



## **Review of EQC's Operational Capability**

The Earthquake Commission (EQC) is a Crown Entity responsible for, among other things, the handling of claims upon the residential natural disaster insurance scheme detailed in the Earthquake Commission Act (1993). A major characteristic of this task is that claims occur in large pulses following a natural disaster like an earthquake. For example, over 6,000 claims were made on EQC following the Gisborne earthquake of 2007 and the magnitude 7.8 Fiordland earthquake of July 2009 is expected to result in about 3,000 claims.

An earthquake that causes extensive residential damage in one of the urban centres of New Zealand could result in tens of thousands of claims on EQC.

With a staff of 21, EQC must develop and maintain extensive plans to be able to cope with such loads and settle all claims made under its scheme in a reasonable timeframe. To this end, EQC operates under its Catastrophe Response Programme (CRP), with testing and training schedules, outsourcing and service level agreements, and memoranda of understanding, as part of its routine processes.

After over a decade of development and continuous improvement, especially after debriefing following disaster events, EQC sought to have the CRP and the way it has been practised reviewed externally to provide confidence that the programme will achieve its objectives and is keeping up with modern practice. The examination of the programme by experts with fresh perspectives from outside EQC would add a dimension that purely internal attention could not give.

EQC formed a panel of experts after calling for applications. These experts were led by Karen Stephens, an ex-emergency manager for Wellington City Council and a crisis management and business continuity expert. Also on the panel was General Peter Cosgrove (ret'd), ex Chief of the Australian Defence Force and Chairman of the Recovery Task Force appointed by the Queensland Government to oversee recovery operations after Cyclone Larry hit northern Queensland. Other panel members covered communications, public policy and claims handling areas.

The Panel met in Wellington over the course of a week during March/April 2009. It interviewed stakeholders and staff members of EQC and examined documents.

The Panel was able to provide the assurance that the CRP and the way it is practised will achieve the objectives of the Commission. In affirming this, the Panel has, as one of its major findings, alerted EQC to the need to assure itself that its own objectives actually align with those of the Government and that EQC has the capability to manage and meet the expectations of both government and the public, following a large natural disaster.

More detailed findings and recommendations of the Panel, with EQC's response, are set out below. The Panel's full report is attached.

## **Findings and recommendations, with EQC Response**

### **EQC role expectations**

The Panel suspected a misalignment of role expectations between some areas of government and EQC may exist. It recommended that:

- to avoid the possibility of misaligned expectations of EQC's role, EQC canvass and confirm with its Minister, Treasury and wider government agencies expectations of its role in providing support for reconstruction following a major natural disaster.

*EQC will brief its Minister and agencies on the role that is specified in the Earthquake Commission Act, and show in its Statement of Intent how it is prepared to meet its responsibilities within this role.*

- EQC engage with national Civil Defence Emergency Management (CDEM) to determine expectations of EQC including likely transport arrangements and availability following a large Wellington event and how EQC might take advantage of national CDEM arrangements rather than its current contractual arrangements with a commercial provider.

*EQC is raising these matters in existing fora that enable such discussions.*

- EQC should consider promoting the establishment of a 'cluster' of agencies likely to have complementary roles in reconstruction following a large scale event.

*There is a central government grouping of agencies and NGO's with disaster response roles and this meets after an event has occurred. EQC will explore with these agencies the benefits of more regular meetings.*

### **Resources versus timeliness**

The Review Panel recommended that EQC establish the timescales around claims processing in a large scale event that could be achieved with current CRP arrangements, then propose and seek agreement from its Board and responsible Minister of an indicative timeframe for finalising claims in the aftermath of minor, moderate and large scale events and have these timeframes included in the Statement of Intent.

*EQC is preparing some scenarios to demonstrate probable processing times for events of 30,000 claims and above. See further comment below.*

EQC should undertake a strategic piece of work to understand how the above expectations can be met through changing procedures around processing of claims in moderate and large scale events.

*Working through the scenarios noted above with its systems dynamics model, EQC will identify constraint points and consider how its plans for the use of resources could be amended to remove or minimise these bottlenecks, with the overall aim of reducing time to claims settlement. With all improvements incorporated and tested, final estimated times will be discussed with the Board and incorporated into the Statement of Intent for the attention of the Minister.*

### **EQC's relationship to private sector insurers**

The Panel was concerned that there is minimal collaboration with private sector insurers. It recommended that EQC commission work with the insurance industry to explore viable options to improve the efficiency and effectiveness of claims handling and processing between EQC and other insurers, with the objective of improving outcomes for claimants. EQC should pursue the

concept of sharing resources with the insurance industry and work towards trialling this concept in smaller events.

*EQC has commenced discussions with a private sector insurer to establish protocols covering all the areas mentioned in the Panel's report, as a possible template on which negotiations with other insurers may be based.*

### **Statutory claims lodgement**

The Review Panel recommended that, given the pressures that will follow a large scale event, consideration be given to extending the current provisions of the Act to include more flexible timeframes while retaining 'without prejudice' provisions.

*EQC's briefing for the incoming Minister referred to EQC's preference for the claim notification time in the Act to be extended. The Minister has responded with a request for specific proposals for amendment to the Act and EQC is working with Treasury on these at present.*

### **Claims processing**

The Panel recommended that EQC:

- make provision for claim acceptance authority to be transferred from Gallagher Bassett Services to loss adjuster supervisors to avoid duplication of effort in processing and claims approval.

*EQC's Board is considering a management proposal to give certain loss adjusters authority to approve payments on small claims (covering over 80% of EQC's claims in a significant event).*

- assess the viability of recruitment of temporary staff in New Zealand to undertake the claims processing role currently carried out by Gallagher Bassett Services.

*GBS operate EQC's account from Brisbane, which is in itself a risk management measure. Before they were appointed an exercise of the type suggested was carried out. Before reappointment negotiations are undertaken, similar investigations will be made, with any benefits balanced against the risk of operating completely within the area for which EQC is responsible.*

- provide a 'shop front' at the earliest possible opportunity following an event where people could obtain information and lodge claims.

*This is something EQC is seeking to discuss with private sector insurers and other government agencies in the interests of an "all of government" approach, but will also separately consider how it can best serve these needs of claimants following a disaster.*

- following the initial set up of field offices, provide for the appointment of one office manager to cover several field offices, rather than one manager per field office.

*EQC will consider doing this if geography and other circumstances are favourable.*

- review the audit process which is likely to be too invasive and interruptive in a large scale event.

*EQC will review how its audit requirements can be met with the least disruption to front line staff.*

## **Contingency and continuity – personnel**

The Review Panel recommended that EQC consider establishing a permanent, modest cross-section of vital skill-set personnel in another operating centre away from Wellington.

*EQC has some contractors outside Wellington but will investigate whether a small permanent staff could be maintained economically and effectively away from its main office, and that such a development would enhance EQC's catastrophe response capability at an acceptable cost.*

The Panel noted that EQC has a small number of staff therefore the loss of one or more could compromise its response, and that provider organisations have limited internal capacity.

*EQC will review its plans for coping with the unavailability of internal staff to cater for single or double backup, and require critical provider organisations to likewise review and report to EQC on their own disaster management plans.*

In order to source and engage additional key personnel, the Panel recommended that EQC:

- pursue strengthening its relationship with large engineering firms to avoid potential bottlenecks following a large scale event to the fullest extent possible
- make provision for the appointment of one or more (depending on the geographical spread of the event) contract structural engineers to advise loss adjusters whether a full engineering inspection/report is required.
- explore the possibility of tapping the New Zealand retired community for loss adjusters to supplement the staff obtained in Australia by Gallagher Bassett Services
- consider engaging additional contracted staffing for a large scale event, such as land valuers and additional case managers.
- include a section in its training programme for recent retirees with business experience but from a non-insurance background who, in a large scale event, could be trained relatively quickly to deal with minor damage claims.

*The exercise of running realistic scenarios through the systems dynamics model described under the "Resources versus Timeliness" section will clarify the requirements for engineering, loss adjusting and other services at different levels of expertise. EQC will then consider the above suggestions, along with a re-examination of processes, within the context of the identified constraints to handling claims to an acceptable timescale and with acceptable economy.*

## **Formal evaluation process of the CRP**

The Review Panel noted that there is only an informal debrief and reporting process following activation events, and recommended that EQC:

- establish, on behalf of the Board, a formal, comprehensive evaluation process for the CRP.

*The Board has a CRP committee and the requirement for such a review will be incorporated into its terms of reference.*

- introduce formal reporting processes following events where the CRP is activated  
*EQC will formalise its evaluation and reporting processes.*
- introduce formal evaluation processes for providers, e.g. call centre quality testing and a formal reporting process.

*EQC will investigate what evaluation processes for providers can be added to existing evaluations like claimant satisfaction surveys.*

### **Adequacy of documentation**

The Review Panel found EQC's Catastrophe Response Plan documentation difficult to navigate and the presentation does not take advantage of current document production techniques. It recommended that EQC engage external specialist expertise to review and develop the documentation utilising these latest methods.

*EQC will implement this recommendation.*

### **Communications**

The Review Panel recognised the importance of effective communications as part of the Catastrophe Response Plan, and recommended that EQC review the CRP communications plan to ensure it is strategically focused and co-ordinated, the arrangements for public communication support to ensure it would provide the depth and breadth of skills and capacity needed and include the contracts for public communication support in the CRP for regular review.

*EQC will implement this recommendation.*

### **Conclusion**

The Review endorses EQC's strategy for how it will meet its obligations under the Earthquake Commission Act. EQC looks forward to working with other agencies to co-ordinate plans for a community's recovery from major disaster. EQC will also conduct further work to expand on some of the Panel's findings and implement other recommendations as soon as practicable. This activity can be carried out without a significant impact on EQC's budget for 2009/10.

