

**MINUTES OF THE MEETING OF
THE BOARD OF THE EARTHQUAKE COMMISSION
Held in the Wairarapa Room, Majestic Centre, Wellington
10.00am – 4.00pm, Monday 25 November 2019**

Present:

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

In attendance:

Sid Miller, Chief Executive Officer
Renee Walker, DCE Readiness and Recovery
Paul Jepson, DCE Systems Transformation
Chris Chainey, Chief Financial Officer
Sharlene Taylor (*via teleconference*)
Benesia Smith, Head of EQC Inquiry Team
9(2)(a) Deputy Head of EQC Inquiry Team
9(2)(a) Senior Advisor EQC Inquiry Team
9(2)(a) Head of Claims
9(2)(a) Head of Strategic Partnerships
9(2)(a) Senior Advisor
9(2)(a) Head of Risk and Assurance
9(2)(a) Executive Strategic Advisor (Secretariat)

Apologies:

Nil

The meeting was declared open at 10.00am

	AGENDA ITEMS & KEY DISCUSSION POINTS	ACTIONS REQUIRED	DUE DATE
Section 1	Board Governance		
<i>Commissioners entered the meeting at 10.00am</i>			
	Board Only		
<i>Sid Miller entered the meeting at 10.25am</i>			
	Board and CE Only		
<i>Sharlene Taylor (teleconference), and 9(2)(a) entered the meeting at 11.20am</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.		

1.3	Health Safety and Wellbeing Report The Board: a) noted there were 9 incidents reported in October; b) noted there were no Medical Treatment Injuries (MTI) or Lost Time Injuries (LTI) in October; c) noted the update and actions taken and planned to improve our peoples safety; d) noted that the Board will receive updates on the progress of the management actions via the monthly Health, Safety, Security and Wellbeing report.	<ul style="list-style-type: none"> Management to provide an email update to the Board on the correct figures in the contractor section of the report where errors were noted. 	<ul style="list-style-type: none"> Nov-19
<i>Sharlene Taylor left the meeting at 11.33am</i> <i>Renee Walker, Paul Jepson, and Chris Chainey entered the meeting at 11.33am</i>			
Section 2	Strategic Priorities		
2.1	Chief Executive's Report The Board: a) noted the following key issues/points: <ul style="list-style-type: none"> i. Publication of the EQC Resilience Strategy ii. Approval of the 2020 Biennial Grants Portfolio iii. Legal privilege in Board papers iv. Meeting with the Public Inquiry team v. Meetings with overseas delegations vi. Annual Report 2018/19 vii. EQC's Readiness Strategy viii. Select Committee 	<ul style="list-style-type: none"> Management to provide photos of the L25 Hub content to the Board. 	<ul style="list-style-type: none"> Nov-19
2.2	Transformation Update The Board: a) noted the progress that has been made on EQC's transformation to date. b) noted the refinements that have been made to align all workstream activity into an integrated portfolio. c) noted the following changes to the transformation updates which reflect the refined approach: <ul style="list-style-type: none"> i. A new Information and Analytics workstream will be included in future 	<ul style="list-style-type: none"> Management to provide a refreshed and current Risk Financing Strategy to the Board Management to incorporate a 'customer' workstream into the transformation update that includes the systems and structures that support good customer outcomes. 	<ul style="list-style-type: none"> Mar-20 Jan-20

	<p>updates once the programme is established.</p> <p>ii. A new Policy workstream will include updates on the EQC Act, but will be extended to include coordination of policy advice and levy data strategy.</p> <p>iii. Loss modelling is currently reported through Enabling Systems, but will be reported through the Resilience workstream in the future.</p> <p>iv. Separate workstream updates on legal activity and engagement with Minister will no longer be reported in the Transformation update, but will be included in the monthly CE Report or other papers as appropriate.</p>		
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Paul Jepson left the meeting at 11.57am

