

**MINUTES OF THE MEETING OF
 THE BOARD OF THE EARTHQUAKE COMMISSION**
 Held in the Wairarapa Room, Majestic Centre, 100 Willis Street, Wellington
 Tuesday 30 April 2019

Present:

Sir Michael Cullen (Chair)
 Mary-Jane Daly
 Alison O’Connell (by teleconference)
 Paul Kiesanowski
 Tim Hurdle
 Erica Seville
 Toni Ferrier

Apologies:

In attendance:

Sid Miller, Chief Executive
 Chris Chainey, Chief Financial Officer
 Renee Walker, Deputy Chief Executive – Canterbury and
 External Affairs
 Jayne Lapin, General Manager - People, Culture and
 Change
 Hugh Cowan, Director Resilience Research
 Paul Jepson, Deputy Chief Executive – Operations
 Benesia Smith, Head of EQC Inquiry Team
 9(2)(a) Senior Advisor
 9(2)(a) Senior Advisor
 9(2)(a) Treasury
 9(2)(a) QC
 9(2)(a)
 9(2)(a) (Aon)
 9(2)(a) - Executive Assistant to the Chief Executive
 (Minutes)

The meeting was declared open at 10:41am

	AGENDA ITEMS & KEY DISCUSSION POINTS	ACTIONS REQUIRED	DUE DATE
Section 1	Board Governance		
	<i>Commissioners only (in committee) at 9:30am</i>		
	<i>Commissioners and Chief Executive only at 10:20am</i>		
	<i>Jayne Lapin and 9(2)(a) (EQC), and 9(2)(a) (Treasury) joined the meeting at 10:41am</i>		
1.1	Present and Apologies The Board: a) noted that no apologies were received.		
1.2	Interests Register/Declaration of Conflicts of Interest The Board: a) noted the updated interests register.		

1.3	<p>Health, Safety and Wellbeing Report</p> <p>The Board:</p> <ul style="list-style-type: none"> a) noted there were 40 events reported in February, none of a critical nature; b) noted there were no Medical Treatment Injuries (MTI) in EQC; c) noted the ongoing progress of mental health and well-being initiatives; d) noted the update and actions taken as a result of the Christchurch terror attacks e) noted that the Board will receive updates on the progress of the management actions via the monthly Health, Safety and Wellbeing report. 	<ul style="list-style-type: none"> • Management to clarify the future Health and Safety interaction dates with Board members. 	May
<p><i>Jayne Lapin (EQC) left the meeting at 10:46am and Chris Chainey and Hugh Cowan (EQC) joined the meeting. 9(2)(a)</i></p> <p><i>9(2)(a) (Aon) joined the meeting by teleconference at 10:48am</i></p>			
Section 2	Strategic Priorities		
2.1	<p>EQC Reinsurance 2019/20 Renewal</p> <p>The Board:</p> <ul style="list-style-type: none"> a) noted Management’s view on the 2019 Reinsurance Consultations; b) approved the placement of the core programme (\$5.5bn xs. \$1.75bn) for up to \$9(2)(i) net premium including the Reinstatement Premium Protection (RPP); c) 9(2)(i) d) e) noted EQC’s current BEFU provision for the 2019 renewal of reinsurance is \$9(2)(i) (including brokerage), being roughly 9(2)(i) of EQC’s forecast annual income (\$9(2)(i) New Act basis) and 9(2)(i) higher than last year’s 		

	<p>reinsurance premium (\$9(2)(i));</p> <p>f) noted that after placement of the core programme on the firm order terms outlined in (b), EQC would have approximately \$9(2)(i) of budgeted spend remaining to facilitate the utilisation of any of the options presented in Aon’s accompanying paper;</p> <p>g) provide feedback on the options presented in Aon’s paper (and further discussed in this paper) that the Board may wish to pursue as part of the 2019/20 reinsurance renewal;</p> <p>h) approved Management’s recommendation of pursuing options 1 and 2 which align to the immediate goal of the reinsurance renewal of growing capacity within the programme; and</p> <p>i) 9(2)(i) [REDACTED]</p>		
<p>9(2)(a) [REDACTED] (Aon) left the meeting at 11:11am.</p> <p>Chris Chainey and Hugh Cowan (EQC) left the meeting at 11:13am</p> <p>Benesia Smith , Renee Walker, 9(2)(a) [REDACTED] (EQC) and 9(2)(a) [REDACTED] (QC) joined the meeting at 11:14am</p>			
<p>2.2</p>	<p>Chief Executive’s Report</p> <p>The Board:</p> <p>a) noted the updates provided on:</p> <ol style="list-style-type: none"> 1. Reinsurance Visits with Minister Woods 2. Legal Restructure Process update 3. Legal Panel Procurement Process Update 4. EQC Scenario Testing Preparations 5. Meeting with Minister Woods and Minister Faafoi – 1 May 2019 		
<p>2.3</p>	<p>Public Inquiry Into EQC: Update and Closing Submission</p> <p>The Board:</p> <p>a) noted the update on the Public Inquiry;</p> <p>b) endorsed the proactive release of papers provided by EQC to the Public Inquiry, in whole or in part; and</p> <p>c) endorsed the proposed approach to developing EQC’s closing submission to the</p>		