The government and the public has been assured by the Panel of Experts that EQC has adopted the right approach to ensure it will be able to meet its obligations in the event of a natural disaster, with its Catastrophe Response Programme and the way it is practised. The timeliness of claims settlements should be acceptable to government and the public for all but the largest events. The Panel has suggested ways in which EQC could be better prepared even for these claims pulses, which would be at least eight times larger than any experienced by the Commission in its sixty-four year history, and these will be further investigated.

# Review of New Zealand Earthquake Commission's Catastrophe Response Operational Capability

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**May 2009**

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## Executive summary

The Earthquake Commission (EQC) has responsibilities under the Earthquake Commission Act 1993. Essentially these can be condensed into three key functions.<sup>1</sup>

- Provide insurance of residential property against loss or damage caused by earthquake, volcanic eruption, hydrothermal activity, tsunamis and natural landslips, to properties insured against fire in accordance with the Earthquake Commission Act 1993. There is also limited cover provided for land loss by any of the above hazards plus storm or flood.
- Administer the Natural Disaster Fund, including its investment and reinsurance.
- Facilitate research and education about matters relevant to natural disaster damage and its mitigation.

One of the ways in which EQC meets these responsibilities is through its Catastrophe Response Programme (CRP). In late 2008 the Board of EQC considered it was appropriate to conduct a review of the operational capability of the CRP to provide confidence that it will achieve its objectives.

EQC needs to know whether, in the event of a major and widespread natural disaster, the CRP and the way it is implemented will enable EQC to meet its obligations as set out in the Act, to a standard acceptable to the government and public of New Zealand.

This review covers:

- soundness of the CRP itself in terms of the relevance and coverage of the arrangements planned for enabling EQC to meet its statutory obligations
- adequacy of EQC's own internal disaster response arrangements
- soundness of the preparations for the acquisition, management and control of the resources of labour, equipment and materials needed to meet the objectives of its CRP in the event of a major natural disaster
- adequacy of the quality control mechanisms and performance measures employed to gauge the extent to which success is being achieved
- adequacy, accuracy and utility of documentation and record keeping associated with the CRP; in particular, how well the documentation enables procedures to be followed by successors to current personnel or those being brought in with minimal training
- assessment of whether economical gains could be made without reducing readiness to an unacceptable degree.

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<sup>1</sup> Earthquake Commission Statement of Intent 1 July 2008–30 June 2011

## Key findings

### Strengths of the CRP

The concept of the CRP is sound in that it recognises that the day-to-day and crisis-response requirements of the Commission are similar in function but greatly different in scale and urgency. It seeks to identify, resource and prepare functions for quick response to relevant events. It also acknowledges there will be significant pressure on some of the desired resources from other quarters of the insurance industry.

There is no doubt it has been effective in the events to date - anecdotal evidence and customer reactions indicate this. However, there has been no comprehensive, formal evaluation of the CRP's performance in some of the out-of-the ordinary but less than large scale events. This led the review panel to question the robustness and efficacy of arrangements for less likely but catastrophic events, such as a major Wellington earthquake.

It was evident to the panel that the CRP has a number of key strengths:

- the CRP has been activated on a number of occasions and it has been effective
- a constant improvement process has ensured the CRP is a living document
- highly committed and knowledgeable EQC staff
- excellent relationships with providers (eg, Wheeler Campbell, DTZ, Corporate Call Centre)
- contracted staff (loss adjusters, office managers) are loyal and professional.

### Review panel observations

The panel observed that:

- there is a misalignment of role expectations between some areas of government and EQC
- there is minimal guidance from government on what constitutes acceptable processing times for a moderate or large scale event
- there is some duplication of effort in processing and claims approval
- EQC has a small number of staff therefore the loss of one or more could compromise the activation of the CRP
- provider organisations have limited internal capacity and the loss of one or more of their staff could compromise activation of the CRP
- CRP documentation is difficult to navigate and the presentation does not take advantage of current document production techniques
- there is only an informal debrief and reporting process following activation events
- there is minimal collaboration with private sector insurers.

The panel made the following strategic findings based on the above observations.

## Role expectations

Apart from the requirements of the Earthquake Commission Act 1993 (which provide for qualifying claims to be settled by payment, replacement or reinstatement) there is no clear direction to EQC from government about its expectations of the organisation in:

- supporting whole-of-government processes of disaster management and recovery
- providing support to home owners (in addition to cash settlements) in their replacement or reinstatement of damaged property.

EQC's current assumption, and preference, is that it settles claims in cash.

Interviews with stakeholders identified the possibility that EQC might be expected to take a more 'hands on' role in support of reconstruction activities following a large scale event, such as a Wellington earthquake.

Such a role would mean that, rather than just settling claims in cash, EQC might be expected to actively work with other local and central government agencies and private insurers to provide a coordinated approach to supporting home owners in replacing or reinstating damaged property.

Reasons offered for this view included the following:

- funds for reconstruction work, together with the supply of builders and materials, will likely be scarce
- government will be under pressure to ensure that available funds are effectively used in support of reconstruction work (and not spent by home owners on other purposes or absorbed by inflated building costs)
- while private insurers currently ensure their funds are used for reinstatement, in the event of a large scale event they may not have the capacity to do this and may settle claims by cash instead
- as a Crown owned entity, the government may expect EQC to work with other government agencies and insurance companies to facilitate reconstruction work.

Any such expectation would have significant planning, human and other resource implications for EQC, which are not currently factored into the CRP.

Any misalignment in role expectations between government and EQC could lead to confusion and friction at both political and operational levels and in the public arena. This is a risk unless alignment is achieved by either greater understanding before an event or by role adaptation by EQC following a large scale event (which it is currently unprepared for). It is important that EQC can clearly articulate its role, both before and during an event, to the public and its various stakeholders.

## Resources versus timeliness

A key challenge for EQC is to be able to 'gear up' quickly following a disaster to meet an unknown level of demand for its services.

EQC's response to this challenge is to contract with various providers for additional capacity, up to specified levels, in the event that disasters occur. Providers put in place arrangements to provide or procure this capacity for EQC, and EQC pays monthly or annual fees for these arrangements, regardless of whether disasters occur. Examples of companies contracted to provide support in this

way are Gallagher Bassett Services, Wheeler Campbell and DTZ. In the event that a disaster does occur EQC pays the direct costs for the contracted service or resources.

In entering into these arrangements EQC makes an important judgment about the cost that it is prepared to pay for capacity *versus* the likelihood that the capacity will be needed. If too much is contracted for, EQC bears the costs of maintaining arrangements for surplus capacity that it may not need for some considerable period. If too little is contracted for, EQC must arrange for additional capacity after an event occurs or accept delays in processing and settling claims, and manage public and stakeholder expectations accordingly. Delays in processing claims and making payments would also be likely to delay private sector insurers' processing of claims above EQC thresholds, leading to further delays to reconstruction efforts.

EQC staff currently make this judgment without particular guidance from any other body on what would constitute acceptable processing times in the event of a particular disaster. Would, for instance, a delay of several years before settlement be acceptable in the case of a major disaster?

So far the adequacy of EQC's arrangements has only been tested against disasters involving up to a few thousand claims.

The CRP currently assumes 'scalability' of resources depending upon the size of the event. However, there is currently little understanding of the point at which 'total resources available' is reached which would then lead to claims processing times extending. Consideration needs to be given to the CRP having a 'plan B' – what changes are made to procedures to reduce the gap of resource availability and claims processing time?

## **EQC's relationship to private sector insurers**

The quality of the relationship between EQC and private sector insurers is important for the following reasons.

- EQC depends on private sector insurers to provide it with timely information on the insurance policies they hold so EQC can validate and process claims against them.
- Home owners with damages over the EQC caps depend on settlements from both EQC and their private sector insurer to finance replacement or reconstruction.
- Private sector insurers who receive claims for damages over the EQC caps must wait on EQC to make decisions about settling claims before they can settle.
- In the event of a moderate or major disaster generating tens of thousands of claims, capacity to process claims will be scarce and EQC will compete against private sector insurers for it.

A number of issues in the current relationship could cause delays and inefficiencies in settling claims, both by EQC and private sector insurers, and could delay the release of funds for reconstruction following a disaster.

These issues include the following.

- EQC does not have direct access to information on the details of the people and residences it covers. Instead, EQC must iteratively and manually verify with private sector insurers, claim by claim, that a claimant has a valid insurance policy. This adds cost and time to EQC's claims processing. In a large scale event it could cause a bottleneck. Direct access to

this information would enable EQC to better target information to uninsured home owners on the benefits of EQC cover.

- Processing of claims between EQC and other insurers is inefficient in the following ways:
  - claimants with large claims are required to deal with two insurers
  - there are multiple call centres – for EQC cover and private sector cover
  - claimants are required to provide similar information twice
  - multiple assessments of damage are carried out by two teams of loss adjusters
  - there is potential for dispute over assessments of damage between the insured and EQC
  - there is potential for bottlenecks as private sector insurers await the conclusions of EQC settlement decisions before undertaking their own assessments
- In a large event inefficiencies in the use of scarce resources would contribute to delays in settling claims.

## **Statutory claims lodgement**

Claims must currently be lodged with EQC within a period of three months.

While this period appears sufficient for minor events it may be too short in the case of a moderate or major disaster that generates tens or hundreds of thousands of claims. In such an event home owners' capacity to lodge claims may be constrained as may EQC's ability to accept claims. The panel understands the Ombudsman and EQC have in the past made representation to government to extend the lodgement time period. The panel feels representation should again be made to look at providing more flexibility around the lodgement period.

