

9(2)(a)

From: 9(2)(a)
Sent: Tuesday, 2 November 2010 12:06 p.m.
To: Juston Anderson 9(2)(a)@treasury.govt.nz
Subject: FW:9(2)(a)
Attachments: Doc3.doc

Juston

9(2)(a) has made a small number of amendments.

9(2)(a) is a Claims Manager and a good person for M 9(2)(a) to contact. They have previously engaged in dialogue.

9(2)(a) contact details are 9(2)(a)@eqc.govt.nz and telephone 9(2)(a)

Thanks for your help.

Kind regards

9(2)(a)

From: 9(2)(a)
Sent: Tuesday, 2 November 2010 10:40 a.m.
To: 9(2)(a)
Subject: Claim 9(2)(a)

Perhaps the attached should be sent.

I have checked the claim and the insurance is Mr 9(2)(a) and a Ms 9(2)(a) so I have referred to his partner.

He has already received the cheque so I have deleted the last paragraph of the response.

I have no problem if he wants to discuss with me.

9(2)(a)

Dear Mr 9(2)(a)

Thank you for your email of 25 October, and your previous email of 11 October regarding your claim to the Earthquake Commission (EQC).

My officials have spoken to the EQC, and I understand that EQC has sent a cheque to you in settlement of your claim. EQC will need you to return the cheque, provide the consent of your partner to enable it to pay the settlement into an account in your name only and details of the account to which you require payment to be made. I understand that EQC has already made contact with you along these lines. I understand the cheque was issued to you and your partner because your insurance policy was in both your names.

I appreciate that you appear to have had a frustrating experience in dealing with the EQC. However I think that the size of the task that the EQC is facing also needs to be taken into account. The EQC has now received over 107,000 claims for damage from the Canterbury earthquake. In responding to these claims, EQC will be running the largest claims processing operation in the southern hemisphere.

Because of the large volume of claims, the EQC has stated that it may take until March 2011 until they are all assessed. You were fortunate that your claim appears to have been assessed quickly, and a settlement reached only a week after the earthquake, despite the subsequent delay in receiving that settlement. The EQC has said publicly that it is prioritising the settlement of small claims, like yours, as well as prioritising its response to people with more significant damage, such as those whose houses are uninhabitable.

Prior to the Canterbury earthquake, the EQC had 22 permanent staff. The EQC has now expanded to around 660 staff, including 307 field staff and 72 office and support staff on the ground in Christchurch, and 281 further personnel in Wellington. I think it is inevitable with such a large and rapid expansion in the EQC that there will be some administrative mistakes from time to time. However, EQC has assured my officials that it has processes in place to resolve issues such as yours as soon as possible.

I would also like to note that while I am the Minister responsible for the EQC, I am prohibited under section 113 of the Crown Entities Act from interfering in the operations of the EQC by "requiring the performance or non-performance of a particular act, or the bringing about of a particular result, in respect of a particular person or persons".

Yours sincerely

Hon Bill English
Minister of Finance

9(2)(a)

From: Michael Wintringham
Sent: Friday, 5 November 2010 10:40 a.m.
To: 9(2)(a)@treasury.govt.nz
Subject: RE: RE: EQC

Treasury would be best for me - it's pretty crowded here at EQC these days.

Michael

----- Forwarded message from Paula Dobson <9(2)(a)@treasury.govt.nz> -----
Date: Fri, 05 Nov 2010 10:33:26 +1300
From: Paula Dobson <9(2)(a)@treasury.govt.nz>
Reply-To: Paula Dobson <9(2)(a)@treasury.govt.nz>
Subject: RE: EQC
To: 9(2)(a)@paradise.net.nz

Thanks Michael

Where would be your preference to meet him.

Paula

Paula Dobson | The Treasury
Crown Ownership Monitoring Unit (COMU) - Appointments & Governance
Tel: 9(2)(a) | 9(2)(a)@treasury.govt.nz

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-----Original Message-----

From: 9(2)(a)@paradise.net.nz [mailto:9(2)(a)@paradise.net.nz]
Sent: Friday, 5 November 2010 10:31 a.m.
To: Paula Dobson
Cc: 9(2)(a)@eqc.govt.nz
Subject: RE: EQC

Good morning Paula

Just let me know when you have arranged something with Mr 9(2)(a)

I would like to meet 9(2)(a). He is probably (on paper anyway) the strongest of the second round of candidates. Monday, Wednesday morning or Thursday of next week would work for me.

All the best

Michael

Quoting Paula Dobson <[redacted]@treasury.govt.nz>:

- > Thank you Michael
- >
- > Will get back to you been unable to speak to Mr [redacted] as yet but will
- > let you know as soon as I hear.
- >
- > Have also now heard back from Mr [redacted] who would like to follow up
- > on this.
- >
- > Would you like to meet with him next week, which I can try and arrange
- > or a teleconference which I could also arrange.
- >
- > Mr [redacted] is Christchurch based - but I could get him to Wellington or
- > where ever you wish to meet him.
- >
- > If you let me know your availability and what you would like me to do I
- > will proceed.
- >
- > Paula
- >
- >
- >
- > Paula Dobson | The Treasury
- > Crown Ownership Monitoring Unit (COMU) - Appointments & Governance
- > Tel: [redacted] [redacted]@treasury.govt.nz
- >
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- > -----Original Message-----
- > From: [redacted]@paradise.net.nz
- > [mailto:[redacted]@paradise.net.nz]
- > Sent: Thursday, 4 November 2010 5:04 p.m.
- > To: Paula Dobson
- > Subject: Re: EQC
- >
- > Hello Paula
- >
- > Tomorrow morning between 10 and 12
- >
- > Or Monday from 9.30 through to mid afternoon.
- >
- > Suggest you try a time which fits him best as I am pretty flexible.
- >

> Regards

>

> Michael

>

> bQuoting Paula Dobson <[redacted]@treasury.govt.nz>:

>

>> Dear Michael

>>

>>

>>

>> I understand a phone call is to be set up between yourself and [redacted]

>> [redacted]

>>

>>

>>

>> If you let me know what is a good time for you, I will let him know

>> when

>> to expect a call from you.

>>

>>

>>

>> Kind regards

>>

>>

>>

>> Paula

>>

>>

>>

>> Paula Dobson | The Treasury

>>

>> Crown Ownership Monitoring Unit (COMU) - Appointments & Governance

>>

>> Tel: [redacted] [redacted]@treasury.govt.nz

>>

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>>

>> From: Paula Dobson
>> Sent: Wednesday, 3 November 2010 1:44 p.m.
>> To: '9(2)(a)@eqc.govt.nz'; '9(2)(a)@paradise.net.nz'
>> Subject: EQC
>>
>>
>>
>> Dear Michael
>>
>>
>>
>> DD interview confirmed for 9(2)(a) on Monday 8 November 2010 -
> at
>> 4.00pm.
>>
>>
>>
>> Level 5, Treasury, No 1 The Terrace, Wellington
>>
>>
>>
>> Regards
>>
>>
>>
>>
>> Paula
>>
>>
>>
>> Paula Dobson | The Treasury
>>
>> Crown Ownership Monitoring Unit (COMU) - Appointments & Governance
>>
>> Tel: 9(2)(a) 9(2)(a)@treasury.govt.nz
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[REDACTED]
b(2)(a)

From: [REDACTED] b(2)(a)
Sent: Friday, 5 November 2010 12:57 p.m.
To: Juston Anderson [REDACTED] b(2)(a)@treasury.govt.nz
Subject: Canterbury Earthquake - loss estimates
Attachments: AB Loss Estimates-2010-09-06.pdf

Hi Juston

Ian has asked me to send you a copy of Aon Benfield's report on loss estimates as at 6 September. Here it is.

Regards

[REDACTED]
b(2)(a)

Executive Secretary | Earthquake Commission (EQC)
Majestic Centre | 100 Willis Street | P O Box 790 | Wellington
Phone: [REDACTED] b(2)(a) eqc.govt.nz



19 February 2019

Hugh Cowan
Director, Resilience Research
PO BOX 311
Wellington 6140

Request for release of document under the Official Information Act

Dear Hugh,

This letter relates the request for release the document "*4th September 2010 Darfield Earthquake*" dated 6th September.

The document includes initial loss estimates resulting from the earthquake that occurred on 4th September 2010. It should be noted that modelling prior to these events generally did not include the level of liquefaction and secondary hazard experienced and therefore while the models at the time were best available they were built off and calibrated to previous experiences that did not include events such as those experienced in Darfield. It must also be remembered that this report pre-dated the February 2011 event, which damaged many insured assets before they had been fully assessed or repaired.

