

Disaster Damage: Where to from here?

New Zealand has experienced unprecedented weather disasters in 2023, resulting in widespread damage to numerous properties across the North Island. If your property has been damaged, where does that leave you?

More than 2000 properties were red or yellow stickered across the North Island as a result of damage caused by Cyclone Gabriel, and other flooding events. Red stickered properties are unable to be entered as they pose a significant risk to health or life, and access to yellow stickered properties is restricted as a result of the moderate damage suffered to the property.

In light of the widespread damage across the North Island, including in Auckland, Hawkes Bay and Tairāwhiti, the New Zealand Government imposed a categorisation system for properties in high risk areas:

1. Category 1 properties: Low risk properties where repairs to flood protection near the property means the property can be re-built;
2. Category 2 properties: Managed risk properties where community or property level interventions are required to mitigate risks of future adverse weather events (for example, including improving stop banks and drainage solutions);
3. Category 3 properties: High risk properties which are unable to be rebuilt on their current sites because of the unacceptable risk to health and life.

It is expected that around 700 properties will be classified as Category 3, and a further 10,000 properties classified as Category 2.

However, in addition to the Category 1, 2 and 3 properties are tens of thousands of properties that suffered damage as a result of Cyclone Gabriel, and

other adverse weather events (Uncategorised Damaged Properties).

What's next?

The Government has confirmed that owners of Category 3 properties will be offered a voluntary buy-out. While this was announced in May, further details about this buyout process have not been forthcoming as the Government focuses on confirming funding arrangements with the relevant local councils.

It is expected that the Government and local councils will jointly fund the voluntary buyout for owners of Category 3 properties, as well as the flood mitigation works required for Category 2 properties.

No such funding arrangement is expected for Category 1 properties, or Uncategorised Damaged Properties.

The Minister for Cyclone Recovery, Grant Robertson, has confirmed that a further announcement on the arrangements for Category 1 and Category 2 properties can be expected by the end of July 2023.

What can you do as an owner of a damaged or flood prone property?

If your property has suffered any damage or suspected damage as a result of the recent adverse weather events you should ensure that you have notified your insurer of this damage.

If you are able to access your property (and it is safe to do so) you should take pictures of the damage to your property, as that can be useful evidence in the claim process.

However, it is clear from the experiences of Canterbury homeowners following the Canterbury Earthquake Series that insurers may take a different view about:

- A. the extent of damage to your property;
- B. the repairs required to your property; and
- C. your entitlements under the insurance policy.

Disaster Damage: where to from here? (Continued)

If you have any concerns about your entitlements under your insurance policy, the claim process, or the damage suffered to your property, you should obtain independent legal advice. It can be useful to obtain such advice as soon as possible, before your insurer's position becomes entrenched.

Similarly, if you have any concerns about the categorisation of your property as Category 1, 2 or 3 (or the lack of categorisation for your property) we suggest that you reach out to us and we can assist you in reviewing your property's categorisation.

To the extent that you own a Category 3 property and you receive an offer for a Voluntary Buy-Out, we recommend you take independent legal advice about this offer before accepting it. We can provide advice about ensuring the offer is fully representative of your entitlements, and about the terms of any agreement offered to you.

Want to know more?

If you have any questions about natural disaster damage to your property please contact [Simon Munro](#) or [Anna Davidson](#).