## **Key recommendations**

### **EQC role expectations**

It is recommended that, to avoid the possibility of misaligned expectations of EQC's role, EQC:

- canvass and confirm with its Minister, Treasury and wider government agencies expectations of its role in providing support for reconstruction following a major natural disaster
- consider promoting the establishment of a 'cluster' of agencies likely to have complementary roles in reconstruction following a large scale event, including the following:
  - EQC
  - Insurance Council of New Zealand
  - Department of Building & Housing
  - Local Government New Zealand
  - Ministry of Civil Defence & Emergency Management
  - Department of Internal Affairs.

## Resources versus timeliness

It is recommended that, in relation to expectations regarding the timeliness of settling claims in the aftermath of a large scale event and in the light of a possible evolution in the EQC concept (see above), EQC:

- establish the timescales around claims processing in a large scale event (80,000+ claims) that could be achieved with current CRP arrangements
- propose and seek agreement from its Board and responsible Minister of an indicative timeframe for finalising claims in the aftermath of minor, moderate and large scale events and have these timeframes included in the Statement of Intent
- undertake a strategic piece of work to understand how the above expectations can be met through changing procedures around processing of claims in moderate and large scale events.

## EQC's relationship to private sector insurers

It is recommended that EQC:

- commission work with the insurance industry to explore viable options to improve the efficiency and effectiveness of claims handling and processing between EQC and other insurers, with the objective of improving outcomes for claimants. This work should take an overall systems approach, and consider:
  - the relative roles of EQC and insurers in initial claims lodgement and verification
  - the potential for a single claims lodgement process
  - the potential for EQC and insurers to take a joint approach to claims assessment
  - the potential for EQC and insurers to establish an integrated approach to claims settlement, including repair and reinstatement
  - the potential to provide EQC with live access to the details of people and properties with EQC cover for EQC related purposes.

## Statutory claims lodgement

It is recommended that, given the pressures that will follow a large scale event:

- consideration be given to extending the current provisions of the Act to include more flexible timeframes while retaining 'without prejudice' provisions.

## Claims processing

It is recommended that EQC:

- pursue the concept of sharing resources with the insurance industry and work towards trialling this concept in smaller events
- pursue strengthening its relationship with large engineering firms to avoid potential bottlenecks following a large scale event to the fullest extent possible
- make provision for claim acceptance authority to be transferred from Gallagher Bassett Services to loss adjuster supervisors
- assess the viability of recruitment of temporary staff in New Zealand to undertake the claims processing role currently carried out by Gallagher Bassett Services

- make provision for the appointment of one or more (depending on the geographical spread of the event) contract structural engineers to advise loss adjusters whether a full engineering inspection/report is required.

### **Adequacy of documentation**

It is recommended that EQC:

- engage external specialist expertise to develop CRP documentation using appropriate software which provides a more efficient and effective method of document development and ongoing management.

### **Alignment with national Civil Defence Emergency Management**

It is recommended that EQC:

- engage with national Civil Defence Emergency Management (CDEM) to determine expectations of EQC (eg staffing at National Crisis Management Centre, availability of Minerva data)
- determine likely transport arrangements and availability following a large Wellington event and how EQC might take advantage of national CDEM arrangements rather than its current contractual arrangements with Helipro.

### **Communications**

It is recommended that EQC:

- review the CRP communications plan to ensure it is strategically focused and, in a large scale event, communications would be co-ordinated across public information, EQC operations, media relations, stakeholder relations and Ministerial servicing
- review the arrangements for public communication support to ensure they would provide the depth and breadth of skills and capacity needed to take a proactive approach on the ground and pre-empt or manage crisis situations as they occur
- include the contracts for public communication support in the CRP for regular review.

# Introduction

The Earthquake Commission (EQC) has responsibilities under the Earthquake Commission Act 1993 (the Act) to settle claims in the event of a natural disaster. Specifically these responsibilities<sup>2</sup> are:

- a) to administer the insurance against natural disaster damage provided under the Act
- b) to collect premiums payable for the insurance provided under the Act
- c) to administer the Fund and, so far as is reasonably practicable, protect its value, including by the investment of money held in the Fund
- d) to obtain reinsurance in respect of the whole or part of the insurance provided under the Act
- e) to facilitate research and education about matters relevant to natural disaster damage, methods of reducing or preventing natural disaster damage, and the insurance provided under the Act
- f) such other functions as may be conferred on it by:
  - i. this Act or any other Act; or
  - ii. the Minister, by written notice to the Commission after consultation with the Commission.

Essentially the above responsibilities can be condensed into three key functions.<sup>3</sup>

- Provide insurance of residential property against loss or damage caused by earthquake, volcanic eruption, hydrothermal activity, tsunamis and natural landslips, to properties insured against fire in accordance with the Earthquake Commission Act 1993. There is also limited cover provided for land loss by any of the above hazards plus storm or flood.
- Administer the Natural Disaster Fund, including its investment and reinsurance.
- Facilitate research and education about matters relevant to natural disaster damage and its mitigation.

One of the ways in which EQC meets the above responsibilities is through its Catastrophe Response Programme (CRP). In late 2008 the Board of EQC considered it was appropriate to conduct a review of the operational capability of the CRP to provide confidence that it will achieve its objectives.

Over the past decade EQC, through the CRP, has developed its means to cope with the sudden influx of thousands, or tens of thousands, of claims. The indicators of success of the CRP are as follows.

1. All claimants were able to lodge claims with EQC within the statutory 30-day period or such extended period approved by the Minister.
2. Claims were settled within a timeframe that gained broad public acceptance.
3. Claims were settled to standards of individual and overall fairness perceived as acceptable by the public.

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<sup>2</sup> Earthquake Commission Act 1993 (S5 ss1).

<sup>3</sup> Earthquake Commission Statement of Intent 1 July 2008–30 June 2011.

4. Essential office services were maintained at a level commensurate with a standard of operational efficiency acceptable to the Board.
5. The health and welfare of staff was maintained over long working hours, particularly in the avoidance of stress.

Over the last few years a number of events have occurred within New Zealand requiring EQC to activate the CRP. The most significant of these was the 2007 Gisborne earthquake which resulted in approximately 6000 claims. As a benchmark, the review panel considered an 'upper level' event to be one in which total claims exceeded 80,000, with a major Wellington earthquake resulting in as many as 150,000 claims. EQC needs to know whether, in the event of a major and widespread natural disaster, the CRP and the way it is implemented will enable EQC to meet its obligations as set out in the Act, to a standard acceptable to the government and public of New Zealand.

This review covers:

- soundness of the CRP itself in terms of the relevance and coverage of the arrangements planned for enabling EQC to meet its statutory obligations
- adequacy of EQC's own internal disaster response arrangements
- soundness of the preparations for the acquisition, management and control of the resources of labour, equipment and materials needed to meet the objectives of its CRP in the event of a major natural disaster
- adequacy of the quality control mechanisms and performance measures employed to gauge the extent to which success is being achieved
- adequacy, accuracy and utility of documentation and record keeping associated with the CRP; in particular, how well the documentation enables procedures to be followed by successors to current personnel or those being brought in with minimal training
- assessment of whether economical gains could be made without reducing readiness to an unacceptable degree.

Specifically excluded from the review are:

- EQC's financial/accounting arrangements including the adequacy of the Natural Disaster Fund and its ability to meet its liabilities
- EQC's reinsurance arrangements
- the provisions of the Earthquake Commission Act
- EQC's new computerised claims management system, outside its context within the CRP.

To conduct the review a panel was sought with specialisation in the following areas.

1. Planning and deployment.
2. Insurance claims processes.
3. Public relations.
4. Public policy.
5. Emergency and disaster response management.

The Board agreed to the appointment of a Chair for the panel (Karen Stephens) and the remaining members were appointed following an advertisement and interview process. The members of the panel were:

Karen Stephens, *Chair and Emergency and Disaster Response Management*

General Peter Cosgrove, AC, CNZM, MC (Retd), *Planning and Deployment*

Anna Smith, *Public Relations*

Michael Mills, *Public Policy*

Ross Cuff, FCILA (UK), *Insurance Claims Processes*.

The full terms of reference and details of the panel members can be found in Appendices 1 and 2.

## Context

The Earthquake Commission Act 1993 (the Act) provides for the Earthquake Commission (EQC).

EQC is a Crown entity. It operates under the relevant provisions of the Public Finance Act and is governed by a Board of commissioners appointed on the recommendation of the Minister of Finance. The chief executive reports to the Board. The Treasury monitors and advises the Minister of Finance on EQC's performance and provides policy advice on matters related to the Act as described in the introduction to this report.

The insurance administered by EQC is deemed to apply where a person has a current contract of fire insurance with an insurance company for any personal property situated in New Zealand. It covers residential buildings, residential land and personal property against natural disaster damage from earthquake, natural landslip, volcanic eruption, hydrothermal activity and tsunami, and fire caused by natural disasters. In the case of residential land it also provides cover against damage caused by a storm or flood. Residential buildings are currently insured by EQC to a maximum of \$100,000 and personal property to a maximum of \$20,000.

EQC levies are collected by insurance companies and forwarded by them to EQC, at rates prescribed under the Act. Insurance companies also have obligations under the Act to keep records of insurance contracts for which levies are payable to the EQC. EQC does not, however, directly receive or have direct access to the details of the people and properties it covers.

The Act provides flexibility for EQC (subject to any regulations) to settle claims by payment, replacement or reinstatement. EQC's current policy is to settle claims by cash payment.

As a Crown entity, EQC operates within a broader whole-of-government context.

