

Selling earthquake damaged properties with claims outstanding

by Lisa East

Five years since Christchurch was rocked by that first awful quake there are still hundreds of home owners battling their private insurers for an adequate pay out for their damaged homes.

For those affected, it may come as welcome news to learn there's a way out that doesn't involve fighting their insurer to the bitter end.



Deseré Girdlestone, Sales Partner at Iron Bridge's Christchurch office, has become expert in the sale of homes with unresolved insurance claims. We asked her to explain what a claims attached sale is and how it works.

What is a claims attached sale?

A claims attached sale allows home owners who are still battling their insurer to sell their property and assign their insurance claim, along with their EQC pay out, to the new owner.

Effectively, it enables these home owners to cash up and move on – leaving the nasty battle with their insurance company behind them.

Who should consider a claims attached sale?

A claims attached sale is highly attractive to many home owners who have found themselves battling their insurance company post-quakes.

Many of my clients are experiencing severe stress due to the dispute with their insurer. I've also had a number of clients who are elderly, unwell or ready to retire. Then there are those who would like to keep fighting, but simply can't afford the engineering and geotechnical reports needed to dispute the insurance company's offer.

Who would buy a claims attached property?

There are a number of investors, developers and builders in Christchurch who are eager to acquire claims attached properties. Over the last year I've built up a whole network of buyers that I can call on.

They have the time, experience and financial resources to take on the insurance companies and negotiate an acceptable pay out for their investment.

Once a resolution with the insurer is reached, these investors will usually restore the property to an insurable state, then bring in tenants and add it to their investment portfolio.

It is important to note that when the buyer takes ownership of the property, they also take ownership of both the existing insurance policy and any EQC pay out that has been made.

What's the best way to sell a claims attached property?

I've sold many claims attached properties now, and experience has taught me that sale by negotiation is the most effective strategy.

There are two reasons for this - firstly, a negotiation allows me to take the time to really push interested buyers for their absolute top dollar. The other factor to consider is that the auction process can be stressful for home owners at the best of times – my claims attached clients are already stressed enough, so selling by negotiation is a much more pleasant process for them.

What should sellers watch out for if they want to sell with claims attached?

Selling claims attached properties is not a straightforward process. The sale and purchase agreements usually include lengthy, and sometimes confusing, clauses.

The paperwork for this kind of sale can seem very daunting and scary for home owners. It's critical to have a real estate agent who understands this niche market and can negotiate the highest possible price.

One of my recent clients, Dr Susan Foster Cohen, has been kind enough to share her experience of selling her claims attached home.

"I was particularly impressed with how well Deseré understood the risks of the post-earthquake property market. We initially thought we would not sell our property until after it was repaired, however, Deseré was able to explain the risks to us (as a couple nearing retirement) and to advise us of exactly how and why the purchaser was better able to manage that risk than we were.

(She then) successfully negotiated with the purchaser on our behalf to achieve a really good price for our property, and one that was significantly higher than the purchaser initially offered. It has enabled us to become debt free and to work solely on saving for our retirement going forward."

Interested in selling your property on a claims attached basis?

Selling a property with claims attached requires skill, experience and access to interested investors.

[Deseré Girdlestone](#) is a Sales Partner at Iron Bridge Property Group. She has a network of claims attached buyers and a reputation as getting the best possible outcome for her vendors. You can contact Deseré on 029 7788 029.