



Earthquake Update

APRIL 2016

With pre-construction payments made – or soon to be made – for many projects in our programme, this month we've compiled a collection of commonly used construction industry terms and a chart of expected project phases for your reference.



UNDERSTANDING INDUSTRY LANGUAGE

Like many specialist sectors, construction and engineering terminology can be highly technical and unfamiliar to a layperson. Below we've defined some of the terms used in relation to projects in our programme.

Insured Betterment – Under your policy, MAS will cover the cost of rebuilding or restoring the dwelling to a condition substantially the same as new, so far as modern materials allow, and including any additional costs which may be necessary to comply with any applicable statutory requirements or Territorial Authority by-laws. This means that the value of your new or restored dwelling may increase as a result. This is known as insured betterment.

Elective Betterment – Any feature or quality that is of a higher standard than the original dwelling will be classed as elective betterment. If you wish to include any elective betterment in your rebuild or reinstatement, you should discuss this with your lead consultant and your Beca Project Manager.

Concept design – This is the initial scope to outline earthquake related damage and other key elements of your project. This involves consideration of the likely reinstatement strategy and engineering inspections following the earthquake(s).

Defects period – This is the time specified in your building contract (usually 3 months) when you can identify any issues with the work done and rectify these with your building contractor. Your lead consultant is responsible for confirming your builder has met all of their obligations under the contract and is your first point of contact if you find any defects.

Detailed design – This is the final design for your project – including full drawings and specifications needed to apply for building consent and should also include tender and other contract documentation. This is provided by your lead consultant.

Developed design – This is the mostly-complete reinstatement methodology and overall aesthetic for your project provided by your lead consultant. This is often when the geotechnical and structural engineer will provide their final design for inclusion in the contract documents.

External works – These are 'hard landscape' items that include things like paths, driveways, fences, retaining walls, and swimming pools covered by your policy. This is different from what is called 'soft landscaping', which is your garden, plants, trees and lawns.

All MAS House policies cover hard landscaping. Depending on the type of policy you have, we may also pay up to \$5,000 (including GST) to repair damage to your garden (soft landscaping and irrigation) that may be caused by contractors during your project.

Feasibility assessment – This is the time allocated to determine whether your project is practical and/or economically viable given the scope and parameters provided by your lead consultant and their engineer.

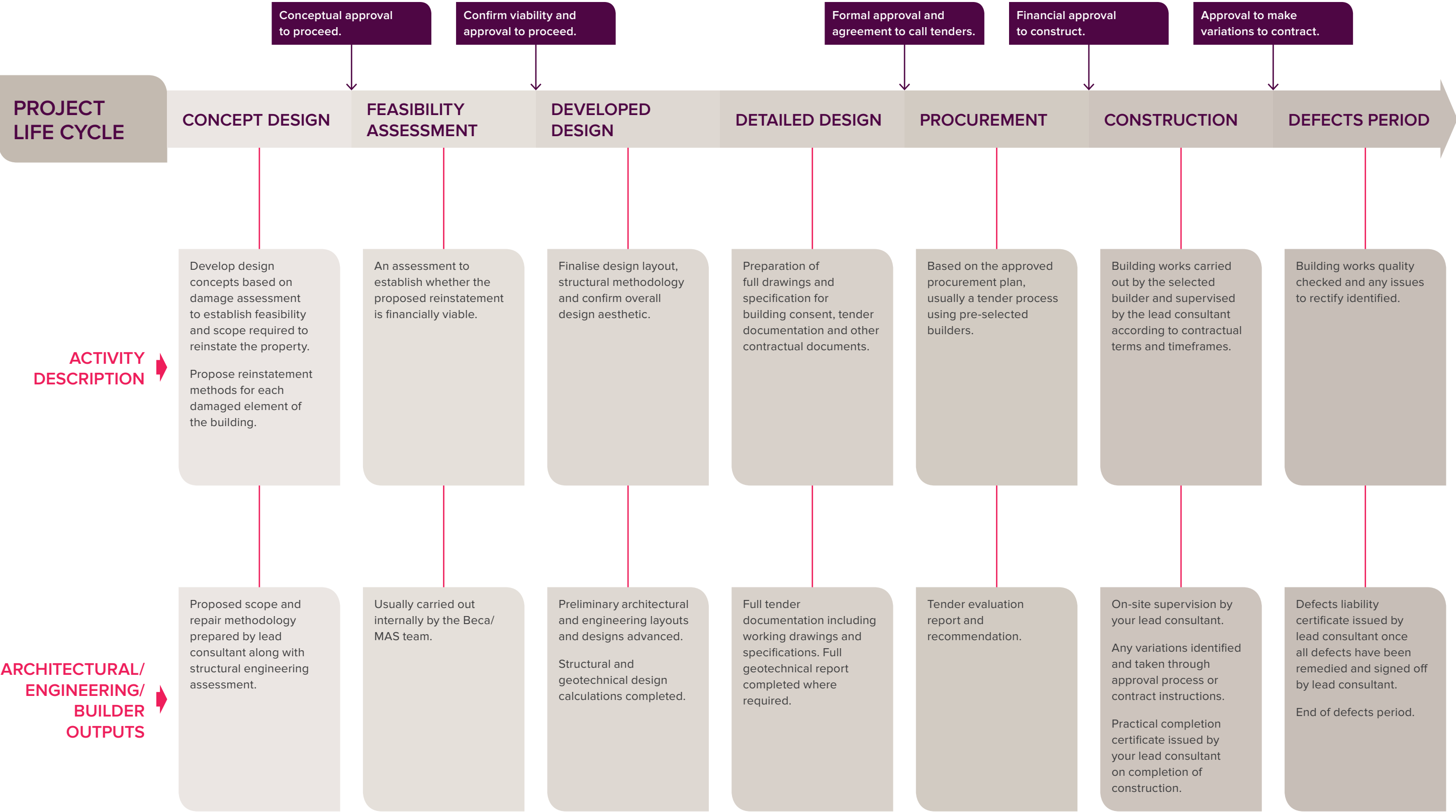
The scope is also checked to ensure all items are covered by your insurance policy.

Procurement – We usually require at least two competitive tenders from experienced builders for your project – this helps us get a good understanding of the actual costs and confidence that these costs fairly reflect the market.

Variation – This is a change to the scope of work and/or price in the building contract you have with your builder, to pay for extra work required to address unexpected issues that come up during construction that we haven't accounted for in your payment.

PROJECT LIFE CYCLE

The chart below shows the typical work involved in each project phase. While this outlines typical phases, each project is different and the actual work required involved can be affected by numerous factors. This is particularly true in circumstances where a claim is transferred to us from EQC.





WE'RE STILL HERE TO HELP

We'd like to reassure Members considering a pre-construction payment or with a project entering construction that our support continues right through to the end of your defects period.

We all want your project to run smoothly – our EQ team is available to answer your questions and happy to talk you or your project consultants through any aspect of the pre-construction payment process. Your Beca project manager will be there if you or your lead consultant or builder asks for help. Beca also advises us on technical matters such as variation requests during construction.

Please do not hesitate to contact our EQ claims team or your Beca project manager with any queries.



OUR PROGRESS

To date we've completed physical works on 146 properties in our programme. We've now made 317 payments including pre-construction payments and cash settlements.

Of our active projects, 86 are in scoping or detailed design and 26 are in procurement.

In the past month we've received a further eight claims confirmed as over-cap by EQC and transferred to our programme.



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