Yours sincerely,

Aon Reinsurance Solutions



4th September 2010 Darfield Earthquake

Loss Estimates 6th September 2010

The Earthquake Commission of New Zealand

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Brief Description: A strong magnitude 7.1 earthquake has struck New Zealand's South Island. Initial estimates suggest it is the most damaging earthquake for 80 years.



Introduction

A strong earthquake of magnitude 7.1 struck the Christchurch area of New Zealand at 4:35am Saturday 4th September local time. Damage to buildings and infrastructure was widespread with initial estimates of insurance losses in excess of \$1bn NZD. The earthquake is likely to become the most damaging to hit New Zealand since 1931.

Seismology

A magnitude 7.1 earthquake struck the South island of New Zealand at 04:35am local time Saturday 4th September 2010 (16:35 UTC Friday). The epicentre was near the town of Darfield, 45 km west of Christchurch, at a depth of 10km. The initial earthquake lasted about 40 seconds and has been followed by multiple aftershocks. Shaking was felt widely across the South Island as well as the southern portion of the North Island, however damage is confined to the Christchurch region.

Table 1: Summary of the earthquake

Source	GNS	USGS
NZ Standard Time	Saturday, September 4 2010 at 4:35 am	Saturday, September 4 2010 at 4:35 am
Latitude, Longitude	43.55°S, 172.18°E	43.530°S, 172.120°E
Focal Depth	10 km	5 km
Moment magnitude	7.1	7.0
Region	Canterbury	South Island of New Zealand

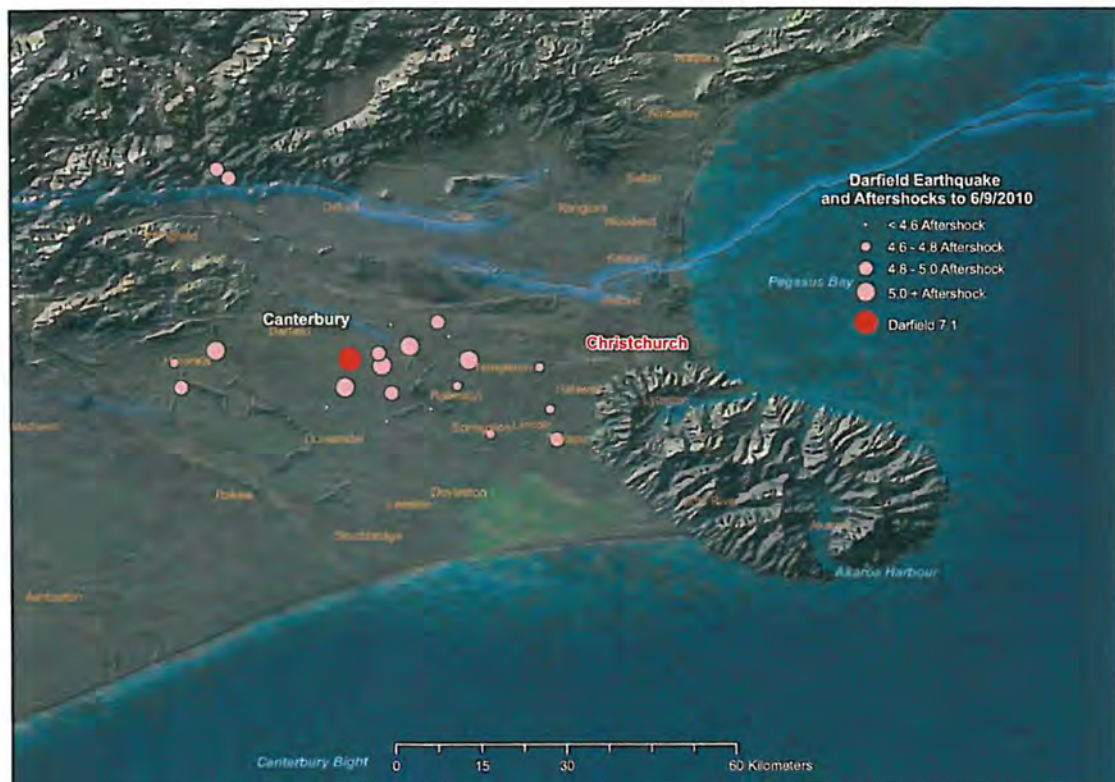
Source:

GNS: <http://www.geonet.org.nz/earthquake/quakes/3366146g.html>

USGS: <http://earthquake.usgs.gov/earthquakes/recenteqsww/Quakes/us2010atbj.php>

Figure 1: Epicentre and Aftershocks of Darfield Earthquake

The map below shows the epicentre of the main earthquake in red, with the following aftershocks shown in pink. The magnitude of each earthquake is illustrated by the size of the circle.



The earthquake occurred as a result of strike-slip faulting within the crust of the Pacific plate, near the eastern foothills of the Southern Alps at the western edge of the Canterbury Plains. The earthquake struck approximately 50 km to the west-northwest of Christchurch, the largest population center in the region, and about 80-90 km to the south and east of the current expression of the Australia Pacific plate boundary through the island (the Alpine and Hope Faults). The earthquake, though removed from the plate boundary itself, likely reflects right-lateral motion on one of a number of regional faults related to the overall relative motion of these plates and may be related to the overall southern propagation of the Marlborough fault system in recent geologic time.

Seismologists had predicted that the South Island was due for a massive earthquake within the next 50 years. Expectation was that the earthquake could occur on the 400km Alpine fault, which runs between Milford Sound and the Lewis Pass.

Damage

The map below shows the Modified Mercalli Intensity footprint of the Darfield Earthquake. The Modified Mercalli Intensity scale (MMI) shows the effect of the earthquake on people, property and the environment at the surface.

Figure 2 : Modified Mercalli Intensity scale (MMI) Footprint



See Appendix 1 for more details on MMI scale.

Early reports indicate significant damage to residential buildings but few injuries to residents. Christchurch, the largest city exposed to the earthquake (population of 360,000) suffered shaking intensity V on the Modified Mercalli Index (MMI) scale, indicating the earthquake has the potential to cause light damage to vulnerable structures and very light damage to less vulnerable structures.

The area outside of Christchurch is sparsely populated and so reports are very scarce. The strongest shaking was in the town of Darfield with a population of only 2000. Darfield is extremely close to the epicenter and experienced severe shaking intensity of VIII on the MMI scale, indicating the



earthquake has the potential to cause considerable damage to ordinary buildings including partial collapse.

The majority of damage to residential structures has been associated with masonry construction, with chimney collapse widespread across the region. Images of the damage are reminiscent of the Newcastle 1989 Earthquake, highlighting the vulnerability of masonry construction to shake damage.

There have been no fatalities reported so far, however there are a number of injuries from falling masonry and glass. The ministry of social development is still contacting all their elderly clients.

Many commercial buildings in Christchurch have been significantly affected. Reports suggest that old brick buildings and suburban shops were the worst affected, with a block of shops on Cranford street on the north side of the city collapsing. The Central Business District (CBD) in Christchurch has been cordoned off by police, with damage estimated to over 90 buildings. Local authorities have declared a state of emergency to restrict access to affected buildings to enable inspections to be carried out quickly. Reports indicate that buildings will have to be examined more closely as despite looking sound from the outside, there are many significant cracks and other damage internally.

Online reports indicate light to moderate content damage to sensitive buildings such as supermarkets and evidence of looting in some suburbs. It is estimated some buildings in the CBD will remain off-limits for weeks until they are demolished or declared safe.

Extensive damage has been reported to infrastructure such as roads and wastewater. Fifteen percent of Christchurch homes are still without water due to underground pipes bursting during the earthquake. There are reports of flooding and sewerage problems, particularly in the low lying eastern part of the city. Extensive cracking has occurred to roads around the city and damage to some bridges. Alarms at substations across the Canterbury province have triggered power shut downs.

Many fires broke out across the city when gas and power was switched back on. Schools have been shut down in Christchurch city, and the Selwyn and Waimakariri districts following concerns of the chief medical officer. All non-essential surgeries in Christchurch hospitals have been cancelled and Kiwi rail is expected to restore all services by Tuesday.

Industry Loss Estimates

According to the EQC website, as at 11:30AM on 6 September 2010, the number of claims that have been lodged is around 16,963, although this number is expected to increase as telephone lines are restored, and residents assess their damage.