	Public Inquiry, noting that this will be an iterative process over the next few months.		
	<p><i>Benesia Smith, 9(2)(a) [REDACTED] (EQC) and 9(2)(a) [REDACTED] (QC) left the meeting at 12.07pm.</i></p> <p><i>Paul Jepson and Jayne Lapin (EQC) joined the meeting at 12.08pm</i></p>		
2.4	<p>Transformation Update</p> <p>The Board:</p> <ul style="list-style-type: none"> a) noted progress on EQC’s Transformation; b) noted the insurance industry update; c) noted progress on Agency Model; d) noted progress on the enablers workstream; and e) approved the delegation of authority for the Chief Executive to sign a two year IT Managed Serviced contract with Datacom. 		
2.6	<p>Profile of Reopened Canterbury Claims (May 2018 – April 2019) (moved up the Agenda)</p> <p>The Board:</p> <ul style="list-style-type: none"> a) noted the key findings; b) noted the insights and learnings; and c) noted that the profile of reopened claims forms part of a wider view on the Crown’s overall liability. 		
	<p><i>The meeting broke for lunch at 12:50pm when Alison O’Connell (Board), Paul Jepson and Jayne Lapin (EQC) left the meeting.</i></p> <p><i>The meeting resumed at 1:20pm.</i></p>		
2.5	<p>Consolidated Crown Claims Capability – Southern Response Transition</p> <p>The Board;</p> <ul style="list-style-type: none"> a) noted progress on the Southern Response transition; b) endorsed the proposed approach; and c) agreed to receive regular progress updates from Management. 		
	<p><i>Jayne Lapin (EQC) joined the meeting at 1:30pm.</i></p> <p><i>Chris Chainey (EQC) joined the meeting at 1:37pm.</i></p>		
2.7	People Strategy, Work Plan and Quarterly		

	<p>Report</p> <p>The Board:</p> <p>a) noted the EQC People Strategy;</p> <p>b) noted the People, Culture and Change work plan that will deliver the strategies, programmes or work and frameworks described in the People Strategy; and</p> <p>c) noted the progress made against the plan, outlined in the PC&C quarterly report.</p>		
	<p><i>Jayne Lapin (EQC) left the meeting and Paul Jepson (EQC) joined the meeting at 1:44pm.</i></p>		
Section 3	Performance		
3.1	<p>EQC Performance Dashboards</p> <p>The Board:</p> <p>a) noted that this paper accompanies the EQC's Executive Dashboard to 31 March 2019 and provides qualitative commentary on performance to supplement the quantitative information shown in the dashboard;</p> <p>b) noted the dashboard features the quarterly SoPE measures section as we report on quarter end; and</p> <p>c) noted that the EQC's Executive Dashboard to 31 March 2019 (excluding ECP and Kaikōura sections as well as taking out the near misses information in the Privacy Breaches section) will be published on EQC's external website by 3 May 2019.</p>	<ul style="list-style-type: none"> • Management to provide a briefing on obligations of informal OIA requests made to Board members. 	July
Section 4	Financial and Risk		
4.1	<p>Financial Reporting</p> <p>The Board:</p> <p>a) noted the accompanying March 2019 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 March's financial performance:</p> <ol style="list-style-type: none"> i. Month revenue above budget (\$0.6m). ii. Core costs below budget (\$0.1m) for the month. This is mainly driven by lower 		

