

**MINUTES OF THE MEETING OF
THE BOARD OF THE EARTHQUAKE COMMISSION
Held via Video Conference
9.30am – 4.00pm, Wednesday 25 Mar 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]
[redacted], Head of Strategic Partnering [privacy]
[redacted] [privacy]
[redacted] [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 declared. b) noted updates to be made to the Interests Register.		

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

<p>1.3</p>	<p>Health, Safety, Security and Wellbeing Report</p> <p>The Board:</p> <ul style="list-style-type: none"> a) noted that EQC has developed its Pandemic Response Plan, and has activated this Plan in response to the COVID-19 outbreak; b) noted that the results of the February staff Engagement Survey relating to wellbeing have been compiled, and are outlined in the Board paper; c) noted there were 6 health and safety incidents reported in February 2020; and d) noted there was one Medical Treatment Injuries (MTI) in this reporting period. e) noted the additional paper added to the agenda '<i>EQC COVID-19 Response: Status Update at 25 March and Next Steps</i>' and <ul style="list-style-type: none"> i. noted the work completed to date for the EQC COVID-19 Response; ii. noted the status data of EQC's people, and the processes in place to continue monitoring and supporting our people; and iii. noted the response work planned for the coming weeks. 		
<p>1.4</p>	<div style="background-color: #cccccc; width: 100%; height: 100%; position: relative;"> <div style="position: absolute; bottom: 5px; right: 5px; color: red; font-weight: bold;">[legally privileged]</div> </div>	<ul style="list-style-type: none"> • <div style="background-color: #cccccc; width: 100%; height: 100%; position: relative;"> <div style="position: absolute; bottom: 5px; right: 5px; color: red; font-weight: bold;">[legally privileged]</div> </div> 	<ul style="list-style-type: none"> • Ongoing
<p><i>Sharlene Taylor left the meeting at 10.17am</i></p>			
<p>Section 2</p>	<p>Strategic Priorities</p>		

<p>2.1</p>	<p>Chief Executive’s Report</p> <p>The Board:</p> <p>a) noted the following key issues/points in the CE report:</p> <ul style="list-style-type: none"> a. Remote access for EQC staff b. Microsoft Teams c. Ministers Overseas Travel cancelled d. Treasury-led policy work e. Stakeholder engagement f. Global insurance market update g. Geonet update h. Reserve Bank legislation 	<ul style="list-style-type: none"> • [redacted] <p>[confidentiality]</p>	<ul style="list-style-type: none"> • Apr-20
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[redacted] and Chris Chainey entered the meeting at 10.30am [privacy]

<p>2.2</p>	<p>Response Model Options</p> <p>The Board:</p> <p>a) [redacted]</p> <p>b) [redacted]</p> <p>c) [redacted]</p> <p>d) [redacted]</p> <p>e) [redacted]</p> <p>[commercial sensitivity]</p>	<ul style="list-style-type: none"> • [redacted] <p>[commercial sensitivity]</p>	<ul style="list-style-type: none"> • Apr 20
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	<p>[redacted] [commercial sensitivity]</p> <p>f) [redacted]</p> <p>[redacted] [commercial sensitivity]</p> <p>g) [redacted]</p> <p>[redacted] [commercial sensitivity]</p>		
<p>[redacted] left the meeting at 11:35am [privacy]</p>			
<p>2.3</p>	<p>BEFU</p> <p>The Board:</p> <p>a) noted that a presentation accompanied the paper, which provides further details on the budgets for the ongoing “BAU” business and Public Inquiry, Canterbury CHE, Kaikoura CHE, On-Sold Properties and Southern Response.</p> <p>In regards to the “BAU” business and Public Inquiry:</p> <p>The Board:</p> <p>b) noted that EQC is due to submit its final numbers as part of the 2020 BEFU exercise on 27 March 2020 and that this will include the latest accepted ILVR (Dec 19) and a view of “BAU” and Public Inquiry operating costs;</p> <p>c) noted that the 2021 and 2022 financial year numbers will be published as part of the 2020/21 Statement of Performance Expectations;</p> <p>d) approved the base case scenario in regards to “BAU” operating costs; and</p> <p>e) approved the BEFU submission as outlined in the accompanying presentation.</p> <p>In regards to the Canterbury CHE budget:</p> <p>The Board:</p> <p>f) approved a Canterbury CHE life to June 2021 budget of \$1,690m; and</p> <p>g) noted that it is expected that there will be Canterbury CHE beyond June 2021, however,</p>		

