

**MINUTES OF THE MEETING OF
THE BOARD OF THE EARTHQUAKE COMMISSION**
Held at Wairarapa Room, [REDACTED] / via Microsoft Teams
9.30am – 3.30pm, Wednesday 30 September 2020

Present:

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

In attendance:

Sid Miller, Chief Executive Officer
Fraser Gardiner, Chief Financial Officer
Pip Andrews, Head of On-Solds
Tina Mitchell, Chief Strategy Officer (Secretariat)
Hamish Wall, Head of Transition Performance and Support
Jaron Shaw, Chief Data Officer

[REDACTED]
[privacy]

Apologies:

Nil

[REDACTED] [privacy]
[REDACTED] (KPMG) [privacy]
[REDACTED] [privacy]
[REDACTED] [privacy]

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 9:35am</i>			
	Board Only		
<i>Sid Miller joined the meeting at 9.57am</i>			
	Board and CE Only		
<i>Tina Mitchell joined the meeting at 10am</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 that Erica Seville has connections to resilience organisations that have been involved in the work canvassed in Paper 2.8 b) noted Alastair Hercus is a prospective independent Chair for Co-operative Life Ltd, a subsidiary of The Co-operative Bank.	Management to update conflicts of interest register	

	c) Noted Mary Jane Daly is a prospective Director for the Fonterra Shareholders Fund		
1.3	Confirmation of Board Minutes – 26 August 2020 The Board: a) approved the Board minutes from 26 August 2020 as a true and accurate record.		
1.4	Matters Arising and Action Points The Board: a) noted the updates to the Action Points.		
1.5	Proactive Release of Redacted Board Minutes – July 2020 The Board: a) approved the public release of the redacted Minutes for its meeting on 29 July 2020., subject to redactions on item 2.6 and 4.2	Management to redact content from items 2.6 and 4.2	
Section 2	Strategic Priorities		
<i>Fraser Gardiner joined the meeting at 10.20am</i>			
2.1	Chief Executive’s Report The Board: a) noted the key focus areas outlined in the CE Report; b) noted the successful engagement with reinsurers c) [REDACTED] free and frank] d) noted the engagement and consultation EQC is conducting with other agencies as part of considering the function of a community representative group.		
<i>Fraser Gardiner left the meeting at 10. 46am</i>			
Section 5 Board Committee Updates			

5.1	<p>Audit and Risk Committee – 03 September 2020</p> <p>The Board:</p> <p>a) noted the draft minutes of the Audit and Risk Committee held on 03 September 2020.</p>	<p>Management to schedule a session for the full Board to consider financial governance options, including the ACC model</p>	
5.2	<p>Act Modernisation Committee – 14 September 2020</p> <p>The Board:</p> <p>a) noted the draft minutes of the Act Modernisation Committee held on 14 September 2020.</p>		
Section 6 Correspondence of Interest			
6.1	<p>New Standards under the Public Service Act 2020</p> <p>The Board:</p> <p>a) noted the above correspondence of interest.</p>		
<p><i>Fraser Gardiner, [REDACTED] joined the meeting at 11.10am [privacy]</i></p>			
Section 2	Strategic Priorities		
2.3	<p>Risk Workshop</p> <p>The Board participated in a Risk Workshop facilitated by KPMG from 11.10am – 12.10pm.</p>	<p>KPMG to summarise the findings from the two Board Risk sessions and provide a summary for the November ARC, to review and finalise for recommendation to the Board</p>	
<p><i>Fraser Gardiner, [REDACTED] left the meeting at 12.10pm [privacy]</i> <i>The meeting adjourned for lunch at 12.10pm</i></p>			
<p><i>Commissioners, Sid Miller, Tina Mitchell re-entered the meeting at 12.35pm</i> <i>Pip Andrews joined the meeting at 12.35pm</i></p>			
2.4	<p>On Solds – Update</p> <p>The Board:</p> <p>a) noted the operational and resourcing changes EQC has made to improve the efficiency of the Canterbury Over-cap On-Solds Programme;</p> <p>b) noted the changes that have been made to the Services Agreement between EQC and the</p>		

	<p>Crown as a result of recent policy approvals; and</p> <p>c) noted the increase in homeowner applications as a result of recent communications activities.</p>		
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*Pip Andrews left the meeting at 12.45pm
 Josh Lindsay and Fraser Gardiner joined the meeting at 12.45pm*

