

MINUTES OF THE MEETING OF THE BOARD OF THE EARTHQUAKE COMMISSION

**Held in Wairarapa room, Wellington
9.00am to 4.00pm, Thursday 13 May 2021**

Present:

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

In attendance:

Sid Miller, Chief Executive Officer
Tina Mitchell, Chief Strategy Officer
Kate Antonievich, Chief People Officer
Fraser Gardiner, Chief Financial Officer
Jaron Shaw, Chief Data Officer
Josh Lindsay, Chief Readiness Officer
Kate Tod, Head of Canterbury Claims
Hamish Wall, Head of Performance & Reporting
Privacy ██████████, Head of HSSW
Privacy ██████████, Head of Risk Financing
Privacy ██████████, 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
Section 1	Board Governance		
<i>Commissioners joined the meeting at 9.00am</i>			
	Board Only		
<i>Sid Miller joined the meeting at 9.10am</i>			
	Board and CE Only		
	<i>Privacy ██████████ & Tina Mitchell joined the meeting at 9.36am</i>		
	<p>Sub Committee Membership</p> <p>The Board:</p> <ul style="list-style-type: none"> a) discussed the current Board Committee membership; b) agreed for Alastair Hercus to come off the PCBC given he is also a member of the ARC; c) agreed for Ruth Dyson to be a member of the ARC; and d) agreed for Alister James to be a member of the PCBC. 		
1.1	<p>Present and Apologies</p> <p>The Board:</p>		

	a) noted there were no apologies received.		
1.1	Present and Apologies The Board: b) noted there were no apologies received.		
1.2	Interests Register / Declaration of Conflicts of Interest The Board: a) agreed the process to manage the conflict of interest for Alister James given his dual role on EQC and Southern Response Boards; and b) noted the following interests: i. Erica Seville interest with University of Canterbury can be removed ii. Alister James potential interest in paper 2.58 Aged Claims iii. Alister James potential interest in Canterbury Property section of 2.1 CE Report.		
1.3	Confirmation of Board Minutes – 30 April 2021 The Board: a) approved the Board minutes from 30 April 2021 as a true and accurate record subject to the amendments discussed.		
1.4	Matters Arising and Action Points The Board: a) noted the updates to the Action Points.	Legally privileged [Redacted]	
1.5	Proactive Release of Redacted Board Minutes – 3 March 2021 The Board a) requested the redacted minutes be resubmitted with the redactions in red text.		
Section 2	Strategic Priorities		
2.1	Chief Executive’s Report The Board: a) noted the key focus areas outlined in the CE Report; b) noted that Privacy [Redacted] is unavailable for the NRG Chair position; and	Commercially sensitive [Redacted] Management to research the Local Government Reforms and consider opportunities for EQC involvement.	

	c) agreed Privacy [redacted] as the Chair for the NRG .		
<p><i>Commissioners broke from 10.45am to 11.15am</i></p> <p><i>Kate Antonievich & Privacy [redacted] joined the meeting at 11.15am</i></p>			
2.2	<p>Health, Safety, Security and Wellbeing Strategy</p> <p>The Board:</p> <p>a) noted that EQC’s HSSW Strategy has been updated to reflect feedback received from the People and Culture Board Committee (the Committee) at its March 2021 meeting and has been externally reviewed by Cosman Parkes and Russell McVeagh;</p> <p>b) approved the draft HSSW Strategy, subject to the amendment discussed; and</p> <p>c) agreed that the annual review of the HSSW Strategy will move from October to May each year.</p>		
2.3	<p>Health, Safety, Security and Wellbeing Report - March 2021</p> <p>The Board:</p> <p>a) noted the summary of HSSW incidents (six), Medical Treatment Injuries (MTI) (nil), and Lost Time Injuries (LTI) (nil), provided in this report;</p> <p>b) noted that this monthly report has been redesigned to enable performance reporting against the four key areas of EQC’s HSSW operating context (as outlined in the HSSW Strategy submitted for Board approval at the May meeting);</p> <p>c) noted that this paper has been externally reviewed by industry experts Cosman Parkes, and Russell McVeagh lawyers, and their feedback incorporated;</p> <p>d) provided feedback on the content and level of detail in this monthly report, including any further topics to be included in the report;</p> <p>e) discussed the two security incidents reported [redacted] Protections of officers [redacted] [redacted]</p>		
2.4	<p>HSSW Approach for Staff Members when Working From Home</p> <p>The Board:</p>		

