



Independent Oversight Committee

Independent Oversight Committee information release

July 2022

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Independent Oversight Committee
REPORT to the Crown
June 2022

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.

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 April 2022.

Following recent agreement with the Treasury, the Committee will commence reporting to the Crown on a quarterly basis. The Committee will also report to the SRES Board on a quarterly basis.

The Committee published its first Report to Policyholders on its webpage on 6 May 2022. The webpage also contains a comments email address to allow policyholders to contact the Committee with any matters they wish to draw to Committee attention. Any such direct communications will be responded to in accordance with the agreed Communications Policy which is publicly available on the webpage.

SRES has created a link on its own website to the Committee's webpage to increase the accessibility of the Committee webpage to policyholders.

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

1. The Committee confirmed it has no objections to the suggested Independent External Reviewers under the Terms of Reference for the SRES Package Review Process, or to the appointment documents.
2. The Committee has requested details of all complaints and disputes relating to the Package. This includes both reviews requested under the Package Review Process and any complaints and disputes of a more general nature related to the implementation of the Package.
3. The Committee has sought assurances from SRES in relation to its protections against identity theft/fraud and proof of identity requirements for Out of Scope (OOS) applications.
4. SRES has responded to Committee queries in relation to consistency of approach between Customer Relationship Managers and methods for ensuring this. SRES provided a high-level overview of the various systems in place for ensuring consistency. This includes peer reviews and a delegated authority framework for different claim types and values at an operational level, as well as Quality Assurance and audit reviews undertaken on a regular basis. SRES also undertakes additional one-off pieces of work to ensure consistency in claims management where appropriate (such as, external reviews of Package processes and controls).

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 minutes of the meetings.

C. Summary of work performed

The Committee met formally in May and June 2022 as required by the Terms of Reference.

At each meeting, the Committee 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. SRES has now settled over 1100 over cap applications. Additional data continues to be provided each month to enable the Committee to monitor progress on a more detailed level.

SRES continues to update staff training, streamline processes, and develop systems to address complex issues affecting multiple policyholders as they arise. This is enabling Package applications to be progressed more efficiently without jeopardising the quality of the process.

SRES has now largely processed the influx of applications received late 2021 after the Ross Class Action was discontinued. It is now proactively seeking new applications through a media campaign and is about to recommence direct contact with policyholders who have not yet applied under the Package.

SRES provides updates on the following issues at each meeting as these are matters of particular interest to the Committee and are permanent Agenda items:

- the development and implementation of the Package Review Process;
- current legal issues and discretionary decisions in relation to the Package; and
- how the Package is responding to OOS only applications. (We note that an application for leave to appeal the High Court's decision in *Sneesby v Southern Response Earthquake Services Ltd* [2022] NZHC 262 has now been filed.)

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. SRES is also now providing the Committee with its in-house compliance reports.

The Committee is now using an internal checklist to evaluate the information it receives each month against key performance indicators and to identify any gaps in that information. This is an internal working document and will be refined over time. The Committee has shared this document with SRES on a confidential and privileged basis to enhance SRES's reporting to the Committee. (Please note: by referring to this document in this report the Committee is not waiving legal privilege or any other protection over the content of this document.)

The Committee has been working with the Treasury to establish procurement arrangements for independent legal services on an 'as needed' basis as contemplated in the Terms of Reference. The Committee expects this to be in place shortly.

The Committee has received communication from a Policyholder representative in relation to a Premier House policy where the policyholder accepted a market value settlement. The matter has been discussed with SRES. SRES is undertaking work on this issue and the Committee will continue to monitor progress.

SRES is also undertaking a wider analysis in relation to Market Value policies and their treatment under the Package.

The Communications Policy continues to be followed.

The Committee has drafted a Document Release Policy to formalise the process for preparing its minutes and Crown Reports for public release on the Committee webpage. Minutes and Crown Reports to April 2022 have now been published and the Document Release Policy is working well. The Committee is pleased that the redactions to its documents have been minimal.

The Committee has filed its April 2022 Report to the Crown with the High Court to comply with the judgment of Osbourne J in *Ross v Southern Response Earthquake Services Limited* [2021] NZHC 3497. The High Court has confirmed it is satisfied with the level of reporting by the Committee.

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

As a matter of good practice, the Committee will undertake an evaluation exercise of its own performance over the next reporting period.

D. Recommendation for changes to Terms of Reference

The Committee has worked with both the Crown and SRES to amend its Terms of Reference to comply with the judgment of Osbourne J in *Ross v Southern Response Earthquake Services Limited* [2021] NZHC 3497 (at paragraph 78). The amendments clarify the Committee's oversight of the SRES Package Review Process and are in the final stages of approval.

Signed by



Committee Chair, David Ayers

Date: 28 June 2022