

**MINUTES OF THE MEETING OF  
 THE BOARD OF THE EARTHQUAKE COMMISSION  
 Held via Microsoft Teams  
 9am to 3pm, Wednesday 3 March 2021**

**Present:**

Mary Jane Daly (Chair)  
 Erica Seville  
 Alastair Hercus  
 Emma Dobson  
 Fiona Wilson  
 Scott Lewis

**In attendance:**

Sid Miller, Chief Executive Officer  
 Tina Mitchell, Chief Strategy Officer  
 Sharlene Taylor, Acting Chief People Officer  
 Fraser Gardiner, Chief Financial Officer  
 Jaron Shaw, Chief Data Officer  
 Josh Lindsay, Chief Readiness Officer  
 Pip Andrews, Head of OnSolds  
 Kate Todd, Head of Canterbury Claims  
 Hamish Wall, Head of Performance Reporting  
 Privacy [redacted], Head of Risk Modelling  
 Privacy [redacted] (MJW)  
 Privacy [redacted] Manager Office of the CE (Secretariat)

**Apologies:**

Nil

*The meeting was declared open at 9.00am*

	AGENDA ITEMS & KEY DISCUSSION POINTS	ACTIONS REQUIRED	DUE DATE
<b>Section 1</b>	<b>Board Governance</b>		
<i>Commissioners joined the meeting at 9.00am</i>			
	<b>Board Only</b>		
<i>Sid Miller joined the meeting at 9.21am</i>			
	<b>Board and CE Only</b>		
<i>Privacy [redacted] &amp; Tina Mitchell joined the meeting at 10.00am</i>			
<b>1.1</b>	<b>Present and Apologies</b> The Board: a) <b>noted</b> there were no apologies received.		
<b>1.2</b>	<b>Interests Register / Declaration of Conflicts of Interest</b> The Board: <ul style="list-style-type: none"> <li><b>noted</b> the interests register and received updates from Commissioners Erica Seville and Emma Dobson.</li> </ul>		
<b>1.3</b>	<b>Confirmation of Board Minutes – 3 February 2021</b> The Board:		





	<p>c. <b>noted</b> the benefits profile of the Technology Roadmap;</p> <p>d. Commercially sensitive</p> <p>e.</p> <p>f.</p> <p>g.</p> <p>h.</p> <p>i. <b>approved</b> quarterly updates to the Audit and Risk Committee on Information Security given the nature and frequency of cyber-incidents across Government, of which the ARC Chair will bring anything of interest to the full Board.</p>	<p>Legally privileged</p>	<p>30/04/21</p>
<p><i>Jo Horrocks &amp; Privacy joined the meeting at 12.25pm</i></p>			
<p><b>2.4</b></p>	<p><b>Loss Modelling – six monthly update</b></p> <p>The Board:</p> <p>a) <b>noted</b> the progress being made with the reconciliation of Minerva and PRUE;</p> <p>b) <b>noted</b> EQC’s investment in loss modelling science and engine development;</p> <p>c) <b>noted</b> the lessons learnt identified through the initial development of PRUE, that are now being applied constructively to work in progress; and</p> <p>d) <b>endorsed</b> EQC’s ongoing investment in loss modelling science and engine development.</p>	<p>Management to include the assurance map in the next update</p>	<p>1/09/21</p>

*Jaron Shaw, Jo Horrocks & Privacy [REDACTED] left the meeting at 12.47pm*

*Josh Lindsay & Charles Ashworth joined the meeting at 12.47pm*

**2.5 IRM Assurance Framework Implementation Update**

The Board:

- a) **noted** progress made to date in operationalising the Insurer Response Model (IRM) Assurance Framework;
- b) **noted** the planned approach to third line of defense activities, including the cadence of internal and external audits and review points, outlined in this paper; and
- c) **noted** that we remain on schedule to operationalise the Assurance Framework ahead of the operational commencement date of the Insurer Response Model.

*Josh Lindsay & Charles Ashworth left the meeting at 1.02pm*

**2.6 Report on the Natural Disaster Fund projection model**

The Board:

- a) **noted** the development of the stochastic model of the build-up of the NDF; and
- b) **noted** that Management will incorporate the NDF outputs into a range of key decision processes moving forward.

