

**MINUTES OF THE MEETING OF
THE BOARD OF THE EARTHQUAKE COMMISSION
Held via Microsoft Teams
9.30am – 4.00pm, Wednesday 29 Apr 2020**

Present:

Sir Michael Cullen (Chair)
Alison O'Connell
Erica Seville
Mary-Jane Daly
Alastair Hercus
Emma Dobson
Fiona Wilson
Scott Lewis

In attendance:

Sid Miller, Chief Executive Officer
Renee Walker, DCE Readiness and Recovery
Chris Chainey, Chief Financial Officer
Sharlene Taylor, Acting Chief People Officer
Benesia Smith, Head of EQC Inquiry Team
[redacted], Deputy Head of EQC Inquiry [privacy]
Josh Lindsay, Head of Strategic Partnering
Hamish Wall, Head of Transition Performance and Support
[redacted], Senior Legal Business Partner [privacy]
[redacted], Head of Risk Modelling [privacy]
[redacted] [privacy]
[redacted] [privacy]
[redacted], Russell McVeagh [privacy]
[redacted], Executive Strategic Advisor (Secretariat) [privacy]

Apologies:

Nil

The meeting was declared open at 9.30am

	AGENDA ITEMS & KEY DISCUSSION POINTS	ACTIONS REQUIRED	DUE DATE
Section 1	Board Governance		
<i>Commissioners joined the meeting at 9:30am</i>			
	Board Only		
<i>Sid Miller joined the meeting at 9.50am</i>			
	Board and CE Only		
<i>[redacted] and Sharlene Taylor joined the meeting at 10.10am [privacy]</i>			
1.1	Present and Apologies The Board: a) noted there were no apologies received.		
1.2	Interests Register / Declaration of Conflicts of Interest The Board: a) noted there were no conflicts of interest not otherwise declared.		

<p>1.3</p>	<p>Health, Safety, Security and Wellbeing Report</p> <p>The Board:</p> <p>a) noted there were 4 health and safety incidents reported in March 2020;</p> <p>b) noted there were no Medical Treatment Injuries (MTI) in this reporting period; and</p> <p>c) noted that an update on EQC’s COVID-19 Response has been provided in a separate Board paper.</p>		
<p>1.4</p>	<p>Pandemic Response Update</p> <p>The Board:</p> <p>a) noted the work completed during this reporting period for the EQC COVID-19 Response;</p> <p>b) noted the status update in this paper regarding the HSW of EQC’s people, and the processes in place to continue monitoring and supporting our people; and</p> <p>c) noted the Response work (next steps) planned for the EQC COVID-19 Response.</p>	<ul style="list-style-type: none"> • Management to report back on EQC’s response to a natural disaster event during the pandemic. 	<ul style="list-style-type: none"> • May-20

Sharlene Taylor left the meeting at 10.30am

Section 2	Strategic Priorities		
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<p>2.1</p>	<p>Chief Executive’s Report</p> <p>The Board:</p> <p>a) noted the key focus areas outlined in the CE Report as well as the following points to note were discussed during Board and CE only time:</p> <ul style="list-style-type: none"> • Customer contacts during Alert Level 4 • WorkSafe investigation into White Island • Geonet update • The General Election: information and key dates • Environmental Scan (including adjustments to the regularity and policy programme as a result of Covid19) 		
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Chris Chainey entered the meeting at 10.35am

<p>2.2 Transformation Update</p>	<p>The Board:</p> <ul style="list-style-type: none"> a) noted the progress made refreshing the Transformation Portfolio to align with recommendations from the Public Inquiry, decisions on EQC’s Insurer Response Model, and key planning process including the SOPE and BEFU; b) noted the impacts of Covid-19 on portfolio delivery; c) noted the progress that has been made on EQC’s transformation in the workstream updates (appendix 1); d) noted the IQA summary paper and reports received for Enabling Systems and Information and Analytics (appendix 2); and e) noted the design governance arrangements for the Information and Analytics programme (appendix 3). 	<ul style="list-style-type: none"> • Management to engage out-of-cycle with Fiona Wilson to address specific questions regarding design governance and capability. • Management to refresh workstream updates (appendix 1) as part of Portfolio refresh. 	<ul style="list-style-type: none"> • May-20 • May-20
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Chris Chainey left the meeting at 11.15am

Benesia Smith and [redacted] entered the meeting at 11.15am [privacy]

