

Canterbury's Specialist in Assisting Clients to Opt Out of the EQC's Managed Repair Scheme



This brochure is aimed to assist Canterbury residents with earthquake damaged homes to understand the little-publicised secret of how to opt out of the EQC's managed repair process and get on with your life.

FAQ's for Opting-Out of EQC Managed Repair Scheme

1. What is opting out?

When EQC assesses the cost of your repair to be in excess of \$10k but less than \$100k it automatically assigns your repair to Fletcher Building for project management (EQC calls them PMO). As project manager, Fletcher's in turn finds contractors to assign to do your work. Opting out is the mechanism by which you can choose someone else besides Fletcher's to be your project manager and choose your contractor to do the work.

2. How does it work?

Once you have been assessed by the EQC, you can ask for, and will be sent, the EQC's repair strategy for your home. At that point you can call us to schedule a visit. We will go through the house with you and look at the repair strategy together to make sure you understand what the EQC has proposed. Once you are satisfied with the repair strategy, we will prepare a quote for the costs of doing the repair EQC has proposed. We will get you to read EQC's Opt Out information and sign the EQC's one page opt out form. We will then submit our quotation and the opt-out form to the EQC for approval. Their approval process generally takes one to two weeks. Once approval is obtained and all required consents are in place we can start work. Once the work is completed, we invoice EQC directly for payment.

3. What are the advantages of Opting Out?

There are estimated to be over 120,000 homes that have repairs between \$10K and \$100K. If you do nothing, Fletcher's will determine the order in which it prioritises the repairs of these homes. By opting out, you take control of the timing of your repair – in essence moving to the front of the queue.

In addition you will have a direct relationship with your repairer and as such the quality of the repair work you can expect. Recent media would tend to indicate that issues are arising in regard to the quality of some of the repair work being done with a recent TV item generating in excess of 80 comments which can be read following the link below.

<http://www.stuff.co.nz/the-press/news/christchurch-earthquake-2011/5463574/Christchurch-homeowner-felt-bullied-by-workers>

By opting out with Fix it, you put us to work under your own control – and unlike PMO/Fletchers and its contractors, we work for you- not the EQC and only get paid when you are satisfied.

4. Does opting out affect my ability to file future claims?

No. Each seismic event that exceeds a magnitude 5 is a new event for insurance purposes. Opting out based on a previous event has no bearing on your ability to file a new claim if another earthquake happens.

5. Are there warranties that Fletcher's provides that I might not get if I opt out?

Fletcher Building technically provides no warranty for the work it is project managing. The EQC provides a warranty for the contractors that Fletcher's selects and puts onto your project. The EQC has never published the limits of its warranty, but will only say that they warrant the work that Fletcher's contractors do. By contrast, if you select your own project manager and contractors via the opt- out process, you can find & negotiate with these firms to obtain specific warranties. At Fix It we offer the same ten point 5 year warranty on our workmanship that we apply to non EQC related work.

6. Does it cost anything to Opt Out?

No. From the client's perspective you should never be asked to pay. Once you have opted out, the EQC will pay your contractors directly. The only exception to this comes in the fact that the EQC will withhold your excess from the amount it pays to your contractor. In this case the contractor rightfully may ask to be reimbursed by you for the fact that the EQC has "short paid". Generally, the excess equates to 1% of the claim value.

7. When can I opt out?

You can opt out at any time after the EQC has fully assessed your property.

8. What are the conditions listed on the Opt Out form?

The key provisions of the opt-out form have been cut and pasted below:

- the Claimant is responsible for any costs over the amount approved by EQC;
- if further damage is discovered during the repair process, the Claimant must notify EQC immediately and stop all work until EQC has inspected the additional damage and authorised any additional work. EQC will not be liable for any costs not approved by it as part of the claim;
- all work must meet all applicable building and construction standards and codes and the Claimant is responsible for ensuring that this takes place;
- EQC is not responsible for any part of the works, including the way in which the works are done or not done; and
- EQC will only pay the approved amount of the claim (excluding the applicable excess) on production of:
 - repair invoices/receipts in the name of the Claimant, and
 - evidence that all structural work has been completed and complies with all applicable codes. To this end, when requesting payment the Claimant must include the Code Compliance Certificate or Producer Statement with all documentation. Any progress payments prior to completion of the works will be at EQC's sole discretion, and that only on this basis will EQC agree that the claim not be settled through the PMO.

9. How do we know how much the EQC has allowed for our repair?

Up until June 2011, the EQC would provide you with your repair strategy and the costs it had allowed for that repair strategy. It has now changed its policies and will no longer provide you with the costs. As such the quote will be reviewed by EQC against their estimate. If necessary they will ask for an explanation of why the costs are different to their allowances. If you select a good opt out partner, that partner should be able to handle this negotiation with the EQC on your behalf and should fight hard to get you the highest quality of repair possible – even if that cost is above what EQC has allowed. Under opt out, you have a partner in your corner fighting to get you the best outcome.

10. What happens if additional damage is found once my own contractor commences work?

Under opt-out, you are obligated to get your contractor to notify the EQC of any additional repairs required. EQC will in turn listen to the issue and decide whether to approve the additional repairs over the phone or send someone out to evaluate.

11. Are many people opting out?

EQC has to date not published these statistics – we believe because it does not want to encourage opting out. However, we know we have done numerous projects and as word of mouth spreads our enquiries about opting out are increasing. It also needs to be remembered that the process of repair can only move as fast as the EQC assessment process – as until the assessment is completed there can be no repair.

12. Can we talk to some of the people that have opted out?

Call us. Every customer of ours that has opted out has been happy with their decision to do so. We can provide a list of those clients for you to call and talk with.

13. What if I want to do additional work or an alternative repair to the work that EQC has authorised?

The EQC's process has become very rigid in this regard. Regardless of whether Fletchers does your repair or whether you opt out, your repair plan has to be approved before commencing and it is then audited before EQC will pay. However, there is nothing stopping you from entering into an agreement with your contractor when you opt out to do additional work at your own expense. Modifications to the way EQC has assessed repairs to be done can sometimes be a bit more problematic, but talk to us, we are getting quite good at being able to manage the line between what is allowed by EQC and what clients really want to do.

Call us today on 03 342 5910 to get help now on Opting Out