



# Flood Hazard Areas and Insurance

## FACT SHEET

Prepared by the Greater Wellington Regional Council in discussion with major insurance companies (August 2014)



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### What should I tell my insurance company?

If your house, property or business has been flooded or is identified as being affected by a flood hazard then you must tell your insurer. You should not assume that they will know about it. Telling your insurance company about all relevant information is called 'material disclosure' and if you don't do this then your insurer may decline to pay out on an insurance claim.

### Will I still be able to get insurance if I have a flood hazard on my house or property?

Yes, generally, but it may be more complicated and you may have to pay more. If you already have existing insurance cover then you should start by talking with your insurance company because they will try to look after their existing customers.

Insurance companies make their own decisions about the risk from natural hazards, and as a result different insurance companies may take different approaches to your property. It is worth shopping around different companies and perhaps getting in touch with an insurance broker if you are not happy with the response from your insurer.

Dependant on the hazard identified, it is common for insurers to apply a higher excess or premium to the property. Where the flood hazard is considered extreme by the insurer, flood as a peril, can be completely excluded in addition to any additional compliance costs. This is less common and only when the insurer considers the risk too high to cover e.g. the area has had multiple flood events within one year.

Insurers will always reserve the right to refuse cover however declining home insurance is uncommon when flood is the only hazard.

### What about the impact of the Christchurch earthquakes and flooding?

The cost of insurance in New Zealand has risen generally as a result of the earthquakes and flooding in Christchurch, as well as other natural disasters in New Zealand and around the world. In terms of

being able to get insurance cover for flood hazards in the Wellington region the situation has not changed significantly. Insurance companies and EQC continue to provide natural disaster insurance in much the same way as they did before the events in Christchurch.

### What information will the insurance companies look at?

Insurance companies look at a range of information when making decisions around flood risk. Some of this is information they have collected themselves, some is information from LIMs and the District Plan, and other information has been obtained from national and international databases about risks and flood losses. They will consider things like:

- Recent flooding and flood losses/claims at the property or in the area
- Flood hazard areas from regional/district councils – what is the level of hazard?
- Specifics of flooding – how often, how deep, how long?
- Has anything been done to reduce the hazard, or is anything being done?

### What if I'm looking at buying a house?

It is important that you talk with your insurance company to make sure that they understand the hazard and will be able to provide suitable cover. You may wish to shop around if you are not happy with their answers. You should also discuss with your solicitor about making your offer subject to finding insurance cover to your satisfaction.

The Greater Wellington Regional Council can provide information about the flood hazard at a property if you would like to seek advice on flooding prior to purchasing.

Disclaimer: This information is of a general nature only and does not relate to specific insurance company policy. Please check with your own individual insurance company before relying on this factsheet