



Independent Oversight Committee

Independent Oversight Committee information release

September 2023

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Independent Oversight Committee Update for Policyholders August 2023

The Independent Oversight Committee provides independent oversight of the implementation and delivery of the Southern Response Earthquake Services Limited Pre-October 2014 Payment Package

A. Introduction

The Southern Response Independent Oversight Committee (IOC) was established to oversee the implementation and delivery of the Southern Response Pre-October 2014 Payment Package (the Package). We first reported to policyholders in [April 2022](#), and this is our second report. The IOC has four members: Nina Khouri, Sandra Manderson, Felicity Caird (appointed in May 2023 to replace Fiona Mules) and our chair, David Ayers. You can find more information about us on [the IOC home page](#).

B. Our role

The IOC was formed after the Crown and Southern Response Earthquake Services Limited (Southern Response) agreed the terms of the Package. We were not involved in negotiating those terms and it is not our role to renegotiate them. We are here to ensure that the Package is implemented and delivered in accordance with the agreed principles and processes and in a way that is consistent and fair to policyholders.

We provide independent oversight and make recommendations to Southern Response in relation to the implementation and delivery of the Package. We hold monthly meetings where Southern Response management provides detailed updates on all aspects of Package implementation and delivery. This includes: identifying contact information for eligible policyholders; progress on applications received and settled; discretionary decisions; legal issues and litigation; requests for review of Package offers; Package systems and processes; and outcomes of internal audits. You can find further details about our meetings in the meeting Minutes which are available on the IOC home page.

We report in writing every quarter to both the Crown and the Southern Response Board detailing our recommendations and the work we have done. Our reports to the Crown are available from our home page. These reports are also filed with the High Court in Christchurch and, together with our monthly meeting Minutes, will continue to be posted on the IOC home page as they become available for proactive release.

Although it is not intended that the IOC communicate directly or privately with individual policyholders, we occasionally receive communication from policyholders, or their representatives, and we do welcome information and inquiry from all sources. We respond in line with our Terms of Reference and our agreed Communications Policy which is available on the IOC home page. This involves advising policyholders that we are unable to communicate with them directly but letting them know that we will consider the matters raised by them at our next meeting. We then discuss the correspondence at our next meeting and, if appropriate, raise the issue with Southern Response management and/or the Crown.

C. Our work

As of July 2023, Southern Response has paid \$249,911,103 to policyholders across 4,170 Package registrations. Of these, 2,396 related to over-cap¹ claims. This represents nearly 90% of the estimated number of over-cap policyholders who may be eligible, and it is a significant achievement.

Earlier this year, Southern Response commissioned a survey of over-cap policyholders who had received payments under the Package and the response was positive. The survey measured

¹ "Over-cap" claims relate to settlements with Southern Response that exceeded the Earthquake Commission Act 1993 cap at the time of \$100,000 plus GST for an earthquake event.

policyholder experience with the Package process and policyholders gave an average satisfaction score of eight out of ten. This supports our view that Southern Response is processing applications efficiently and communicating well with policyholders.

The IOC continues to review all processes and decision-making relating to the implementation and delivery of the Package and advises on these matters. We particularly focus on issues from a policyholder perspective as required by our Terms of Reference.

Since our last update for policyholders, we have considered and/or given Southern Response advice or recommendations on such matters as:

- key performance indicators against which the IOC will measure Southern Response's implementation and delivery of the Package
- applications under the Package Review Process
- protections against identity theft and fraud and staff training for this
- proof of identity requirements for out-of-scope applications²
- establishing and updating business processes and timelines for Package applications in relation to out-of-scope settlements
- ensuring a consistent approach to processing claims
- an external survey of policyholder experience with the Package process and a presentation on this from the survey company
- the approach taken to certain other costs under the Package
- the treatment of Market Value Policies
- KPMG Quarterly Internal Audit Reports and regular in-house internal audit reports
- privacy breaches and responses to them
- a review of how comparable New Zealand and overseas compensation schemes have been wound down

We acknowledge the cooperation of Southern Response and its legal advisers in assisting us to carry out our oversight role to date. Our objective is that policyholder applications under the Package are dealt with in a timely, fair, and consistent manner and that policyholders receive the payments they are eligible for under the Package. In our view this objective is being met.

D. Next steps

Southern Response continues to attempt to contact the few remaining over-cap policyholders and is now focusing its attention on the approximately 9,000 out-of-scope policyholders who may be eligible for Package payments. We appreciate that there are different challenges with this large group of lower-value applications, and we continue to independently oversee the implementation and delivery of this part of the Package taking into account the interests of affected policyholders as required by our Terms of Reference. We will continue to report regularly to the Crown and the Southern Response Board, and publicly to policyholders from time to time in line with our Terms of Reference.

Signed by



Committee Chair, David Ayers

30 August 2023

² "Out-of-scope" claims relate to settlements with Southern Response for earthquake damage to property items 'outside the scope' of the Earthquake Commission Act 1993 but covered under the wider definition of 'house' in the policy document (which includes, for example, garages, fences, driveways, paths and swimming pools).