



Independent Oversight Committee

Independent Oversight Committee information release

May 2022

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Independent Oversight Committee
REPORT to the Crown
December 2021

Report of the Committee providing independent oversight in relation to the implementation and delivery of the Southern Response Earthquake Services Limited Pre-October 2014 Payment Package

A. Introduction

The Independent Oversight Committee (the Committee) was established to ensure that the Package (as that term is defined in the Committee Terms of Reference) is implemented and delivered in accordance with the principles and processes for the Package agreed between Southern Response Earthquake Services Limited (SRES) and the Crown; and with due consideration being given to the interests of affected policyholders.

It is the view of the Committee that SRES is meeting this objective. Implementation of the Package in 2021 has been delayed by the *Ross* class action proceeding in the High Court. Leave to discontinue that proceeding has now been granted, and the Committee expects that this will result in greater progress in 2022.

B. Reports, advice and recommendations

The Committee refers to its previous **Reports** to the Crown.

The Committee provided a Report to the SRES Board in October.

The Committee has provided the following **advice and/or recommendations** to SRES in this reporting period.

1. The Committee recommended that SRES revise its approach to deregistered company policyholders so that more information regarding their potential monetary entitlement can be provided to such policyholder directors or shareholders prior to them taking steps to have their companies reinstated at the Companies Office. SRES has accepted this recommendation and is now processing claims from deregistered company policyholders, but on the proviso that no settlement can be finalised until the issue of eligibility is resolved. SRES is also investigating alternative solutions that may not require every company to be re-registered and will update the Committee on this issue.
2. The Committee continues to provide advice in relation to the proposed Package Review Process. This is a dispute resolution process for policyholders who wish to contest their Package offers. Progress on this is now an ongoing Agenda item.
3. SRES continues to make progress with the documentation of its business processes, with those relating to the standard offer and settlement process now complete. This is intended to ensure consistency of messaging and staff training.
4. The Committee continues to seek assurance that appropriate segregation of duty and quality control is provided throughout the offer and settlement process, particularly for complex claims. SRES advises that there are a number of checks and balances in the system, including a hierarchy of sign-offs, and that this will also be tested by the internal auditor, KPMG.
5. Key person risk remains a concern with the CEO still signing off the majority of claims and resolving the complex issues. SRES is building a pool of senior people who can alleviate this workload and provide additional separation of tasks, but this will take two to three months to implement.

6. The Committee recommended that SRES continue its work on a process for “out of scope” (OOS) claims to ensure that these are dealt with in a timely manner.

The Committee acknowledges the responsiveness of SRES to the Committee’s **recommendations and advice**.

The Committee provides SRES Management with other minor **recommendations and advice** at each monthly meeting. These are summarised in the meeting Minutes.

C. Summary of work performed

The Committee has met formally in November and December 2021 as required by the Terms of Reference.

At each meeting the Committee has received operational reports from the SRES General Manager and Project and/or Unit Manager as to the steps SRES is taking in implementing the Package in anticipation of the *Ross* court proceedings being discontinued.

With policyholders having been advised of the likely discontinuance of the *Ross* class action, inquiries about, and applications for, the Package have increased significantly. The Committee continues to seek assurance that SRES has resources and processes in place to meet this increased demand in a timely manner.

SRES continues to increase its staff levels in all areas necessary to meet the demands of both accepted applications, the consequences of declined applications, legal matters, reporting obligations and other work.

The Committee understands that the updating of policyholder contact information has progressed well to date and that the focus is now on processing applications as they are received. The Committee supports this reallocation of resources.

The Committee monitors the documentation of business processes and adherence to the same, and receives regular updates on progress and compliance, including quarterly reviews completed by KPMG as internal auditor. This remains a work in progress for SRES.

The Committee continues to receive updates from SRES General Counsel on the *Ross* class action court proceedings. At the time of this report, the High Court judgment granting leave to discontinue has just been released. The Committee is considering the implications of that judgment. SRES has also kept the Committee informed of the steps it is taking in response to the *Sneesby* proceedings relating to OOS claims. The broader issue of how the package will respond to OOS claims is an ongoing Agenda item.

The Committee receives from SRES and reviews a Register of Discretionary Decisions and a Register of Live Legal Issues prior to each meeting.

The Committee continues to receive direct communications from policyholders or their representatives and the Communications Policy is being followed.

The Committee wishes to report publicly to policyholders as a group from time to time and protocols for this are progressing in consultation with Treasury and SRES. A website hosted by Treasury for this purpose is expected to be operational in early 2022. The Committee intends that this website will

publish the Committee Minutes, Reports to the Crown and general information that will assist policyholders to understand and follow the work of the Committee.

The Committee continues to note its appreciation for the quality of reports provided by SRES and its legal advisers and the level of cooperation shown so far.

D. Recommendation for changes to Terms of Reference

No recommendations at this time.

Signed by

Committee Chair, David Ayers

Date: 24 December 2021

A handwritten signature in blue ink, appearing to read 'D. Ayers', is positioned below the printed name of the Committee Chair.