Table 2: Claims lodged with EQC

Local Authority	Number of claims
Christchurch city	14,292
Selwyn	1,095
Waimakariri	1,118
Timaru	122
Ashburton	115
Other	221
Total	16,963

(Source: EQC, <http://www.eqc.govt.nz/insurance/recent-events.aspx>)

Since the occurrence of the earthquake on Saturday most of the vendors that model earthquake in New Zealand have released estimates of insurance market losses. These have varied markedly and also changed through time. The table below shows the results of these analyses.

Table 3 : Model vendor loss estimates

Model	Industry Loss (NZD Bn)	Source	Date
AIR	2.7 - 6.0	AIR Alert website (update 1)	4/09/2010
RMS	Yet to be released		
GAP	1.0 - 3.0	AB Industry Loss Portfolio	4/09/2010
IF	1.3 - 3.8	AB Industry Loss Portfolio	6/09/2010
EQE	1.4 - 5.6*	EQE Catwatch Website	3/09/2010
RF	1.0 - 2.0	pers comm	

*exchange rate used of USD 1 = NZD 1.4

As stated previously, the variation in these numbers is very dramatic, with a range of 1Bn to 6Bn. In general however the results indicate that 6Bn is definitely an outlier, with the vendors appearing to converge on a loss of around 2Bn to 3Bn as the most likely loss.



Aon Benfield Loss Estimation Methodology

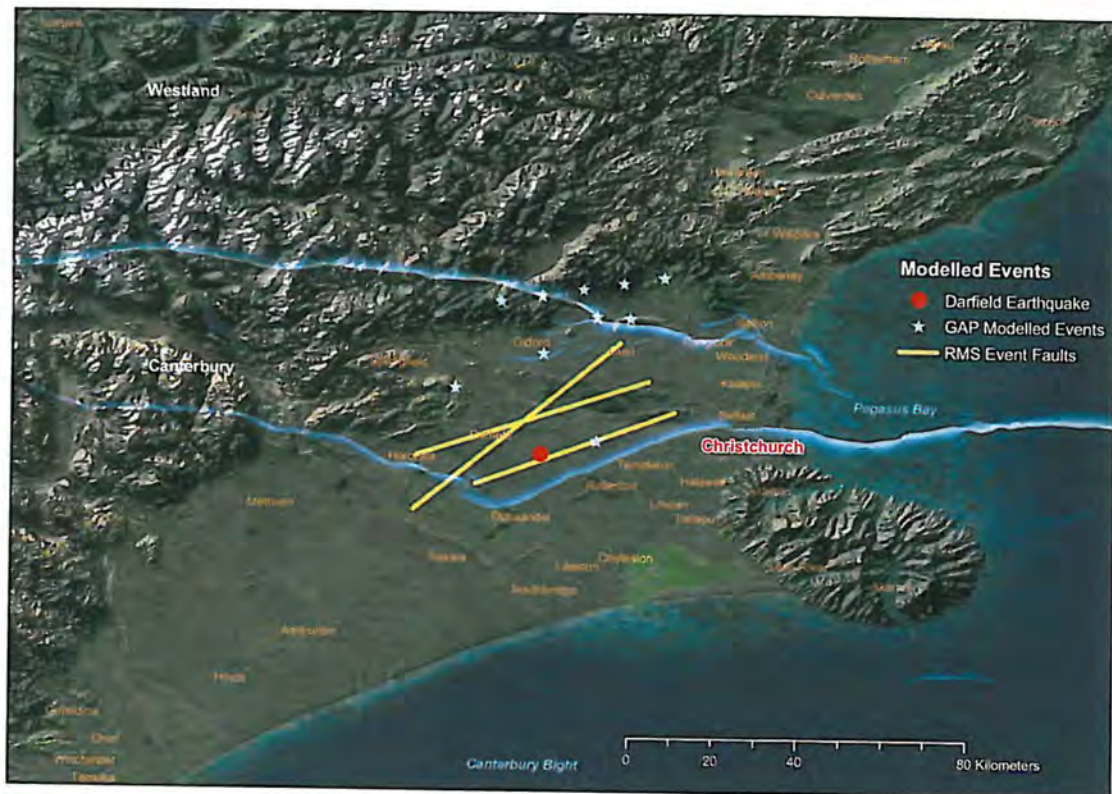
Aon Benfield have reviewed the vendor models, and identified events we believe are representative of the Darfield Earthquake. Figure 3 illustrates the selected events and/or Fault Lines alongside the Darfield Epicenter.

At present RMS has not released any details regarding the probabilistic events they consider most appropriate for modeling the event. Aon Benfield have interrogated the RMS event catalogue and identified 9 events we believe are the closest match to Saturday's earthquake. This match has been carried out based on the magnitude, depth and location of the event. RMS model their events as fault lines, and each fault has a series of earthquake events occur along it.

A further complication with the RMS loss estimates is that each event has uncertainty associated with it. As such RMS produces a mean and standard deviation of loss associated with each event. The results shown below are the mean loss generated for each event.

A similar process has been undertaken with the GAPQuake catalogue. The events have been identified based on magnitude, depth and location, and then extracted from the full catalogue.

Figure 3 : Aon Benfield events selected from the RMS and GAPQuake probabilistic catalogues



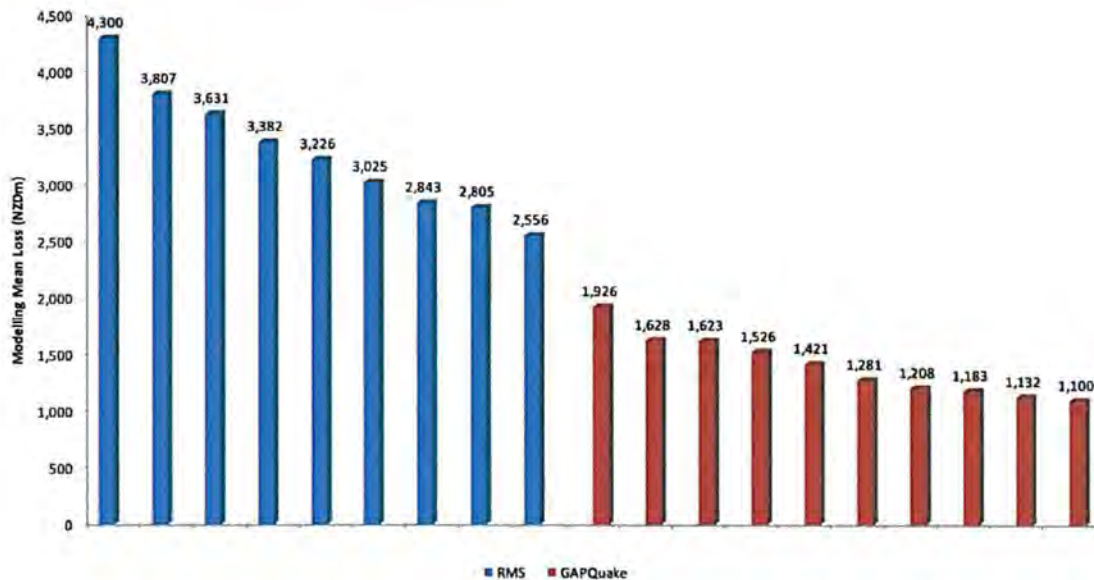
It is recognized that this technique is very crude, and the detailed seismic parameters of any one event are not truly accounted for via this method. This is however the best technique for a rapid assessment of potential loss, as no events in the probabilistic catalogue supplied in any model will exactly match an earthquake when it occurs. As such the results are considered indicative of the possible loss.

EQC Loss Estimates

Our loss estimates are based on portfolio information as per the 2010 renewal modelling conducted in February 2010. The exposure data used represents the EQC portfolio as at July 2010. The data was modelled with a postcode granulation in RMS; and Area Unit, Postcode and CRESTA resolution in GAPQuake. All modelling assumptions apply as per our modelling report from February 2010.

The following graph shows our current RMS and GAPQuake loss estimates for EQC.

Figure 4 : EQC modelled loss estimates



Assigning an equal weight to the selected events, the average estimated loss is 3.28bn for RMS – well into the cat XoL programme – and 1.4bn for GAPQuake, which is just under the 1.5bn attachment point. As emphasised in the previous section, these are very preliminary estimates. We'll be updating these loss estimates as and when more information becomes available – especially the 'official' RMS event footprints.

Points to Note

When viewing the results listed above it is imperative to keep in mind a few key points:

- The loss estimates are based on models developed for portfolio assessment using a full probabilistic catalogue. Whilst each modeler uses the best available science to estimate losses for each event some variation will occur in any given event to the modeled result.
- The events chosen as representing the earthquake of 3rd September do not exactly match the seismic parameters defining that event. The modelled events are prebuilt in the applications

and have similar seismic parameters to Saturday's earthquake, however significant variations can occur.

