

# **16077 – Insurance for EQP buildings – Incentives, premiums, and contracts**

Using case study interviews and data from several sources, this multi-year project aims to identify the economic and financial considerations that shape the ways the insurance sector affects NZ's resilience to earthquakes. Two main weaknesses in the way the insurance sector operated in Christchurch will be explored; these are the claim resolution delays and the sub-optimal preference for demolitions in the CBD. The project aims to leverage the available data from Statistics NZ, the Reserve Bank, the EQC, and the ICNZ to examine in evidence-based detail the ways in which the insurance model can be improved in order to lead to better outcomes, while acknowledging the need to preserve the wide extent of coverage in NZ (for both residential and the commercial earthquake-prone buildings). Based on the model of decision-making of government, insurance companies and their customers, that will be developed, this project ultimately aims to outline changes to the current insurance arrangements that can internalize the externalities that are currently being ignored and lead to a more efficient recovery.