

Guidance on the application of Uninsured Individual Circumstances

Objective

1. This document supports the application of the Scheme Terms and provides guidance on when it will be fair and reasonable to reduce the Uninsured Homeowner Contribution on the basis of Uninsured Individual Circumstances.

Provision for Uninsured Individual Circumstances

2. Auckland Council has agreed the Voluntary Buy-Out Support Scheme Terms (**Scheme Terms**) to guide council's implementation of a voluntary buyout scheme for homes severely affected by the weather events over the Auckland Anniversary Weekend and Cyclone Gabrielle 2023 (**severe weather events**).
3. The Scheme Terms provide that:
 - a. the buy-out price will be the "reference valuation" less all insurance and EQC proceeds, and less the specified homeowner contribution, which is:
 - i. for insured properties, 5% of the reference valuation.
 - ii. for uninsured properties, 20% of the reference valuation (the **Uninsured Homeowner Contribution**).
 - b. The council may, in its sole discretion, reduce the uninsured homeowner contribution (to 5% of the reference valuation, i.e. the same basis as insured property), if the individual circumstances of an uninsured homeowner mean it is fair to do so having regard to the scheme, for example if:
 - i. there was little or no insurable loss;
 - ii. the homeowner was not able to obtain insurance because of previous severe weather events; or
 - iii. the homeowner can demonstrate a relevant history of payment of house insurance premiums,(the **Uninsured Individual Circumstances**).
4. The Scheme Terms provide the examples above of Uninsured Individual Circumstances that might justify a reduction in the Uninsured Homeowner Contribution. The council has retained discretion to consider additional circumstances where it is fair and reasonable in accordance with the scheme to reduce the Uninsured Homeowner Contribution.

Policy rationale for considering Uninsured Individual Circumstances

5. The overarching policy objective of the scheme is to support Aucklanders to voluntarily relocate from residential housing situations on properties that pose an intolerable risk to their lives.
6. The secondary policy objectives are that the scheme be effective, affordable, fair and consistent and equitable. These secondary policy objectives apply with equal weighting.
7. A range of options were considered by the council relating to the generosity of the offer under the scheme. That included whether homeowners (the beneficiaries of the scheme) should make a contribution to the scheme (as well as other matters, including the nature of the 'reference valuation' and whether there should be a 'cap' on payments made under the scheme). The council determined that a 5% homeowner contribution was appropriate for insured homeowners.
8. The council also considered whether there should be any differentiation (either in terms of eligibility or the amount of the homeowner contribution) as between insured and uninsured homeowners.

9. Having considered a range of options, the Council decided to apply an Uninsured Homeowner Contribution of up to 20% (which could be reduced to 5% based on Uninsured Individual Circumstances), on the basis that:
10. This option recognised **fairness and equity** for funders of the scheme, as between beneficiaries of the scheme, and for all Aucklanders.
11. In respect of the fairness and equity between the beneficiaries of the scheme, the council considers that insured homeowners have already effectively contributed to the scheme through the payment of insurance premiums (in other words, the council contribution required is less where an insurance or EQC payment can be applied).
12. The council identified that it would be consistent with this rationale, and with the overarching policy objective, to consider the individual circumstances of uninsured homeowners where:
 - a. There was little or no insurable loss: because in these circumstances, whether or not the homeowner was insured – and whether they had previously contributed insurance premiums – would not ultimately have made a difference to the amount of the council contribution required.
 - b. The homeowner can demonstrate a history of payment of house insurance premiums at the property: because in these circumstances, there has been an effective contribution to the scheme (even if for some particular reason the homeowner was uninsured at the date of the event).
 - c. The owner was not able to obtain insurance because of previous weather events (but can demonstrate a relevant history of house insurance premium payments): council considers it is reasonable to take this factor into account given the overarching objective of the scheme and the likelihood that some of the properties where there is intolerable risk to life may have experienced previous damage with implications for insurability of their property.
13. Requiring an Uninsured Homeowner Contribution is also the most likely to keep within the funding allocation and therefore, at a high level, the most ‘affordable’. The council acknowledges that it has not yet identified Category 3 properties and does not at this stage have any specific information to suggest which and how many properties are uninsured. Accordingly, whilst affordability is relevant as one of the objectives of the scheme, it was not determinative in respect of this policy decision.

Process for and review of Uninsured Individual Circumstances

14. On the application of an uninsured homeowner, the council will consider whether to reduce the Uninsured Homeowner Contribution on the basis of Uninsured Individual Circumstances. This decision will be made by the Group Recovery Manager together with the Chief of Strategy, will be recorded in writing and supported by reasons, within 25 working days of receiving the application.
15. Within 25 working days of notification of a decision on whether or not to reduce the Uninsured Homeowner Contribution, a homeowner may request in writing that the council review this decision. Any review of the decision on whether or not to reduce the Uninsured Homeowner Contribution on the basis of Uninsured Individual Circumstances will be undertaken by the Chief Executive and the decision will be recorded in writing. The Chief Executive, at their discretion, may seek relevant advice to support their review.
16. The Chief Executive’s decision on review is final and not subject to further dispute resolution processes.