

# Briefing to the Incoming Minister Responsible for the Earthquake Commission

November 2020



New Zealand Government

**EQC**  
EARTHQUAKE COMMISSION  
Kōmihana Rāwhenua

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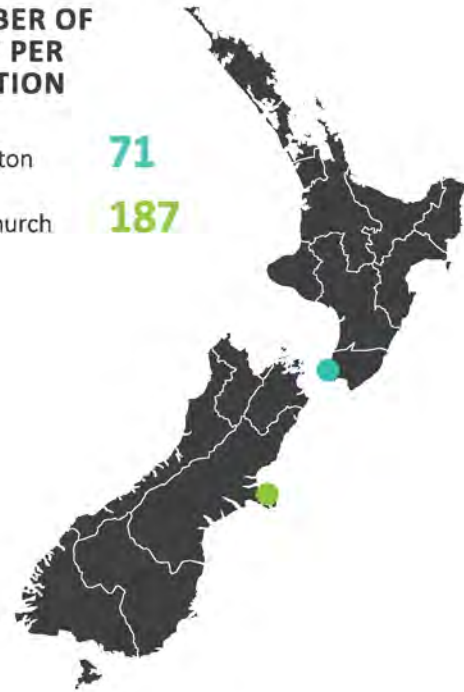
## STAFF SNAPSHOT

All Numbers are at 16 June 2020



### NUMBER OF STAFF PER LOCATION

Wellington **71**  
 Christchurch **187**



### Age range - years



**0%**

Under 20



**26%**

20-34



**47%**

35-49



**26.5%**

50-64



**0.5%**

65+



### Gender



**131**

Male



**127**

Female

Leadership team

**3**

**4**

People managers

**36**

**34**

■ Samoan/Indian/Pacific	1% (for each group)
■ African/Chinese/Other/Tongan	2% (for each group)
■ Maori/Undisclosed	4% (for each group)
■ Asian	5%
■ European	12%
■ NZ European	64%

## LETTER FROM THE CHAIR

Congratulations on your appointment as Minister Responsible for the Earthquake Commission. We look forward to supporting you in this important role.

EQC is a unique organisation that exists because of the natural hazard profile of our country. The beauty of the landscape in Aotearoa New Zealand is created by the same forces that make our country hazardous. We live with the ever-present threat of natural disasters including earthquakes, landslips, hydrothermal activity, volcanic eruptions and tsunamis.

The magnitude 7.1 earthquake that struck near Darfield on 4 September 2010 marked the beginning of a hugely challenging period for New Zealand and EQC. It began a decade of the most destructive seismic activity that New Zealand had seen for more than 75 years.

EQC, in 2020, is a completely different organisation than it was 10 years ago. From the small agency of 26 staff in 2010, EQC is transforming into a modern, collaborative, learning organisation. We are much better set up to help all New Zealanders prepare for and recover from the next natural disaster, whenever that might happen.

This transition has come from hard, but essential, lessons on how to best serve New Zealand when a natural hazard event occurs. Critical to our understanding of where we need to strengthen our resilience to, readiness for and ability to recover from a natural disaster are the findings of the Public Inquiry into the Earthquake Commission, which delivered its report to the Governor-General on 27 March 2020.

After 16 months of analysis, public feedback and research, the Inquiry's report highlighted the challenges faced by EQC in responding to the Canterbury earthquakes—the most complex and damaging earthquake sequence in recent times.

The report acknowledged that while EQC staff had done the best they could in difficult circumstances, EQC was poorly prepared and rapidly overwhelmed; as a result, the public bore the burden of those shortcomings. This is a legacy that the Government and EQC continue to work to make better.

We have formally apologised to the people of Canterbury for the additional stress and trauma EQC caused during their recovery. Acting on the lessons of the past decade is the best way of honouring the distress, uncertainty and anxiety of those who have gone through these events.

With 70 recommendations for improvements, 45 of which are the responsibility of EQC, we have a clear map to build the organisation that New Zealand deserves and needs. We are committed, alongside our key stakeholders, to build the expertise, systems, technology and relationships essential to serving New Zealanders in the future.

EQC's priorities for meeting our statutory mandate, supporting Government as our shareholder and delivering the world's leading national natural disaster insurance scheme are:

- **Resolving Canterbury claims**

EQC has handled 469,437 claims from the Canterbury earthquake sequence across nearly 200,000 properties. All those properties have received a first-time settlement. Frustratingly, for Canterbury homeowners, many claims have had to be reopened due to faulty repairs or missed scope, and EQC still has approximately 1,800 Canterbury claims to resolve.

EQC also administers the Government's programme to provide financial help to owners of on-sold over-EQC cap properties in Canterbury. Homeowners had until 14 October 2020 to apply for this ex gratia payment. We are committed to effectively resolving these applications.

- **Implementing the Public Inquiry recommendations and working with the Treasury on the modernisation of the EQC Act**

As noted the Public Inquiry, alongside the significant policy and operational knowledge gained from the response to the Canterbury and other recent earthquakes, provides a pathway for improving the EQC Scheme and ensuring it meets current needs and can effectively respond to future perils. We are working closely with the Treasury on the EQC Act modernisation work programme.

- **Increasing community resilience to natural hazards**

A key asset for New Zealand is EQC's significant investment in natural hazards science and engineering research at universities and institutes around the country, including the world-renowned GeoNet geological hazard monitoring tool.

Our research and education mandate is critical not only to how New Zealand manages natural hazard risk but also to supporting effective adaptation to climate change. EQC sees one of its essential roles as continuing to integrate our natural hazard management knowledge and expertise with the cross-government programmes developing New Zealand's response to climate change challenges.

- **Readiness, particularly optimisation of EQC's event management capacity and capability through the insurer response model**

We have partnership agreements in place with private insurers that form the basis of an 'insurer response model'. This will double our capacity from 50,000 to 100,000 claims per year.

Building on the relative success of the Kaikōura earthquake response, customers will now submit one insurance claim to their private insurer, who will act as EQC's agent and navigate the customer through both insurance processes. This new process will be simpler and faster for customers as it provides a single lodgement, assessment and settlement pathway, regardless of which insurance scheme covers the loss. It greatly enhances our readiness for an event.

- **Data and analytics**

We are investing in building additional capability in data and analytics that will further enhance our risk modelling and financial assurance. This is currently supported by data-sharing agreements with private insurers.

With enhanced data and modelling capability, EQC seeks to have a stronger voice in the management of natural hazard risk. As EQC carries the risks when land and buildings fail, we have a vested

interest in ensuring standards are set in the most effective manner to minimise that harm.

Coordinated, integrated, targeted, deliberate risk management is crucial for reducing New Zealand's financial and social contingent liabilities.

- **Financial resilience**

This year, we were pleased to secure international reinsurance cover of \$6.2 billion, which is in line with the record amount secured in the previous year. This cover underpins access to affordable natural hazard insurance for New Zealanders.

This success occurred because the international insurance market has confidence, through our science, modelling and claims model, that New Zealand is working hard to increase resilience and reduce the double handling of claims. This international confidence improves the reinsurance prospects for all insurers in New Zealand, contributing to high levels of homeowner insurance across the board.

### Working for New Zealand and working with you

Providing fast, fair and transparent claims resolution services and putting the customer at the heart of our approach has been a key focus for all EQC staff in recent years. This is reflected in customer survey results, which have seen 74 percent of customers reporting satisfaction with the quality of service they received in 2020, compared to 49 percent two years earlier. We have also significantly reduced the number of claims in litigation during the past two years.

Over the coming weeks, we will engage with you on the priority matters above; the wide-ranging work programme the Board has underway to reduce the impact of natural disasters on people and property; and to identify how we can best support you in your role.



Mary-Jane Daly  
Chair

## INTRODUCTION

This briefing provides you with an overview of the Earthquake Commission (EQC).

It outlines EQC's role, strategic priorities for 2020/2021 and the key matters of significance for you in your first three months as Minister.