- Similar to the comments above is the observation that scientifically speaking we are still in the early days following this earthquake. Underlining this observation is the variations witnessed in the reports from GNS, USGS and GeoScience Australia. Further clarity around the event will occur in the near future, however the results herein are based on early observations on the event.

References

<http://www.geonet.org.nz/earthquake/quakes/3366146g-maps.html>

<http://earthquake.usgs.gov/earthquakes/recenteqsww/Quakes/us2010atbj.php>

<http://www.eqc.govt.nz/insurance/recent-events.aspx>

Other sources: BBC News, EQECAT, RMS and AIR

Appendices

Appendix 1: Simplified New Zealand Modified Mercalli Intensity scale

MM 1: Imperceptible	Barely sensed only by a very few people.
MM 2: Scarcely felt	Felt only by a few people at rest in houses or on upper floors.
MM 3: Weak	Felt indoors as a light vibration. Hanging objects may swing slightly.
MM 4: Largely observed	Generally noticed indoors, but not outside, as a moderate vibration or jolt. Light sleepers may be awakened. Walls may creak and glassware, crockery, doors or windows may rattle.
MM 5: Strong	Generally felt outside and by almost everyone indoors. Most sleepers are awakened and a few people alarmed. Small objects are shifted or overturned, and pictures knock against the wall. Some glassware and crockery may break, and loosely secured doors may swing open and shut.
MM 6: Slightly damaging	Felt by all. People and animals are alarmed, and many run outside. Walking steadily is difficult. Furniture and appliances may move on smooth surfaces, and objects fall from walls and shelves. Glassware and crockery break. Slight non-structural damage to buildings may occur.
MM 7: Damaging	General alarm. People experience difficulty standing. Furniture and appliances are shifted. Substantial damage to fragile or unsecured objects. A few weak buildings are damaged.
MM 8: Heavily damaging	Alarm may approach panic. A few buildings are damaged and some weak buildings are destroyed.
MM 9: Destructive	Some buildings are damaged and many weak buildings are destroyed.
MM 10: Very destructive	Many buildings are damaged and most weak buildings are destroyed.
MM 11: Devastating	Most buildings are damaged and many buildings are destroyed.
MM 12: Completely devastating	All buildings are damaged and most buildings are destroyed.



Appendix 2 : Detailed loss information

Model	Event ID	Magnitude	Mean Loss (NZDm)
RMS	1172245	7.2	4,300
	1172246	7.1	3,807
	1172247	7	3,631
	1172205	7.2	3,382
	1189254	7.2	3,226
	1172206	7.1	3,025
	1172207	7	2,843
	1189255	7.1	2,805
	1189256	7	2,556
		Min	2,556
		Max	4,300
		Average	3,286
		Median	3,226

Model	Event ID	Magnitude	Mean Loss (NZDm)
GAPQuake	11961	7.13	1,926
	20641	7.13	1,628
	40777	7.2	1,623
	77397	7.2	1,526
	85667	7.2	1,421
	11795	7.2	1,281
	52509	7.13	1,208
	30455	6.59	1,183
	69940	7.2	1,132
	34313	6.98	1,100
		Min	1,100
		Max	1,926
		Average	1,403
		Median	1,351



Contact Information

9(2)(a)

A black rectangular redaction box covering contact information.

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b(2)(a)

From: b(2)(a)
Sent: Friday, 5 November 2010 2:54 p.m.
To: b(2)(a) @parliament.govt.nz; b(2)(a) @parliament.govt.nz;
b(2)(a) @dpmc.govt.nz; b(2)(a) @treasury.govt.nz;
b(2)(a) @parliament.govt.nz; b(2)(a) @parliament.govt.nz;
b(2)(a) @parliament.govt.nz; b(2)(a) @parliament.govt.nz;
b(2)(a) @aonbenfield.com; Michael Wintringham;
b(2)(a) @xtra.co.nz; b(2)(a) @xtra.co.nz;
b(2)(a) @bovairdpartners.co.nz; Ian Simpson; b(2)(a); b(2)(a)
b(2)(a); b(2)(a); b(2)(a)
Subject: FW: Memo to Minister 5.11
Attachments: Ministerial Weekly Report 5.11.docx

This week's Ministerial report FYI. New and improved.



EARTHQUAKE COMMISSION
KŌMIHANA RŪWHENUA

Ministerial Weekly Report

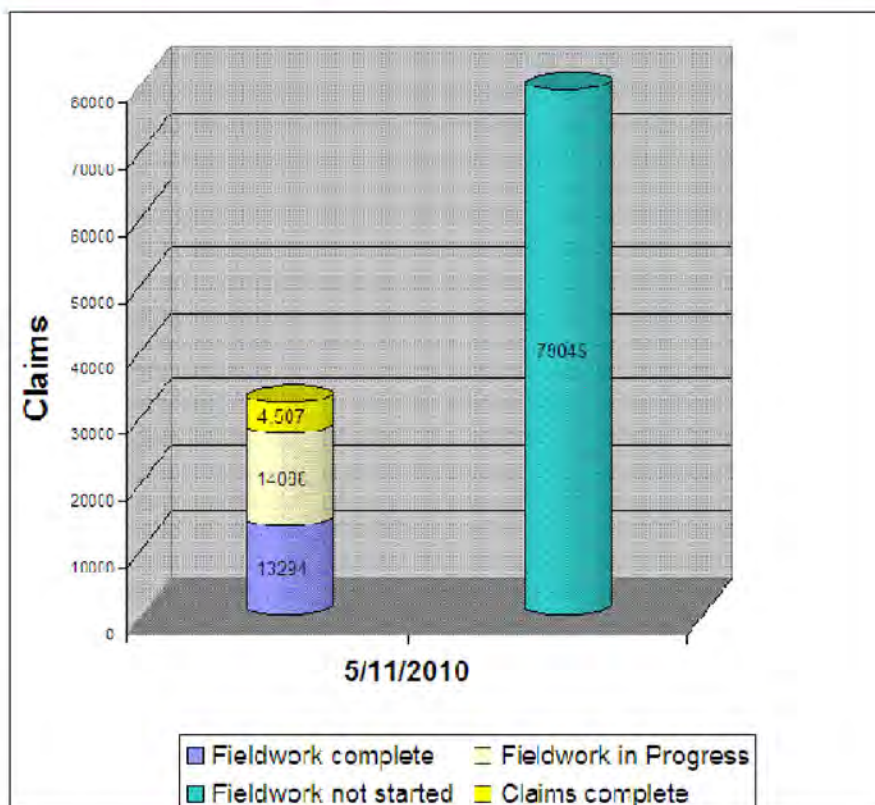
TO: Minister in Charge of the Earthquake Commission
 FROM: Chief Executive of the Earthquake Commission
 DATE: 5 November 2010
 SUBJECT: Earthquake Commission Response to Christchurch Earthquake

1. Summary Data

Claims	
Uninhabitable	2,672
Not Weatherproof	3,755
Claims lodged	111,070
Claims resolved	4,507

Damage reported			
	No. of properties affected	No. of payments	Paid to date
Building	91,917	7,763	\$131.49m
Contents	36,364	5,141	\$13.63m
Land	11,895	4	\$4,951
			Total paid to date: \$145.1m

Claims settlement status



EQC Resources	
No. of Christchurch field offices	7
Staff numbers:	
• Wellington	142
• Christchurch	562
• GBS	93
• Call centres	159
Total	956

EQC Targets	
– Settle all claims < \$10,000	– Christmas 2010
– Inspect all claims > \$10,000	– March 2011
– Settle claims > \$100,000	– As identified
– Reinstate damaged land	– Within 18 months

2. Operations

2.1 Progress

- The majority of properties with the most serious damage have now been assessed.
- We are now prioritising those claimants who have been waiting longest for their assessment while also working through the region, suburb-by-suburb and town-by-town.
- Fletcher's Halswell site office is expected to be operational on Monday.

2.2 Information

- Seven field offices are operating in Canterbury. There are two in Deans Ave, two in Addington and one each in Northwood, Lincoln and Timaru.
- The claims administration centre is also in Deans Ave (Hagley Park building) and the ground floor of that building is being used for the claims central filing system and supplies store, mail centre and a consolidated booking office.

2.3 Cash Flows

- EQC has \$570m on call and invested in short-term bank bills.