In the event of a natural disaster central government provides leadership, coordination and practical support and assistance for disaster management and recovery. To this end the National Crisis Management Centre (NCMC) exists to facilitate central government's civil defence emergency management arrangements and to offer inter-agency and scalable operability to deal with any type of event or disaster. Following a disaster a number of government and local body agencies will likely become involved in reconstruction including (but not limited to) territorial authorities, the New Zealand Fire Service, the Department of Building & Housing and the Ministry of Civil Defence & Emergency Management.

In the system of recovery EQC, along with private sector insurers, plays an important role in providing home owners with access to the funds they need to finance reconstruction work. EQC also provides information from its simulation models (Minerva) to CDEM to help judge the likely impact of a disaster.

The number, nature and scale of disasters that EQC may need to respond to in any year are difficult to predict because:

- New Zealand is a geologically active country with a long coastline that is subject to a range of natural disasters

- its population is highly urbanised and concentrated in the main urban centres, especially Auckland, Wellington and Christchurch, meaning that moderate events focused on particular centres can potentially generate large numbers of claims
- trends such as climate change are expected to result in greater exposure to storms, landslip and flooding in future.

EQC's experience to date has been that, in any one year, it may need to respond to a number of relatively minor events, involving several hundred to several thousand claims. The largest event to date has been the Gisborne earthquake of 2007 which generated around 6000 claims. A similar or larger event focused on a large population centre, such as a Wellington earthquake, a volcanic eruption in Auckland or an east coast New Zealand tsunami, could generate tens or hundreds of thousands of claims.

Since the inception of the CRP some 10 years ago, technology and collaboration opportunities between EQC and private sector insurers have progressed to potentially improve information sharing and efficiencies in the claims process.

The findings and recommendations within this report have been considered with the above context in mind.

## Approach

For a review of this nature it was important to ensure that, as far as possible, an objective assessment of the Catastrophe Response Plan was conducted. However, given the CRP has only been activated for relatively small events, the review panel had to make some subjective assessments about the plan's capability to handle the number of claims anticipated in a large scale event, eg a Wellington earthquake of 7.5 magnitude resulting in an estimated 150,000 claims.

Due to availability and travel arrangements for panel members it was decided to conduct the review over a five-day period – from 30 March to 3 April 2009.

Before the panel met on 30 March a number of documents were distributed to enable members to start developing a set of questions based on their own areas of specialisation. Panel members also put forward a list of people they wanted to interview as part of the review.

The Chair met EQC's Operations Manager and identified the interviews required. These were, in the most part, arranged in advance of 30 March with a few additions being arranged during the review week. A full list of interviews conducted is included in Appendix 3.

The interviews were conducted in person or by conference call and the questions asked of the interviewees were based on the six objectives of the review.

1. Soundness of the CRP itself in terms of the relevance and coverage of the arrangements planned for enabling the EQC to meet its statutory obligations.
2. Adequacy of EQC's own internal disaster response arrangements.
3. Soundness of the preparations for the acquisition, management and control of the resources of labour, equipment and materials needed to meet the objectives of its CRP in the event of a major natural disaster.
4. Adequacy of the quality control mechanisms and performance measures employed to gauge the extent to which success is being achieved.
5. Adequacy, accuracy and utility of documentation and record keeping associated with the CRP; in particular, how well the documentation enables procedures to be followed by successors to current personnel or those being brought in with minimal training.
6. Assessment of whether economical gains could be made without reducing readiness to an unacceptable degree.

These objectives were considered across the following five core disciplines.

1. Planning and deployment.
2. Insurance claim processes.
3. Public relations.
4. Public policy.
5. Emergency and disaster response management.

Given the number of interviews to be conducted within the five days available it was necessary for the panel to split up for some of the interviews. Where this occurred the most appropriate panel member(s) conducted the interview based on the area of specialisation.

In addition to the interviews a significant number of documents were reviewed against the six objectives and five disciplines, and where possible assessed against recognised international standards. However, given the uniqueness of EQC it was not possible to assess the CRP against any single international benchmark.

A list of the documents reviewed and, where applicable, the standards they were assessed against, is included in Appendix 4.

# Findings

## Strategic findings

### Role expectations

Apart from the requirements of the Act (which provide for qualifying claims to be settled by payment, replacement or reinstatement) there is no clear direction to EQC from government about its expectations of the organisation in:

- supporting whole-of-government processes of disaster management and recovery
- providing support to home owners (in addition to cash settlements) in their replacement or reinstatement of damaged property.

EQC's current assumption, and preference, is that it settles claims in cash.

Interviews with stakeholders identified the possibility that EQC might be expected to take a more 'hands on' role in support of reconstruction activities following a large scale event, such as a Wellington earthquake.

Such a role would mean that, rather than just settling claims in cash, EQC might be expected to actively work with other local and central government agencies and private insurers to provide a coordinated approach to supporting home owners in replacing or reinstating damaged property.

Reasons offered for this view included the following:

- funds for reconstruction work, together with the supply of builders and materials, will likely be scarce
- government will be under pressure to ensure that available funds are effectively used in support of reconstruction work (and not spent by home owners on other purposes or absorbed by inflated building costs)
- while private sector insurers currently ensure their funds are used for reinstatement, in the event of a large scale event they may not have the capacity to do this and may settle claims by cash instead
- as a Crown owned entity, the government may expect EQC to work with other government agencies and insurance companies to facilitate reconstruction work.

Any such expectation would have significant planning, human and other resource implications for EQC, which are not currently factored into the CRP.

Any misalignment in role expectations between government and EQC could lead to confusion and friction at both political and operational levels and in the public arena. This is a risk unless alignment is achieved by either greater understanding before an event or by role adaptation by EQC following a large scale event (which it is currently unprepared for). It is important that EQC can clearly articulate its role, both before and during an event, to the public and its various stakeholders.

## Resources versus timeliness

A key challenge for EQC is to be able to 'gear up' quickly following a disaster to meet an unknown level of demand for its services.

EQC's response to this challenge is to contract with various providers for additional capacity, up to specified levels, in the event that disasters occur. Providers put in place arrangements to provide or procure this capacity for EQC, and EQC pays monthly or annual fees for these arrangements, regardless of whether disasters occur. Examples of companies contracted to provide support in this way are Gallagher Bassett Services, Wheeler Campbell and DTZ. In the event that a disaster does occur EQC pays the direct costs for the contracted service or resources.

In entering into these arrangements EQC makes an important judgment about the cost that it is prepared to pay for capacity *versus* the likelihood that the capacity will be needed. If too much is contracted for, EQC bears the costs of maintaining arrangements for surplus capacity that it may not need for some considerable period. If too little is contracted for, EQC must arrange for additional capacity after an event occurs or accept delays in processing and settling claims, and manage public and stakeholder expectations accordingly. Delays in processing claims and making payments would also be likely to delay private sector insurers' processing of claims above EQC thresholds, leading to further delays to reconstruction efforts.

EQC staff currently make this judgment without particular guidance from any other body on what would constitute acceptable processing times in the event of a particular disaster. Would, for instance, a delay of several years before settlement be acceptable in the case of a major disaster?

So far the adequacy of EQC's arrangements has only been tested against events involving up to a few thousand claims.

The CRP currently assumes 'scalability' of resources depending upon the size of the event. However, there is currently little understanding of the point at which 'total resources available' is reached which would then lead to claims processing times extending. Consideration needs to be given to the CRP having a 'plan B' – what changes are made to procedures to reduce the gap of resource availability and claims processing time?

## EQC's relationship to private sector insurers

The quality of the relationship between EQC and private sector insurers is important for the following reasons.

- EQC depends on private sector insurers to provide it with timely information on the insurance policies they hold so EQC can validate and process claims against them.
- Home owners with damages over the EQC caps depend on settlements from both EQC and their private sector insurer to finance replacement or reconstruction.
- Private sector insurers who receive claims for damages over the EQC caps must wait on EQC to make decisions about settling claims before they can settle.
- In the event of a moderate or major disaster generating tens of thousands of claims, capacity to process claims will be scarce and EQC will compete against private sector insurers for it.

A number of issues in the current relationship could cause delays and inefficiencies in settling claims, both by EQC and private sector insurers, and could delay the release of funds for reconstruction following a disaster.

These issues include the following.

- EQC does not have direct access to information on the details of the people and residences it covers. Instead, EQC must iteratively and manually verify with private sector insurers, claim by claim, that a claimant has a valid insurance policy. This adds cost and time to EQC's claims processing. In a large scale event it could cause a bottleneck. Direct access to this information may also enable EQC to better target information to uninsured home owners on the benefits of EQC cover.
- Processing of claims between EQC and other insurers is inefficient in the following ways:
  - claimants with large claims are required to deal with two insurers
  - there are multiple call centres – for EQC cover and private sector cover
  - claimants are required to provide similar information twice
  - multiple assessments of damage are carried out by two teams of loss adjusters
  - there is potential for dispute over assessments of damage between the insured and EQC
  - there is potential for bottlenecks as private sector insurers await the conclusions of EQC settlement decisions before undertaking their own assessments.
- In a large scale event inefficiencies in the use of scarce resources would contribute to delays in settling claims.

### **Statutory claims lodgement**

Claims must currently be lodged with EQC within a period of three months.

While this period appears sufficient for minor events it may be too short in the case of a moderate or large scale event that generates tens or hundreds of thousands of claims. In such an event home owners' capacity to lodge claims may be constrained as may EQC's ability to accept claims. The review panel understands the Ombudsman and EQC have, in the past, made representation to government to extend the lodgement time period. The panel feels representation should again be made to look at providing more flexibility around the lodgement period.

### **Adequacy of caps**

While outside the scope of the review the panel felt it prudent to include within its report comment on the caps as these were regularly raised during interviews.