During the next month, EQC will provide detailed briefings to you on the following subjects:

- Resolving Canterbury claims
- Public Inquiry into EQC and EQC Act modernisation
- Insurer response model
- Insurer finalisation
- EQC's Resilience Strategy for Natural Hazard Risk Reduction
- Building enhanced data and analytics and modelling capability
- Reinsurance and risk financing strategy

### Your first three months

In your first three months as Minister, you can expect:

- regular updates on progress resolving Canterbury claims
- to see EQC working alongside the Treasury to progress the modernisation of the EQC Act, particularly as this work provides opportunities to address many of the issues identified by the Public Inquiry as requiring action
- regular updates from EQC and other agencies on progress in implementing the Public Inquiry recommendations, including which agency is responsible for leading a large housing recovery programme (noting that EQC does not have the organisational capability to take this role)
- updates on the implementation and refinement of the insurer response model
- progress on the applications being managed through the On-Solds Programme
- to discuss your expectations of EQC, which will inform the preparation of EQC's Statement of Performance Expectations
- to be provided with a draft Statement of Intent for 2021–2025.

### Key areas of activity and issues to work through with you

The next three to four months will be a time of considerable activity for EQC as we continue to mature the insurer response model, respond to the recommendations of the Public Inquiry, and work to achieve closure for customers on matters that remain outstanding 10 years on from the beginning of the Canterbury earthquake sequence.

We would like to engage with you and your officials on a range of matters that impact on the governance and administration of the EQC scheme, many of which are under consideration through major programmes of work such as the EQC Act modernisation and Public Inquiry implementation. Specific areas of discussion include:

- **The roles, responsibilities and functions of EQC:**  
The EQC Board of Commissioners' view is that these aspects of the EQC scheme need clarification. For example, if a major natural disaster occurred today, it is unclear who would be responsible for a large-scale managed repair programme and the role EQC would play.
- **The open-ended nature of the scheme**  
Our experience managing claims from the Canterbury earthquakes has clearly identified that the ability to re-open claims makes final claim resolution challenging, with claim management often continuing for years after an event. The reinstatement of EQC cover after each event also creates complexities with apportionment of liability.
- **Building New Zealand's resilience to natural hazards, which will support national efforts on natural hazard risk management and climate change adaptation**  
Careful consideration needs to be given to how the EQC scheme covers natural hazards, especially those that may be exacerbated by climate change, including hazards that are not currently covered (such as coastal erosion or drought).

The EQC Board of Commissioners' view is that the Scheme's boundaries must be clearly defined and future proofed in light of changing hazard and environmental risks, financial markets and societal changes. We also see opportunity for an increased role for EQC scheme's expertise and insight in natural hazard risk management in cross-government efforts to support climate change adaptation.

- **Accessible and appropriate dispute resolution options**

Improved options for dispute resolution are needed so that customers have access to timely and affordable support and are not reliant on unregulated advocates to support them with their claim.

- **Effective data sharing between EQC and insurers to strengthen the EQC scheme**

Improving the data held by insurers, and shared with EQC, is a key part of embedding EQC's operating model. It is critical to providing a customer-centred claim experience, robust event preparation, effective risk financing, and targeted investment in research and resilience. We are actively working on these matters with insurers and may also seek support for this work through the EQC Act modernisation programme.



## EQC'S ROLE AND RESPONSIBILITIES

EQC has its origins in the Earthquake and War Damage Commission (EWDC), which was established in the 1940s to provide New Zealanders with affordable insurance for damage caused by war and earthquakes. In 1993, EWDC became the Earthquake Commission under the Earthquake Commission Act 1993 (the EQC Act) and insurance cover for war damage ceased.

EQC is a Crown agent governed by a Board of Commissioners. Further information on the EQC Board and Executive Leadership Team is contained in **Appendix A**.

EQC's functions under Section 5 of the EQC Act are:

- administering the insurance against natural disaster damage provided under the EQC Act
- collecting premiums for the insurance provided under the EQC Act
- administering the National Disaster Fund (NDF), including the investment of money held in the NDF
- obtaining reinsurance in respect of the whole or part of the insurance provided under the EQC Act
- facilitating research and education about matters relevant to natural disaster damage, methods of reducing or preventing natural disaster damage, and the insurance provided under the EQC Act
- such other functions as may be conferred on it by:
  - the EQC Act or any other Act; or
  - the Minister, in accordance with Section 112 of the Crown Entities Act 2004, which gives the responsible Minister power to add to the functions of a Crown entity. The Minister may direct the entity to perform any additional function that is so added and that is consistent with the entity's objectives.

Further detail on EQC, including the functions that have been conferred by Ministerial direction is set out in **Appendix B**.

## How we provide cover to New Zealanders

### EQCover

EQC provides natural disaster insurance for damage to residential buildings and residential land. EQC insures against damage caused by specified perils—namely earthquake, natural landslip, volcanic eruption, hydrothermal activity, tsunami, storm or flood (for land damage only) or fire caused by any of these.

Cover under the EQC Act (EQCover<sup>1</sup>) is obtained automatically when a customer takes out a fire insurance policy for a residential building as defined by the EQC Act.

The premium paid to the customer's insurance company includes the premium for EQCover. EQCover ceases if the fire insurance policy lapses or is cancelled or if EQC cancels EQCover. It is estimated that approximately 90 percent of New Zealand homeowners are currently covered by EQCover.

The value of EQCover is limited by caps<sup>2</sup> and subject to the payment of an excess or excesses<sup>3</sup>, as specified in the EQC Act and Regulations<sup>4</sup>. An individual's private insurance policy (which must be in place to trigger EQCover) will typically provide cover for damage above the EQC caps (except for land damage, which is generally not covered by private insurance).

1 EQCover is the name of EQC's earthquake and natural disaster insurance for dwellings and land.

2 From 1 July 2019, caps are generally set at \$150,000 (+ GST) for residential building, and contents are no longer covered. This change to the residential building cap and contents insurance coverage affected customers as they renewed or purchased new policies from 1 July 2019. The cap for land is often (but not always) the value of the minimum allowable lot size under the relevant district plan. This amount of insurance is available for each event of natural disaster damage.

3 The current excess for a residential building claim is \$200 up to a claim value of \$20,000 and one percent of the total claim value for a claim above \$20,000. For land, the excess is \$500 per claim on claims up to the value of \$5,000 and 10 percent of the value of a claim above \$5,000, up to a maximum of \$5,000 excess per claim. Different calculations apply for residential buildings and land with more than one dwelling.

4 The Earthquake Commission Regulations 1993.



The cap and excess levels were originally set in 1993, and the building cap was increased as part of the EQC Amendment Act that was passed in February 2019, which also included removing cover for personal property.

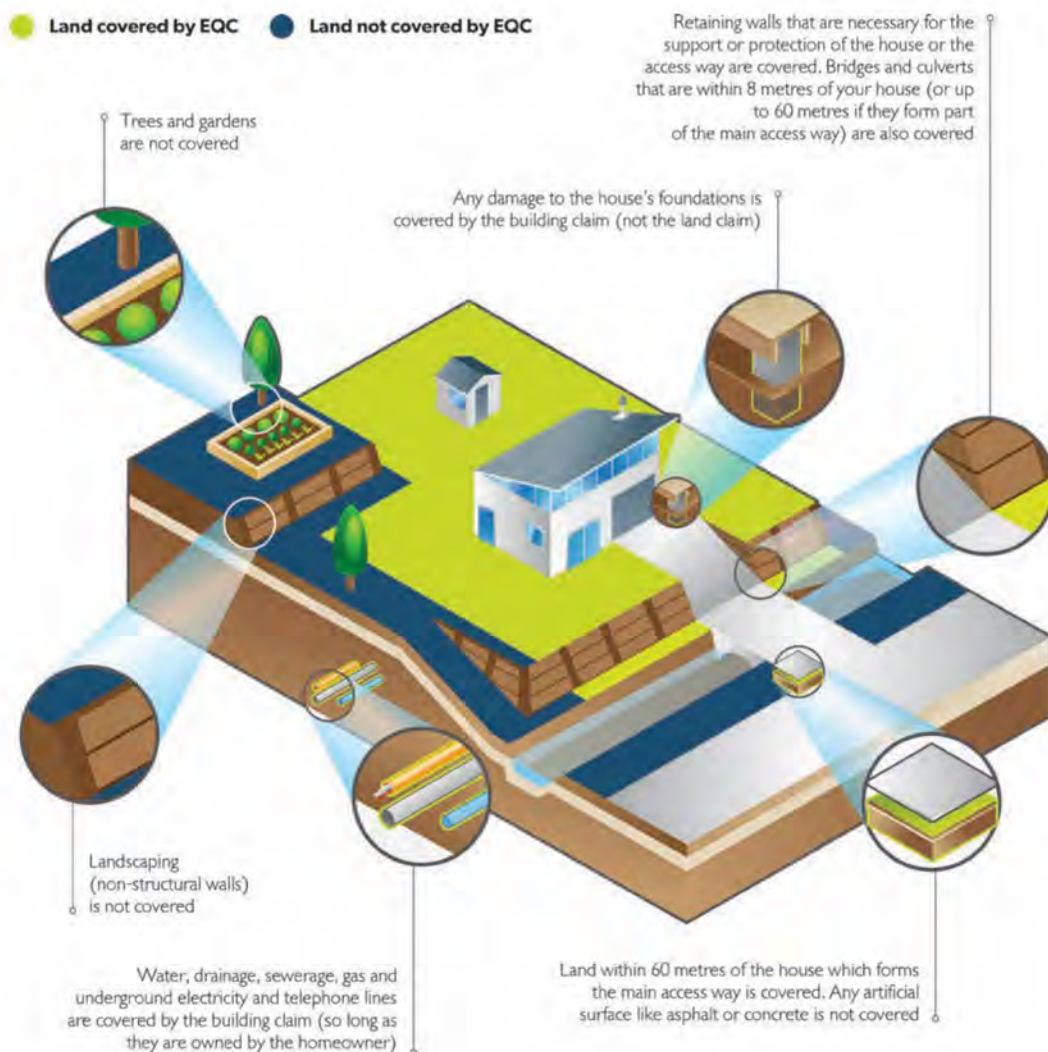
EQC generally settles claims via cash payment. The main exception to this was the establishment of the Canterbury Home Repair Programme (which is discussed further in section 1 – Resolving Canterbury claims).

