



# Independent Oversight Committee

## Independent Oversight Committee information release

May 2022

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Independent Oversight Committee  
REPORT to the Crown  
October 2021

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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

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## A. Introduction

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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 as far as it is legally able to do at this time.

## B. Reports, advice and recommendations

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

The Committee provided a **reporting** letter to the SRES Board in June and a **Report** in August.

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

1. The Committee **recommended** that SRES extend its internal auditor's scope to include a review of its business processes in relation to implementation and delivery of the Package. KPMG has completed a draft review, which SRES found useful and accordingly has acted on the advice contained in the review.
2. The Committee **recommended** that SRES create additional automated controls to reduce the risk that payments are made to policyholders with incorrect interest calculations. SRES have acted on this recommendation.
3. The Committee **recommended** that claimants who were not SRES policyholders at the time of the Christchurch earthquakes be recorded but should not be included in its reporting suite as declined claims. SRES has adjusted its reporting to take this recommendation into account.
4. The Committee provided **advice**, as requested, in relation to the proposed dispute resolution process for policyholders and will continue to advise on this project.

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

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

At these meetings, the Committee continues to invest time familiarising itself with the principles of the Package, anticipated and actual issues with its implementation, and establishing communication and governance procedures.

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 to prepare to implement the Package once the current court proceedings reach resolution.

The Committee continues to receive reports from SRES General Counsel and external legal advisers on the ongoing Ross class action court proceedings and how these may impact implementation and delivery of the Package. The High Court released judgments in these proceedings on 20 September 2021. SRES has reported to the Committee about the implications of these judgments and the likely trajectory for implementation and delivery of the Package. The Committee is advised that the SRES website for policyholder applications under the Package will be live from 11 October 2021.

In this reporting period, new proceedings have been issued in the Christchurch District Court by <sup>1231</sup> relating to “out of scope” claims settlements. SRES has kept the Committee informed of the steps it is taking in response to these new proceedings. The most recent update is that the proceedings have been transferred to the High Court. The broader issue of how the package will respond to “out of scope” claims is an ongoing Agenda item.

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

The Committee monitors the updating of contact information for policyholders and is satisfied that SRES is using this time to ensure that it is as prepared as possible for the time when affected policyholders can be contacted and claims can be processed. The Committee also monitors Human Resources progress and is satisfied that this is keeping up with increases in workload.

The Committee continues to receive direct correspondence from policyholders or their representatives and has established a Communications Policy after consultation with Treasury. The draft policy is **attached** as Appendix A.

The Committee wishes to Report publicly to policyholders as a group from time to time and is establishing protocols for this in consultation with Treasury.

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

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No recommendations at this time.

Signed by

Committee Chair, David Ayers

Date: 8 October 2021

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## Draft Communications Policy

### Background

Independent Oversight Committee (IOC) members have received unsolicited email and verbal communications from members of the public or their representatives in relation to matters concerning the Southern Response Earthquake Services Limited (SRES) pre-October 2014 Proactive Package.

To ensure consistency in responses, and after the required consultation with the SRES Board and the Crown, the IOC **agrees** as follows:

#### **1. Email communications from policyholders or their representatives:**

- a. IOC members will forward any communications to the Chair for response in accordance with the IOC Terms of Reference.
- b. The Chair will respond along the following lines:

Dear

Thank you for your email. The role of the Independent Oversight Committee is to provide independent oversight of Southern Response's decision-making in respect of the implementation and delivery of the Crown Package that was announced by the Minister for the Earthquake Commission, Minister Clark, last December. To the extent that we are able, in light of our role, we will consider/have been considering the matter/s you have raised. However, matters specific to your claim are best addressed to Southern Response.

Among the tasks of the Committee is to report to the Crown, the Southern Response Board and publicly to affected policyholders. Our Terms of Reference state that *it is not intended that the Committee will communicate directly and privately with individual policyholders*, so you may not receive a further direct reply from us.

Nevertheless, the Committee, wishing to be open to sources of information other than Southern Response, is grateful when policyholders draw important matters to its attention.

You might find it useful to read our Terms of Reference, which can be found at <https://www.treasury.govt.nz/sites/default/files/2021-06/oia-20200430.pdf> (at page 190).

Thank you again for taking the time to write.

Yours sincerely

- c. Any subsequent correspondence should be responded to by reference to the initial response (above) and longer email conversations should be avoided.
- d. Further or more detailed correspondence, if required for any reason, will not be entered into unless first discussed with IOC members.

**2. Informal contacts by phone or in person:**

- a. Committee members may confirm their appointment to the IOC as allowed by the Terms of Reference.
- b. Members should thank the person for drawing matters to IOC attention. Explain that the Committee can receive queries and information by means of email to the IOC Chair and will discuss any such communications at its monthly meetings. If appropriate, the IOC will address the issues in its reports and recommendations to SRES, the Crown and to the public, in accordance with its Terms of Reference.
- c. Committee members can also refer to the Terms of Reference, including that the role of the Committee is not to consider individual policyholder complaints or provide a dispute resolution body and that it is not intended that the Committee will communicate directly and privately with individual policyholders.
- d. Members may draw attention to various websites (for example, SRES or Treasury) where publicly available information (including the IOC Terms of Reference) is held.
- e. Members should otherwise refrain from making any comment about IOC work.

**3. Reporting publicly**

- a. The Committee considers that it should be making information available to policyholders via a publicly available website, or other acceptable means, and is in discussion with Treasury in this regard.