<p>2.3 Programme Delivery Governance and Assurance</p> <p>The Board:</p> <p>a) approved the 3 lines of defence approach proposed for obtaining assurance over the Transformation Strategy portfolio of work.</p> <p>b) considered the option to engage an Independent Advisor to the Board to support effective decision making regarding EQC's systems transformation.</p>	<ul style="list-style-type: none"> Management to engage KPMG to provide strategic assurance that the EQC IT strategy will enable the future claims operating model and is aligned with the insurance market. 	<ul style="list-style-type: none"> Jan-20
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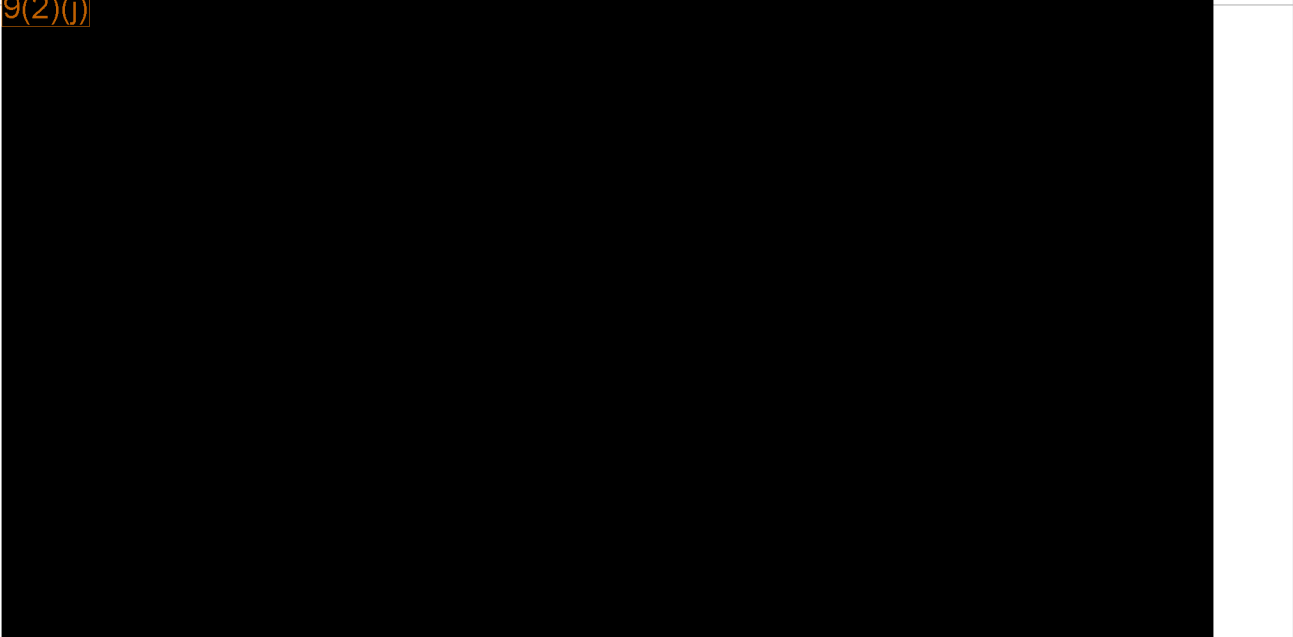
The meeting adjourned for lunch at 12.35pm and reconvened at 1.00pm.

Benesia Smith, 9(2)(a) and 9(2)(a) (teleconference) joined the meeting at 1.00pm.

<p>2.7 Public Inquiry Update</p> <p>The Board:</p> <p>a) noted the update on the Public Inquiry;</p> <p>b) noted that the Public Inquiry has advised it intends to provide EQC with a draft copy of its final report for comment as part of its natural justice process in mid-December; and</p> <p>c) noted that we intend to provide you with the draft report and our initial advice by 20 December 2019 and call a teleconference on 8 January 2020 and 13 January 2020 to discuss the draft report.</p>		
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Benesia Smith, 9(2)(a) and 9(2)(a) (teleconference) left the meeting at 1.10pm.

9(2)(a) and 9(2)(a) joined the meeting at 1.10pm.

2.4	Insurer engagement strategy The Board: <ul style="list-style-type: none">a. approved the overarching engagement strategy and negotiating team that underpins the three strategic initiatives EQC is proposing with respect to private insurers subject to the amendments discussed;b. noted the anticipated timing for:<ul style="list-style-type: none">i. external engagement with the different private insurers and related stakeholders; andii. internal workstreams to support the external engagement;c. noted the management-level programme governance established to ensure continued alignment and a cohesive approach is taken to all areas of private insurer and related stakeholder engagement activities.	<ul style="list-style-type: none">• Management to provide an update on the overall outcomes sought and principles of engagement with Insurers.	<ul style="list-style-type: none">• Dec-19
2.5	<div>9(2)(j)</div> 		

2.6	<p>Insurer response model</p> <p>The Board:</p> <ul style="list-style-type: none"> a) approved management commencing negotiations with private insurers on the proposed agency agreement subject to the amendments discussed b) noted that the attached draft agency agreement sets out the terms of EQC's proposed agency relationship with the relevant private insurers - see Appendix 1 of this paper for a high level summary of the key terms; c) noted that negotiations will be conducted with private insurers within the 'go/no-go' (bottom line) parameters set out in Appendix 1 of this paper; d) noted that the attached draft agency agreement has been prepared by Russell McVeagh on EQC's instructions based on: <ul style="list-style-type: none"> i. the proposed key features of the insurance response model approved by the Board in September 2019; ii. additional instructions relating to the fee structure and performance framework for the arrangements; and iii. incorporating lessons learnt from previous event(s), including from Kaikōura – see discussion in Appendix 2 of this paper, which sets out the key lessons learnt from that event based on PwC's Final Report on 'Strategic Review of the EQC Response Model' dated November 2018; and e) noted that management is working towards having 80% of the private insurer market signed up to the agency agreement before the end of March 2020. 	<ul style="list-style-type: none"> • Management to provide additional information on the Insurer Resposne model that articulates the customer outcome sought, how it will be measured, and how th model will work in practice. 	<ul style="list-style-type: none"> • Dec-19
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9(2)(a) and 9(2)(a) left the meeting at 2.37pm.