The diagram below shows how EQCover applies to a typical house and section.

### Direct cover

Section 22 of the EQC Act (Voluntary insurance against natural disaster damage) provides that EQC may offer cover directly to individuals for natural disaster damage up to the same EQC caps and coverage as set out in the EQC Act.

Currently there is a very small number of people with such cover in place.



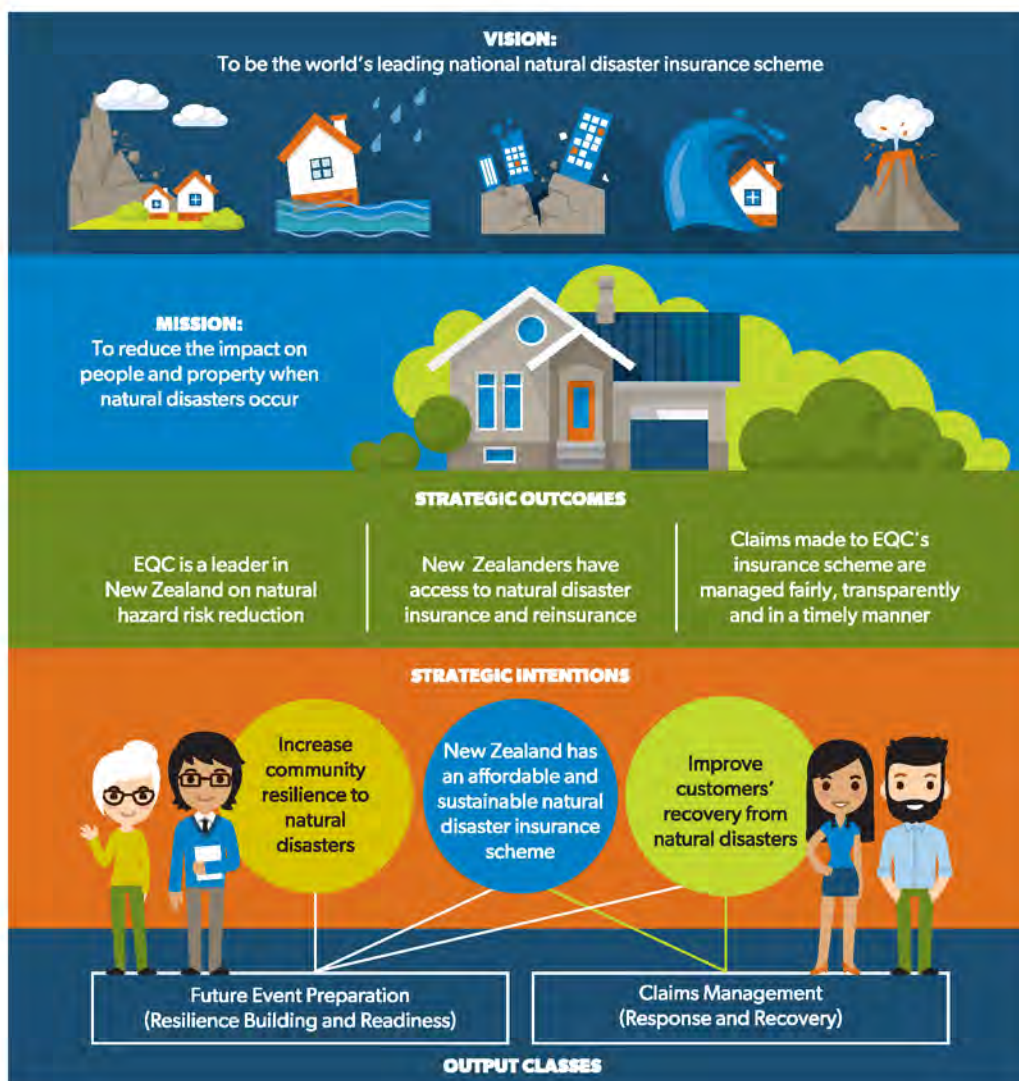
## HOW EQC DELIVERS FOR NEW ZEALAND

EQC provides homeowners with significant insurance cover against natural disasters in a format that is affordable and costs the same nationwide. By international standards, this means New Zealand homeowners are protected by high levels of catastrophe insurance. Such a high rate of insurance means homeowners and the Government are better placed to meet the costs of natural disasters.

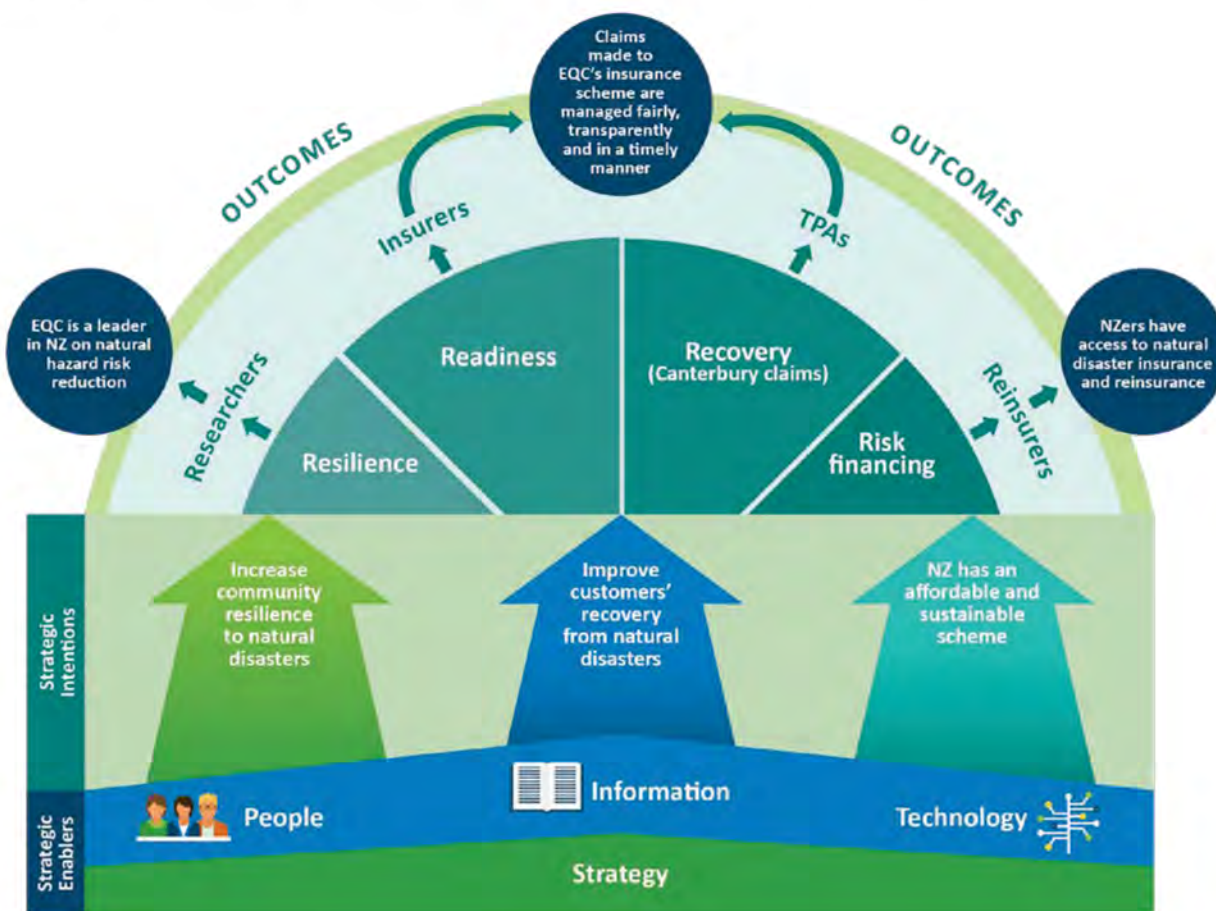
Our statutory functions translate into four key roles :

- Readiness for an event
- Recovery after an event
- Reducing future risk through research and education
- Risk financing to ensure the scheme remains sustainable

These roles inform EQC’s vision, mission and strategic framework.