3. Communications

3.1 Planned communications and releases

- Press advertisements:
 - Info ads and claims prompts in The Press, Ashburton Guardian, Christchurch Star, Timaru Herald, ODT, Oamaru Mail, Marlborough Express, Nelson Mail, & community papers.
- Claims prompts advertisements on Facebook, Google, Stuff and The Press website.
- Radio "claims prompt" adverts on both radio networks in the region.
- EQC staff will attend the Council-organised public meetings organised for the next fortnight.
- Refreshed EQC Canterbury earthquake website went live yesterday.
- "EQC Update" press release due to be issued this afternoon.

4. General Issues

4.1 Loss estimate

- EQC's initial modelling estimates showed the Commission's loss from the quake at \$1.5bn (50th percentile) – \$2.5bn (66th percentile). We are currently reviewing our estimates based on the claims history we have to date.

4.2 Reinsurance

- EQC has \$2.5bn reinsurance cover, attaching at 1.5bn.
- There are three layers to our reinsurance. Each of those layers automatically reinstates (for future events) when the layer has been paid out. A future event is one that occurs 720 hours after and/or more than 250km distant from the nominated disaster.
- We are reinstating the \$500,000,000 bottom layer of reinsurance (to pre-Canterbury earthquake levels) at a cost of \$8,500,000. This offer was over-subscribed by 33 percent. The offers will be scaled back to meet EQC's requirements.

4.3 Land Remediation

- The Stage 2 Tonkin & Taylor geotechnical report will be reviewed next week.
- Planning for the release of the report in Canterbury is underway.

4.4 Other

- EQC is assisting with the DPMC-led Canterbury recovery policy work programme.

9(2)(a)

From: 9(2)(a)
Sent: Friday, 12 November 2010 2:51 p.m.
To: 9(2)(a) @parliament.govt.nz; 9(2)(a) @parliament.govt.nz;
9(2)(a) @dpmc.govt.nz; 9(2)(a) @treasury.govt.nz;
9(2)(a) @parliament.govt.nz; 9(2)(a) @parliament.govt.nz;
9(2)(a) @parliament.govt.nz; 9(2)(a) @parliament.govt.nz;
9(2)(a) @aonbenfield.com; Michael Wintringham; 9(2)(a) @xtra.co.nz;
9(2)(a) @xtra.co.nz; 9(2)(a) @bovairdpartners.co.nz; Ian Simpson; 9(2)(a)
9(2)(a); 9(2)(a); 9(2)(a); 9(2)(a); 9(2)(a)
Subject: Report to Minister 12.11
Attachments: Ministerial Weekly Report 12.11.docx

This week's Ministerial report FYI.



EARTHQUAKE COMMISSION
KŌMIHANA RŪWHENUA

Ministerial Weekly Report

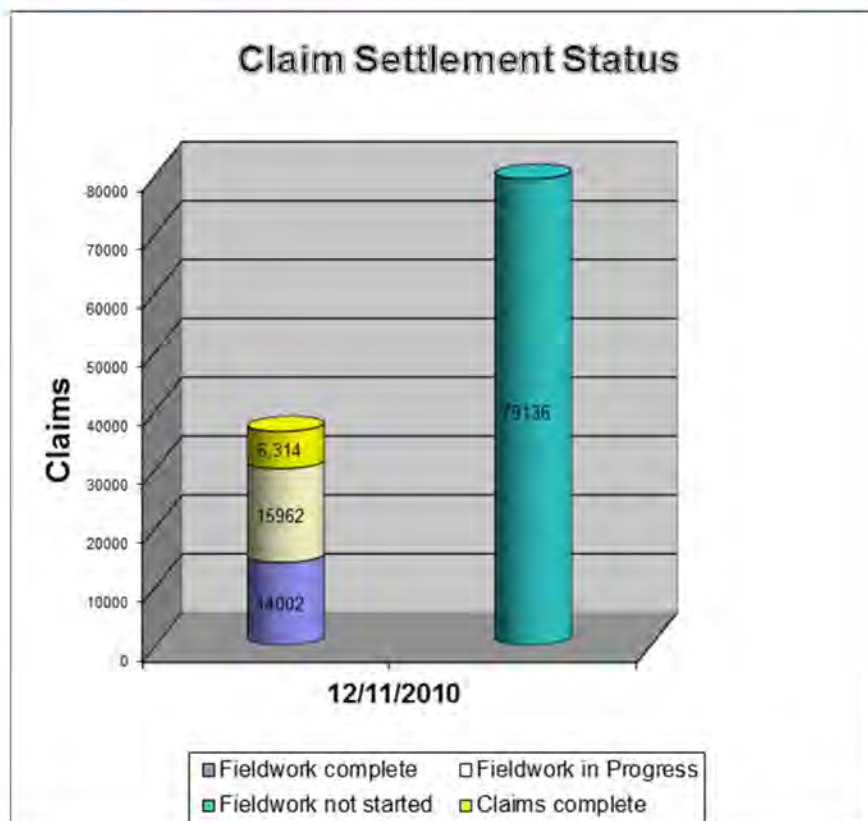
TO: Minister in Charge of the Earthquake Commission
 FROM: Chief Executive of the Earthquake Commission
 DATE: 12 November 2010
 SUBJECT: Earthquake Commission Response to Christchurch Earthquake

1. Summary Data

Claims	
Claims lodged	115,488
Claims resolved	6,314
Uninhabitable	2,496
Not weatherproof	3,757

Damage reported			
	No. of properties affected	No. of payments	Paid to date
Building	95,789	12,310	\$168.58m
Contents	37,436	8,197	\$19.35m
Land	11,895	5	\$6,253
			Total paid to date: \$187.9m

Claims settlement status



EQC Resources	
No. of Christchurch field offices	7
Staff numbers:	
• Wellington	146
• Christchurch	592
• GBS	94
• Call centres	150
Total	982

EQC Targets	
– Settle all claims < \$10,000	– Christmas 2010
– Inspect all claims > \$10,000	– March 2011
– Settle claims > \$100,000	– As identified
– Reinstate damaged land	– Within 18 months

2. Operations

2.1 Progress

- The majority of properties with the most serious damage have now been assessed.
- We are now prioritising those claimants who have been waiting longest for their assessment while also working through the region, suburb-by-suburb and town-by-town.
- PMO: contact has been made with claimants and the first repairs will begin on Wednesday next week. Minister Brownlee will be in attendance and media will be invited to cover the story.

2.2 Information

- Seven field offices are operating in Canterbury. There are two in Deans Ave, two in Addington and one each in Northwood, Lincoln and Timaru.
- The claims administration centre is also in Deans Ave (Hagley Park building) and the ground floor of that building is being used for the claims central filing system and supplies store, mail centre and a consolidated booking office.

2.3 Cash Flows

- EQC has \$570m on call and invested in short-term bank bills. On Monday we will receive \$40m from Government stock coupons. This will be followed by a steady flow of other redemptions from Natural Disaster Fund investments as required.

3. Communications

3.1 Planned communications and releases

- Press advertisements:
 - Info ads and claims prompts in The Press, Ashburton Guardian, Christchurch Star, Timaru Herald, ODT, Oamaru Mail, Marlborough Express, Nelson Mail, & community papers.
- Claims prompts advertisements on Facebook, Google, Stuff and The Press website.
- Radio “claims prompt” adverts on both radio networks in the region.
- EQC staff will attend the Council-organised public meetings which continue next week.
- “EQC Update” press release due to be issued this afternoon.

4. General Issues

4.1 Loss estimate

- EQC's initial modelling estimates showed the Commission's loss from the quake at \$1.5bn (50th percentile) – \$2.5bn (66th percentile). We are currently reviewing our estimates based on the claims history we have to date.

4.2 Reinsurance

- EQC has \$2.5bn reinsurance cover, attaching at 1.5bn.
- There are three layers to our reinsurance. Each of those layers automatically reinstates (for future events) when the layer has been paid out. A future event is one that occurs 720 hours after and/or more than 250km distant from the nominated disaster.
- We are reinstating the \$500,000,000 bottom layer of reinsurance (to pre-Canterbury earthquake levels) at a cost of \$8,500,000. This offer was over-subscribed by 33 percent. The offers will be scaled back to meet EQC's requirements.

4.3 Land Remediation

- Discussions with DPMC and the relevant local authorities have been held to determine the roles of the various parties in carrying out the land remediation.
- Planning for the release of the Stage 2 Tonkin & Taylor geotechnical report in Canterbury is underway.

4.4 Other

- EQC is assisting with the DPMC-led Canterbury recovery policy work programme.