	<p>workforce expenses, partly offset by higher costs across other expense categories.</p> <ul style="list-style-type: none"> iii. Event costs below budget for month (\$1.9m), mainly due to lower workforce and consultancy costs in Canterbury (\$1.2m) and timing of invoicing by private insurers in Kaikoura (\$0.7m). iv. Cash and Investments held at 31 March were \$81m (which includes the \$80m of funds received from the Crown). v. Adjustments were booked in March to reflect the December 18 ILVR movements. <p>9(2)(i)</p> <ul style="list-style-type: none"> d) approved the drawdown of \$45m (plus GST) under section 16 of the EQC Act for the 1st June 2019; and e) noted that the Chief Financial Officer stated there was an error where BAU FTE numbers overstated seven to eight FTE. 		
<p>4.2</p>	<p>Top Risk Update</p> <p>The Board:</p> <ul style="list-style-type: none"> a) provided feedback on the top risks identified within the accompanying presentation ‘EQC Top Risk Report’; b) amended the risks enclosed in the Top Risk Report; and c) noted the next proposed steps and timelines in developing EQC’s regular review of risks. 		
<p><i>Paul Jepson (EQC) left the meeting at 2.24pm.</i></p>			
<p>4.3</p>	<p>Policy on Participation of Reinsurers and Reinsurance Brokers</p> <p>The Board:</p> <ul style="list-style-type: none"> a) noted that the annual review of the policy has been completed as required under section 3.1. of the EQC Policy on Participation of Reinsurers and Reinsurance Brokers; b) noted that ownership of this policy has transferred from the Director of Resilience Research to the Chief Financial Officer; and c) noted that no changes to the policy are required at this time. 		

4.4	<p>Engagement of Third Party Claims Services</p> <p>The Board:</p> <p>a) noted the paper which provided the Board with an update on Third Party claims administration contracts, and requested approval to extend current contracts;</p> <p>b) 9(2)(i) [REDACTED]</p> <p>c) 9(2)(i) [REDACTED]</p> <p>d) 9(2)(j) [REDACTED]</p> <p>e) agreed to delegate execution of the contracts to the Chief Executive;</p> <p>f) 9(2)(i) [REDACTED]</p> <p>g) [REDACTED]</p> <p>h) [REDACTED]</p> <p>i) noted that Management will advise the Ministry of Business, Innovation and Employment, that a compliant procurement process will be undertaken at a later date in 2019.</p>	<ul style="list-style-type: none">• Management to advise the Ministry of Business, Innovation and Employment that a compliant process will be undertaken at a later date in 2019.	

4.5	<p>Delegations Framework Update</p> <p>The Board:</p> <ul style="list-style-type: none"> a) noted that the Manager Business Systems and Manager Business Partnering and Analytics have been removed from the bank mandate as they have left the organisation; b) approved the addition of 9(2)(a) (Manager Financial Reporting) to the bank mandate; c) approved the claims related delegation section of the framework to be updated to align with the new organisational structure; d) noted this will evolve as further Claims Optimisation work develops; and e) approved the Claims Managers delegation to increase to \$150k specifically for claims under policies dated on or after 1 July 2019 to align with Act changes. 		
<i>Chris Chainey and Renee Walker (EQC), left the meeting at 2.42pm</i>			
4.6	<p>Speak Up Policy</p> <p>The Board</p> <ul style="list-style-type: none"> a) approved the Speak Up Policy (the policy); b) noted the Speak Up Policy has been endorsed by the ELT and the People, Performance and Remuneration Committee; c) noted the responsibilities of all people leaders who may be recipients of concerns raised under the policy; and d) noted the planned training and awareness activities to communicate this framework to all staff. 		
Section 5 Board Committee Updates			
5.1	<p>Enterprise Transformation Committee</p> <p>The Board:</p> <ul style="list-style-type: none"> a) confirmed the draft minutes of the Enterprise Transformation Committee meeting held on 27 November 2018, were a true and accurate record; and b) noted the action points. 		
5.2	<p>Inquiry Board Committee</p> <p>The Board</p>		

	<p>a) confirmed that the draft minutes of the were a true and accurate record; and</p> <p>b) noted the action points.</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 meeting held on 25 March 2019 as a true and accurate record.</p>		
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 25 February 2019;</p> <p>c) noted that since June 2018 when the Board Minutes began being published on the EQC website there have been 449 page views, with 196 from external sources;</p> <p>d) noted that since May 2018 when Minutes were first proactively released, EQC has received no specific requests 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>		
Section 7 Correspondence of Interest			
7.1	<p>Letter from Aon re Invitation to Speak at 2019 Hazards Conference</p> <p>The Board:</p> <p>a) noted the correspondence from Aon Benfield inviting Erica Seville to participate as a speaker at Aon’s 2019 Hazards Conference in</p>		

	<p>September 2019; b) noted that Erica Seville would be speaking at the Conference as an individual rather than as an EQC Board member.</p>		
<p><i>The meeting closed at 3:00pm.</i></p>			
	<p>The next meeting is to be held on Monday 27 May 2019 in Christchurch.</p> <p>The Meeting closed at 3:00pm. These minutes were approved by the Board as a true and correct record.</p> <p>_____</p> <p>Sir Michael Cullen Date Board Chair</p>		