Management to provide a regular NDF projection/forecast report along with the IVLR.

1/09/21

*Fraser Gardiner, Privacy [REDACTED] & MJW representatives joined the meeting at 1.35pm*

**2.7 December 2020 ILVR**

The Board:

- a) **noted** that MJW and Management have completed the December 2020 ILVR;
- b) **Commercially sensitive** [REDACTED]

- c) **noted** in respect of the Canterbury earthquake sequence, an increase in the Canterbury estimated ultimate claims costs [REDACTED]  
**Commercially sensitive** [REDACTED]

	<p>Commercially sensitive [redacted]</p> <p>d) <b>noted</b> an increase in the Kaikoura estimated ultimate claims costs Commercially sensitive [redacted]</p> <p>e) <b>noted</b> that the ARC noted the findings of the report on 3 February 2021;</p> <p>f) <b>noted</b> an update at the meeting from the CFO that an error in the analysis of change (pg. 88 of draft ILVR report) had been picked up and corrected; this did not affect the provisions noted in the report; and</p> <p>g) <b>accepted</b> the December 2020 ILVR.</p>		
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Fraser Gardiner, Privacy [redacted] & MJW representatives left the meeting at 1.58pm  
 Briony McTaggart joined the meeting at 2.00pm

<p>2.8</p>	<p>Commercially sensitive [redacted]</p>		
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Briony McTaggart left the meeting at 2.12pm  
 Pip Andrews joined the meeting at 2.14pm

<p>2.9</p>	<p><b>Update on the On-Sold programme</b></p> <p>The Board:</p> <p>a) <b>noted</b> that EQC has discussed the issue of applicants who have not provided sufficient information to determine eligibility for an ex-gratia payment under the On-Sold programme with the Minister Responsible for the Earthquake Commission;</p> <p>b) Commercially sensitive, Legally privileged [redacted]</p>	<p>Management to consider including Covid-related supply chain issues in the strategic risk register.</p> <p>Management to provide an extrapolation of timeframes and costs for different categories of On-Solds applicants with the next update</p>	<p>29/03/21</p> <p>30/04/21</p>
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	<p>Commercially sensitive, Legally privileged</p> <p>[REDACTED]</p> <p>c) Legally privileged</p> <p>[REDACTED]</p> <p>d) <b>provided feedback</b> on the proposed approach for communicating with applicants who have provided inadequate or no eligibility information before further advice is provided to the Minister;</p> <p>e) <b>noted</b> early indications about delays for applicants in the process of determining scope of repairs and for those undertaking repairs, due to supply shortages; and</p> <p>f) Commercially sensitive</p> <p>[REDACTED]</p>		
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*Kate Todd & Hamish Wall joined the meeting at 2.45pm*

<b>Section 3</b>	<b>Performance and Reporting</b>		
<p><b>3.1 EQC Performance Report to 31 January 2021</b></p> <p>The Board:</p> <p>a) <b>noted</b> that the paper complemented EQC's Executive Dashboard to 31 January 2021 and provides qualitative commentary on performance to supplement the quantitative information shown in the dashboard;</p> <p>b) <b>noted</b> that the EQC's Executive Dashboard to 31 January 2021 <b>Free and frank</b> [REDACTED] [REDACTED] will be published on EQC's external website by 15 March 2021;</p> <p>c) <b>noted</b> the exceptions and potential/realised issues outlined within the paper; and</p> <p>d) <b>noted</b> that EQC's Executive Dashboard is available for review in the Diligent Resource Centre.</p>	<p>Management to provide an actuarial analysis of re-opened claims to determine key themes.</p>	<p>30/04/21</p>	

*Pip Andrews, Kate Todd & Hamish Wall left the meeting at 2.45pm*

<b>Section 4</b>	<b>Financial and Risk</b>		
<p><b>4.1 Monthly financial pack – January 2021</b></p> <p>The Board:</p>			