<p>2.5</p>	<p>Insurer Response Model – Assurance and Readiness</p> <p>The Board:</p> <p>a) approved the Event Readiness Assessment Framework to measure our readiness to respond to an event should this occur during Transition [redacted]; [free and frank]</p> <p>b) approved the proposed Event Readiness Assessment Dashboard that will be used to report monthly on the Insurer Response Model’s event readiness;</p> <p>c) approved the Assurance Framework over the Insurer Response Model once operational and noted the proposed approach to implementation;</p> <p>d) noted the integrated assurance dashboard will be established [redacted] and [free and frank]</p> <p>e) noted the Board will receive monthly updates on the assurance framework implementation through TSG reporting.</p>		
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*Josh Lindsay, Fraser Gardiner and Tina Mitchell left the meeting at 1.55pm
 [redacted] joined the meeting at 1.55pm **[privacy]***

<p>2.6</p>	<p>[redacted]</p> <p>[negotiations, commercially sensitive]</p>	<p>[redacted]</p> <p>[negotiations, commercially sensitive]</p>	
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	[negotiations, commercially sensitive]		

left the meeting at 2.10pm [privacy]
 Jaron Shaw and Tina Mitchell joined the meeting at 2.10pm

<p>2.2</p>	<p>Transformation Update</p> <p>The Board:</p> <ul style="list-style-type: none"> a) noted the progress that has been made over the previous month across the Transformation Portfolio as part of the attached Transformation Portfolio Dashboard; b) noted the bilateral Natural Disaster Response Agreements are progressing well with insurers, however negotiations have required us to push out the completion date for signing to 16 October 2020; c) noted the more detailed progress update on the Information and Analytics Programme; d) noted the proposal to extend Phase 1 of the Information and Analytics Programme to June 2021, as indicated to the Board last month as part of the Technology Update, to align with the Insurer Response Model; and e) approved delegated authority to the Chief Executive to sign the Consultancy Services Order with PwC for the extension of Phase 1 to June 2021, within the cost envelope previously approved by the Board for Information and Analytics in FY20/21 (noting that PWC is on the AoG panel and therefore an RFP is not required within the rules). [commercially sensitive] 	<p>Management to include an update in next month's Transformation pack on SOW1A and PRUE go live, including implications for Minerva</p>	
<p>2.7</p>	<p>Technology Services & Support Commercial Engagement</p> <p>The Board:</p>		

	<p>a) noted the proposed technology roadmap lays out EQC's major technology change initiatives for the next 18-24 months. The roadmap is based on simplifying and modernising EQC's technology to improve IT performance and enable better customer outcomes;</p> <p>b) noted the proposed approach to align the Information and Analytics programme and Technology Support agreements to provide stability, continuity and certainty throughout the establishment of the Insurer Response Model;</p> <p>c) [REDACTED] [negotiations]</p> <p>d) noted that the recommended option is fully compliant with Government Procurement Rules; and</p> <p>e) noted that the final contract, services and costs will be presented to the Board for approval in February 2021.</p>	<p>Management to include an update on the service design for the I&A platform when seeking approval of the support agreement in February 2021, to validate capability and capacity to effectively support the platform.</p>	
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Jaron Shaw left the meeting at 2.34pm

Jo Horrocks and [REDACTED] joined the meeting at 2.35pm [privacy]

<p>2.8</p>	<p>Enhancing NZ's Resilience - Update</p> <p>The Board:</p> <p>a) noted progress being made in implementing the EQC Resilience Strategy for Natural Hazard Risk Reduction; and</p> <p>b) noted our key communications products and messages at Appendix 2 and 3.</p>	<p>Management to report back in November 2020 with a progress update against the priorities in the Resilience strategy and a communications & engagement strategy to support the Resilience strategy</p>	
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Jo Horrocks and [REDACTED] left the meeting at 2.55pm [privacy]

<p>Section 3</p>	<p>Performance and Reporting</p>		
<p>3.1</p>	<p>Health, Safety, Security and Wellbeing Report</p> <p>The Board:</p> <p>a) noted there were three (3) Health, Safety and Security incidents reported in August 2020;</p>		

