.

(iii) Policy Cover – replacement value of the policy must be estimated by homeowner first and confirmed by QLCHT.

(iv) Policy Details – **QLCHT Property Portfolio Limited** must be duly noted as an interested party on the policy, with a provision that provides QLCHT with a 30 day notice to pay any past due premiums to retain cover without interruption. (Homeowner will be charged for any premiums paid on their behalf by QLCHT plus a 10% handling charge). If the homeowner is taking out a *Starter Loan* then **Queenstown Housing Bonds Limited** must also be duly noted as an interested party.

Policy Update April 2013

In the wake of the Canterbury earthquake in February 2011 and subsequent spiraling rebuild costs; insurance companies have made a move to ensure they are always aware of their maximum exposure. This has been accomplished by discontinuing traditional 'replacement cover' and putting the onus on policyholders to estimate the replacement value of their home. Homeowners themselves are now responsible for working out how much to insure their home for and therefore carry the risk of getting it wrong.

There are a number of free online calculators (eg www.need2know.org.nz) available to assist New Zealand homeowners in estimating the value of their property. In view of the fact that QLCHT is a co-owner in Shared Ownership properties it is essential the replacement value is as accurate as possible.

Recommendation: Homeowner must conduct initial calculation of house and refer to QLCHT for approval. QLCHT will conduct its own calculation to ensure homeowner has the correct policy.

Policy Update December 2013

It has been noted that some insurance providers cover house chattels whilst others do not. If chattels are not covered within the policy, the household must provide additional evidence of contents insurance which includes chattels.