

CANTERBURY RECOVERY UPDATE



15 February 2012

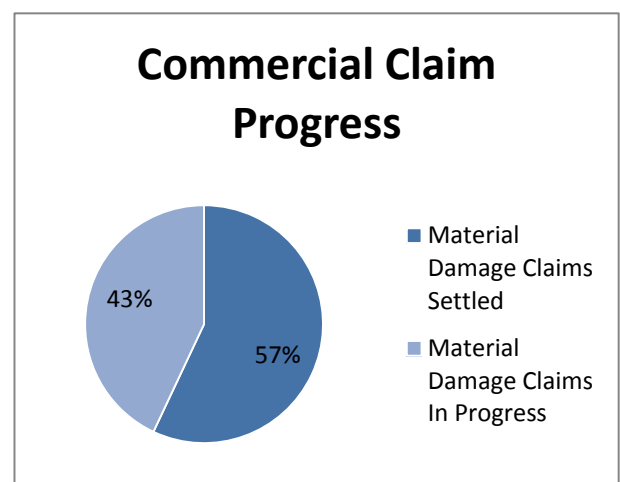
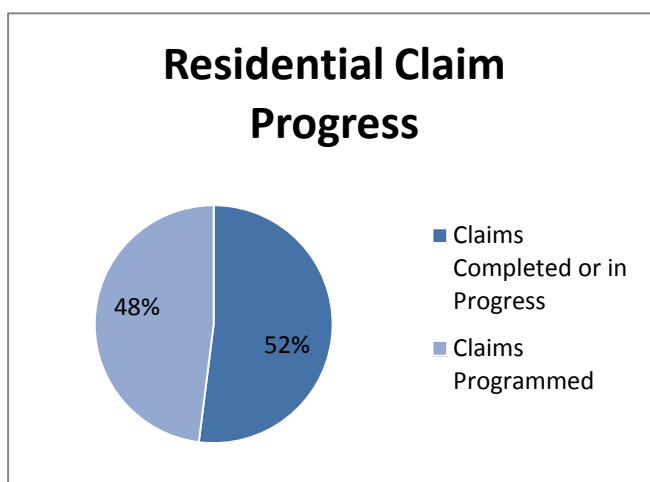
Background

IAG has approximately 7,000 over cap (major repair or rebuild) claims in Greater Christchurch. In addition, we have approximately 20,000 non-EQC claims. This includes claims for paths, driveways, fences etc.

Late last year all IAG earthquake-affected customers were informed of the rebuild or repair status of their properties, including timelines for reinstatement. Quarter One reinstatements are currently underway, with all jobs due to begin within the next two years, based on customer priority. The last residential repair or rebuild is scheduled to start no later than the last quarter of 2014, with the aim to complete the residential programme by December 2015.

Key Progress Statistics

- 73% of business interruption claims have been settled
- 57% of commercial material damage claims have been settled
- 48% of claims are queued in our Rebuild & Repair Programme, due to begin between now and the last quarter of 2014
- 30% of over cap claims are in construction
- 22% of over cap claims completed
- 22% of non-EQC claims have been completed or settled
- Over 1,300 customers have moved into new homes we have helped them to build, purchase or repair
- We have built 125 new homes
- We have completed major repairs on 50 homes
- At peak, our programme will deliver 85 new homes a month, and 150 major repairs, at a cost of \$50 million per month
- We currently have 588 new homes and 824 major repairs in some stage of construction
- We have 275 active TC3 claims
- We have completed over 400 geotechnical assessments of TC3 properties
- The new build time is about 42 weeks, accounting for planning and consenting, with around 22 weeks on site. The repair time averages 38 weeks, depending on size and scope



Rebuild and repair programme progressing by quarter

We are prioritising the rebuild and repair of the homes of our worst affected customers.

Priority is given to customers with uninhabitable houses first, then via a range of vulnerability factors similar to those used by the Red Cross. It is envisaged the claims of worst affected customers will be resolved or well into the build phase this year.

Customers in the first quarter of the rebuild and repair programme received confirmation of reinstatement timeframes late last year and are now progressing. As some capacity was built into the programme to allow some customers to move quarters, we are now finalising the programme for quarter two and quarter three with those requests in mind, informed by customers' priority.

Customers are encouraged to talk to their claims case manager to ensure that personal circumstances which may affect their priority status is up-to-date. They are also encouraged to let their claims case manager know if their circumstances change to allow them to advance up the priority list if that is appropriate.

House lifts get off the ground

As the Canterbury recovery programme gains momentum, locally-based businesses are seizing the opportunity to look for new and innovative solutions for repairing earthquake damage.

While house lifting has been used as a repair method throughout New Zealand for many years, the volume of earthquake repairs involving house lifting provided the right opportunity for local company Smith Cranes and Construction to innovate and improve on existing methods.

Smiths set about developing a high-lift hydraulic jack around 18 months ago, spending time developing and testing the new system to get it right at a cost of around half a million dollars. Last month IAG was the first insurer to use this exciting new system to repair a customer's home.

The home pictured below was lifted and held at 2.7 metres for a three week period while the damaged concrete foundation pad was broken up, removed, and replaced with a new foundation.



To prepare the house for lifting all bricks and flooring were removed. With the house now sitting on its brand new concrete foundation slab, the next step is to re-clad and complete internal repairs.

The lifting kit has now been removed from site and will be used to lift a house in Redcliffs next week (week commencing February 18).