

iaag

Your guide to
methamphetamine
contamination.





IAG is the leading general insurance provider in New Zealand.

We sell our insurance products directly to you, under the AMI, State, Lantern and NAC brands.

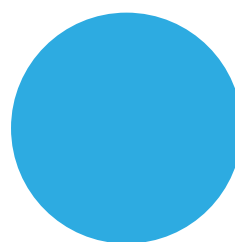
We also sell through insurance brokers, under the NZI and Lumley brands, or authorised representatives including ASB, BNZ, Westpac, SBS and The Cooperative Bank.

What this booklet is about.

This booklet is to help you understand how potential methamphetamine contamination can damage your home and/or contents, and how we've changed our policies to respond to it more consistently.

It's important for landlords, homeowners and insurers to understand their responsibilities when it comes to this issue. You'll also find advice on how to identify and deal with the risk posed by levels of meth contamination.

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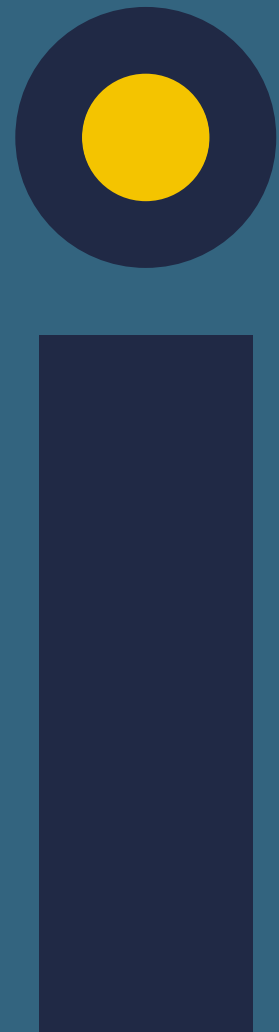


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What you need to
know about meth.



What is meth?

Methamphetamine is an addictive, illegal Class A drug. It is also known as meth, P, crystal, chalk or ice. Meth is created or 'cooked' in makeshift labs that are often called meth, clan or P labs.

Meth is a crystal that vaporizes when heated and is commonly ingested by smoking.

Why it's a problem.

Meth consumption is a wide spread problem in New Zealand. It's used by people of all backgrounds, ages, and circumstances.

Because it's a prominent issue, it's best to take precautions, and never assume your rental or property is safe.

We want to make sure that you're aware of meth and how its manufacture or use might contaminate property you have insured with us.

What makes meth dangerous?

Chemicals used to make meth are explosive, toxic, extremely flammable and poisonous.

Meth use and manufacture puts houses at greater risk of explosions and fires.

How does a home get contaminated?

Meth contamination is the residue and by-products left on surfaces after meth has been used (smoked), manufactured, distributed or stored within a property.

These contaminants can easily be absorbed into building materials, fixtures, fittings and household items.

Anybody that comes into contact with meth contaminants can ingest the meth through their skin, or by touching contaminated surfaces then transferring the chemicals to their mouth, nose, or eyes.

What this means for your cover.

The presence of meth at low levels does not necessarily pose an identified health risk.

That's why our policies are designed to cover the cost of decontaminating or replacing items only where a clear health risk is identified. We are guided by the most recent health information.

What to do if you suspect your home is being used as a meth lab.



Meth labs can be extremely dangerous, so it's important to put your safety first.

What to do if you suspect your home is being used as a meth lab.

DO

- Evacuate everyone immediately and call the police.
- Stay outside.

DON'T

- Do not turn any electrical device on or off, such as lights or a fan, as this could trigger an explosion.
- Do not shut off the water supply to the property.
- Do not try to stop a chemical reaction.
- Do not smoke in or near a meth lab or use a cell phone or other device that might cause a spark.
- Do not try to move the lab or materials or clean the property.

What to do if you suspect meth use in your home.



