

---

**From:** Fritz Muller [mailto:FMuller@cl-nz.com]  
**Sent:** Sunday, 11 December 2011 3:03 p.m.  
**To:** Mark Zarifeh  
**Subject:** 7 Riccarton Road

Hi Mark

Our recent conversation refers.

I will be in Christchurch on Monday and Tuesday for business and would be available on my mobile if you need to discuss the matter further.

The following is in response to your email.

The owner's insurer, State Insurance, appointed Cunningham Lindsey to report on the damage and repair cost caused by the earthquake on 04 September 2010 to the building at 7 Riccarton Road.

Our instruction from the insurer was to contact Mr. Michael Yan as the spokesperson for the owners to arrange access to the building. Following the insurer's instruction I visited the property on three different occasions, which are covered below.

My first assessment was carried out on **Monday 27 September 2010** in the presence of an employee of the tenant at the time and three Cunningham Lindsey employees from South Africa. Those employees have since returned to South Africa. Mr Yan was not present during that assessment. In the opinion of the four Cunningham Lindsey personnel, the visible damage was pre-existing. Although it is possible that pre-existing damage could have been exacerbated by the earthquake on 04 September 2010, we did not find visible evidence of any exacerbation or fresh cracks. We reported our findings to the owner's insurer for their consideration. After our first survey Mr. Yan was informed of the results and possible declination of the claim. He requested that we re-visit the property accompanied by a Christchurch based representative for the owners since he (Mr. Yan) was based in Auckland and unable to attend himself. The name of the agent is not on our file. On **Monday 04 October 2010** I met with the agent to discuss the damage and the way forward. However, a language barrier hindered the conversation and we agreed with Mr. Yan that the best course of action would be to engage an engineer to report on the structural integrity of the building with specific reference to the facade. Mr. Yan advised that he would engage an engineer known to him and that he would request said engineer to contact us in due course. Our third and final visit to the property before the 22 February earthquake was on **Wednesday 10 November 2011**. That followed a direct request from Mr. Yan and his preferred engineer, Mr. Robert Goh Hung

Ling, to meet on site. On 10 November 2011 I met on site with Mr. Ling and the agent that had accompanied us on the previous visit. I re-stated our view that the damage to the façade pre-dated the September earthquake and also reiterated that the building was in a poor state of repair. We discussed the fact that the junction between the façade and the main support structure of the building had parted but that the very noticeable crack was pre-existing although possibly exacerbated by the earthquake. Mr. Ling agreed that the condition of the building was unacceptable. I heard him say to the insured's agent in English that the building was in poor condition and that the owners should do something about it. They then had a conversation in a language, which I did not know and which may have been Mandarin. I do not know what they said. Mr. Ling then requested that we extend him an opportunity to submit a report on the structural integrity of the building with specific reference to the façade as well as recommendations on repair methodology. We parted with a clear understanding that the insurance claim could only progress upon receipt, and acceptance by the insurer, of Mr. Lings' report. Mr. Ling also agreed to cover potential repair estimates in his report.

I believed that the only visible cracks noted during our initial survey were pre-existing. I based this on dirt entrenched inside the cracks and moss growing from external cracks. The façade clearly had vegetation growth at the top end, which was in our opinion an indication of poor maintenance.

The only cracking we ever observed was what we saw during our first assessment, which was the cracking to the façade. Other than the fact that Mr. Ling agreed to explain in his proposed report why he was of the opinion that the damage was fully earthquake related, he made no specific further comments on the structural integrity of the building.

We relied on Mr. Ling to provide the report expeditiously to enable us to report to the insurer. The insurer would then, with our comments, make a decision on policy response.

In the weeks and months following the last meeting with Mr. Ling we requested the report on numerous occasions without any success. Mr. Ling kept promising that the report would be available soon but it has never been delivered.

The last time we called Mr. Ling for an update on the report prior to the earthquake on 22 February 2011 was on Wednesday 16 February 2011. Mr. Ling advised that he had discussed the report with Mr. Yan that morning and that he would have the report ready within the next week. The following day we sent an email to Mr. Yan requesting him to chase Mr. Ling for the report since we were unable to progress his claim without the report. We had no reply from Mr. Yan or Mr. Ling in the following days leading up to the 22 February 2011 earthquake and beyond.

Neither Mr Yan nor Mr. Ling informed us of the collapsed façade after the February '11 event. We discovered that the building collapsed during a survey of another damaged building in close proximity. We immediately called Mr. Yan who advised that he was aware of it. We once again reiterated the importance of the

report by Mr. Ling. To date we have not received anything from Mr. Ling on this matter.

Please note that your reference to a visit or visits after the Boxing Day earthquake accompanied by Mr. Ling and Mr. Yan is incorrect. We have never met Mr. Yan in person and did not go to the property between the visit on Wednesday 10 November 2010 and the day we discovered that the building collapsed, which was after 22 February.

The discussions between Mr. Ling and the writer did not include specific reference to the structural stability of the façade. Both parties agreed that the façade had moved away from the support structure of the building. The discussion was rather focussed on whether the visible crack was pre-existing or related to the earthquake. I have still not seen a report from Mr Ling, which would support his view that the façade damage was earthquake-related. I continue to believe that it was pre-existing, and had developed over a long period. It was for that reason that I never saw the façade as being a particular danger.

We attach a number of photographs taken during our first assessment.

Kind regards

**Fritz Muller**

Loss Adjuster

*(See attached file: 5 to 7 Riccarton Road.JPG)(See attached file: A.JPG)(See attached file: B.JPG)(See attached file: Bookshop.JPG)(See attached file: C.JPG)(See attached file: Condition of facade.JPG)(See attached file: Crack in facade wall.JPG)(See attached file: D.JPG)(See attached file: E.JPG)(See attached file: F.JPG)(See attached file: G.JPG)(See attached file: General condition of building.JPG)(See attached file: H.JPG)(See attached file: J.JPG)(See attached file: Yellow sticker.JPG)*

**Cunningham Lindsey**

**office:** +64 4 472 6586 | **fax:** +64 4 471 0638 | **mob:** 027 238 1038

**postal:** PO Box 13 836, Wellington 6440

**email:** fmuller@cl-nz.com | **web:** www.cunninghamlindsey.com

 *Please consider the environment before printing this e-mail*