

CHRP Complex Solution – Summary Report

Customer Details



Claim Details

Claim Numbers:



Issue

- Homeowner disputes EQC settlement.
- Homeowner disputes historic floor settlement vs earthquake related foundation settlement.
- Homeowner has engaged [REDACTED] as advocate.

Review

[REDACTED] Estimator & [REDACTED] - Snr Estimator have read and reviewed the following:

1. Comet SOW dated 5/7/11
2. [REDACTED] Engineering report dated 20/4/12
3. EQR Engineering report dated 12/8/13
4. [REDACTED] Geotechnical Report dated 12/12/13
5. EQC Estimator file note dated 8/7/15
6. [REDACTED] Estimate Summary & Trade Breakdown dated 16/6/16

From the reviewed documents the following is noted:

1. The Comet SOW identifies:
 - a) Floor has moved greater than 100mm.
 - b) Lift and replace piles – 102.85m².
2. The [REDACTED] report identifies:
 - a) The following damage and settlements could be attributed to or have been exacerbated by the recent earthquake activity;
 - b) Localised floor slopes up to 1.7%.

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- c) Maximum differential floor settlement of 108mm.
 - d) Minor damage to some of the internal linings.
 - e) Observed evidence suggests historic settlement would account for a good portion of the floor variation.
 - f) Recommends a foundation relevel by way of jack & pack up to a maximum of 100mm packing, in order to return the house to its **"prior condition"**.
 - g) Returning the house to its "prior condition" does not fulfill EQC's obligations to **'replace or reinstate the building to a condition substantially as but not better or more extensive than when new'**.
 - h) Therefore EQC cannot rely on the [REDACTED] report to support its position.
3. The EQR report identifies:
- a) Earthquake related settlement and recommends a **performance based** lift to pre-earthquake levels.
 - b) Performance based lifting does not fulfill EQC's obligations to **'replace or reinstate the building to a condition substantially as but not better or more extensive than when new'**.
 - c) Therefore EQC cannot rely on the EQR report to support its position.
4. The [REDACTED] report identifies:
- a) A conflict between the ECAN Liquefaction Assessment Area Map that states that there is a **High Liquefaction Potential** in any future event.
 - b) The Canterbury Land information Map released by CERA states that there is potential for **Minor to Moderate** land damage in any future event.
 - c) The land is classified as TC2 however the land upon which the dwelling is located has a bearing capacity of less than 200KPA and is classified as **'Not Being Good Ground'**.
 - d) The land classification is TC2 but the **performance for building purposes is TC3**, therefore any new foundation rebuild will require a **Specific TC3 Engineering Design**.
5. The EQC Estimator file note identifies:
- a) Historic settlement of the entire floor and foundation.
 - b) Excludes all foundation works from the SOW.
 - c) Advises homeowner to seek independent engineering advice.
 - d) Recommends full cash settlement of the claim.
 - e) Does not take into account the two previous engineering reports that both identify earthquake related differential floor settlement.
 - f) EQC cannot fully rely on this file note to support its position because exacerbated settlement due to earthquake cannot be discounted.
6. The [REDACTED] Estimate relates only to the repair and/or replacement costs.
- a) EQC agrees with the costing for replacement of the foundation and the replacement of the exterior cladding

- b) Most other cost recommendations within the [REDACTED] Estimate exceed entitlement under the EQC Act 1993.
- c) Therefore EQC cannot rely upon the [REDACTED] Estimate to support its position.
- 7. The original SOW from 2011 has identified only one elevation of stucco cladding to be replaced. If EQC accepts that foundation rebuild is necessary then the lower section of all elevations will need to be removed and replaced to facilitate a house lift.

Findings

- 1. The findings of both the EQR & [REDACTED] reports identify earthquake related floor settlement and/or exacerbated floor settlement of 108mm, notwithstanding that it is near impossible to quantify the earthquake settlement vs historic settlement.
- 2. EQC has a liability to carry out relevelling works that will satisfy the requirements of the EQC Act whilst also providing a lawful repair, despite the deteriorated and possibly non-maintained condition of the property.
- 3. The maximum differential settlement of 108mm indicates the requirement for a foundation rebuild, as relevelling the floor by way of 'jacking and packing' will not provide satisfactory reinstatement.
- 4. Rebuilding the foundation will require specific engineering and geotechnical design.

DETERMINATION

- 1. On the basis of the findings above, recommendation is made to carry out a full foundation rebuild inclusive of all incidental works required.
- 2. The claim has been desktop re-costed and the **new costing information based on the foundation rebuild indicates this claim is overcap.**
- 3. Claim to be sent for urgent settlement review and apportionment.

[REDACTED]
Complex Solutions Team
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[REDACTED]
SENIOR ESTIMATOR
EQC

20 JUL 2016
[REDACTED]