<p>2.3 Public Inquiry</p>	<p>The Board:</p> <ul style="list-style-type: none"> a) agreed to the framework for EQC’s response to the Public Inquiry recommendations as set out in this paper; b) noted the interaction between the government and EQC’s responses to the Public Inquiry (Attachment A); c) noted the initial assessment of the recommendations from the Public Inquiry into EQC (Attachment B); and d) noted that, subject to the above agreement, Management will develop a more comprehensive work programme for response to the Public Inquiry recommendations for consideration at the May 2020 Board meeting. 		
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Benesia Smith and [redacted] left the meeting at 11.50am [privacy]

Renée Walker joined the meeting at 11.50am

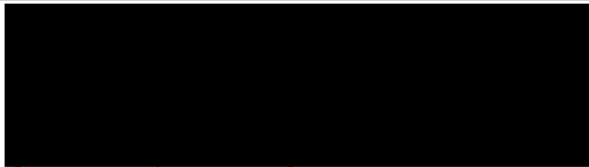



<p>2.4</p>	<p>Claims Settlement Update</p> <p>The Board:</p> <p>a) noted the anticipated impacts of COVID-19;</p> <p>b) noted the update on Claims Initiatives including Dispute Resolution and Complaints; Claims Quality Assurance and the on-sold programme; and</p> <p>c) approved an end-to-end review by an independent third party of all assessment and settlement documentation to ensure that all documentation contains a statement outlining:</p> <ul style="list-style-type: none"> i. the purpose and limitations of EQC’s assessments; ii. the risks of relying on an EQC assessment; and iii. that it is the homeowner’s responsibility to identify damage and they should engage the appropriate specialists. 	<ul style="list-style-type: none"> • Management to address concerns expressed by the Board regarding the timeframes for the settlement of Canterbury and On-sold claims, including alternative options. • Management to improve customer complaint reporting to include greater level of detail and insights. 	<ul style="list-style-type: none"> • May-20 • May-20
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The meeting adjourned for lunch at 12.40pm
Commissioners, Sid Miller and ██████████ re-joined the meeting at 1.20pm [privacy]

<p>2.4</p>	<p>Claims Settlement Update (continued)</p> <p>The Board:</p> <p>a) approved the proposed customer principles and measurements</p>		
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██████████ and ██████████ joined the meeting at 1:30pm [privacy]

<p>2.5</p>	<p>██████████</p> <p>The Board:</p> <p>a) ██████████</p> <p>b) ██████████</p> <p>c) ██████████</p> <p>d) ██████████</p> <p>e) ██████████</p> <p>f) ██████████</p>	<ul style="list-style-type: none"> • ██████████ [commercial sensitivity] 	<ul style="list-style-type: none"> • May-20
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	<p>g)  [commercial sensitivity]</p>		
<p> and  left the meeting at 2.25pm [privacy] Josh Lindsay and  joined the meeting at 2.25pm [privacy]</p>			
<p>2.6</p>	<p>Insurer Response Model</p> <p>The Board:</p> <p><u>Insurer response model</u></p> <p>a) noted the change planning and implementation EQC will undertake to transition to the insurer response model;</p> <p>b) noted that the insurer response model is supported by a legal framework, a customer code, the EQC Insurer Manual, a capability-building plan, a robust governance framework, risk and assurance capability, data and analytics and other operational elements;</p> <p>c) noted that EQC’s response model will remain flexible so EQC can adapt to any changes resulting from the Government’s response to the Report into the Public Inquiry and changes to the Earthquake Commission Act 1993</p> <p>d) noted EQC’s related engagement with Treasury, the Minister Responsible for the Earthquake Commission, Suncorp and the Insurance Council of New Zealand;</p> <p>e) endorsed the proposal to have the Minister Responsible for the Earthquake Commission update the 2008 consent to the EQC Board delegating a range of claim management powers so that it specifically refers to the Insurer Response model; and</p> <p>f) noted that management will work with Treasury to develop an update to the August 2019 Cabinet Paper based on the latest EQC Insurer Response Model;</p> <p><u>Agency agreement</u></p> <p>g) noted the most recent version of the agency agreement that has been developed through</p>	<ul style="list-style-type: none"> • Management to report back to the Board on the ‘final draft’ of the Agency Agreement following industry workshops. 	<ul style="list-style-type: none"> • May-20