EQC currently pays up to \$100,000 for property damage and up to \$20,000 for damage to contents. Private sector insurers provide cover for claims over these amounts. These caps have not been adjusted since 1993. The implications of this are:

- an increasing proportion of property and contents claims are for amounts close to or over the caps
- an increasing proportion of home owners must deal with two insurers (for claims over the caps) particularly in a large scale event.

EQC also indicated to the review panel that, because levies are linked to the sum insured and most policies are written for at least the maximum amount covered by EQC, average per unit claims costs to EQC were increasing while levy income was staying constant.

Several respondents interviewed by the panel suggested:

- there is no evidence of market failure in the provision of insurance for damage over the caps
- any decision to increase the caps would be unlikely to result in lower premiums for home owners from private sector insurers as the risk of their exposure to claims would not substantially change (and therefore overall insurance costs would increase).

## Specific findings

### Soundness of the CRP

The concept of the CRP is sound in that it recognises that the day-to-day and crisis-response requirements of the Commission are similar in function but greatly different in scale and urgency. It seeks to identify, resource and prepare functions for quick response to relevant events. It also acknowledges there will be significant pressure on some of the desired resources from other quarters of the insurance industry.

There is no doubt it has been effective in the events to date – anecdotal evidence and customer reactions indicate this. However, there has been no comprehensive, formal evaluation of the CRP's performance in some of the out-of-the ordinary but less than large scale events. This led the review panel to question the robustness and efficacy of arrangements for less likely but catastrophic events, such as a major Wellington earthquake.

The panel was impressed with the quality and dedication of long-serving and very experienced EQC staff working in Wellington. However, it also saw this as a considerable vulnerability in the early activation and execution of the CRP. If a few key personnel are unavailable, the plan's implementation will be hindered.

### Resources

The panel believes the concept of using a 'pool' of resources for recruiting additional key staff is appropriate. However, this approach has limitations for large scale events as there would be capacity constraints on certain skilled staff, such as loss adjusters and geotechnical engineers. For example, the panel noted a bottleneck would occur in land claim assessments because of the limited availability of geotechnical engineers.

The panel also noted EQC's dependence on external contracted organisations, and in particular individuals within those organisations, for activating elements of the response. The CRP does not clearly indicate alternate contacts for these individuals or alternate organisations.

The concept of the CRP is to scale up response dependent upon the size of the event. However, there is no clear understanding at what point resources are exhausted and what effect this would have on claims processing times.

Analysis is required to understand the above and discussion needed with stakeholders to determine acceptable claims processing timeframes in a large scale event. If these timeframes were not possible within the maximum resources available, alternative processing procedures would need to be defined and included within the CRP to ensure stakeholder expectations could be met in events resulting in 80,000+ claims.

### **Claims processing**

The current process for managing and settling claims requires involvement of EQC contracted staff based in New Zealand supplemented by staff provided through the arrangements with Gallagher Bassett Services Australia. The review panel felt there was some duplication of effort in the claims approval process as loss adjusters currently approve the claim which is then further approved by Gallagher Bassett Services staff who have delegated authority for the final approval and payment. In any size of event it would seem appropriate that loss adjuster supervisors should have authority to approve and authorise claim payment.

Discussions with loss adjusters during the review suggested this was an area of frustration for them. It was not practical in a catastrophe to include all the information they gathered in reports and Gallagher Bassett Services staff were questioning approvals without the benefit of all the information. In some cases this resulted in additional work for the loss adjusters. It also seemed that, from its remote location, Gallagher Bassett Services made decisions based solely on the letter of the law in terms of EQC's instructions. In some cases, where the maximum liability of EQC is absolutely clear, settlements could be approved without incurring the expense of obtaining, for example, an estimator's report.

The panel feels there is an opportunity to streamline the claims process, particularly in the face of an event entailing large numbers of claims, by simplifying how claims are processed and approved.

### **Call centres**

The panel acknowledges the key role of EQC's three call centres. The discussions held with one of the call centres provided the panel with comfort that the capacity within each of the call centres could manage a large scale event. However, in the case of a Wellington earthquake the panel believes this vital capacity would be compromised as there is no predefined contingency to expand existing call centres in Auckland and Oamaru to cover the loss of the Wellington/Lower Hutt centre.

Discussion should take place with the Auckland and Wellington call centres to determine how each of them would gear up to cover the loss of the other when the potential call volumes would need to manage claims of 80,000+, and if necessary amend contractual arrangements to reflect this.

Comment was made during the interview that consistent messaging for call centres to use was not provided by EQC and that each call centre had developed their own. The panel felt this was a concern as different messages could be delivered to claimants resulting in confusion and potential media attention.

### **Communications**

The communications plan set out in the CRP focuses on public information and media relations. It appears to have been effective in the events to date though there has been no formal evaluation of this. Interviews with those involved in implementing the plan suggest that it has been used more as a guide than a step-by-step plan that drives action.

The review panel believes the approach to communications needs to be more strategically focused to ensure that in a large scale event:

- communications and operations are integrated (eg consistent messages are delivered through the media, call centre staff and loss adjusters)
- communications are coordinated across public information, media relations, stakeholder relations and Ministerial servicing (OIAs, Parliamentary Questions and Ministerial correspondence)
- EQC has the capacity to pre-empt or manage crisis situations as they occur.

As well as supplying prepared public information through the media and advertising in the early stages of an event (as provided for in the CRP) the panel believes that, in a large scale event, EQC would need to establish an early presence on the ground to manage its positioning and provide a constant public face. The CRP needs to allow for a ramp-up of communications professionals ready to take a proactive approach to media relations, public information and liaison with local stakeholders, eg local authority/CDEM group, local MPs, mayors, etc. This proposition was universally supported by the EQC staff, external contractors and stakeholders interviewed.

There are likely to be protracted outages and significant strain on existing electronic communications in and around a major disaster area. For this reason the panel believes the CRP should include an option for a 'shop front' facility (or internet café) where people can lodge claims via the internet, offline or on paper. This facility would benefit from being linked to a field office but should not be located inside it.

The CRP communications plan should drive all communications activity and needs to include the following:

- clear communications objectives and approach
- key positioning messages
- analysis and mitigation of communication risks
- target audiences and key stakeholders
- guidelines for managing crisis situations
- communication channels likely to be available following a disaster
- clarity around media spokespeople and their roles
- a flexible action plan that can be adjusted according to need
- measures to be used to assess effectiveness.

The current communications manual (Catastrophe Response Procedures: Public Communication) includes some of this material but it is more a collection of possible tactics than a strategically thought-through plan. For example, considerable emphasis is given to organising visitor groups and press conferences but little consideration to the disruption of normal communication channels following a disaster and how communications would need to be adapted. The plan also lacks clear guidelines for managing crisis communications.

Interviews with staff and contractors suggest some of this thinking has been done but it is not captured in the plan. There is also a lack of clarity around who is authorised to speak to the media with inconsistencies between the CRP Management Manual and the Public Communication manual. Our interviews suggest different people have different views about who would speak on what, for example are EQC's public relations contractors authorised to speak for the organisation? These roles in relation to the media, including that of the chair and other commissioners, need to be clarified in the two manuals.

Under the CRP, a large scale event would involve multiple field offices. The panel believes EQC should consider planning to deploy an EQC executive 'on site' to manage instances where there are multiple field offices – for coordination, efficiency and public relations reasons.

There is also a need to ensure agreed messages are integrated into core operations, eg common scripting and prepared questions and answers for staff in EQC's three call centres. At present each call centre seems to be responsible for developing this material themselves rather than in conjunction with EQC. This could lead to inconsistent information being given across the three call centres and between the call centres and other channels such as the media.

### **Adequacy of EQC internal disaster response arrangements**

The panel was concerned about EQC's ability to relocate staff out of Wellington following a large scale event in the capital. The planned procedure is for staff to go to a predetermined location close to their home at a prescribed time two sunrises after the event. A helicopter would then pick them up and transport them to Naenae College where the first 'disaster meeting' would occur. All staff would then be transferred by helicopter to the closest operating commercial airport. Once there they would obtain commercial tickets to Auckland.

On the face of it this seems a logical arrangement. However, it does not take account of the National CDEM arrangements which may be in place regarding airspace regulations, and the ability of the National Civil Defence Controller to commandeer aircraft for humanitarian, reconnaissance or response activities. These would likely be of higher priority than relocating EQC staff.

It would, therefore, seem more appropriate to have arrangements in place with National CDEM to be 'on the list' for transport out of Wellington as it is available. Discussions with the National CDEM Controller confirmed this was an appropriate course of action.

The panel reviewed the viability of EQC's relocation arrangements, should the Wellington office be put out of action, and felt a more conservative/pessimistic approach should be taken. It is suggested consideration be given to establishing some parts of some functions permanently outside of Wellington which would have the effect of ensuring as early an activation as possible.

Alternate communications capability should also be considered for key staff within EQC and for providers, eg satellite phones.

It should be noted that EQC is not a disaster response agency and therefore would not be expected to activate within the first few hours following a large scale event. However as mentioned earlier in the report some expectations exist around EQC's availability and visibility.

An initial area of concern for the panel was the dependency on two EQC staff for the day-to-day management of IT systems and the activation of field offices following an event. However, it became clear during discussions with Information Technology Manager Colin Klenner that the IT

systems were robust with good disaster recovery planning and testing. In the event of multiple field offices being needed, arrangements are in place with IT vendors to provide equipment and with IT consultants to support the set up of the field offices.

There is still a significant dependency on communications companies such as Telecom and TelstraClear to provide communications links from field offices. This may be a bottleneck in a large scale event if there are multiple demands and conflicting priorities on those organisations. Links with National Civil Defence Emergency Management to clearly identify EQC's needs following a large scale event may reduce this risk.