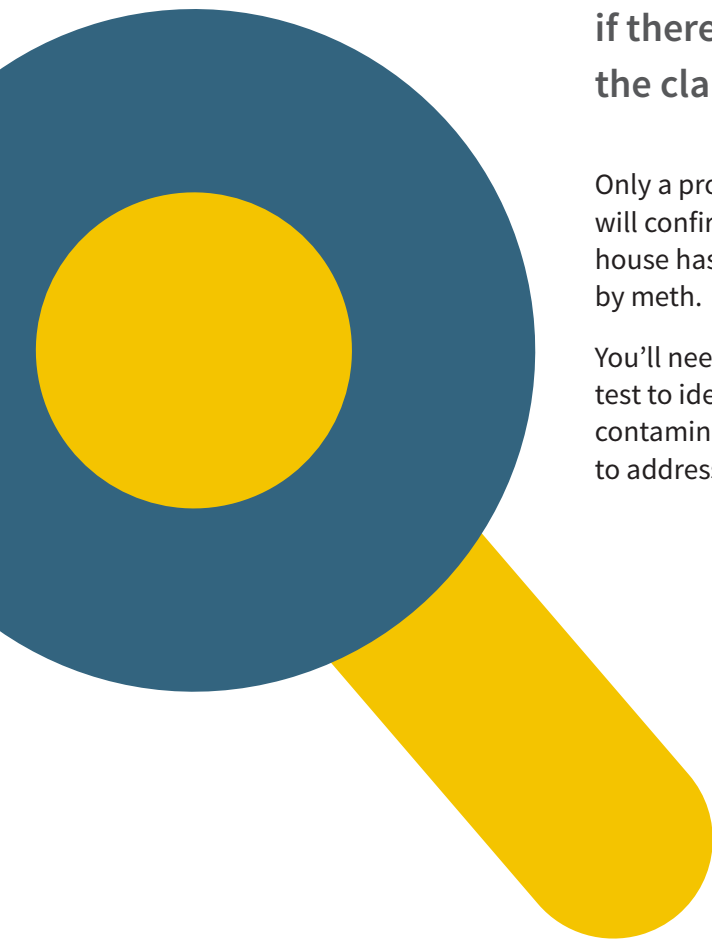
It's hard to 'see' meth use in a home, but continuous use will leave a build up of contamination on surfaces.

If you do suspect contamination, please contact your particular IAG insurance provider immediately. They'll advise how to determine if there is contamination, and the next steps in the claim process.

Only a professional meth test will confirm whether your house has been contaminated by meth.

You'll need to arrange a test to identify if there's any contamination that you need to address.

There are a number of reputable testing agencies that we recommend. Please contact the IAG insurer you're with for a list of agents and they'll advise the type of testing that's needed.



Changes to your home policy.



IAG and most of our home products will **now recognise claims** due to contamination from meth use, not just manufacture.

Our meth cover is not limited to rental properties. It includes all home occupancies, which means owner-occupied homes and holiday houses are covered too.

While in most cases insurance will cover many of the costs of decontamination, cover will be subject to limits, excesses and other terms.

This section explains the key changes to our brands' policies. For full and specific details, please contact your insurance provider and read your policy wording.

It's also important to note that, because of these changes and the increasing cost of meth-related claims, we have reviewed our pricing which may mean a change to your premium.

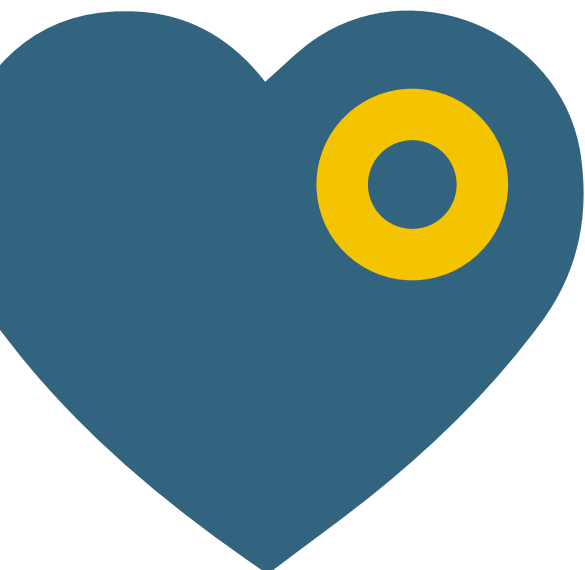


What you're covered for:

- Excluding family members, meth contamination from use is now insured. This is now by far the most common cause of meth contamination.
- Reimbursement of comprehensive testing that establishes contamination above the specified level.
- Up to \$30,000 of cover subject to a minimum excess of \$2,500 (unless a higher excess applies).
- If your policy has cover for alternative accommodation (or 'loss of rent' where the home is a rental) this cover also applies when you have a meth contamination claim.
- Cover is not restricted to only tenanted properties, owner-occupied and holiday homes are also covered. Cover is available for short-term rentals but different conditions and limitations apply because the risk of contamination by use increases significantly due to the number of guests and lack of vetting process.

Things that may affect your cover:

- There's no cover for contamination that involves you or any member of your family. It's important that you communicate this to your family in case they inadvertently (for example, through organising a party at home) allow meth contamination to occur.
- Landlord obligations under your policy must be fully met for a claim to be accepted. Meeting these obligations and managing a rental property well are the best way to protect yourself from contamination risk.
- Holiday rentals and short period tenancies (less than 90 days) are not covered for meth contamination resulting from meth use. This includes homes that are available on property sharing websites.
- Contamination from manufacturing, storage and distribution is covered for these short-term rental properties.
- Home cover only applies where you have been continuously insured with IAG and contamination first occurred during this time. If contamination existed prior to insuring with IAG, no contamination cover is provided.
- Your home policy cover pays to decontaminate to below the currently recognised standard. That means that some level of contamination may remain, but at a level that is deemed safe.
- Your contents policy does not provide any cover for meth contamination. This is because it is not possible to identify where, when or how contamination is likely to have occurred.
- Where landlord's contents are covered by the home policy, landlord's contents will also be covered for meth contamination. Landlord's home policies that do not extend cover to landlord's contents will not cover meth contamination of those contents.



Your insurance obligations as a landlord.



IMPORTANT: PLEASE READ THIS SECTION CAREFULLY

Rental properties are most exposed to the risk of meth contamination.

It's important that landlords manage their rental properties to a higher standard.

We've updated the landlord obligations in our policies to reflect the increased standard of care that's now required. To make a valid claim, you'll need to fulfil these obligations.

Most of these requirements already stand as part of managing a tenancy, but are also good practice. If you need some more details and advice on managing a tenancy (including about meth) please contact the Tenancy Services site **tenancy.govt.nz**.

Your landlord obligations.

We've outlined your key responsibilities here:

You, or the person who manages the tenancy on your behalf, must:

- (a) exercise reasonable care in the selection of tenant(s) by at least obtaining satisfactory identification and written or verbal references for each adult tenant and when a reasonable landlord would consider it appropriate, also check their credit and Tenancy Tribunal history, and
- (b) keep written records of the pre-tenancy checks conducted for each adult tenant, and provide to us a copy of these if we request it, and
- (c) collect a total of three weeks' rent in any combination of rent in advance and bond that will be registered with Tenancy Services, and
- (d) complete an internal and external inspection of the home at a minimum of three monthly intervals and the relevant residential dwelling upon every change of tenant(s), and
- (e) keep photographs and a written record of the outcome of each inspection, and provide to us a copy of these if we request it, and
- (f) monitor rent on a weekly basis with written notification being sent to the tenant(s) whenever rent is 14 days in arrears, together with a personal visit to determine if the tenant(s) remain in residence, and
- (g) make an application to the Tenancy Tribunal for vacant possession in accordance with the provisions of the Residential Tenancies Act 1986 if:
 - i. the rent is 21 days in arrears, or
 - ii. you become aware of any illegal activity by the occupant(s) at the home, or
 - iii. intentional damage to the home is caused by one of its occupant(s).

Renewed policies will include the updated landlord obligations, meaning you'll need to meet inspection and monitoring requirements from when the renewal takes effect.

The updated tenant-vetting requirements will only apply to new tenancies after the renewal, not to your existing tenants.