Section 3	Performance and Reporting		
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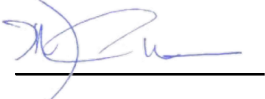
3.1	<p>EQC Performance Report – October 2019</p> <p>The Board:</p> <ul style="list-style-type: none"> a) noted that this paper accompanies the EQC’s Executive Dashboard to 31 October 2019 and provides qualitative commentary on performance to supplement the quantitative information shown in the dashboard; and b) noted that the EQC’s Executive Dashboard to 31 October 2019 (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 06 December 2019. 		
Section 4	Financial and Risk		
4.1	<p>Structural Engineering Contracts</p> <p>The Board:</p> <ul style="list-style-type: none"> a) approved that the Chief Executive can sign the execution of the extension of structural engineering contracts for 12 months, noting that the spend with all contracts are expected to exceed \$2m (the CE’s current delegation limit is \$2m). 		
4.2	<p>Financial Reporting – October 2019</p> <p>The Board:</p> <ul style="list-style-type: none"> a) noted the accompanying October 2019 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 October financial performance: <ul style="list-style-type: none"> i. Revenue above budget due to higher premiums (\$0.3m) and interest received on Section 16 funds (\$0.1m); ii. Core operating costs are below month budget (\$0.5m). This is mainly due to lower workforce expenses (\$0.2m) due to lower FTE levels and lower consultancy spend on Projects (\$0.3m) iii. Event operating costs are above budget (\$0.9m). This is mainly due to higher payments to private insurers in 		

	<p>Kaikoura (\$1.1m), partly offset by lower operating costs in Canterbury (\$0.2m);</p> <p>iv. Cash and Investments held at 31 October were \$182m; and</p> <p>d) approved the Deputy Chair (or another Commissioner if she is unavailable) signing the On-Sold Properties quarterly reimbursement schedule, that will be submitted to Treasury in January.</p>		
4.3	<p>Revised event budgets: Canterbury and Kaikoura</p> <p>The Board:</p> <p>a) noted that a presentation accompanies this paper, which provides further details on the revised budgets for the Canterbury event claims handling expenses (CHE) and the Kaikoura event claims handling expenses (CHE);</p> <p>b) approved a Canterbury CHE life to June 2020 budget of \$1,659m (an increase of \$12.7m);</p> <p>c) noted that it is expected that there will be Canterbury CHE beyond June 2020, however, there is considerable uncertainty as to the amount required; and</p> <p>d) noted that the latest forecast indicates that Kaikoura CHE and assessment fees will be within the \$110m the Board has previously approved and hence no further approval is required at this time.</p>		
4.4	<p>Delegations update</p> <p>The Board:</p> <p>a) approved the updating of the guidance notes, in the Grants and Sponsorship section of the Framework, to per the extract recommendation in paragraph eight; and</p> <p>b) approved the updating of the Definitions section in the framework to include definitions for Research Grants and Sponsorships.</p>		

4.5	Risk appetite Workshop The Board: a) provided feedback on the proposed EQC risk appetite statement and finalised a new statement. b) provided feedback on the proposed risk principles and finalised new principles.	<ul style="list-style-type: none"> Management to report back to the Board on risk limits once they are developed. 	<ul style="list-style-type: none"> Mar-20
Section 5 Board Committee Updates			
5.1	Reinsurance and Resilience Committee The Board: a) noted a verbal update on the 18 November 2019 Reinsurance and Resilience Committee.		
Section 6 General Business			
6.1	Matters Arising and Action Points The Board; a) noted the updates to the Action Points.		
6.2	Confirmation of Board Minutes The Board; a) confirmed the draft minutes of the Board meeting held on 31 October 2019 as a true and accurate record.		
6.3	Proactive Release of Redacted Board Minutes The Board: 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; b) approved the public release of the redacted Minutes for its meetings on 30 September 2019; c) approved minor changes removing some redactions from the July and August 2019 Board minutes following the release of the 2018-19 Annual Report and the public apology; d) noted that since July 2018 when the Board Minutes began being published on the EQC website there have been 800-page views, with 389 from external sources;		

	<p>e) 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>f) 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>		
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The meeting closed at 3.50pm

	<p>The next meeting is to be held on 27 January 2019 in Wellington.</p> <p>These minutes were approved by the Board as a true and correct record.</p>  Sir Michael Cullen Board Chair	<p><u>27 January 2020</u></p> <p>Date</p>	
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