The panel noted that the CRP does not consider arrangements for 'business as usual' EQC operations outside of those focused on disaster response, eg funds management. The panel feels the CRP, for completeness, should include a section or annex describing business as usual for EQC non-disaster response functions. Also, the panel acknowledges the speed, functionality and flexibility of the essentially web based claims process, which is a major strength of the CRP. However, it would be advisable for the CRP to include a workaround process to cater for the potentially protracted outage of the internet.

## **Soundness of preparations**

The panel thought highly of the level of experience within EQC and the preparations inherent in its contingency planning. It therefore focused on opportunities for improvement in line with the 'constant improvement' process embraced by EQC since the CRP's inception. The panel also took the approach of assessing the preparations against the worst case scenario of 80,000+ claims. All observations below should be seen in the light of refining broad plans which are considered sound and relevant.

## **Resources**

The panel considered more broadly the crucial human capital needed after a large scale event.

On the basis of the Gisborne experience EQC has recently recalculated the number of claims a loss adjuster can handle in a day. This number has been revised from 15 a day to 5-6, based on 60,000 claims. As claims staff are procured at the time of an event and rostered for three week tours of duty, this means the following number of staff will be needed under the present model.

- Estimators: 160 (x 3 = 580)
- Loss adjusters: 80 (x 3 = 240)
- Claims administrators: 48 (x 3 = 144) – if these were permanent, rather than on tour, only 48 would be required.

The panel saw value in tapping the New Zealand retired community for loss adjusters, much as has been done for office managers, to supplement the staff from Australia obtained by Gallagher Bassett Services.

The panel also believes EQC could usefully consider additional contracted staffing for a large scale event, where the number of claims could exceed 80,000. For example, land valuers would help the speed of claims resolution and additional case managers would assist greatly.

As noted earlier, the panel believes it is likely that the limited availability of geotechnical engineers would cause a bottleneck in land claim assessments. To ensure this limited resource is called upon only when needed, it is suggested EQC consider engaging an experienced contract structural

engineer who could advise loss adjusters in the damage areas when a formal engineering assessment was required – this person would need to be indemnified. This would avoid the situation in a large scale event of loss adjusters calling in consulting engineers when the damage did not warrant it.

The panel was impressed with the professionalism and dedication of external contracted organisations, and individuals within those organisations – such as John Topp of Wheeler Campbell and Dave Townsend of DTZ – and believes EQC could rightly rely on them for activation of elements of the response. However, as noted earlier, the panel has some concerns about whether a ‘Second XI’ has been identified and would be available in their absence. The CRP does not clearly indicate alternate contacts for these individuals or alternate organisations.

### **Field office activation**

The process for the activation of field offices requires Wheeler Campbell (Wellington) to contact its contracted site / office managers who are then deployed with a ‘site kit’ to establish a field office at the relevant location. DTZ in Rotorua obtains appropriate office space for the field office as well as negotiating lease arrangements with landlords.

Once in situ the site / office manager coordinates the setting up of the field office with support from EQC in Wellington or on site. EQC information technology staff attend the site to implement technology and communications requirements. This has the potential for delay as they are reliant on external providers such as Telecom and TelstraClear.

When the field office becomes operational, the site / office manager provides an overall administration and coordination role. It was suggested during interviews that where multiple field offices were activated the site / office manager could support multiple offices.

Experience in real events suggests that while the field office is being established EQC should have a presence in the affected area to provide people with information and set expectations of its role. Also setting up a ‘shop front’, where people could obtain information or lodge a claim, would provide an opportunity for EQC to be proactive in terms of public relations and communication.

The panel reviewed EQC’s induction training which is a critical element to ensure the field office process operates efficiently and effectively. The documentation for this was a ‘work in progress’ and some interviewees felt induction sessions for field office staff focused on the operation of the office rather than the situation and processes required. The panel believes the ultimate aim for induction and supporting training material should be to equip every ‘draftee’ into EQC to perform their designated function (generic and situation specific) as early as possible and with a minimum need for coaching and monitoring.

### **Communications**

EQC holds contracts with two small public relations companies to supply communications support following an event – Niu Pacific in Wellington and Lindenberg & Partners in Auckland. Both companies hold prepared media releases and advertisements for immediate release following a large scale event. If a large-scale event hits Wellington, and EQC staff are unavailable, Lindenberg & Partners is authorised to release the material. If a large scale event strikes elsewhere, Niu Pacific will release the material on instruction from a senior member of EQC.

The size and scope of the public communication team for a large scale event would be set at the initial EQC managers' meeting. EQC has a communications adviser and communications co-ordinator on staff; Niu Pacific and Lindenberg & Partners have a small number of core staff but rely on a network of contacts for extra capacity. Wheeler Campbell is also contracted to supply additional communications staff should they be needed.

It is likely that, in a large-scale event, EQC will need greater capacity in crisis communications on the ground than the CRP currently covers. EQC would also need to link into the National CDEM Public Information Management response. The panel suggests the current arrangements are reviewed to ensure they would provide the depth and breadth of skills and capacity needed to take a proactive approach and pre-empt or manage crisis situations as they occur. The contracts for communications support also need to be included for regular review in the CRP Management Manual.

### **Claims processing**

As discussed earlier, there is a need to understand the tipping point where the available resources are insufficient to process claims within an acceptable timeframe.

At this point alternate processing procedures need to be pre-defined to reduce the time spent on each claim. For example, contents claims may be accepted and paid with no loss adjuster involvement up to a certain threshold.

These options need to be considered and agreed in advance and included within the CRP.

### **Adequacy of quality control and performance measures**

The current set of performance measures are mainly qualitative.

- All claimants were able to lodge claims with EQC within the statutory 30 day period or such extended period approved by the Minister.
- Claims were settled within a timeframe that gained broad public acceptance.
- Claims were settled to standards of individual and overall fairness perceived as acceptable by the public.
- Essential office services were maintained at a level commensurate with a standard of operational efficiency acceptable to the Board.
- The health and welfare of staff was maintained over long working hours, particularly in the avoidance of stress.

The problem with some of these measures is that the standards needed to achieve success will not be known until after the event. This is because success is judged in terms of public acceptability. This is not particularly useful to EQC in determining the level of capacity it needs to contract for, or the speed with which it needs to gear up following an event.

The panel proposes that the current indicators be reviewed with a view to replacing them, where appropriate, with quantitative indicators to be agreed with EQC's shareholding Minister. These can then be used to inform the development of the CRP and to evaluate its effectiveness following various sized events.

The CRP is underpinned by extensive contracting arrangements and assumptions about the performance and practicality of these arrangements. There are also assumptions about the likely

probability of events to which EQC will need to respond. For example, call centres are subject to volume testing on a regular basis, however 'quality' testing is not included. Feedback from call centre management indicated they would welcome this kind of testing and a more formal feedback process.

As the CRP is a living document the panel would expect these arrangements and assumptions to be improved and modified over time in light of both actual experience and new information. For this reason we would expect the CRP to be regularly monitored, evaluated and refined in light of new lessons learned from real experience and new information.

In practice, EQC holds debriefing sessions following events, but these are informal and not necessarily reported to the Board. There is no formal or systematic approach to reviewing, evaluating and modifying the CRP.

The panel proposes such an approach be developed and implemented, as an important part of the CRP. We would expect this would include:

- development of quantitative and qualitative performance indicators as a basis for monitoring the performance of the CRP and its various functional elements – examples of indicators might include call waiting times, total elapsed time between claim lodgement and claim settlement, customer satisfaction and cost to EQC in settling a claim
- the routine review and evaluation of the CRP following events
- documenting findings and recommendations of these reviews
- agreeing actions, responsibilities and timeframes for implementation of recommendations
- Board consideration of each review.

### **Adequacy, accuracy and utility of documentation**

The CRP is a living document and there is evidence it has evolved over a number of years. However, as with many longer-term living documents, its coherence, completeness and logical flow have tended to suffer as a result of this evolution.

The panel considered the CRP documentation should be able to direct people other than those who have high knowledge of the programme and enable processes to be effective in a short period of time. This is particularly important given the 'ad hoc' surge capability needed under the programme.

The panel observed a considerable number of documents supporting the CRP (manuals and handbooks). The information contained in these was useful, in some cases up to date, but in others of questionable contemporary value.

The hierarchy of supporting programmes and manuals underneath the CRP should be clearly defined to provide a guide to users and to support maintenance and management of the documents. The documents would also benefit from an increased focus on outcomes for the public giving the sense that 'the customer comes first'.

The overall layout of the manuals makes them difficult to follow – particularly in an emergency situation – and needs to be reviewed. There are also some inaccurate page and appendix references which need correcting. The panel suggests EQC engages some specialist expertise in document and user manuals production to review, develop and maintain the CRP documentation.

## Potential economic gains

The panel reviewed four areas for achieving potential economic gains.

1. Catastrophe Response Programme.
2. Operations.
3. Corporate structure and activities.

### Catastrophe Response Programme

A review of the claims administration process to reduce unnecessary levels of handling will lead to simpler review processes and quicker settling. The focus should be on providing more authority to loss adjuster supervisors and streamlining the verification process by removing the need for claim approvals to be signed off by Gallagher Bassett Services. There would then be potential for reviewing the Gallagher Bassett Services contractual arrangements.

After an initial period of setting up field offices, savings may be realised by having one office manager for a cluster of field offices. Discussions with a former loss adjuster supervisor suggested that once the site / office manager has carried out the initial set up of a field office, management of the office could pass to the loss adjuster supervisor and/or the claims administrator supervisor. While this view could be countered by others, there would seem to be a good case in a major catastrophe for one office manager to cover the requirements of a cluster of two or three field offices.