	<ul style="list-style-type: none"> a) noted the obligations on EQC relating to our staff members when they are WFH; b) noted the approach taken, and the processes in place, to manage the HSSW risks associated with staff members WFH; c) noted that this paper has been externally reviewed by industry experts Cosman Parkes, and Russell McVeagh lawyers, and their feedback incorporated; and d) noted the assurance processes in place, to ensure EQC continues to meet our obligations in relation to staff members WFH. 		
<p>Privacy left the meeting at 11.55am</p>			
<p>2.5</p>	<p>Bullying and Harassment, and Diversity and Inclusion Policy</p> <p>The Board:</p> <ul style="list-style-type: none"> a) noted the review process undertaken for the above policies; b) noted the next steps outlined in this paper, regarding review of the HSSW and Speak Up Policies; and c) approved the revised Diversity and Inclusion, and Bullying and Harassment Policies, subject to the amendments discussed. 		
<p><i>Kate Antonievich left the meeting at 12.00pm</i></p> <p><i>Josh Lindsay and Jaron Shaw joined the meeting at 12.01pm</i></p>			
<p>2.6</p>	<p>Transformation update</p> <p>The Board:</p> <ul style="list-style-type: none"> a) noted the progress that has been made across the Transformation Portfolio in the attached Transformation Portfolio Dashboard; b) noted the progress update in this paper on the Insurer Response Model (IRM); c) noted the Independent Quality Assurance report of the Technology Work Programme (attached as Appendix A); d) noted that the overall Portfolio status remains Amber, and is likely to remain Amber for the duration leading up to the IRM operational commencement date of 30th June 2021, due to 		

	<p>the nature and importance of remaining tasks on the plan; and</p> <p>e) noted the IRM checkpoint took place on 3rd May 2021 and confirmed that EQC and Insurers are on track to implement the IRM by the 30th June 2021, with known managed risks currently assessed as not being an inhibitor to operational commencement.</p>		
<p>2.7</p>	<p>Technology Services and Support</p> <p>The Board:</p> <p>a) noted the original Master Services Agreement (MSA) for the IT Outsource Service Management contract was approved by the Board in April 2019 and signed in May 2019 by the Chief Executive. A two- year Erratum contract was put in place to provide EQC with the basis to consume IT services from Datacom;</p> <p>b) noted the contracted term for services provided by Datacom expires on 27 June 2021;</p> <p>c) noted the concept of moving EQC to a fully outsourced IT delivery model leveraging Datacom’s expertise has proven successful since transition was completed in March 2020;</p> <p>d) Commercially sensitive [Redacted]</p> <p>e) Commercially sensitive [Redacted]</p> <p>f) approved delegation to the Chief Executive to execute commercial and contractual commitments.</p>		
<p><i>Josh Lindsay and Jaron Shaw left the meeting at 12.32pm</i></p> <p><i>Commissioners breaked from 12.32pm to 1.05pm</i></p> <p><i>Kate Tod joined the meeting at 1.05pm</i></p>			
<p>2.8</p>	<p>Maturing our approach to Aged Claims</p> <p>The Board:</p> <p>a) noted EQC has made significant progress in recent years to reduce the number of aged claims being managed by the scheme;</p>	<p>Management to review the Southern Response agreement by the October Board meeting.</p>	

	<p>b) noted EQC currently has 136 aged claims on hand and is aiming to reduce this below 100 by 30 June 2021;</p> <p>c) Commercially sensitive [REDACTED]</p> <p>d) Commercially sensitive [REDACTED]</p> <p>e) noted management will regularly update the Board via the CE Report on its progress towards achieving this goal.</p>	
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Kate Tod left the meeting at 1.49pm