Our operating model is also based on EQC's four key roles and the external partnerships required to support them.



## STRATEGIC PRIORITIES

EQC's focus for 2021 is directed to six strategic priorities:

1. Resolving Canterbury claims
2. Implementing the Public Inquiry recommendations and working with the Treasury on the modernisation of the EQC Act
3. Readiness—optimisation of EQC's event management capacity and capability through the insurer response model
4. Data and analytics
5. Financial resilience
6. Increase community resilience to natural hazards

### 1. RESOLVING CANTERBURY CLAIMS

Resolving Canterbury claims remains our highest priority. EQC receives a steady inflow of new 're-opened' claims each month that offsets the rate at which we can resolve older, more complex claims. For example, EQC may resolve 500 claims in a month, but it also receives 500 new claims. The net effect is a state of equilibrium in the overall number.

To still have reopened claims ten years after the first Canterbury earthquakes is disappointing for EQC and its customers. That this is the case also highlights the problematic legacy of the managed repair programme and the lack of finality in the EQC Act.

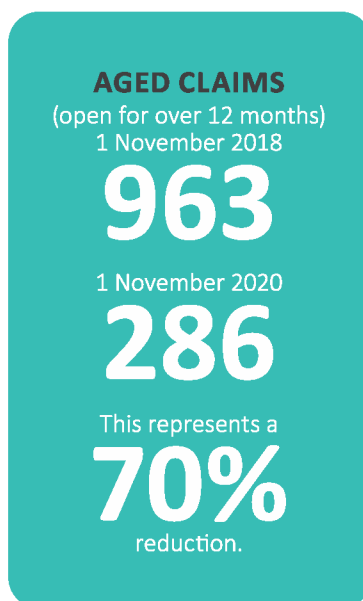
Looking back over the past decade:

- There have been 469,437 Canterbury earthquake sequence claims on 194,190 properties.
- The first-time settlement process has been completed for all these properties.
- We have seen 32,843 properties have claims reopened or issues raised as at 1 November 2020, which equates to 17% of all Canterbury properties.

The number of open claims belies the real progress that has been made and the results achieved in recent years, in both resolution rates and customer experience. EQC has taken deliberate steps to improving the speed, transparency and fairness of its claims resolution process.

We have adopted a continuous improvement approach, with new initiatives put in place and regularly reviewed so different solutions are considered. This focus and approach have been successful, as demonstrated by the reduced number of open claims and the increased customer satisfaction over the past two years.





Despite these improvements, an equilibrium is being reached with numbers of open claims. This is because new, reopened claims offset the claims that are being resolved.

Reopened claims are largely a legacy of the problems from the Canterbury Home Repair Programme (known as managed repair programme). Given the scale of the damage from the Canterbury earthquakes, EQC ran this repair programme rather than its usual cash payment approach to claims settlement.

*Customer satisfaction has improved:* Across FY 2017/2018, **49 percent** of customers reported satisfaction with the overall quality of service. Across FY 2019/2020, **74 percent** of customers reported satisfaction with the quality of service during their recent claim experience. This represents a **25 percent** improvement in how customers feel regarding their recent claim experience.

Claims previously resolved by EQC can be reopened for a number of reasons including:

- missed scope—where additional damage was discovered later
- failed repairs
- top ups —where repairs have cost more than the amount paid by EQC.

There is no limitation in the EQC Act regarding the number of times claimants can present new information about their claim. This means reopened claims can continue in an open-ended manner.

We continue to look for ways to achieve fair and equitable customer outcomes while also reducing the need for claims to be reopened (and dealing with them more quickly when they are). We have just commenced two new initiatives to further streamline the process where only minor works are involved and to encourage customers to spend money that is paid out on the repairs required.

**Further detail on claim initiatives will be provided in a supplementary briefing.**

### On-sold properties

EQC has successfully managed the On-Sold Programme on behalf of the Government since August 2019. The programme was designed to enable homeowners to repair outstanding earthquake damage to their homes where the property has been purchased since the earthquakes, further earthquake damage was subsequently discovered, and the repair cost was over the EQC cap.

Where homeowners are unable to claim these costs on their insurance, they may be eligible for an on-sold ex gratia payment to cover the cost of repairs. A \$300 million three-year appropriation was set up to pay for the On-Sold Programme.

As of 1 November 2020, EQC has received 5,944 applications for the On-Sold Programme.

- 252 have been paid (or are being processed for payment)
- 448 are in the process of having the scope of works developed and agreed
- 294 have been withdrawn or determined not to be an application
- 2,318 are on hold until customers provide information
- 2,287 are in the process of being validated
- 345 have been declined

EQC has sought to improve the flexibility of the programme to better meet customer needs. In August 2020 changes were made to allow homeowners to co-fund additional work (e.g. a joint repair/renovation project) and to purchase another property if the house is a constructive loss or uneconomic to repair.

Recognising that a timely process is important for everyone, we introduced deadlines to ensure customers have clear dates by which information must be provided (two months for eligibility information and five months for damage assessment information).

The extended deadline for applications was 14 October 2020, and we did a lot to ensure that people were aware of this date and did not miss the opportunity to make an application. Letters were sent to 44,000 potentially eligible homeowners, and advertisements ran in local newspapers and on radio. Since these steps were taken, 4576 applications have been received (from 12 August to 14 October) and, interestingly, there has also been an increase in the number of claims being reopened.

**Further detail on the On-Solds Programme will be provided in a supplementary briefing.**

### **Work with insurers in relation to Canterbury**

Outstanding issues with insurers regarding apportionment of liability remain a significant challenge for EQC in reaching true 'resolution' of Canterbury matters.

While settling Canterbury claims, EQC and insurers incurred costs for building and land repairs, which each says should have been met by the other. EQC and insurers have worked together in a sequence of attempts to address the uncertainties about the damage that occurred to over-cap properties at each stage during the Canterbury earthquake sequence. Progress has been made, with each phase of discussions narrowing the issues in dispute. But overall resolution has not yet been possible.

From 2018, a sampling approach was used to assist with apportionment. This enabled EQC and each insurer to estimate the damage on a random selection of properties, and the payments made, to approximate the costs arising from each event. Although it provided useful insights, the sampling approach has not translated well to finalisation negotiations and only represented part of the overall claim.

EQC continues to engage with insurers to pursue a negotiated outcome, but in the meantime, litigation is also underway. Proceedings were issued by IAG and Tower in relation to their land claims in 2017, and Tower issued proceedings for its buildings claim in April 2020 (in respect of which EQC has counter claimed).

9(2)(j), 9(2)(b)(ii)

9(2)(j), 9(2)(b)(ii)

### Southern Response

EQC has taken on a broader role in consolidating and settling remaining claims in Canterbury by acting as an agent for Southern Response in processing its remaining customer claims.

The agreement with Southern Response gives EQC authority to make decisions up to a value of \$150,000, meaning that Southern Response still makes the final decision on many claims when they go over this cap. We took on this role at the beginning of 2020, following a direction by the Minister in October 2019.

As at 1 November there were 214 open Southern Response claims.

### Dispute resolution

One of the many lessons learned from the Canterbury earthquake sequence was that customers needed accessible and affordable options for resolving disputes over claim decisions. To fill this gap, two Canterbury earthquake-specific resolution options had to be put in place: the Canterbury Earthquakes Insurance Tribunal and the Greater Christchurch Claims Resolution Service.