9(2)(a)

From: 9(2)(a)
Sent: Wednesday, 17 November 2010 5:02 p.m.
To: 9(2)(a)@dpmc.govt.nz; 9(2)(a)@treasury.govt.nz
Cc: Ian Simpson; Hugh Cowan (9(2)(a)@eqc.govt.nz); 9(2)(a)
(9(2)(a)@EQC.govt.nz); 9(2)(a)@chapmantripp.com; 9(2)(a)
(9(2)(a)@chapmantripp.com); 9(2)(a)@xtra.co.nz; 9(2)(a)
(9(2)(a)@prodirections.com)
Subject: Options for carrying out additional land remediation works
Attachments: SKMBT_C550_10111715490.pdf

Please see letter attached from Ian Simpson.

9(2)(a)
Chief Financial Officer
Earthquake Commission, PO Box 790, Wellington
New Zealand

Level 20, Majestic Centre, 100 Willis Street, Wellington

Telephone (DDI) +64 9(2)(a)



17 November 2010

9(2)(a)
Department of the Prime Minister and Cabinet
WELLINGTON

9(2)(a)
The Treasury
WELLINGTON

CANTERBURY EARTHQUAKE: OPTIONS FOR CARRYING OUT ADDITIONAL LAND REMEDIATION WORKS

- 1 At the meeting held on 12 November between representatives of the Earthquake Commission (*EQC*), The Treasury and the Department of the Prime Minister and Cabinet (*DPMC*), you invited us to set out EQC's views on the preferred option for roles for additional land remediation.

Our recommendation
- 2 For the reasons explained below, we recommend an option (Option 2) under which:
 - (a) EQC controls the preparation of the concept design of the additional land remediation works;
 - (b) EQC obtains resource consents;
 - (c) Christchurch City Council and Waimakariri District Council (*the Councils*) prepare the detailed design and procure, contract with and supervise contractors;
 - (d) EQC checks the preparation of the detailed design, and the procurement and preparation of contracts (including arranging peer reviewers); and provides some oversight of management of contractors;
 - (e) financial responsibility for risks and liabilities is split between EQC and the Councils on an agreed basis that appropriately reflects the roles of the different parties.
- 3 This Option has the advantage that it aligns responsibilities of the parties with their authority to carry out the various roles. The parties are incentivised to mitigate risks associated with the roles they carry out.
- 4 In order to carry out the roles allocated to EQC under this preferred Option 2, the functions of EQC would need to be extended by Ministerial direction.

Outline of this letter

5 In this letter, we set out:

- (a) four possible options for carrying out the additional land remediation. These options have been developed by EQC. They are summarised below and also detailed in **Appendix 1**;
- (b) our preferred option (Option 2, which allocates control of the various roles as between EQC and the Councils); and the reasons for our preference;
- (c) some matters which will underpin a successful outcome under the chosen option. These matters are (1) choosing the concept design; and (2) dealing with cost uncertainty;
- (d) the key risks and liabilities. We discuss how financial responsibility for these risks and liabilities would optimally be allocated across the parties performing the various roles under the various options;
- (e) a detailed description (see **Appendix 2**) of the 12 activities we have identified as relevant to the additional land remediation. These same 12 activities are set out in column 1 of the tables showing each of the options in Appendix 1;
- (f) two roles or responsibilities under each of these 12 activities. One is responsibility for getting the work done for each of the 12 activities of the project. The other is for certifying or verifying for each activity that the work is being done to an acceptable standard. This distinction is important, particularly in a structure where one party (a Council) will be responsible for the bulk of the work, and another party (the Crown) will be paying for it;
- (g) EQC's definition of the term "additional land remediation" for the purposes of this letter (see **Appendix 3**).

Four Options

6 We have developed four options covering the spectrum from virtually full EQC control (Option 1) through to virtually full Council control (Option 4) of the additional land remediation project.

7 In summary, these options are:

Option 1 - EQC controls almost all aspects of the additional land remediation project. EQC takes on all the risks and liability. Given that these risks would not be covered by EQC's reinsurance contracts, they are *de facto* Crown risks. The Treasury would verify EQC's performance;

Option 2 - EQC controls the preparation of the concept design, and obtains resource consents. Councils prepare the detailed design and procure, contract with and supervise contractors. EQC checks the preparation of the detailed design and procurement and preparation of contracts (including arranging peer reviewers). EQC also provides some oversight of management of contractors. Financial responsibility for risks and liabilities is split between EQC and the Councils on an agreed basis that appropriately reflects the roles of the different parties;

Option 3 - As for Option 2, except EQC takes no role at all in procuring contractors, preparing contracts, and certifying supervision/ management of contractors. This in turn would reduce the allocation to EQC of financial responsibility for risks and liabilities;

Option 4 - Councils control almost all aspects of the project. EQC's role is limited to approving payments. Councils take on all the risks and liabilities.

- 8 Each Option (together with its advantages and disadvantages) is described in more detail in Appendix 1.

Option 2 is our preferred option

- 9 We prefer Option 2 because:

- (a) this option aligns responsibility and authority. For example, each of EQC and the Councils carries financial and other risks in relation to defective works. But they also each have a role in relation to selecting and contracting with contractors to do the works and supervising the contractors' performance;
- (b) the risk of cost overruns and liability for inadequate contractor performance incentivise EQC and the Councils to have effective cost and quality control;
- (c) this option accords with public perception that EQC has a major role in earthquake recovery. At the same time this option allows EQC to take steps to mitigate risks and protect its reputation;
- (d) the respective roles of parties under this option are likely to promote better understanding, communication and co-ordination between them ;
- (e) EQC is best placed to lead the preparation of the Concept Design Report (see paragraphs 11 to14) because:
 - (i) EQC has led all the work to date around the investigation and remediation options debate. EQC has the best information and hence the most complete picture; and
 - (ii) the work spans several geographic areas. The Councils and ECAN all have an involvement. A consistent approach across all will be an important matter to ensure an equitable approach is achieved for all affected landowners.

- 10 In comparison to the other Options:

- (a) the alignment referred to in paragraph 9(a) is stronger under Option 2 than it is for Option 3;
- (b) Option 2 does not comprise a commitment by EQC which would unduly "distract" it from its existing functions (including the Fletchers house repair PMO). Option 2 is preferable to Option 1 in this regard;
- (c) Option 2 (unlike Options 1 and 4) involves meaningful participation by both EQC and the Councils. This is preferable from the point of view of communication and co-ordination as between the various Canterbury earthquake remediation streams.

Key matters underpinning a successful outcome for the additional land remediation project

(1) Concept design

- 11 Key to a successful outcome under any option is the development of a Concept Design Report (CDR) before making any firm commitments to the remediation programme and entering into any contracts.
- 12 Developing the CDR would include the following:
 - (a) undertaking a ground investigation programme in all areas;
 - (b) investigating and defining the best systems for each location;
 - (c) designing the systems;
 - (d) understanding the programme of works for the Council services relocation and how best to co-ordinate that programme with the additional land remediation;
 - (e) identifying all enabling works (and scoping and pricing the same);
 - (f) understanding the areas of work that can be opened up at once;
 - (g) investigating any issues relating to resource consents; issues related to any required Public Works Act private land acquisition; and any required building consents;
 - (h) preparing a staging programme. The number of stages will be influenced by factors such as:
 - (i) how much enabling work is needed before work can start;
 - (ii) how many sub-stages are needed to achieve a clear site (e.g. house demolition and services relocation);
 - (iii) how much work can be taken on in one stage (taking into account efficiency of plant sizing and utilisation, and the cost of relocating equipment);
 - (iv) how close the neighbours are, reflecting systems used, size of plant, hours of work etc;
 - (i) preparing a risk management programme;
 - (j) establishing a delivery strategy;
 - (k) preparing a robustly tested price estimate (as to which see paragraphs 16 to 20 below).
- 13 The CDR would then need to be approved by the Crown before detailed design and procurement proceeds.
- 14 Option 2 has EQC controlling the CDR. But clearly EQC would need expert advice to assist it in the preparation of the CDR for Crown approval. As Tonkin & Taylor has carried out the bulk of the land investigations and proposed remediation options, EQC would in all

likelihood commission them to move, as a matter of urgency, on preparing a CDR. The sooner a decision is made on these proposals, the sooner that we can get this underway.

- 15 If the Councils commissioned Tonkin & Taylor to prepare the detailed design for each of the major works, EQC would provide assurance on the alignment of the design with the approved CDR, by engaging another company to carry out a peer review.