	<p>there is considerable uncertainty as to the amount required.</p> <p>In regards to the Kaikoura CHE budget:</p> <p>The Board:</p> <p>h) noted the latest Kaikoura CHE life to June 2020 budget of \$110m (and that no further increase to approved budget is required at this point); and</p> <p>i) noted that final invoices have not been received from private insurers. If these invoices are higher than expected (and this drives total response costs above \$110m), then an increase to the approved budget will be required.</p> <p>In regards to the On-Sold Properties budget:</p> <p>The Board:</p> <p>j) approved the On-Sold Properties budget for the year ending June 2021 of \$1.423m;</p> <p>k) noted that these operational costs are expected to be incurred by EQC, and later reimbursed by the Treasury; and</p> <p>l) noted that of the initial \$300m Treasury provision for On-Solds \$5m of this was assumed to be associated claims handling expenses.</p> <p>In regards to the Southern Response budget:</p> <p>The Board:</p> <p>m) approved the Southern Response budget for the year ended June 2021 of \$1.912m; and</p> <p>n) noted that these operational costs are expected to be incurred by EQC, and later reimbursed by Southern Response.</p>		
<p>2.4</p>	<p>Transformation Update</p> <p>The Board:</p> <p>a) noted the progress that has been made on EQC’s transformation to date in the workstream updates (appendix 1).</p> <p>b) endorsed the intention to refresh the Transformation Portfolio in April and May to align with recommendations from the Public Inquiry, decisions on EQC’s future claims operating model, and key planning process including the SOPE and BEFU.</p> <p>c) noted the progress made outsourcing Information Technology Operations to Datacom, and the confirmed cost of [REDACTED]</p>	<ul style="list-style-type: none"> • Management to table IQA reports with the Board when finalised. 	<ul style="list-style-type: none"> • Apr 20

	<p>offset by a reduction in workforce expenses of \$4.9m. [commercial sensitivity]</p> <p>d) approved delegation of authority to the Chief Executive for the execution of the contract with Datacom.</p>		
<p><i>Chris Chainey left the meeting at 11:45pm</i></p> <p><i>Benesia Smith and [REDACTED] joined the meeting at 11.45pm [privacy]</i></p>			
2.5	<p>Public Inquiry Update</p> <p>The Board:</p> <p>a) noted the Public Inquiry report is due to be presented to the Governor-General by 30 March;</p> <p>b) noted that we expect the Minister's office will provide a copy of the report to EQC when it receives the report from the Governor General;</p> <p>c) noted that the Minister is likely to table the report in Parliament on or around 2 April;</p> <p>d) noted that the Inquiry team will work with Treasury on the government's response package; and</p> <p>e) endorsed the proposed communications strategy for the release of the report.</p>		
<p><i>The meeting adjourned for lunch at 12.00pm</i></p> <p><i>All Commissioners, Sid Miller, [REDACTED] and Renee Walker joined the meeting at 12.35pm [privacy]</i></p>			
2.6	<p>Claims Settlement Strategy</p> <p>The Board:</p> <p>a) noted progress over the last 12 months, including initiatives employed and discounted;</p> <p>b) noted the external operating environment;</p> <p>c) noted the current profile of claims;</p> <p>d) noted the forecast of claims to be reopened and resolved over the next 12 months.</p> <p>e) endorsed the strategies to be employed to resolve remaining claims; and</p> <p>f) noted the anticipated impacts of the COVID-19 'lockdown'</p>		
<p><i>Chris Chainey entered the meeting at 12.50pm</i></p>			

Section 3	Performance and Reporting		
3.1	<p>EQC Performance Report – February 2020</p> <p>The Board:</p> <p>a) noted that this paper accompanies the EQC’s Executive Dashboard to 29 Feb 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 29 February 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 9 April 2020.</p> <p>c) noted that a settlement rate of 750 claims per month is a realistic and sustainable target.</p> <p>d) noted that Management will include complaints/disputes and quality assurance reporting in the performance report from April 2020.</p>	<ul style="list-style-type: none"> • Management to provide forecast and timeframes for ‘Onsold’ programme. • Management to update the Board on insights gained from claim review • Management to include complaints/disputes reporting and quality assurance reporting in the performance report. 	<ul style="list-style-type: none"> • Apr 20 • Apr 20 • Apr 20
<p><i>Chris Chainey and Renee Walker left the meeting at 1:00pm</i> <i>and</i> <i>joined the meeting at 1:00pm</i> [privacy]</p>			
Section 4	Financial and Risk		
4.1		<ul style="list-style-type: none"> • [negotiations, commercial sensitivity] 	<ul style="list-style-type: none"> • Apr 20