Key points for vetting and inspections:

- Some adult tenants may try to avoid being listed on tenancy agreements to avoid being vetted altogether. It's a good idea to check every tenants' credit to see if they have no prior rental history, concerns of creditworthiness or potential tenancy disputes with previous rentals
- You'll need to inspect the home at least every three months. For new tenants you may want your first inspection early in the tenancy to identify any issues
- Photographs are a great way of showing the condition of the property. This avoids future disputes around when any damage may have occurred and helps create a benchmark to support the condition of the property and contents. If you're taking any photos during an inspection, try not to include the tenants belongings
- If you become aware of illegal activity occurring, apply to the Tenancy Tribunal to terminate the tenancy.

Keep it **in check.**



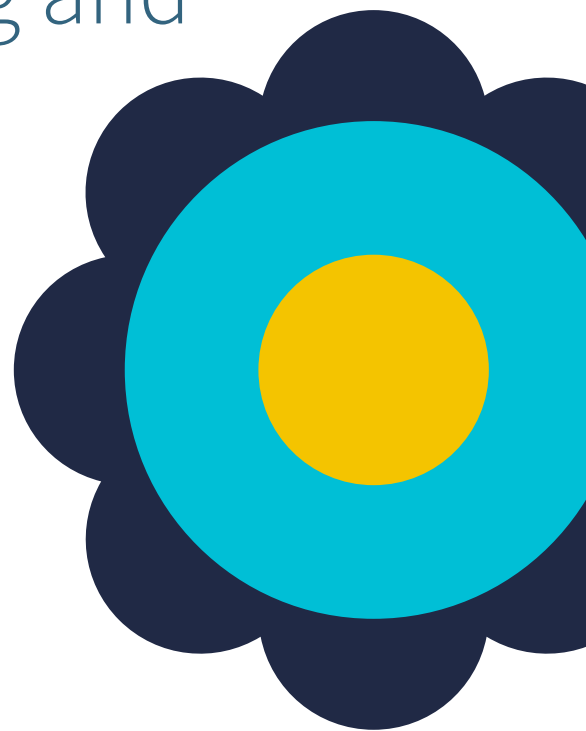
As a landlord or property manager, you should **regularly check** for signs of meth use or manufacture during and between tenancies.

If you're using a professional letting agency, make sure your agent is familiar with the insurance cover requirements – especially landlord's obligations.

Make sure you ask your agent what procedures are in place for suspected meth contamination and how they test the property.

Putting these procedures in place means you're being proactive about meth contamination, which should help you catch any problems before you experience loss or need to make a meth-related claim.

It's important that you take extra care with vetting of tenants, regular inspections and meth tests, to minimise the risk of a potential loss.



How to go about meth testing.

Many meth-testing companies recommend doing a baseline test at the beginning and end of a tenancy. You might want to do this for your own peace of mind.

Having a clear meth test when you first insure with us will make claiming easier, as you'll be able to establish when the contamination happened.

We'll ask you to do a comprehensive test if you make a meth contamination claim. If the comprehensive test confirms there is contamination

above the safe level, we will reimburse the cost of the comprehensive testing as part of an accepted claim.



Who can I use for meth testing?

There are many companies that you can use to establish the presence of methamphetamine. However, more comprehensive testing is required to establish if the level of contamination is above the safe level. IAG has a list of recommended meth testing agencies for the comprehensive testing. We can give these details to you if you need them.

Inspection tips.



Here's a few warning signs that you should look for during periodical and final inspections.