(2) Cost issues

- 16 Any early estimate of costs related to the additional land remediation would need to be robustly tested. Budgets set early would need to conservatively reflect the high levels of pricing variability and uncertainty expected. Further, care would need to be taken not to announce the scope of the works until the budgets had been tested.
- 17 We are aware of some of the details of the AMI Stadium project, which involved around 1.2Ha of liquefiable land remediated by vibro-compaction and stone columns. The project was located in a mixed residential and commercial area.
- 18 We understand that the range of prices tendered for the work on the AMI Project was huge (the highest tender being double the lowest). This was despite the ground conditions being well understood following the carrying out of earlier works in the area.
- 19 Factors that affect price uncertainty for this type of work include:
- (a) the depths of good sands below the liquifiable silts may vary substantially;
 - (b) the level of vibro-compaction that is forecast and implemented may not meet the required level of design performance. Whether rework is needed can only be ascertained up to a month after that area of work is completed;
 - (c) the process generates an enormous amount of silty water that needs to be collected and settled out before discharge. The daily volumes and settlement times are difficult to predict. Accordingly the allowances to be made for settlement ponds and associated facilities is difficult;
 - (d) the equipment used produces substantial ground vibration that affects (and potentially damages) neighbours. This can limit the hours of work. Complaints can give rise to delays and rescheduling;
 - (e) the liquefiable silts can contain old tree trunks at depth. These trunks deflect the probes and cause system performance issues.
- 20 Our understanding is that there is limited expertise and equipment to carry out his type of land remediation work. There is a decreased opportunity to negotiate good rates if competition is limited. Contractors will price to make super-profits if they feel that they can.

Risks and Liabilities

- 21 Against this backdrop, we summarise the three broad categories of risk and liability arising from the additional land remediation as follows:
- (a) liability arising from a defect in concept or detailed design;
 - (b) liability arising from defective work by contractors;

- (c) risk of cost overruns and delays caused by unforeseen ground conditions.
- 22 Under our preferred option (Option 2), we would see the financial responsibility for risks and liabilities under paragraphs 21(a) and (b) being split between EQC and the Councils on an agreed basis that appropriately reflects the roles of the different parties. The Crown would also have responsibility for risk where there are unforeseen conditions which could not have been mitigated.
- 23 So, for example:
- (a) EQC would take on liabilities arising from the concept design (because it is has the role of establishing the concept design);
 - (b) the Councils would take on liabilities for defective contractors (because they have the control of the selection, contracting and supervision of the contractors). EQC would also take on some of this liability because it has a role in certification of these matters under Option 2;
 - (c) the Crown would have risks (including increased costs) arising as a result of unforeseen ground conditions.
- 24 Clearly, both the Councils and EQC would be engaging others (experts/contractors) to carry out the work. To the extent possible, the Councils and EQC would try to shift liability to the experts and contractors engaged. But it may not be easy to obtain a meaningful contribution from the contractors/experts. Further, when the problems become apparent the companies engaged may well have long gone.
- 25 There are various ways (both legal and practical) that EQC and the Councils may try to mitigate risks referred to above. These include:
- (a) selecting good, long established and substantial contractors/experts;
 - (b) entering into contracts that allow recovery of remedial costs from contractors;
 - (c) taking out insurance;
 - (d) exercising care in making statements (which could be relied on by landowners) about the promised outcomes of the remediation works.
- 26 Critically the party which has control (or certification responsibilities) in respect of a specific role will be incentivised to do as much as possible to mitigate risks. That is because the liability and risk will rest with a party that has that control (or certification responsibility, as the case may be).
- 27 Finally, some thought will need to be given as to whether the works will give rise to "assets" in the ground, and if so, to whom they will belong. This in turn gives rise to issues about liability for any ongoing maintenance of the "assets".
- 28 There will also be other operational risks to be considered (for example, failure of contractors to comply with resource consent conditions (if any); direct damage resulting from the construction process, including, for example, from vibration). But again these risks may be able to be mitigated contractually or by the purchase of insurance by EQC or the Councils (whichever has control of the relevant activity).

Conclusion

- 29 I confirm that EQC is committed to working with you and all other affected parties to advance the additional land remediation project as soon as possible.
- 30 In this letter we have, properly, defined the roles and responsibilities for “doing” and “certifying”, as separate and distinct. But in practice they will require a close working relationship between the Council and EQC. If Option 2 or similar is chosen by the Government, I understand that the Board would favour EQC establishing a dedicated unit, staffed with people with the necessary skills and experience, to discharge our share of the responsibilities. The sooner a decision is made, the sooner EQC can get this up and running.
- 31 The Board of EQC is strongly of the view that Options 1 and 4 are unworkable. EQC is not well placed to take on the full suite of responsibilities for land remediation under Option 1. To do this could jeopardise the successful management of the rest of our current responsibilities. Option 4 leaves EQC (and through EQC, the Crown) with the financial risks but with inadequate control.
- 32 EQC wishes its involvement in the additional land remediation to be such that it best ensures that the works are carried out in a manner that brings credit to all concerned. Our view is that Option 2 best meets that objective. It will be a challenge for EQC. The Board and management have given the matter considerable thought and will ensure that our responsibilities under this option are effectively discharged.
- 33 We would be pleased to meet with you to discuss any aspect of this letter and its appendices.

Yours sincerely



Ian Simpson
Chief Executive

APPENDIX 1

ADDITIONAL LAND REMEDIATION OPTIONS

OPTION 1

Summary of Option – EQC controls (almost) all aspects of the project. EQC takes on risks and liability. Given that these risks would not be covered by EQC's reinsurance contracts, they are *de facto* Crown risks. Treasury would verify EQC's performance.

Activities ¹	Control ²	Certification/ Verification ³
1 Preparation of the concept design	EQC	Nil
2 Obtaining Crown approval	EQC	Treasury
3 Obtaining resource consents	EQC (with help of exemption under Order in Council made under Recovery Act)	Nil
4 Preparing detailed design	EQC	Nil
5 Procuring contractors for works	EQC	Nil
6 Obtaining Crown approval of contractors/ contract terms	EQC	Treasury
7 Preparing contracts for works	EQC	Nil
8 Co-ordinating with affected parties	EQC	Nil
9 Supervising/managing contractors for works	EQC	Nil
10 Approving payments	EQC	Nil
11 Communicating to affected parties	EQC/Councils/ Project Management Office (PMO)	Nil
12 Taking on liability for defective works and risk of cost overruns	EQC/Crown	Nil

¹ See detailed description of these activities in Appendix 2.

² For the purposes of this and the tables for Options 2, 3 and 4, "Control" denotes the primary responsibility for carrying out the activity. Note that if the Council is in that role, EQC may have the certification/verification role. But no contractual principal/contractor relationship would exist between the two parties.

³ For the purposes of this and the tables for Options 2, 3 and 4, "Certification/Verification" denotes checking and "signing off" the activity.

Advantages:

- Alignment of responsibility and authority. EQC carries financial and other risks as well as selecting contractors to do the works, supervising their performance and holding them to account;
- The risk of cost overruns and the liability for inadequate contractor performance incentivises EQC to have effective cost and quality control;
- Accords with public perception of EQC's prime role in earthquake recovery. At the same time allows EQC to take steps to mitigate risks and protect its reputation;
- EQC is best placed to lead the preparation of the Concept Design Report because:
 - (a) EQC has led all the work to date around the investigation and remediation options debate. EQC has the best information and hence the most complete picture; and
 - (b) the work spans several geographic areas. The Councils and ECAN all have an involvement. A consistent approach across all will be an important matter to ensure an equitable approach is achieved for all affected landowners.

Disadvantages:

- EQC both leads/manages the project and approves payments;
- Breadth of roles "distracts" EQC from existing functions under EQC Act including responsibility for housing repairs through the PMO;
- No (or very limited) participation by Councils.

OPTION 2

Summary of Option: EQC controls the preparation of the concept design, and obtains resource consents. Councils prepare detailed design and procure, contract with and supervise contractors. EQC checks preparation of detailed design (including arranging a peer review); procurement and preparation of contracts (including arranging a peer review); and provides some oversight of management of contractors. Financial responsibility for risks and liabilities is split between EQC and the Councils on an agreed basis that appropriately reflects the roles of the different parties.

