

EARTHQUAKE INSURANCE AND
EARTHQUAKE RECONSTRUCTION:
THE NEW ZEALAND CASE

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Introduction

The most practical way to approach the questions of earthquake damage is by way of insurance against it. [Freeman, 1932, p. 1].

This view, expressed by an American engineer in 1932, was manifested in New Zealand society, commencing in 1944 and continuing up to the present. Since 1944, a national, compulsory program of earthquake insurance has operated in New Zealand.

The major problem that is thought to characterise New Zealand's national compulsory earthquake insurance program is that sufficient funds will not be available to bring about complete restoration after a serious earthquake in a major urban area. This paper, through analyzing the origins and the 37 years of functioning of the program, hypothesizes that a number of other problems as well as insufficient funds will be associated with earthquake insurance and earthquake restoration in the event of a serious earthquake in a major urban area.

Origins

Officially, the earthquake insurance program came into existence when the Earthquake and War Damage Act was passed by Parliament in 1944.² However, the program actually arose out of developments which had started as early as 1941. In that year, the War Damage Act was passed by the New Zealand Parliament.

The Act was modelled on the British example, which had been passed in the same year, but some differences existed. Both Acts established War Damage Commissions. In Britain, the Commission was empowered to levy a charge against the assessed value of all property in England and Wales, whereas in New Zealand the levy was on buildings only, excluding land and property such as fences and perimeter walls, and the levy was based on