There are also potential savings from 'getting communications right' particularly in the early stages of a large scale event. Inaccurate public information, that is at cross purposes to what is actually being done, can hinder operations and tie up senior staff. Averting potential crises, and/or managing situations effectively as they arise, will save time and money. Effective public communication will also provide a channel back from the public, allowing issues to be identified and the EQC response to be improved.

If it is estimated the field office(s) will be required for a period of months or years, employing staff local to the field office on fixed contracts would provide for savings and greater ongoing consistency. This would also result in the reduction of resources needed as the three week roster process would not be needed.

### Operations

Achieving closer alignment between EQC and the insurance industry has the potential for significant savings. Some examples follow.

- Call centres – giving private sector insurers' call centres the ability to lodge EQC claims so claimants are able to make a single call to lodge a claim both with their insurer and EQC. Verification of insurance would then occur at the time of lodgement. This would remove the time currently taken for a claimant's insured status to be confirmed through Gallagher Bassett Services.
- Shared technical services – for loss adjusters, estimators and engineers. Given the fundamentally competitive nature of the insurance industry the rigour and energy needed to establish this and make it work would need to come from EQC. In a large scale event this arrangement would not only lead to economic efficiencies but go a long way to reducing the frictions associated with delays and double handling. The panel's advice from

some sections of the insurance industry was to 'road test' these initiatives in the aftermath of a smaller event.

- The panel was informed that the insurance industry prefers to establish an early joint presence by industry groups in disaster areas following an event. There are benefits to the insured, potential economies for EQC and very good positioning advantages in being part of this early presence on the ground.

### **Corporate structure and activities**

The panel believes there is the potential for EQC to bring some core activities in-house, such as claims processing and approvals. This would result in a reduction of Gallagher Bassett Services contractual arrangements and consequent cost savings.

Reviewing all contracts in terms of function and cost as a part of sharpening the CRP may reveal further savings. For example, the contract with Helipro could be cancelled if staff relocation plans were linked to the National CDEM response.

# Recommendations

## EQC role expectations

It is recommended that, to avoid the possibility of misaligned expectations of EQC's role, EQC:

- canvass and confirm with its Minister, Treasury and wider government agencies expectations of its role in providing support for reconstruction following a major natural disaster
- consider promoting the establishment of a 'cluster' of agencies likely to have complementary roles in reconstruction following a large scale event, including the following:
  - EQC
  - Insurance Council of New Zealand
  - Department of Building & Housing
  - Local Government New Zealand
  - Ministry of Civil Defence & Emergency Management
  - Department of Internal Affairs.

## Resources versus timeliness

It is recommended that, in relation to expectations regarding the timeliness of settling claims in the aftermath of a large scale event and in the light of a possible evolution in the EQC concept (see above), EQC:

- establish the timescales around claims processing in a large scale event (80,000+ claims) that could be achieved with current CRP arrangements
- propose and seek agreement from its Board and responsible Minister of an indicative timeframe for finalising claims in the aftermath of minor, moderate and large scale events and have these timeframes included in the Statement of Intent
- undertake a strategic piece of work to understand how the above expectations can be met through changing procedures around processing of claims in moderate and large scale events.

## EQC's relationship to private sector insurers

It is recommended that EQC:

- commission work with the insurance industry to explore viable options to improve the efficiency and effectiveness of claims handling and processing between EQC and other insurers, with the objective of improving outcomes for claimants. This work should take an overall systems approach and consider:
  - the relative roles of EQC and insurers in initial claims lodgement and verification
  - the potential for a single claims lodgement process
  - the potential for EQC and insurers to take a joint approach to claims assessment

- the potential for EQC and insurers to establish an integrated approach to claims settlement, including repair and reinstatement
- the potential to provide EQC with live access to the details of people and properties with EQC cover for EQC related purposes.

## **Statutory claims lodgement**

It is recommended that, given the pressures that will follow a large scale event:

- consideration be given to extending the current provisions of the Act to include more flexible timeframes while retaining ‘without prejudice’ provisions.

## **Claims processing**

It is recommended that EQC:

- pursue the concept of sharing resources with the insurance industry and work towards trialling this concept in smaller events
- pursue strengthening its relationship with large engineering firms to avoid potential bottlenecks following a large scale event to the fullest extent possible
- make provision for claim acceptance authority to be transferred from Gallagher Bassett Services to loss adjuster supervisors
- assess the viability of recruitment of temporary staff in New Zealand to undertake the claims processing role currently carried out by Gallagher Bassett Services
- make provision for the appointment of one or more (depending on the geographical spread of the event) contract structural engineers to advise loss adjusters whether a full engineering inspection/report is required
- include a section in its training programme for recent retirees with business experience but from a non-insurance background who, in a large scale event, could be trained relatively quickly to deal with minor damage claims
- provide a ‘shop front’ at the earliest possible opportunity following an event where people could obtain information and lodge claims
- following the initial set up of field offices, provide for the appointment of one office manager to cover several field offices, rather than one manager per field office
- review the audit process which is likely to be too invasive and interruptive in a large scale event.

## **Formal evaluation process of the CRP**

It is recommended that EQC:

- establish, on behalf of the Board, a formal, comprehensive evaluation process for the CRP which takes into account its sectional, living document nature and drives the plan’s completeness, coordination and coherence
- introduce formal reporting process following events where the CRP is activated

- introduce formal evaluation processes for providers, eg call centre quality testing and a formal reporting process.

## **Contingency and continuity – personnel**

It is recommended that EQC:

- consider establishing a permanent, modest cross-section of vital skill-set personnel in another operating centre away from Wellington.

## **Engaging/earmarking additional key personnel**

It is recommended that EQC:

- to assist claims assessment after a large scale event, consider formally engaging a contract structural engineer/adviser to advise when formal engineering assessment is required
- explore the possibility of tapping the New Zealand retired community for loss adjusters to supplement the staff obtained in Australia by Gallagher Bassett Services
- consider engaging additional contracted staffing for a large scale event, such as land valuers and additional case managers.

## **Adequacy of documentation**

It is recommended that EQC:

- engage external specialist expertise to review and develop CRP documentation using appropriate software which provides a more efficient and effective method of document development, automation and ongoing management.

## **Alignment with national Civil Defence Emergency Management**

It is recommended that EQC:

- engage with national Civil Defence Emergency Management (CDEM) to determine expectations of EQC (eg staffing at National Crisis Management Centre, availability of Minerva data)
- determine likely transport arrangements and availability following a large Wellington event and how EQC might take advantage of national CDEM arrangements rather than its current contractual arrangements with Helipro
- identify within the CRP who establishes contact with local/regional CDEM following an event.

## Communications

It is recommended that EQC:

- review the CRP communications plan to ensure it is strategically focused and, in a large scale event, communications would be coordinated across public information, EQC operations, media relations, stakeholder relations and Ministerial servicing
- review the arrangements for public communication support to ensure they would provide the depth and breadth of skills and capacity needed to take a proactive approach on the ground and pre-empt or manage crisis situations as they occur
- include the contracts for public communication support in the CRP for regular review.

# Appendix 1: Terms of reference

## Terms of Reference Review of New Zealand Earthquake Commission's (EQC) Operational Capability

### The Commission

EQC is a small government agency that reports through the national Treasury to the Minister of Finance. It operates under its own Act of Parliament, the Earthquake Commission Act (1993) and Regulations. Among its functions are to operate and administer the national natural disaster insurance scheme and the \$5.5 billion Natural Disaster Fund, which is the capital and reserves of the scheme built up since it was first established in 1945.

The scheme now covers structures utilised as dwellings, the land around them and their contents against physical damage by earthquake, volcanic eruption, landslide, tsunami and geothermal activity. Land is also covered for storm and flood damage. Damage from fire following any of these perils is also included.

Private sector providers of domestic insurance policies are compelled by law to add EQC's premium charge to every policy and EQC is likewise obliged to carry the insurance for the above perils. EQC is a first loss insurer, carrying the first \$100,000 of cover per dwelling, and \$20,000 per contents policy. Land is insured for its market value. So called "top-up" cover above these limits is readily available from the private sector. There is a very small excess – the amount of a claim borne by the claimant – under each section of the cover.

### EQC's Disaster Response

EQC has a total staff of only 21, four of whom have direct claims handling duties. After enquiries with private sector insurance companies indicated delegation to them would not give EQC the confidence that the outcome it expected would be achieved, EQC contracted with a claims administration company (Gallagher Bassett Services of Brisbane, Australia) to provide claims back office services and developed an extensive plan to obtain and employ the necessary resources of labour and materials to enable it to handle suddenly escalating claims loads. This plan is supported by regular exercises and training of both staff and external participants.

The plan – called the Catastrophe Response Programme (CRP) to indicate that it is a routine part of EQC's activities – has four stages:

*Preparation* – planning and reviewing all arrangements and their documentation, exercising and training.

*Activation* – when a disaster occurs, establishing the need for resources of labour, equipment and materials to meet EQC's requirements for the inspection of properties and processing of claims; assembling, briefing and commissioning these resources.

*Maintenance* – during a disaster, supporting the resources in place, relieving and replacing and replenishing them, and processing claims to their conclusion.

*Winding down* – as the requirements of the disaster response subside, repatriating resources, closing down local offices, and reducing supporting staff in line with the reduction in workloads.

A large natural disaster, like a major earthquake in Wellington, could result in about 150,000 claims on the Commission. To date, the CRP has had to deal with events of up to 6,000 claims only.

## **Review of EQC's Catastrophe Response Programme**

EQC is now seeking to have its CRP and the way it has been practised reviewed externally to provide confidence that the programme will achieve its objectives and make recommendations for any required improvements.