While we expect that improvements made to claims handling processes will lessen the occurrence of disputes, some should still be expected. This will be the case particularly if there is a major event and there remains a need to find a fit-for-purpose dispute resolution option for claims associated with future events.

Without such a service, there could be a repeat of lengthy litigation and the involvement of unregulated advocates in claim disputes.

We are currently providing input on the work being carried out by the Treasury, Ministry of Business, Innovation and Employment and the Ministry of Justice on developing a robust, accessible, timely and responsive standing dispute resolution mechanism for claimants.

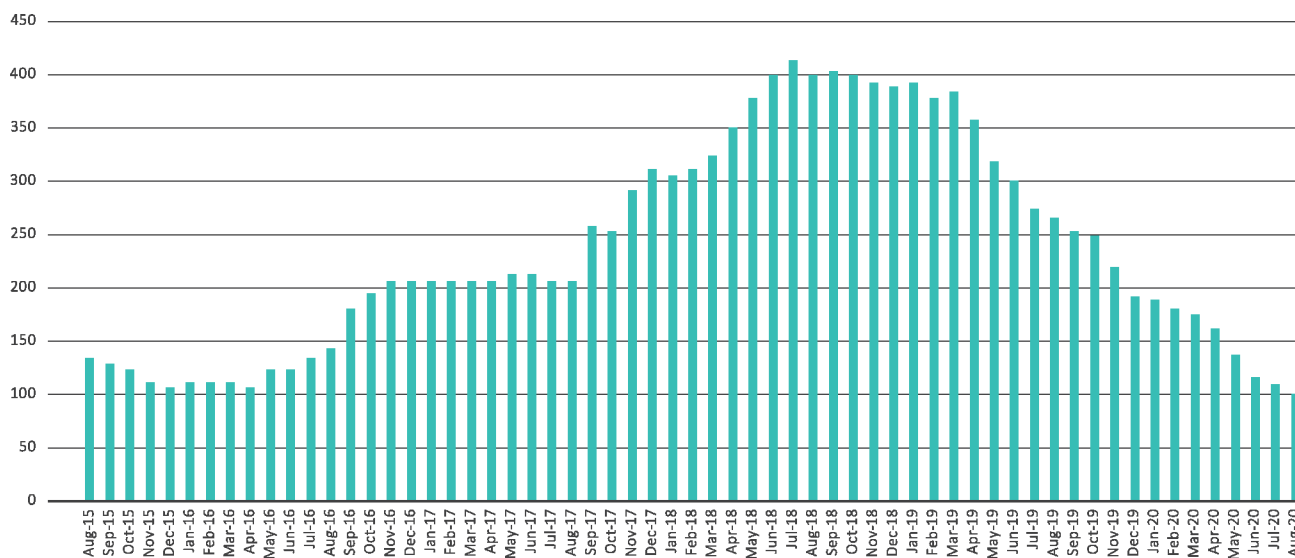
### Litigation update

EQC has made real progress resolving claims in litigation. Over the past two years we rethought our approach and used settlement teams to engage proactively with claimants under an alternative dispute resolution framework in an attempt to resolve these long-running claims.

This approach has seen considerable progress made and, of the 486 claims transferred from litigation to the settlement teams, only 80 remain open as at 1 November 2020.

Recognising that most remaining disputes continue to be of a technical rather than legal nature, EQC settlement specialists focus on engaging with the engineering advisors to EQC and the customer to try and work together from the outset.

Cumulative open litigation cases:



## 2. IMPLEMENTING THE PUBLIC INQUIRY RECOMMENDATIONS

The report from the Public Inquiry into the Earthquake Commission—Uiunga Tūmatanui ki te Kōmihana Rūwhenua—was delivered in March 2020, with the Government response released in August 2020. The Public Inquiry has provided another valuable opportunity for EQC to consider the many lessons

learned from Canterbury and achieve its strategic objectives.

EQC has committed to implementing all the recommendations that relate to its purpose and operations and supporting other government agencies in implementing work responding to recommendations made to them, particularly in relation to the modernisation of the EQC Act.



Since March 2020 we have progressed work to respond to a number of the Public Inquiry recommendations. An EQC Customer Code was put in place in July as part of EQC's focus on improving the claims experience for customers. A copy of the Code is set out in **Appendix C**.

The Code reflects recommendations made by the Public Inquiry as well as broader changes in the insurance industry about the need to improve customer focus. The Code also informs the claims experience measures that EQC monitors and reports.

The new insurer response model (detailed later in this briefing) also responds to a number of the Public Inquiry recommendations.

EQC is now reviewing all the recommendations and developing an overarching workplan in response to the Public Inquiry. Some of the recommendations lend themselves to immediate action while others will take longer to implement. EQC has commissioned an independent review of our response to confirm its appropriateness, identify and address any gaps and track our progress over the next 12 months.

### Modernising the Earthquake Commission Act 1993

The Treasury is undertaking work to modernise the EQC Act. The work builds on the previous review of the EQC Act in 2015 and Dame Silvia Cartwright's recommendations from the Public Inquiry into EQC. The amended EQC Act is expected to be introduced into Parliament by mid-2021.

We are working closely with the Treasury on the EQC Act modernisation work programme. EQC Board priorities are also reflected in the scope of the EQC Act modernisation work programme.

**Further detail on the Public Inquiry recommendation implementation and the EQC Act modernisation programme will be provided in a supplementary briefing.**

### 3. READINESS—OPTIMISATION OF EQC'S EVENT MANAGEMENT CAPACITY AND CAPABILITY

We have acted on the lessons of the past 10 years and made changes that mean we are better prepared than ever before to respond to a major event.

Historically, EQC was not well positioned to respond to large-scale events in a way that provided an optimal customer experience. The model used in the Canterbury earthquake sequence required customers to make two claims—one to EQC up to a capped level of the damage and the other to their private insurer for top-up cover losses. This model presented inefficiencies in process and a frustrating and stressful experience for customers.

Learning from the experience of the Canterbury earthquake sequence, EQC implemented an alternative response model for the Kaikōura earthquake sequence. For this event, private insurers stood in the shoes of EQC for the lodgement, assessment and settlement of claims, using processes already familiar to the customer from their private insurance dealings. This meant the customer had one point of contact, regardless of whether the claim was covered by EQC's or the insurer's policy.

In our view this alternative response model was a success. It was assessed by an external review in a 2018 to evaluate the customer satisfaction levels between EQC-managed customers and insurer-managed customers. The review revealed that there was a significantly higher proportion of insurer-managed customers who were 'very satisfied' with the quality of services. The review also demonstrated that:

- Private insurers had the capacity to support a cash settlement model and could offer faster claims settlements.
- Partnering with the industry increased EQC's capacity to scale and respond to the event within acceptable costs.
- The rate of reopened claims remained low.

Overall, the model provided a more people-centred claims system as recommended by the Public Inquiry and saw EQC working collaboratively with insurers and sector partners.

### Building the insurer response model

Seeing the benefits of the approach taken in Kaikōura, EQC has used this as the starting point for transforming its target operating model. In March 2020, the EQC Board of Commissioners endorsed this change. The key drivers were the need to streamline the customer journey, improve the experience, and (through the existing capability in sector) ensure scalability to respond to a range of future natural disaster events.

Given these drivers and the previous lessons learned, the insurer response model (IRM) was developed as the preferred option for the management of EQC's future claims. This model is based on a mutually beneficial partnership, where EQC and private insurers leverage each other's strengths. The New Zealand public also benefits from the investment that private insurers make to improve the efficiency of settlement processes.

### Where EQC is with implementing the IRM

The Natural Disaster Response Agreement (NDRA) is the core vehicle underpinning the partnership EQC is looking to secure with seven private insurers. The NDRA and related agreements (which include multilateral and bilateral terms and a data agreement) are now agreed by all parties.

EQC and the insurers are working to reach a higher level of maturity in the IRM by mid 2021, which is the date by which insurers will manage all EQC claims (business as usual and events). This means that if a natural disaster strikes, the IRM will be used as a matter of course for responding to the event. The extent to which the IRM is used between now and mid 2021 will depend on the magnitude of an event and the stage that each insurer has reached in implementing the elements of the operating model.

Between now and then, there is extensive work to be done to embed the necessary capability within the IRM. The programme of work includes:

- the development of training packages and a learning hub to develop insurer capability
- technical and procedural documentation relating to buildings and land
- building new technology platforms and a data exchange capability (detailed further below)
- developing assurance frameworks and customer experience principles.