	<p>ongoing engagement between EQC and insurers;</p> <p>h) noted the analysis on where the parties are aligned, where there are still gaps and management’s approach to address those gaps; and</p> <p>i) endorsed the timeline and Board decision points to progress the Agency Agreement with Suncorp and ICNZ.</p>		
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Josh Lindsay and ██████████ left the meeting at 3:00pm [privacy]
Chris Chainey joined the meeting at 3.00pm

<p>2.7 Risk Finance Strategy</p>	<p>The Board:</p> <p>a) approved the EQC Risk Financing Strategy;</p> <p>b) agreed that, subject to the feedback received by the Board, Management will finalise and publish the Risk Finance Strategy before the end of June 2020; and</p> <p>c) agreed that the Risk Financing Strategy is reviewed by the Board on an annual basis and updated as necessary.</p>		
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██████████ joined the meeting at 3.10pm [privacy]

<p>2.8 Loss Modelling Update</p> <p>The Board:</p> <p>a) noted the progress being made on EQC’s loss modelling capability;</p> <p>b) noted EQC’s intention to invest in the development of the RiskScape engine and Oasis compatibility;</p> <p>c) noted that Minerva can continue to be used as a contingency in case of issues with RiskScape as described in paragraph 21 of the paper;</p> <p>d) noted EQC’s proposed work with Tonkin and Taylor and GNS Science, using EQC claim data to develop world-class fragility/vulnerability and liquefaction models; and</p> <p>e) agreed that the new name for EQC’s loss modelling solution be PRUE.</p>		<ul style="list-style-type: none"> • Management to report back to the RRC in June on the longer term roadmap including outputs. 	<ul style="list-style-type: none"> • June-20
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██████████ left the meeting at 3.15pm [privacy]
Hamish Wall and Renée Walker joined the meeting at 3.15pm [privacy]

Section 3	Performance and Reporting		
<p>3.1</p>	<p>EQC Performance Report – March 2020</p> <p>The Board:</p> <p>a) noted that this paper accompanies the EQC’s Executive Dashboard to 31 March 2020 and provides qualitative commentary on performance to supplement the quantitative information shown in the dashboard; and</p> <p>b) noted that the EQC’s Executive Dashboard to 31 March 2020 (excluding the section pertaining to Kaikōura and information relating to near misses in the Privacy Breaches section) will be published on EQC’s external website by 15 May 2020.</p>	<ul style="list-style-type: none"> • Management to report back on improved metrics for On-sold claims consistent with policy intention of timely resolution 	<ul style="list-style-type: none"> • May-20
<p><i>Hamish Wall and Renée Walker left the meeting at 3:20pm [privacy]</i></p>			
Section 4	Financial and Risk		
<p>4.1</p>	<p>Financial Reporting – March 2020</p> <p>The Board:</p> <p>a) noted the accompanying March 2020 Financial pack;</p> <p>b) noted the financial pack provides a summarised view of the month’s financial results, with a more detailed financial pack also available in the Resource centre;</p> <p>c) noted that the following comments on the March financial performance:</p> <ol style="list-style-type: none"> Revenue below budget (\$0.1m). This was due to lower Reinsurance receipts (\$0.4m) due to a YTD adjustment booked to align prior months receipts to the December 2019 ILVR. This is largely offset by higher than planned premium revenue (\$0.3m); Core operating costs were below budget (\$1.1m). This was mainly due to lower than planned workforce expenses (\$0.4m) driven by lower than planned FTE levels (18 FTE), together with lower than planned consultancy spend (\$0.7m); Event operating costs were below budget for the month (\$0.7m). This is mainly due to lower payments to private insurers (\$0.2m) in Kaikoura and lower than planned Canterbury costs (\$0.5m). The 		

	<p>Canterbury variance is largely due to lower workforce expenses (\$0.4m) resulting from impact of leave taken and lower staff related costs; together with lower consultancy spend (\$0.1m);</p> <p>iv. Adjustments were booked in March to reflect the December 2019 ILVR movements. This has resulted in an increase in the YTD Claims expense of \$250m and a reduction to YTD Reinsurance recoveries of \$23m;</p> <p>v. Cash & Investments held at 31 March were \$171m.</p> <p>d) noted that the EQC Funding Deficiency Deed expires on 18 September 2020, that 90 days' notice must be given to extend this deed, and that the 90-day notice period expires on 26 June 2020;</p> <p>e) approved the extension of the EQC Funding Deficiency Deed for a 12-month period from 18 September 2020;</p> <p>f) approved that a letter be sent from the Board Chair to the Minister requesting the EQC Funding Deficiency Deed be extended for a further 12 months (from 18 Sep 2020); and</p> <p>g) approved a drawdown of up to \$25m (plus GST) under section 16 of the EQC Act for the 1st June 2020.</p>		
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<p>4.2</p>	<p>Direct EQCover Policy</p> <p>The Board:</p> <ul style="list-style-type: none"> a) noted that section 22 of the EQC Act provides the Commission discretionary power to provide, on application, voluntary insurance against natural disaster damage; b) noted that such cover may be provided upon or subject to such conditions as the Commission thinks fit; c) noted that under section 5 of the EQC Act provides the Commission to administer the insurance against natural disaster damage provided under this Act; d) approved the amendment of the Direct EQCover Policy on the responsibilities to putting a hold on accepting new applications post a natural disaster event; and e) approved the attached Direct EQCover Policy for a further 12 months. 		
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Chris Chainey left the meeting at 3:25pm