## **Objectives of EQC's Catastrophe Response Programme**

The objective of the CRP is to achieve a successful response to a major natural disaster. Indicators of success are:

1. All claimants were able to lodge claims with EQC within the statutory 30-day period or such extended period approved by the Minister.
2. Claims were settled within a timeframe that gained broad public acceptance.
3. Claims were settled to standards of individual and overall fairness perceived as acceptable by the public.
4. Essential office services were maintained at a level commensurate with a standard of operational efficiency acceptable to the Board.
5. The health and welfare of staff was maintained over long working hours, particularly in the avoidance of stress.

The public's reaction to EQC's performance will be judged by:

1. A claimants' survey conducted after settlement of claims.
2. Level of complaints to EQC.
3. Level of complaints to external authorities, such as the Ombudsman and the Minister.
4. General media attention.
5. Level and nature of general enquiries to EQC.
6. Comment from the insurance industry.
7. Any concerns expressed by EQC's reinsurers.

EQC's claims administration company, Gallagher Bassett Services (Gallagher Bassett Services), operates under a service level agreement based on the assumption that Gallagher Bassett Services will maintain a capability for handling 60,000 claims in a year, working normal business hours and using their own staff. If the claims load exceeds 60,000, then this will be covered by extending working hours and employing new staff.

## **The Review**

EQC needs to know whether, in the event of a major and widespread natural disaster, the CRP and the way it is implemented will enable EQC to meet its obligations as set out in the Earthquake Commission Act, to a standard acceptable to the government and public of New Zealand. It is therefore seeking a review to cover:

- Soundness of the CRP itself in terms of the relevance and coverage of the arrangements planned for enabling EQC to meet its statutory obligations.
- Adequacy of EQC's own internal disaster response arrangements.
- Soundness of the preparations for the acquisition, management and control of the resources of labour, equipment and materials needed to meet the objectives of its CRP in the event of a major natural disaster.
- Adequacy of the quality control mechanisms and performance measures employed to gauge the extent to which success is being achieved.
- Adequacy, accuracy and utility of documentation and record keeping associated with the CRP; in particular, how well the documentation enables procedures to be followed by successors to current personnel or those being brought in with minimal training.
- Assessment of whether economical gains could be made without reducing readiness to an unacceptable degree.

The review should highlight any shortcomings and recommend improvements. A view of whether EQC could improve its readiness in any way should be expressed.

### **Deliverables**

The review is to be in the form of a report to the Chief Executive. Before this is submitted, reviewers should be prepared to give an oral presentation of the draft findings.

### **What is not covered in this review**

The following aspects of EQC's operations and the CRP are not required to be reviewed:

- EQC's financial/accounting arrangements including the adequacy of the Natural Disaster Fund and its ability to meet its liabilities.
- EQC's reinsurance arrangements.
- The provisions of the Earthquake Commission Act
- EQC's new computerised claims management system, outside its context within the catastrophe response programme.

## Appendix 2: Members of the review panel

### **Karen Stephens, Chair and Emergency and Disaster Response Management**

Karen's 13 years in the crisis management, business continuity and emergency management field have taken her around the world, managing assignments in the United States, Europe, Asia, Australia and New Zealand. She developed her knowledge in these areas as a senior manager with PricewaterhouseCoopers, delivering assignments to major clients, developing business continuity and crisis management methodologies, and training other consultants at a number of the international PricewaterhouseCoopers offices.

As well as working as a consultant, Karen has spent two years as Emergency Manager for Wellington City Council, where she implemented emergency management plans as well as having high profile input into New Zealand's Emergency Response Planning and policy.

Karen now consults across a wide range of government and corporate organisations providing advice on and testing of crisis management, business continuity and emergency management planning.

In 2006 Karen designed and managed a capacity and capability review of the Auckland Region Civil Defence Emergency Management Group. Following the delivery of the review significant additional funding was provided to increase Auckland's resilience to large scale events.

### **General Peter Cosgrove, AC, CNZM, MC (Retd), Planning and Deployment**

Peter Cosgrove graduated from Duntroon in 1968. During service in Vietnam he was awarded the Military Cross for his performance under fire.

In 1999, after numerous command appointments General Cosgrove was appointed as Commander of the International Forces East Timor (Interfet). He was responsible for overseeing East Timor's successful transition to independence.

He was Australian of the Year in 2001.

General Cosgrove retired as Chief of the Defence Force in 2005 and has accepted positions on the Qantas and Cardno Boards and the Qantas Superannuation Limited Trust. He has a consultancy with Deloitte and has written his memoirs. He is Chairman of the General Sir John Monash Foundation.

After Cyclone Larry devastated Far North Queensland, he was appointed Chairman of Operation Recovery Task Force. He is the Vice Chairman of the Australian Rugby Union Board, Chairman of Foster's Community Grants Committee, Chairman of The Australian War Memorial Council, Chairman of the Defence South Australia Advisory Board and Chairman of Augusta Westland Australia.

### **Anna Smith, Public Relations**

Anna is skilled in communications strategy and planning, relationship management and public relations. She has worked with a range of organisations in the public, private and community sectors, helping them to identify their key stakeholders and the most effective ways of communicating with them. She frequently advises senior management teams on issues and risk management and how best to consult and communicate with their stakeholders.

Anna has extensive experience of working in the public sector and currently leads a team of communications specialists providing public relations services to the Retirement Commission.

### **Michael Mills, Public Policy**

Michael is a director of Martin, Jenkins & Associates Limited and has specialist skills and knowledge in public policy management, regulatory policy reform, and organisational capability building. He has intimate knowledge and first hand experience of government and parliamentary processes having held senior public sector positions in the Department of Prime Minister and Cabinet and the Department of Labour and being frequently called upon as a consultant to lead and manage major policy and regulatory reforms.

Michael has particular experience in the areas of regulatory policy including the role of insurance and markets in contributing to public good outcomes, having managed the development of policies to introduce competition to the ACC and to assess the viability of home warranty insurance in New Zealand. Over recent years he has developed specialist knowledge of the building and construction sector through work for the Ministry of Economic Development and the Department of Building & Housing.

### **Ross Cuff, FCILA (UK), Insurance Claims Processes**

Ross has had 25 years managing team responses to major property damage losses involving teams of up to five adjusters dealing with different aspects of a loss (building, stock, plant, business interruption, liability). He has also had 10 years managing major claims in Asia, particularly Taiwan, using local and offshore specialists. The largest claim he has handled totalled US\$300 million.

Ross has also been involved in investigating numerous Earthquake Commission (and previously Earthquake & War Damage Commission) claims over the last 35 years including major work in serious flood, landslip and earthquake situations. He is currently handling major landslip losses in Torbay, North Shore City, following an event in July 2008.

## Appendix 3: Interviews conducted by review panel

Interviewee	Position and organisation	Panel members
Michael Wintringham	Chairman, EQC	Karen Stephens Michael Mills Anna Smith
Patrick Helm	Senior Policy Advisor, Department of Prime Minister & Cabinet	Karen Stephens Michael Mills Anna Smith
David Coetzee	National Controller, Ministry of Civil Defence & Emergency Management	Karen Stephens Peter Cosgrove
Don McGhee	EQC Contract Loss Adjuster	All
Reid Stiven	EQC Contract Loss Adjuster	All
Julie Speer	Call Centre Advisor and Claims Administrator Supervisor	All
Sharon Rowell	Corporate Call Centre	All
John Kinanne	Client Relationship Manager, Gallagher Bassett Services, Brisbane	All
Don Newsham	Queensland Regional Manager, Gallagher Bassett Services, Brisbane	All
Meagan Newsham	Team Leader EQC, Gallagher Bassett Services, Brisbane	All
John Topp	Wheeler Campbell	All
Arthur Davis	Contracted Site/Office Manager	All
Ken Hughes	Contracted Site/Office Manager	All
Barrie Cook	Director, Niu Pacific	Anna Smith
Dave Townsend	DTZ	Peter Cosgrove Ross Cuff
John Lucas	Insurance Council of New Zealand	Peter Cosgrove Ross Cuff Michael Mills
Barry Searle	McLarens Young Loss Adjusters	Ross Cuff
Dave Brunson	Kestrel Group	Peter Cosgrove Ross Cuff
David Middleton	Chief Executive, EQC	All
Doug Bent	Operations Manager, EQC	All
Tony Sheehan	Training Manager, EQC	All
Lance Dixon	Insurance Manager, EQC	All
Graham Booth	Claims Manager, EQC	All
Colin Klenner	IT Manager, EQC	All
Jo Martin	Communications Advisor, EQC	Anna Smith

## Appendix 4: Documents reviewed

Document name
Catastrophe Response Management Manual CRP Management Assessed against: British Standard BS25999 Business Continuity National Civil Defence Emergency Management Plan Order 2005 National Civil Defence Emergency Management Plan
Catastrophe Response Procedures Claims Processing Assessed against: Delivering Excellence in Insurance Claims Handling – Guide to Best Practice, AIRMIC UK
Catastrophe Response Procedures Public Communication
Catastrophe Response Site Support Manual
Catastrophe Response Procedures Induction
Catastrophe Response Management Manual Field Health & Safety
Catastrophe Response Quality Assurance and Internal Audit Manual
Catastrophe Response Agreements for Goods and Services
Report to the Board on the audit of the Earthquake Commission for the year ended 30 June 2008 (prepared by Audit New Zealand)

## Appendix 5: Glossary of terms

Act	Earthquake Commission Act 1993
CDEM	Civil Defence & Emergency Management
CRP	Catastrophe Response Programme
EQC	Earthquake Commission
NCMC	National Crisis Management Centre