Josh Lindsay & Hamish Wall joined the meeting at 1.50pm

<p>2.9</p>	<p>IRM Assurance and Strategic Board Reporting Update</p> <p>The Board:</p> <p>a) noted the progress that has been made to date in implementing the Assurance Framework;</p> <p>b) approved the Strategic Board Reporting wireframe, noting that this reporting will be operationalised from the commencement date;</p> <p>c) noted that some of the metrics represented in the IRM Strategic Board Reporting wireframe, such as those relating to Health and Safety elements of assurance, will correlate to other reporting that the Board will receive on a monthly basis, and that these have been designed alongside one another to ensure consistency;</p> <p>d) noted that further detail on each of the metrics in the IRM Strategic Board Reporting wireframe is captured in our operational-level reporting documentation and in the Management Assurance Picture;</p> <p>e) noted the next steps for implementation of the Assurance Framework and that the Board will receive a further update as part of the Operational Risk Assessment of the IRM, which will be presented to the Board ahead of operational commencement</p> <p>f) provided feedback on the format for the strategic report.</p>	
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Hamish Wall left the meeting at 2.01pm

Kate Antonievich & Privacy [REDACTED] joined the meeting at 2.02pm

2.10	HSSW Assurance – Insurer Response Model The Board: a) noted the EQC’s and insurers’ respective health and safety responsibilities as PCBUs, and the Board’s responsibilities as officers of EQC, under the IRM; b) noted the detailed outline of health and safety assurance activities that will be conducted within the IRM Assurance Framework, and the reporting that will be provided; c) noted the progress made to date in operationalising these health and safety assurance activities; and d) noted that Cosman Parkes and Russell McVeagh have reviewed our approach to monitoring and managing our collective health and safety obligations, as outlined in this paper.		
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Kate Antonievich & Chanelle Sefont left the meeting at 2.14pm

Fraser Gardiner joined the meeting at 2.16pm

2.11	Legally privileged 	Legally privileged 	
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	Legally privileged		
<i>Kate Tod & Hamish Wall joined the meeting at 2.45pm</i>			
Section 3	Performance and Reporting		
3.1	<p>EQC Performance Report to 31 March 2021</p> <p>The Board:</p> <p>a) noted that this paper complements the EQC's Executive Dashboard to 31 March 2021 and provides qualitative commentary on performance to supplement the quantitative information shown in the dashboard.</p> <p>b) noted that the EQC's Executive Dashboard to 31 March 2021 Commercially sensitive [REDACTED] will be published on EQC's external website by 14 May 2021.</p> <p>c) noted the exceptions and potential/realised issues outlined within the paper; and</p> <p>d) noted that the EQC's Executive Dashboard is available for review in the Diligent Resource Centre.</p>	Managed to report back on the approach to claims settlement, which was noted in the performance report paragraph 10.	
<i>Josh Lindsay, Kate Tod & Hamish Wall left the meeting at 3.08pm</i>			
Section 4	Financial and Risk		
4.1	<p>Financial Reporting – March 2021</p> <p>The Board:</p>		

	<p>a) noted the accompanying March 2021 Financial pack. The results for April 2021 were still being finalised at the time of drafting this report. The forecast numbers in this pack represent the BEFU numbers approved by the Board at the 29 March 2021 meeting;</p> <p>b) noted the following comments on the March financial performance:</p> <ul style="list-style-type: none"> i. Reported Surplus is above forecast levels (\$6.1m); ii. Net premium revenues were in line with forecast; iii. Net Claims expenses were \$4.4m below forecast, driven by lower BAU claim costs; iv. Net Corporate Centre costs (BAU) were below forecast (\$1.7m). This is primarily due to timing of project spend (\$1.2m), together with lower GeoNet opex spend during the month (\$0.5m). v. The YTD Reported Surplus (\$6.3m) is largely driven by lower underwriting costs (\$4.6m) and lower net corporate expenses (\$1.7m). vi. Cash & Investments held at 31 March were \$248m. <p>c) noted that the EQC Funding Deficiency Deed expires on 28 August 2021; that 90 days' notice must be given to extend this deed; and that the 90-day notice period expires on 30 May 2021;</p> <p>d) approved the extension of the EQC Funding Deficiency Deed for a 12-month period from 28 August 2021; and</p> <p>e) 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 28 August 2021).</p>		
<p>Privacy</p>	<p><i>joined the meeting at 3.12pm</i></p>		
<p>4.4</p>	<p>Extension of Budget for 2021/22 Reinsurance Renewal</p>		