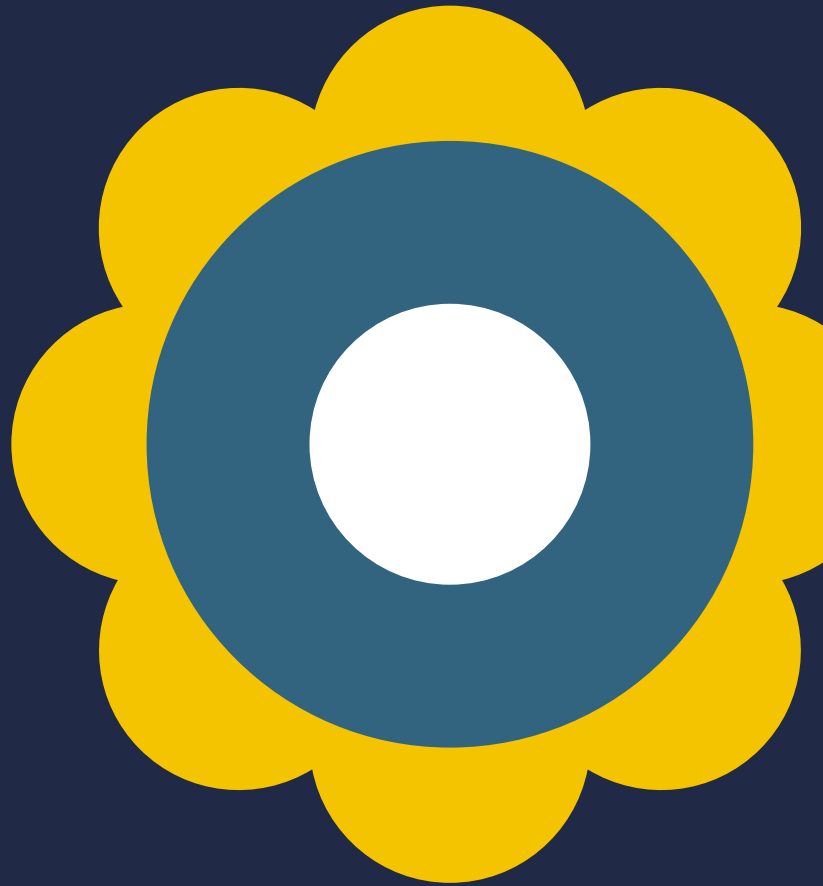
- Ammonia or solvent smells
- Windows covered in plastic or tin foil
- Chemical containers stored or stock piled
- Glass equipment and cookware that is stained
- Plastic or glass containers fitted with glass or rubber tubing
- The presence of numerous cold tablet packages
- A disproportionate amount of rubbish for the number of people living in the home
- Portable gas tanks or other cylinders not normally seen or used in the area
- Chemical stains around household kitchen sinks, laundry, bathroom or stormwater drains
- Yellow/brown/pink staining of interior floor, wall, ceiling and appliance surfaces
- Extra or over-the-top security systems or other devices
- Dead or dying vegetation/lawns in outdoor areas
- Increased activity, especially at night
- Unusual structures, such as a lean-to on the back of the house and use of tarpaulins
- Renters insisting on paying their rent in cash

Having a friendly chat with the neighbours can help you find out about any unusual activity on the property when you're not around.

Remember: *if you suspect your tenants are manufacturing meth, don't enter the site. Call the police immediately.*

Note: *there may be other signs to be considered, but this list gives you some ideas.*

How and where to get help.



If you, or someone you know, needs help with drug addiction, please get in touch with one of these treatment organisations.



MethHelp.co.nz is a place for New Zealanders to share their stories of meth addiction, their insights and road to recovery.



The Alcohol Drug Helpline (0800 787 797) provides free and confidential support. Experienced counsellors are on hand to listen and provide help.



In a crisis if someone overdoses, becomes unwell or has a bad reaction to meth, please **dial 111** and ask for an ambulance. Stay with the person until help arrives.

AMI Insurance

For more information about meth and how the changes can affect you and your property please go to **ami.co.nz/meth**, pop into your local store or call **0800 100 200**.



Disclaimer: This material has been prepared by IAG New Zealand Limited for general information purposes. It is not scientifically or medically based, and is intended to provide advice in everyday language for customers in regard to the use of methamphetamine in their properties.

Please refer to the relevant policy wording for full terms and conditions.

This document may be superseded by future versions and will be version controlled.

Sources: Clandestine Drug Laboratories – Hazard Identification & Safety Information Pamphlet, New Zealand Police, Guidelines for the Remediation of Clandestine Methamphetamine Laboratory Sites, Ministry of Health New Zealand 2010, New Zealand Drug Foundation, Wikipedia, MBIE Tenancy Services, drugfoundation.org.nz/methamphetamine, Ministry of Health Amphetamine Use 2015/16: New Zealand Health Survey December 2016, Other online sources.

Information obtained in January/February 2017.