	<p>a) <b>note</b> the accompanying January 2021 Financial pack;</p> <p>b) <b>note</b> that the financial pack provides a view of the month's financial results;</p> <p>c) <b>note</b> the following comments on the January financial performance:</p> <ul style="list-style-type: none"> <li>i. Reported Surplus is above forecast levels (\$3.8m);</li> <li>ii. Net premium revenues were above forecast (\$0.6m), due to stronger premiums received in month;</li> <li>iii. Net Claims expenses were \$2.8m below forecast, driven by lower BAU claims costs;</li> <li>iv. Net Corporate Centre costs (BAU) were below forecast (\$0.4m). This is primarily due to the impact of leave taken by employees and contractors over the Christmas holiday period;</li> <li>v. The YTD Reported Surplus (\$14.7m) is largely driven by higher premiums revenue (\$1.6m), lower underwriting costs (\$10.8m) and lower net corporate expenses (\$2.3m).</li> <li>vi. Cash &amp; Investments held at 31 January were \$181m.</li> </ul>		
<i>Jaron Shaw joined the meeting at 2.47pm</i>			
<b>4.2</b>	<p><b>Updated Information Policy</b></p> <p>The Board:</p> <p>a) <b>approved</b> the updated information policy subject to the minor amendments discussed.</p>		
<i>Jaron Shaw left the meeting at 2.52pm</i>			
<b>Section 5</b>	<b>Committee updates</b>		
<b>5.1</b>	<p><b>Audit &amp; Risk Committee</b></p> <p>The Board:</p> <p>a) <b>received</b> a verbal update from the Chair of the Audit &amp; Risk committee.</p>		
<b>5.2</b>	<p><b>People &amp; Culture Board Committee</b></p> <p>The Board:</p> <p>a) <b>received</b> a verbal update from the Chair of the People &amp; Culture Board committee.</p>		
<b>Section 6</b>	<b>Confirmation of eVote</b>		



<b>6.1</b>	<p><b>21 December 2020: Revolving Loan Facility Agreement</b></p> <p>The Board:</p> <ul style="list-style-type: none"> <li>a. <b>noted</b> that at the November 2020 Board meeting, Management signalled that a further Section 16 draw-down of [REDACTED] would be required to complete Insurer Finalisation payments; [Commercially sensitive]</li> <li>b. <b>noted</b> that the Minister Responsible for the Earthquake Commission has already approved the draw-down as an advance;</li> <li>c. Legally privileged [REDACTED]</li> <li>d. <b>agreed to sign</b> the Board Resolution (Appendix 1) resolving that:           <ul style="list-style-type: none"> <li>i. the Revolving Loan Facility Agreement documents and transactions are approved;</li> <li>ii. EQC is authorised to enter into, execute and deliver the documents and the perform the transactions;</li> <li>iii. the Chair of the Commission and the Chair of the Board’s Audit and Risk Committee are authorised to sign any notices and other communications and take any other action required under, or in connection with, the Revolving Loan Facility Agreement on behalf of EQC.</li> </ul> </li> <li>e. <b>noted</b> that once the Board has signed and dated the resolution attached to the paper, Management will provide the Chair of the Commission and the Chair of the Board’s Audit and Risk Committee with an Officer’s Certificate and the Revolving Loan Facility Agreement to sign and execute.</li> </ul>	
<i>Alastair Hercus left the meeting at 2.53pm</i>		
<b>Section 7</b>	<b>Correspondence of Interest</b>	

	<p><b>2021/22 Owner Expectations for the Earthquake Commissioner</b></p> <p>The Board:</p> <p>a) <b>noted the 2021/22 letter of expectations from the Minister.</b></p>		
<p><i>Commissioners, Sid Miller, Tina Mitchell and Privacy left the meeting at 3.00pm</i></p> <p><i>The meeting closed at 3.00pm</i></p>			
	<p>The next meeting is to be held on 29 March 2021.</p> <p>These minutes were approved by the Board as a true and correct record.</p> <p>_____ <u>29 March 2021</u></p> <p>Mary Jane Daly                      Date</p> <p>Board Chair</p>		