Renée Walker and [redacted] joined the meeting at 3:25pm [privacy]

<p>4.3</p>	<p>Legal Update</p> <p>The Board:</p> <ul style="list-style-type: none"> a) [redacted] and [redacted] [legal privilege] b) noted that management will provide a further update to the Board once it has considered the lessons learned and recommendations of the Public Inquiry report to assess whether it provides any 'new information' [redacted] [legal privilege and commercial sensitivity] <p><i>Implementation of EQC's dispute resolution strategy</i></p> <p>The Board:</p>	<ul style="list-style-type: none"> • [redacted] [commercial sensitivity] 	<ul style="list-style-type: none"> • May-20
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	<p>a) noted that EQC’s dispute resolution strategy has proven successful at reducing the number claims entering litigation, as well resolving claims in litigation; and</p> <p>b) [REDACTED]</p> <p>[legal privilege]</p> <p><i>The on-sold Canterbury properties policy</i></p> <p>The Board:</p> <p>a) noted the introduction of the on-sold policy has reduced the legal risk to EQC by providing an alternative to litigation for qualifying homeowners; and</p> <p>b) [REDACTED]</p> <p>[legal privilege and negotiations]</p> <p><i>The Canterbury Earthquakes Insurance Tribunal</i></p> <p>The Board:</p> <p>a) noted the issues before the Tribunal are no less complex than those before the courts. To date settlement specialists have managed the claim through the Tribunal process with input from legal when required. Going forward Legal will have greater involvement with claims which involve important issues before the Tribunal.</p>		
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Renée Walker and [REDACTED] left the meeting at 3:30pm [privacy]

Section 5 Board Committee Updates

5.1	<p>Inquiry Committee</p> <p>The Board:</p> <p>a) confirmed the draft minutes of the Inquiry Committee meeting held on the 03 April 2020 as a true and accurate record.</p>		
Section 6 General Business			
6.1	<p>Matters Arising and Action Points</p> <p>The Board;</p> <p>a) noted the updates to the Action Points.</p>		
6.2	<p>Confirmation of Board Minutes</p> <p>The Board;</p> <p>a) confirmed the draft minutes of the Board meetings held on 25 March (subject to a minor amendment) and 17 April 2020 as a true and accurate record.</p>	<ul style="list-style-type: none"> • Management to amend the minutes of the 25 March Board meeting 	<ul style="list-style-type: none"> • May-20
6.3	<p>Proactive Release of Redacted Board Minutes</p> <p>The Board:</p> <p>a) noted that at its meeting in November 2018, the Board indicated a desire to release as much information as possible as part of the proactive release of Board Minutes;</p> <p>b) approved the public release of the redacted Minutes for its meetings on 28 February 2020;</p> <p>c) noted that since June 2018 when the Board Minutes began being published on the EQC website there have been 984-page views, with 533 from external sources;</p> <p>d) noted that since May 2018 when Minutes were first proactively released, EQC has received one specific request for Board Minutes under the Official Information Act 1982 (OIA); and</p> <p>e) noted that Management monitors the traffic on the EQC web page in relation to Board Minutes and will continue to provide regular updates to the Board on this.</p>		
<i>The meeting closed at 3.32pm</i>			
	<p>The next meeting is to be held on 27 May 2020.</p> <p>These minutes were approved by the Board as a true and correct record.</p>		

NOTE: SOME CONTENTS OF THESE MINUTES
ARE SUBJECT TO LEGAL PRIVILEGE.

	<p>_____</p> <p>Sir Michael Cullen</p> <p>Board Chair</p>	<p>_____</p> <p>Date</p>	
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