EQC will retain some in-house capacity and existing supplier arrangements to ensure there is a contingency option in place, should it be required. EQC will also use these suppliers, including third-party administrators, to manage any legacy claims.

Once the IRM is operational, customers will only need to lodge their claim once, through their insurer. Insurers managing the full end-to-end claim (both under cap and over cap, or both house and land surrounding the house) will provide a more seamless experience and better outcomes for our customers.

The IRM will also reduce duplication and allow EQC and insurers to focus their effort and resources on what they do best.

### EQCs role in the IRM

From mid 2021 EQC's role will materially change from directly managing customers and claims to developing partnerships to deliver these obligations on EQC's behalf under the EQC Act and ensure the recommendations of the Public Inquiry are attained.

Once the IRM is operational, EQC will provide support to insurers and other partners through our subject matter experts in claims management and claims assessment; these staff will be co-located on the insurers' premises to provide hands-on guidance. We will also provide ongoing capability development and involve insurers and other stakeholders in scenario exercises to test event readiness and to develop off-the-shelf event response strategies.

A significant part of EQC's role will be assurance. A comprehensive assurance framework was recently approved by the EQC Board. The framework was constructed using a robust assurance methodology across all activity elements that make up the IRM. It provides the assurance that the partnership is functioning well to deliver its target customer experience and the statutory, contractual and quality obligations are met. Ultimate accountability rests with EQC and we remain responsible to our customers for actions taken by insurers on our behalf.

#### **4. DATA AND ANALYTICS**

EQC has significantly enhanced its ability to use and share important data. Resilient and flexible information systems and effective use and exchange of data are key enablers for all EQC's strategic priorities.

In general terms, EQC's current Information Systems Strategic Plan focusses on:

- **EQC customers**—having enabling systems in place so that EQC can provide an improved service to the New Zealand public
- **Information and data**—collection and exchange of quality data underpins key parts of its new operating model.

In line with this plan, EQC has recently achieved the strategic milestone of a fully outsourced ICT delivery model that maximises technological resilience, efficiencies, and ability to scale in an event. Technology enhancements have been completed to improve the Claims Management System and enable a mobile and deployable workforce.

We have also established a foundational information and analytics capability in the form of a data hub and data exchange capability (for policy, claims, and claims assessment information). The foundations for this hub are in place, and EQC recently completed a data exchange with an insurer (Medical Assurance Society) as part of the proof-of-concept phase.

The secure transfer of quality data between EQC and insurers is a key success factor underpinning the IRM. It will ensure that we have accurate and complete claim information to check that claims are managed fairly, transparently and in a timely manner.

EQC has been able to put agreements in place with insurers to ensure they provide certain information. However, the scope of the information shared under this arrangement is less than EQC would like, and the agreements are for a finite period. A legislative mandate that enables greater exchange of customer and claim information would be an important step toward a truly seamless customer-focused claim experience.

Outside an event response, EQC can use policy and claim data to inform activities for the benefit of New Zealand. A greater understanding of the New Zealand residential insurance landscape will enable more accurate reinsurance pricing, inform Government policy and improve loss modelling. Better, deeper claims data will also facilitate research, education and prevention activities to build New Zealand's resilience.



The contingent liability associated with natural hazard risks means EQC has a critical financial and social interest in reducing risk and building resilience to natural hazards.

EQC PURSUES FOUR THINGS FOR A MORE RESILIENT NEW ZEALAND:



A better understanding of **natural hazard risk**, the drivers of risk, and the losses we could have.



A proactive approach to **reducing our current risks**.



**Building for resilience and repairability** – stronger homes, buildings, and infrastructure.



A risk-informed approach to **land-use planning** and to avoid building on the highest hazard land.



### HOW WE DO IT:

We invest in **evidence** – science, research, data, and modelling – to build the case for change.

We aim to **translate and operationalise** this evidence into forms that people can use and act on.

We then aim to put the evidence **into the hands** of people who can make a difference:



### WHAT WE DO:



\* Priorities in 20/21

### VALUE ADD OPPORTUNITIES:

Sharing more of our data, risk information and modelling, and promoting a **greater risk-informed approach**

Participating more in the development of policy, regulations, standards, and guidelines to **ensure the effective management of risk**

Taking a greater role in the coordination and governance of natural hazard risk management to **ensure the system is working optimally**



## 5. FINANCIAL RESILIENCE

The EQC scheme serves as a cornerstone of New Zealand's ability to meet the financial costs of a natural disaster. It follows that one of EQC's key functions is to ensure it has access to funding to meet the scheme's financial obligations. We have a risk financing strategy that sets out the various ways we look to build financial resilience.

### Reinsurance

Risk transfer is an important part of the strategy that takes place through a well-established reinsurance programme. In the period since 1988, EQC has paid more than \$2.0 billion in reinsurance premiums and has received over \$4.5 billion from reinsurers to cover claim costs resulting from the Canterbury earthquake sequence.

EQC recently completed the successful renewal of its reinsurance programme at a premium cost of \$186 million with cover of \$6.2 billion and a deductible (excess) of \$1.75 billion. The renewal was against the backdrop of increasing financial market uncertainty driven by the impact of COVID-19.

Looking ahead to the next reinsurance round, EQC sees a market that has been unsettled by the COVID-19 pandemic and shows increased price volatility. While EQC's good reputation and long-standing relationships with reinsurers will be helpful, we are already considering our strategy for the next reinsurance renewal and how best to maintain an appropriate level of cover at a reasonable cost.

Loss modelling underpins EQC's successful reinsurance programme. This modelling also assists in looking at the size and projected growth of the National Disaster Fund (which is discussed below).

### The National Disaster Fund

EQC also finances our risk through the National Disaster Fund (NDF), which is funded from premium revenue.

Immediately prior to the Canterbury earthquakes the NDF held \$6.1 billion. The costs of the Canterbury earthquake sequence and the 2016 Kaikōura earthquakes have fully exhausted the NDF and led to the Government guarantee of EQC's liabilities under section 16 of the EQC Act being called on for the first time.

As at 1 September 2020, EQC has drawn down \$240 million (plus GST). The Crown Guarantee is renewed annually, and this process has just been completed.

**Further detail on EQC's Risk Financing Strategy and reinsurance guidance for the next renewal round will be provided in a supplementary briefing.**

## 6. INCREASE COMMUNITY RESILIENCE TO NATURAL HAZARDS

Looking beyond readiness for response and recovery, at EQC we are using our knowledge and modelling expertise to drive better natural hazard risk management and increase community resilience to disasters.

Our efforts in this area also pay off by improving how our reinsurers view natural hazard risk in New Zealand. This, in turn, helps EQC access affordable reinsurance cover. In our current discussions with reinsurers, they have responded positively to EQC's three-year roadmap for extending our loss modelling capability to include landslide, tsunami and volcanic hazards.

In taking a leadership role in this area, EQC looks to:

- **better manage EQC—and the Crown's—financial exposure and contingent liability** associated with New Zealand's natural hazard risk
- **support continued access to reinsurance markets** by providing assurance that New Zealand understands and is managing its risks
- **contribute to better outcomes for New Zealanders**, including improved wellbeing.

In 2019 EQC put in place a ten-year Resilience Strategy for Natural Hazard Risk Reduction. Through modelling outputs and research programmes, the strategy's goal is to inform, enable, and influence the choices and decisions that reduce the vulnerability and exposure of New Zealand's built environment to natural hazards.

### EQC's role in research and natural hazard risk management

As part of its role in hazard risk management, EQC is building its knowledge and that of the broader sector by:

- **investing in research about natural disaster damage** and ways to reduce or prevent that damage
- **leveraging that research, as well as EQC's own data and experience, to provide expert advice to the natural hazards risk management system**  
This includes advice on methods of reducing risk and building resilience and the appropriate balance of risk avoidance, control, transfer and acceptance
- **facilitating greater coordination of natural disaster research and hazard risk management at the national, local and community levels.**

EQC's research and education function provides a credible view of New Zealand risk by investing up to \$20 million per year on initiatives that build knowledge and data and integrate and apply research into policy, practice, and education.

This includes an investment of \$14 million per year as the primary funder of GeoNet, New Zealand's natural hazards monitoring system. We also fund a range of relevant university programmes; offer grants to individual researchers; support collaborative research programmes; invest in loss modelling science and data; support key organisations such as the New Zealand Society of Earthquake Engineering and the New Zealand Lifelines Council; and support the research and education activities of museums such as the Te Taiao | Nature exhibition at Te Papa Tongarewa.