	[negotiations, commercial sensitivity]	

_____ and _____ left the meeting at 1:35pm [privacy]
 Chris Chainey entered the meeting at 1:35pm

4.2 Financial Reporting – February 2020

The Board:

- a) **noted** the accompanying February 2020 Financial pack;
- 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;
- c) **noted** that the following comments on the February financial performance:
 - i. Revenue above budget (\$1.0m) due to higher premiums (\$0.9m) and interest received on Section 16 funds (\$0.1m);
 - ii. Core operating costs are above month budget (\$0.8m). This is mainly due to higher than planned consultancy expenses (\$0.7m)

	<p>resulting from spend on the Data Analytics project and higher Grants & Sponsorship costs (\$0.1m) due to the timing of GeoNet opex;</p> <p>iii. Event operating costs are below budget (\$1.9m). This is mainly due to lower payments to private insurers in Kaikoura (\$0.1m) and lower operating costs in Canterbury (\$1.8m) resulting from lower resourcing levels and consultancy spend; and</p> <p>iv. Cash & Investments held at 29 February were \$164m.</p>		
<p>4.3</p>	<p>Policy Approvals</p> <p>The Board:</p> <p>EQC Policy on Participation of Reinsurers and Reinsurance Brokers</p> <p>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;</p> <p>b) noted that no substantive changes to the policy are required at this time;</p> <p>c) noted that the RRC recommends the Policy of Participation and Reinsurance Brokers for approval; and</p> <p>d) approved the EQC Policy on Participation of Reinsurers and Reinsurance Brokers.</p> <p>Administration update of Fraud Policy</p> <p>a) noted that the ARC endorsed the proposed changes at its meeting on 19 March 2020;</p> <p>b) noted that the changes to the document relate to administrative changes and corrections; and</p> <p>c) approved the updated Fraud Policy v2.2.</p>	<ul style="list-style-type: none"> • Management to include further information on maximum caps for A- rated Reinsurers and considerations in the event of a rating downgrade in April Board paper 	<ul style="list-style-type: none"> • Apr 20
<p>Section 5 Board Committee Updates</p>			
<p>5.1</p>	<p>Audit and Risk Committee, including ToR and Workplan</p> <p>The Board:</p> <p>a) noted that management have consulted with the ARC on the 2020 work plan;</p> <p>b) noted that the workplan is accompanied by a list of policies that are proposed to be reviewed by the various Board sub-committees;</p> <p>c) approved the proposed minor administrative changes to the ToR; and</p>		

	d) noted the 2020 work plan and that it has been approved by the ARC.		
5.2	Reinsurance and Resilience Committee, including ToR and Workplan The Board: a) noted that management have consulted with the RRC on the 2020 work plan and ToR; b) approved the recommended addition to the ToR in regards to reviewing the Risk Financing Strategy and other minor administrative changes; and c) noted the 2020 work plan (attached) and that it has been approved by the RRC.		
5.3	Board committte membership The Board: a) approved membership of the Board Committees as communicated by the Board Chair.		
<i>Chris Chainey left the meeting at 1:50pm</i>			
Section 6 General Business			
6.1	Matters Arising and Action Points The Board; a) noted the updates to the Action Points; b) noted that action item B679 remain open to ensure that scenarios are developed in more detail, including an event that exceeds 100k claims; c) noted that action items B681-684 are yet to be addressed and are to be included in the April update.	<ul style="list-style-type: none"> Management to update the action register 	<ul style="list-style-type: none"> Apr 20
6.2	Confirmation of Board Minutes The Board; a) confirmed the draft minutes of the Board meeting held on 28 February as a true and accurate record.		

<p>6.3</p>	<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 27 January 2020 subject to an amendment to agenda item 2.7;</p> <p>c) noted that since July 2018 when the Board Minutes began being published on the EQC website there have been 949-page views, with 501 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>	<ul style="list-style-type: none"> • Management to amend the redaction of item 2.7 	<ul style="list-style-type: none"> • Apr 20
<p>6.4</p>	<p>Ratification of Evotes</p> <p>The Board:</p> <p>a) agreed to ratify the Evote <i>'Approval of the December 2019 draft ILVR'</i>.</p>		
<p><i>The meeting closed at 2.00pm</i></p>			
	<p>The next meeting is to be held on 29 April 2020.</p> <p>These minutes were approved by the Board as a true and correct record.</p> <p>_____</p> <p>Sir Michael Cullen _____</p> <p>Board Chair Date</p>		