	<p>b) noted there were no Medical Treatment Injuries (MTI) or Lost Time Injuries (LTI) during this reporting period;</p> <p>c) noted the update provided in this report on progress with delivery of the HSSW work programme; and</p> <p>d) noted the update provided in this report on the EQC Pandemic Response to Covid-19.</p>		
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Fraser Gardiner joined the meeting at 3.00pm

<p>4.1</p>	<p>Financial Reporting – August 2020</p> <p>The Board:</p> <p>a) noted the accompanying August 2020 Financial pack which includes the overview of the Canterbury and Kaikoura event results;</p> <p>b) noted the following comments on the August financial performance:</p> <ul style="list-style-type: none"> i. Revenue for the month was above budget (\$1.1m), largely due to higher premiums revenue. ii. Core operating costs were below budget for the month (\$0.8m). This is primarily due to lower consultancy (\$1.1m) and IT spend (\$0.1m), partly offset by higher depreciation charges (\$0.4m). The favorable consultancy variance is driven by lower Projects spend (\$0.9m), as the current spend on the Data & Analytics project is being classified as CAPEX (rather than OPEX) and the anticipated spend on other projects has not yet commenced. [commercially sensitive] iii. Event operating costs were below budget for the month (\$1.3m) due to lower spend in Canterbury. This is driven by lower resourcing costs (\$0.9m) resulting from lower FTE (25 FTE), [commercially sensitive] and lower office costs (\$0.1m). [commercially sensitive] 		
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	<ul style="list-style-type: none"> iv. The YTD Surplus is favourable to budget (\$37.3m). This is largely driven by higher premiums revenue (\$2.1m), lower underwriting costs (\$33.1m) and lower expenses (\$2.2m). v. Cash & Investments held at 31 August were \$185m. 		
<p>3.4 Annual Report and Financial Statements</p>	<p>The Board:</p> <ul style="list-style-type: none"> a) noted that the draft Annual Report has been reviewed by the Audit and Risk subcommittee of the Board, with feedback incorporated; b) noted the draft Annual Report has received a legal review by EQC's legal team; c) noted that the Annual Report has been independently proofread, and any changes will be formally reviewed; d) noted that EY has materially completed its audit of EQC and will sign off the audit report once the EQC Board has approved this version of the 2019/ 20 Annual Report as final, e) noted that the Chief Executive and the Chief Financial Officer have provided the Management's Letter of Representation to the EQC Board; f) approved the proposed final 2019/ 20 Annual Report, subject to the minor typo edits identified; g) approved the signing of the Statement of Responsibility using the electronic signatures of the immediate past Chair of the Board and the current Board Chair, with the date of 30 September 2020; h) approved the signing of the EQC Board's Letter of Representation to EY by the Chair of the Board and the Deputy Chair. 		
<p><i>Hamish Wall and Andrea Gluyas entered the meeting at 3.15pm</i></p>			
<p>3.2 EQC Performance Report – August 2020</p>	<p>The Board:</p> <ul style="list-style-type: none"> a) noted that this paper accompanies the EQC's Executive Dashboard to 31 August 2020 and provides qualitative commentary on 	<p>Management to report back on why EQC is receiving a large proportion of re-opened claims</p>	

	<p>performance to supplement the quantitative information shown in the dashboard; and</p> <p>b) noted that the EQC’s Executive Dashboard to 31 August 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 13 October 2020.</p>	<p>Management to provide a rolling 12 month average breakdown of claims numbers</p>	
<p>3.3 Proposed Claims Performance Reporting</p>	<p>The Board:</p> <p>a) endorsed the claims performance reporting that management are proposing to integrate for future Board meetings;</p> <p>b) provided feedback on the enhancements that are being proposed and any other aspects of claim performance reporting Commissioners would like to be provided with.</p>	<p>Management to report back with a target for aged claims for February 2021 via the CE report</p> <p>Management to report back with further high level reporting in November 2020</p>	

Sid Miller, Fraser Gardiner, Andrea Gluyas and Tina Mitchell left the meeting at 3.30pm
The meeting closed at 3.40pm

	<p>The next meeting is to be held on 28 October 2020.</p> <p>These minutes were approved by the Board as a true and correct record.</p> <p>_____</p> <p>Mary Jane Daly _____ Board Chair Date</p>		
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