### Contributing risk reduction and resilience expert advice

Beyond investment in research and education, EQC contributes to the broader natural hazard risk management system by participating in policy and practice initiatives such as:

- national risk assessment, Crown risk financing and loss modelling capability
- regulation and performance standards of the building, construction and engineering sectors
- land-use planning for mitigating hazard risk
- the development of national science capability in natural disaster risk management
- national and local natural hazard risk management policy and planning
- sharing reinsurance expertise to support the wider Crown balance sheet.

### Opportunities for EQC to contribute more to the effective management of Crown risk and set a higher standard for hazard risk management in New Zealand

There are opportunities for EQC to play a greater leadership role in hazard risk management in New Zealand. For example, sharing our loss modelling information will build a deeper understanding of New Zealand's risk exposure and vulnerability.

The development of a National Hazard Scenario Database supports the readiness, business continuity management and hazard risk knowledge of EQC and a range of external stakeholders (including the Government). It will allow EQC to play a greater role in hazard risk management across all sectors and drive more resilience activity.

Over the past 12 months EQC has increased its capability, resource and knowledge base in risk reduction and resilience to fulfill the strategic intention of being a leader in natural hazard risk reduction. This increased capacity allows EQC to participate in, and inform the development of, efficient and effective policies, regulations, standards, guidelines and practices relevant to managing natural hazard risk.

One area of opportunity lies in improved coordination and governance of natural hazard risk management and resilience in New Zealand. Hazard risk management involves several Ministerial portfolios, local government, non-government organisations and the private sector.

We also see key a role for EQC's expertise and insight in natural hazard risk management in cross-government efforts to support climate change adaptation.

The large number of stakeholders involved means that effective, unified leadership and robust, enduring relationships between stakeholders are crucial. EQC is looking for ways, such as outputs from our modelling capability and better alignment of our research programmes, in which it can participate more in the coordination and governance of risk management in New Zealand. Our goal is to support a cohesive, high-functioning system, more effective management of risk, and better outcomes for New Zealanders.



## APPENDIX A: EQC'S BOARD OF COMMISSIONERS AND EXECUTIVE LEADERSHIP TEAM

### Board of Commissioners



**Mary-Jane Daly - Chair**  
BCom, MBA, CFinstD

Mary-Jane (MJ) joined the EQC Board as Chair of the Audit and Risk Committee in March 2014. She has a strong background in banking and insurance in a

variety of roles both in New Zealand and the United Kingdom. MJ is an Independent Director of Kiwi Property Group Limited, Kiwibank Limited and Auckland Transport. Previous governance roles have included Cigna Life Insurance New Zealand, Onepath Life, Airways Corporation and the New Zealand Green Building Council. Her last corporate executive role was leading State Insurance.

Term ends: 30 June 2022



**Dr Alison O'Connell**  
MA, MSc, PhD, FIA, FNZSA, CMIInstD

Dr Alison O'Connell is an actuary and research consultant. She was founding Director of the UK's Pensions Policy Institute

and has held senior positions at Swiss Re, Mercer, and McKinsey. Alison is also a Director at the Government Superannuation Fund Authority, The Christchurch Art Gallery Foundation and Resolution Life New Zealand. Alison was appointed to the EQC Board in September 2013.

Terms ends: 30 November 2020



**Erica Seville**  
PhD, BE (hon), FCBI (hon), CMIInstD

Erica was appointed to the EQC Board on 1 July 2018. Erica is a founder and director of Resilient Organisations, a social enterprise

doing both public-good research and consulting with communities and organisations to help them improve their resilience. Erica is also a Principal Investigator with QuakeCoRE, the New Zealand Centre of Research Excellence on Earthquake Resilience and has led several major of research programmes in the fields of disaster management, economic and business recovery, and the efficacy of insurance. She is a member of the Resilience Expert Advisory Group, providing advice to the Australian Government on critical infrastructure resilience issues. Erica is an Adjunct Senior Fellow with University of Canterbury and she has Ph.D. in risk management. She is a member of the Institute of Directors.

Terms ends: 30 June 2021



**Alastair Hercus**  
BA (Hons), LLB, CMIInstD

Alastair has been a Partner at Buddle Findlay since 1995. He brings legal and government sector experience as well as five years of Deputy Chair

experience in the insurance sector, at the Medical Assurance Society. He is currently a member of the Risk & Advisory Committee at the Ministry of Business, Innovation and Employment. Alastair brings a focus on EQC's policy, regulatory and commercial environment, including responding to the Public Inquiry, regulatory changes, and EQC's relationship with the private insurance industry. Alastair was appointed to the EQC Board in March 2020.

Terms ends: 30 June 2022





**Emma Dobson**  
BCom

Emma is a New Zealander who has returned after many years working at a senior level with Westpac in Australia. Her career included work on the Australian

Federal Government's Digital Business Council and the Australian Tax Office's Digital Strategy Working Group. Emma brings a strong focus on strategic opportunities and risks and pursuing digital transformation to meet customer expectations. She has transferable skills and great experience in working at a high level with government and industry. Emma was appointed to the EQC Board in March 2020.

Term ends: 28 February 2023



**Scott Lewis**  
BBS, FIAA, FNZSA, MInstD

Scott has had a career in insurance and actuarial work in New Zealand and overseas. He provided expertise to Lumley Insurance from 2012 to 2014

with its response to the Canterbury earthquakes before joining IAG as Head of Insurance Risk and Reinsurance. More recently, he spent two years at Oranga Tamariki – Ministry for Children, working on a data driven approach to better understand wellbeing for the Child and Youth Wellbeing Strategy. He is a Fellow of the Institute of Actuaries of Australia and the NZ Society of Actuaries and currently sits on the Council of the NZ Society of Actuaries. Scott was appointed to the EQC Board in March 2020.

Term ends: 28 February 2023



**Fiona Wilson**  
BSc, MSc, GradDipApplStats,  
MinstD

Fiona, originally from Australia, now a New Zealand citizen, has held Chief Information Officer and Chief Executive Officer roles

in Australia and New Zealand. Having been Chief Information Officer for major organisations in the Australian health sector, she brings experience leading technology-related changes across complex organisations to deliver benefit to diverse stakeholder groups. Fiona has also worked with a large consulting firm and led an analytics business in New Zealand. Fiona offers a track record of bridging technology, data, and business needs, and building business capability to deliver in both the public and private sectors. Fiona was appointed to the EQC Board in March 2020.

Term ends: 28 February 2023

## EQC's Executive Leadership Team



**Sid Miller**  
Chief Executive

Sid works with our Board and managers to provide strategic direction to the business. He reports to Ministers and the public on EQC's work.



**Fraser Gardiner**  
Chief Financial Officer

Fraser joined EQC in May 2020 and leads the Risk and Financing Group to provide financial, risk and procurement expertise to the organisation. He also manages agreements with international reinsurers and Direct EQCover.



**Tina Mitchell**  
Chief Strategy Officer

Tina leads the Strategy Group, which provides advice and support across EQC on strategy, policy, government relations, communications, media, stakeholder engagement and legal services.



**Dr Jo Horrocks**  
Chief Resilience and  
Research Officer

Jo's team contributes to a programme of over \$17 million investment in scientific data, knowledge and research to help us better understand New Zealand's natural hazards risks.



**Josh Lindsay**  
Chief Readiness Officer

Josh is responsible for providing strong and dynamic leadership of the Readiness Group, ensuring the organisation has a clear operational readiness strategy with defined priorities and integrated work programmes.



**Jaron Shaw**  
Chief Data Officer

Jaron leads the Data and Information Technology Group and is responsible for accelerating the speed and sophistication of decisions and actions that underpin EQC's strategic intentions. This includes leading EQC's data and analytics, risk modelling, technology strategy and operations, information security, and knowledge and records management. Jaron also leads EQC's transformation portfolio.



**Kate Tod**  
Head of Canterbury Claims

Kate leads the claims teams that are responsible for settling the remaining claims from the Canterbury earthquake sequence.



**Pip Andrews**  
Head of On-Solds

Pip leads a team administering the On-Sold Government Support Package, providing assistance for Canterbury homeowners.



**Hamish Wall**  
Head of Performance and Reporting

Hamish leads the Performance and Reporting team, responsible for providing reporting, commercial and business improvement services to help with the settlement of claims. The team also provides support with operational programme management to ensure resources, activities and capabilities are aligned to deliver against the organisational strategy.



