



Independent Oversight Committee

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Independent Oversight Committee
Quarterly REPORT to the Crown
December 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 September 2022.

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

1. The Committee suggested that it would be useful to review how comparable New Zealand and overseas compensation schemes have been brought to an end. This is an issue to consider as policyholders become more difficult to locate and all reasonable avenues have been pursued.
2. SRES sought the Committee's advice in relation to the potential reduction in proof of identity requirements for small out of scope (OOS) claims. The proposal was discussed at length and potential issues and risks canvassed. The Committee supports SRES's flexible approach to this matter and notes that this process will be informed by fraud training for SRES staff provided by New Zealand Police.
3. The Committee recommended SRES staff have additional fraud training, especially in light of potential reduced proof of identity requirements for lower value OOS applications. The Committee has facilitated this training through the New Zealand Police.
4. The Committee reviewed, and provided feedback on, the proposed customer feedback survey of policyholders who have now settled their Package claims. The survey has been finalised and is now being sent to these policyholders.
5. The Committee notes that the first application for review has been made (and resolved) under the Package Review Process. After the provision of additional supporting material, the application was decided in favour of the applicant. The Committee is pleased to see that the process is working as intended and provides another level of review for applicants.

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 October, November and December 2022 as required by the Terms of Reference. A SRES staff member from the internal Package Review Process attended the December meeting. The Committee found it useful to be talked through this process now that one review has been completed.

At each monthly 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. The Committee is pleased to note that over 2000 over-cap claims have now been settled.

Additional data continues to be provided each month to enable the Committee to monitor progress on a more detailed level. The Committee is using its Key Performance Indicator Checklist to evaluate the information it receives and to identify, and fill, any gaps in the information provided. This continues to be refined.

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:

- applications under 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 was declined under judgment dated 23 August 2022, but Mr Sneesby has now appealed that decision to the Court of Appeal. An application by Trevor Ressels to be joined as plaintiff and to sue as a representative was set down for hearing on 21 November 2022 but has now been postponed to 31 January 2023.)

In the last quarter, the Committee received communications from two policyholder representatives at its "comments" email address and is pleased that policyholders are using that facility to contact the Committee. An automatic reply draws attention to the Committee's communications policy and ensures writers are aware that the Committee will not respond personally in keeping with that policy and the Terms of Reference.

The Committee discusses issues raised in these communications with SRES and makes additional enquiries, as it sees fit, to be assured that matters are being dealt with in accordance with Package principles.

On 27 September 2022, 1 October 2022 and 3 October 2022 the Committee received correspondence from Grant Shand Barristers and Solicitors with regard to professional fees calculations under the Package. This was discussed at the Committee meeting in October and SRES have advised that the policyholders in question have since accepted package settlements.

On 14 September 2022 the Committee received correspondence from GCA Lawyers expressing concern about the approach SRES is taking to certain other costs in contingency calculations for Package offers. The Committee discussed the matters raised by GCA Lawyers and sought information from SRES and the Crown. The Committee is now satisfied that the approach SRES is taking on this point is in accordance with the Package principles and processes agreed between SRES and the Crown. Having regard to the Committee's mandate to consider the interests of affected policyholders, the Committee is satisfied that the approach SRES is taking is also consistent with the Package principle of putting those who cash-settled with SRES before 1 October 2014 in a similar position to those who settled after that date.

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 pleased to note that all Package related business processes have been documented.

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.

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

D. Administrative matters

The Committee is working with the Treasury to secure a replacement for Fiona Mules who left the Committee at the end of October 2022. Pending a permanent replacement, Fiona has agreed to provide support to the Committee. The Committee is grateful to Fiona and to the Treasury for facilitating this temporary solution.

The Communications Policy continues to be followed.

The Document Release Policy continues to work well with publication of Reports and minutes well within expected timeframes. Minutes and Crown Reports to September 2022 have now been published on the Committee web page. The Committee is pleased that the redactions to its documents remain minimal thereby enhancing transparency of the Committee's work.

The Committee has filed its September 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.

As a matter of good practice, the Committee has undertaken an evaluation exercise of its own performance. The evaluation results were reassuring, and a summary has been shared with the Treasury.

E. Recommendation for changes to Terms of Reference

No changes recommended this quarter.

Signed by



Committee Chair, David Ayers

Date: 22 December 2022