	<p>The Board:</p> <p>a) Commercially sensitive [REDACTED]</p> <p>b) Commercially sensitive [REDACTED]</p> <p>c) Commercially sensitive [REDACTED]</p> <p>d) delegated the Chief Executive or Chief Financial Officer to sign the 2021/22 reinsurance treaties in line with the Board’s agreed parameters;</p> <p>e) noted that we expect to issue signed lines for the 2021/22 programme by 24 May 2021; and</p> <p>f) formally thanked Aon for their work on the reinsurance programme.</p>		
<p>4.2</p>	<p>Annual Review of EQC’s Risk Finance Strategy</p> <p>The Board:</p> <p>a) discussed and provide feedback to Management on the refreshed EQC Risk Finance Strategy;</p> <p>b) agreed that the Risk Finance Strategy is reviewed again in December ahead of the planning cycle and reinsurance renewal commencing and once changes from the EQC Act Modernisation are clearer; and</p> <p>c) agreed to review the suitability of publication following the next iteration of the strategy in December.</p>	<p>Free and frank [REDACTED]</p>	
<p>Privacy [REDACTED] <i>left the meeting at 3.34pm</i></p>			
<p>4.3</p>	<p>Acturial Procurement</p> <p>The Board:</p> <p>a) noted the recommended procurement approach to directly engage MJW Commercially sensitive [REDACTED]</p>	<p>Free and frank [REDACTED]</p>	

	<p>██████████ through an All of Government Consultancy Services agreement;</p> <p>b) noted that the Whole of Life value of the new agreement for actuarial services ██████████ is within the delegated financial authority of the Chief Executive; [Commercially sensitive]</p> <p>c) noted that this is a continuation of the services already being provided, however the ongoing services will be contracted through the appropriate All of Government ('AoG') Agreement and that the existing contractual arrangement ██████████ ██████████ will be superseded; and</p> <p>d) noted the intention to increasingly utilise EQC's internal actuarial capability to reduce the reliance on MJW, which is supported by the time and materials nature of the proposed contract.</p>		
<p>4.5</p>	<p>DFA framework approval</p> <p>The Board:</p> <p>a) approved Protection of officers ██████████ ██████████</p>		
<p>4.6</p>	<p>Policy endorsements from ARC</p> <p>The Board:</p> <p>a) noted that at its meeting on the 18 March 2021 the Audit and Risk Committee discussed the annual reviews of corporate policies related to Direct EQCover, Fraud and the Policy on Participation of Reinsurers and Reinsurance Brokers;</p> <p>b) noted that the Audit and Risk Committee endorsed Management's recommendations to approve the reviewed policies for a further 12 months;</p> <p>c) noted that the Audit and Risk Committee requested a legal review of the EQCover policy and the Fraud policy and that these have subsequently been completed. The Audit and Risk Committee also requested that the next review of the EQCover policy consider the implications of the Act review and changes in the broader insurance market; and</p> <p>d) approved the Audit and Risk Committee endorsed policies, as follows;</p>		

	<ul style="list-style-type: none"> i. Direct EQCover; ii. Fraud Policy; and iii. the Policy on Participation of Reinsurers and Reinsurance Brokers 		
<p><i>Fraser Gardiner departed the meeting at 3.48pm</i></p> <p><i>Commissioners, Sid Miller, Tina Mitchell and Privacy left the meeting at 3.53pm</i></p> <p><i>The meeting closed at 3.53pm</i></p>			
	<p>The next meeting is to be held on Jul 1 2021.</p> <p>These minutes were approved by the Board as a true and correct record.</p> <p>_____ <u>1 July 2021</u></p> <p>Mary Jane Daly Date</p> <p>Board Chair</p>		