**Sharlene Taylor**  
Chief People Officer (Interim)

Sharlene leads the People, Culture and Capability group (inclusive of Health, Safety, Security and Wellbeing), based in our Wellington and Christchurch locations. Sharlene's role is to ensure that EQC has the right people, culture and capability to deliver its strategic vision and future operating model.

## APPENDIX B: BACKGROUND INFORMATION AND MINISTERIAL DIRECTIONS TO EQC

### EQC's role as a Crown Agent

#### Crown Entities Act 2004

EQC is a type of Crown entity called a "Crown Agent". Crown entities are legal entities in their own right and are separate from the Crown. However, because they spend public funds, the Government maintains some specific powers in respect of them under the Crown Entities Act 2004.

Crown entities are usually created through their own enabling Act (in EQC's case, the Earthquake Commission Act 1993 and its predecessors). The EQC Act sets out EQC's specific functions, including the insurance cover provided, and the Crown Entities Act establishes a governance framework within which EQC must work.

### EQC's functions

Under section 14 of the Crown Entities Act, the functions of EQC are:

- the functions set out in the EQC Act;
- any functions that the responsible Ministers have added in accordance with the EQC Act and section 112 of the Crown Entities Act; and
- any functions that are incidental or related to, or consequential on, EQC's functions.

The Crown Entities Act contains safeguards for the independence of EQC in carrying out its functions and other business. Under section 113 of the Crown Entities Act, the Minister may not require EQC (by means of a Ministerial Direction) to perform or not perform a particular act, or bring about a particular result, in respect of a particular person or persons. Several functions have been conferred on EQC under section 112 of the Crown Entities Act. These include:

- **Requirements for how EQC should invest and manage the NDF and when EQC should consult with the Minister of Finance (dated November 2001)**, allowing EQC to diversify the investment of the NDF to include (up to certain limits) New Zealand Government securities, global equities and New Zealand bank bills.

This direction was modified for a period of 24 months between September 2010 and September 2012 to enable EQC to modify its investment limits in order to maintain the liquidity required to meet claims arising from the Canterbury earthquake sequence.

A further direction was given, effective 27 July 2015, to ensure EQC invests the NDF conservatively and maintains its liquidity to meet claims in the aftermath of the Canterbury earthquake sequence.

- **Functions in relation to additional land remediation activities in certain parts of Christchurch and the Waimakariri district.** This enabled EQC to investigate options to remediate areas of land to a higher standard than the statutory minimum; prepare a Concept Design Report for land remediation works in 'Zone C' land; and carry out work to mitigate lateral spread in Spencerville (effective 14 December 2010).
- **Functions in relation to entering and carrying out its roles and responsibilities under a Memorandum of Understanding (MoU) with the Waimakariri District Council relating to certain additional land remediation works in the district (effective 18 April 2011).**
- **Functions of repairing or paying for the repair of claimants' residential buildings for damage that has been apportioned by EQC to earthquake events in Canterbury for which claimants had not made claims** (dated December 2012); a subsequent amendment in December 2013 that no excess applies in respect of the unclaimed for event; and a further extension of this function to include land damage.

Most recently there were two directions given (effective October and November 2019) in relation to EQC administering the On-Sold Programme and acting as an agent for Southern Response, for the purpose of administering open insurance claims made to Southern Response in respect of damage arising from the Canterbury earthquake sequence.

## **The Minister's role, responsibilities and powers**

The Minister is responsible to the House of Representatives for EQC's performance and is answerable for any problems or controversies arising in connection with EQC. This responsibility can include the Minister responding to questions and participating in debates and reviews.

The Minister oversees and manages EQC in accordance with the Crown Entities Act and the EQC Act. EQC's Board is responsible for giving effect to government policy. In practice, this is effected through the Statement of Intent (SOI) and the Statement of Performance Expectations under which the responsible Minister and EQC agree specific deliverables. The current SOI covers the period from 1 July 2018 to 30 June 2022.

Treasury is EQC's monitoring department, and supports the responsible Minister to fulfil their role and undertakes other statutory functions such as administering appropriations and legislation as required. A productive three-way relationship is required between the responsible Minister, the statutory entity and the monitoring department, and Treasury and EQC have worked closely over recent years to provide advice to the Minister. The monitoring department assists the Minister and the entity with planning, monitoring and reporting organisational performance. Treasury is also the lead agency on the Review of the EQC Act, and is responsible for managing the Board appointment process for EQC and providing necessary advice to the Minister.

The Minister is required to table EQC's SOI, Statement of Performance Expectations and Annual Report in the House. The annual Select Committee process to review EQC's performance is generally attended by EQC's Chair, Chief Executive and other senior EQC staff in support of Ministerial accountability. From time to time, the Minister may be asked to appear before Select Committees to comment on EQC's activities.

## **Minister's functions under EQC Act**

The Minister's key functions under the EQC Act are to:

- hold the shares issued by EQC in accordance with section 7 of the EQC Act;
- determine the amount of any dividend payable by EQC (section 9, EQC Act);
- determine sums payable by EQC to a Crown Bank Account in lieu of income tax (section 10, EQC Act);
- provide out of public money such sums that are necessary to meet deficiencies in the NDF (section 16, EQC Act).

## **Minister's role under Crown Entities Act**

The Crown Entities Act sets out the role of the responsible Minister to oversee and manage the Crown's interests in, and relationship with, EQC. This includes the functions and powers in relation to:

- appointing and removing Board members (see generally sections 28 to 41);
- determining the remuneration of Board members (section 47);
- giving directions to EQC (section 103 to 115A);
- reviewing the operations and performance of EQC (section 132);
- requesting information from EQC (sections 133 and 134);
- participating in the process of setting and monitoring EQC's strategic direction and targets (section 27, and Part 4 of the Crown Entities Act).

## **"No surprises" approach**

In July 2012 the Government issued an Enduring Letter of Expectations to Crown entities that sets out expectations for all statutory Crown entities. This Letter from the Minister of Finance and the Minister of State Services to Crown entity Boards expects Boards to adopt a "no surprises" approach with their responsible Minister.

Any protocols adopted in this respect need to recognise that what a Board may consider "business as usual" may be seen by the Minister to come within the requirement of "no surprises".

"No surprises" means that the Government expects a Board to:

- be aware of any possible implications of their decisions and actions for wider government policy issues;
- advise the responsible Minister of issues that may be discussed in the public arena or that may require a Ministerial response, preferably ahead of time or otherwise as soon as possible; and
- inform the Minister in advance of any major strategic initiative.

### Minister's power to request information

Under the Crown Entities Act, the responsible Minister has the power to request information (section 133), although it should be noted that EQC has always been happy to provide information as required, and the Minister has never had to rely on section 133 to receive information.

Section 133 states that EQC's Board must supply to its responsible Minister any information relating to the operation and performance of EQC that the Minister requests – except where there is a good reason to refuse to supply information requested by a responsible Minister, for example, privacy of a person. The reason must outweigh the Minister's need to have the information in order for them to discharge their Ministerial duties.

The EQC Board must supply to the Minister of Finance any information requested by the Minister in connection with the exercise of his or her powers under Part 4 of the Crown Entities Act.

The EQC Board must also supply the Minister of State Services any information requested by the Minister, where that information is requested for the purpose of assessing the capability and performance of the State services, and the request is made to a group of at least three entities that have in common at least one significant characteristic that relates to the information requested.

## APPENDIX C

### Customer Code

EQC's Customer Code is based on the following principles:

- We're committed to high standards of service and will act transparently, with integrity and utmost good faith toward you.
- We'll act in the interests of our customers by treating you honestly and fairly and fulfilling our duties and obligations to the public under the EQC Act.
- We'll identify and address instances of poor conduct within our company.
- We're committed to ensuring our staff are appropriately trained and skilled to fulfil our responsibilities to you. Their training will include the requirements of the EQC Act, service to the public, collaboration with other public entities and may also include principles of insurance and relevant consumer laws.
- You're entitled to ask for and receive clarification on the terms, conditions and exclusions of the EQC Act cover. We'll communicate clearly and will:
  - i. answer your questions accurately and in writing if requested
  - ii. explain the information you need to give us when you make a claim
  - iii. explain the importance of you disclosing information that is honest, complete, up to date and relevant
  - iv. explain how we will support vulnerable customers
  - v. explain the decisions we make accurately, clearly, concisely and effectively in all our interactions with you
  - vi. take all reasonable steps to help people who have English as a second language.



New Zealand Government