Activities	Control	Certification/ Verification
1 Preparation of the concept design	EQC	Nil
2 Obtaining Crown approval	EQC	Treasury
3 Obtaining resource consents	EQC (with help of exemption under Order in Council made under Recovery Act)	Nil
4 Preparing detailed design	Councils	EQC (using peer reviewer)
5 Procuring contractors for works	Councils	EQC (using peer reviewer)
6 Obtaining Crown approval of contractors/ contract terms	Councils	EQC
7 Preparing contracts for works	Councils	EQC (using peer reviewer)
8 Co-ordinating with affected parties	EQC/Councils/PMO	Nil
9 Supervising/managing contractors for works	Councils	EQC (requiring interim and final reporting and sign-offs)
10 Approving payments	EQC	Nil
11 Communicating to affected parties	EQC/Councils/PMO	Nil
12 Taking on liability for defective works and risk of cost overruns	EQC/Councils/Crown	Nil

Advantages:

- Alignment of responsibility and authority. Each of EQC and the Councils carries financial and other risks as well as having a role in relation to selecting contractors to do the works and supervising their performance;
- The risk of cost overruns and the liability for inadequate contractor performance incentivise EQC and the Councils to have effective cost and quality control;
- Accords with public perception that EQC has a major role in earthquake recovery. At the same time allows EQC to take steps to mitigate risks and protect its reputation;
- Respective roles of parties under this option likely to promote better understanding, communication and co-ordination between them;
- EQC is best placed to lead the preparation of the Concept Design Report because:
 - (a) EQC has led all the work to date around the investigation and remediation options debate. EQC has the best information and hence the most complete picture; and
 - (b) the work spans several geographic areas. The Councils and ECAN all have an involvement. A consistent approach across all will be an important matter to ensure an equitable approach is achieved for all affected landowners.

Disadvantages:

- Issue as to precise allocation of liability and risk as between EQC and Councils.

OPTION 3

Summary of Option: As for Option 2, except EQC takes no role in procuring/supervision/management of contractors.

	Activities	Control	Certification/ Verification
1	Preparation of the concept design	EQC	Nil
2	Obtaining Crown approval	EQC	Treasury
3	Obtaining resource consents	EQC (with help of exemption under Order in Council made under Recovery Act)	Nil
4	Preparing detailed design	Councils	EQC (using peer reviewer)
5	Procuring contractors for works	Councils	Nil
6	Obtaining Crown approval for contractors/contract terms	Councils	Treasury
7	Preparing contracts for works	Councils	Nil
8	Co-ordinating with affected parties	EQC/Councils/PMO	Nil
9	Supervising/managing contractors for works	Councils	Nil
10	Approving payments	EQC	Nil
11	Communicating to affected parties	EQC/Councils/PMO	Nil
12	Taking on liability for defective works and risk of cost overruns	Councils/Crown	Nil

Advantages:

- Some alignment of responsibility and authority (both for EQC and Councils);
- The risk of cost overruns and the liability for inadequate contractor performance incentivise EQC and Councils to have effective cost and quality control;
- Accords with public perception that EQC has a major role in earthquake recovery. At the same time allows EQC to take some steps to mitigate risks and protect its reputation;
- Respective roles of parties under this option likely to promote communication and co-ordination between them;
- EQC is best placed to lead the preparation of the Concept Design Report because:
 - (a) EQC has led all the work to date around the investigation and remediation options debate. EQC has the best information and hence the most complete picture; and

- (b) the work spans several geographic areas. The Councils and ECAN all have an involvement. A consistent approach across all will be an important matter to ensure an equitable approach is achieved for all affected landowners.

Disadvantages:

- Advantages are not as strong as for Option 2. This is because EQC has no role in the procurement/management/supervision of contractors.

OPTION 4

Summary of Option: Councils control (almost) all aspects of the project. EQC's role limited to approving and making payments. Councils take on risks and liability.

	Activities	Control	Certification/ Verification
1	Preparation of the concept design	Councils	Nil
2	Obtaining Crown approval	Councils	Treasury
3	Obtaining resource consents	Councils (with help of exemption under Order in Council made under Recovery Act)	Nil
4	Preparing detailed design	Councils	Nil
5	Procuring contractors for works	Councils	Nil
6	Obtaining Crown approval for contractors/contract works	Councils	Treasury
7	Preparing contracts for works	Councils	Nil
8	Co-ordinating with affected parties	EQC/Councils/PMO	Nil
9	Supervising/managing contractors for works/contract terms	Councils	Nil
10	Approving payments	EQC	Nil
11	Communicating to affected parties	EQC/Councils/PMO	Nil
12	Taking on liability for defective works and risk of cost overruns	Councils/Crown	Nil

Advantages:

- Alignment of responsibility and authority. Councils carry financial and other risks as well as selecting contractors to do the works, supervising their performance and holding them to account;
- The risk of cost overruns and the liability for inadequate contractor performance incentivises the Councils to have effective cost and quality control;
- Allows EQC to concentrate on existing functions under Earthquake Commission Act and responsibility for housing repairs through the PMO.

Disadvantages:

- Possible difficulties in Councils undertaking processes to obtain resource consents;
- Does not accord with public perception that EQC has a major role in earthquake recovery;
- Respective roles of parties under this option not as likely as other Options to promote communication and co-ordination between them.

APPENDIX 2

DESCRIPTION OF ACTIVITIES

Activities	Description
1 Preparation of the concept design	Establishing a Concept Design Report (CDR). See details of the CDR at paragraphs 11 to 14 of this letter. External expert advice would be required to perform this activity.
2 Obtaining Crown approval	Seeking and obtaining Cabinet approval to proceed on the basis of the CDR.
3 Obtaining resource consents	Applying for and obtaining all required resource consents. Note that obtaining resource consents could add considerable time to the likely completion date of the project. The Councils have expressed some reluctance to take on this responsibility, due in part as we understand it, to some procedural and political management challenges. Under our preferred Option 2, EQC takes on this responsibility. However EQC has no comparative advantage in this field and we have assumed that this is an area where an Order in Council under the Recovery Act would be an acceptable solution.
4 Preparing detailed design	Preparing detailed design based on CDR (see 1 above). External expert advice would be required to perform this activity.
5 Procuring contractors for works	Carrying out tender or other procurement process to select contractors to do the additional land remediation works.
6 Obtaining Crown approval of contractors/ contract terms	Seeking and obtaining Minister's approval to proceed on the basis of the selected contractors at the specified price and non-price terms.
7 Preparing contracts for works	Preparing formal contracts between EQC (or Council, as the case may be) and contractors. Negotiating contracts and arranging signing.
8 Co-ordinating with affected parties	The additional land remediation works will be carried out in parallel with the PMO repairs and the programme of works for the Council services. Excellent communication and co-ordination with the parties undertaking all repairs will be necessary to ensure efficient execution. In this regard, there is a need to recognise that to date the different Councils have approached recovery using different methods of co-ordination.
9 Supervising/managing contractors for works	This is a project management activity (not unlike the activity to be performed by Fletchers under the house repairs PMO).
10 Approving payments	Approving (and possibly also paying) the amounts due to the contractors. However optimally Crown funding would be paid direct by the Crown to the Councils following approval of payments (i.e. not through EQC). Note that payment through the EQC Fund of any amount over and above the cost of physical loss and damage would not currently be allowed under the EQC Act (although an appropriate Ministerial direction would allow the Fund to be used in this way).

11 Communicating to affected parties	Ensuring communication between EQC, Councils, the Recovery Commission, utilities (e.g. NZTA), DPMC and other agencies of Government, and landowners in ensuring the successful completion of the additional land remediation and other remediation streams. There needs to be strong communication channels relating to the appropriate prioritisation and harnessing of resources.
12 Taking on liability for defective works and risk of cost overruns	See discussion at paragraphs 21 to 26 of this letter.

APPENDIX 3

DEFINITION OF "ADDITIONAL LAND REMEDIATION"

For the purposes of this paper, EQC defines the term "additional land remediation" as any land remediation arising from the Canterbury Earthquake that is over and above what EQC must do to settle claims for land damage under the Earthquake Commission Act.

To elaborate:

- the insurance under the Act is against actual physical loss or damage caused by the earthquake;
- EQC has the option to reinstate land instead of paying the cost of damage. This is what EQC has decided to do;
- physical loss or damage to the affected land can be repaired (i.e. brought back to its condition before the earthquake) by relatively limited remedial work such as filling the cracks and doing limited compacting work. This work was described as Remediation Option G in the Tonkin & Taylor Stage 1 Report (and more precisely as Option G3 in a previous Tonkin & Taylor paper);
- any work over and above this level of repair is outside the existing powers of EQC. Currently EQC cannot carry out or fund this additional work. The Crown would need to fund the additional work and direct EQC to carry it out (by Ministerial direction). It is this work that we refer to as "additional land remediation" work.

9(2)(a)

From: 9(2)(a)
Sent: Thursday, 18 November 2010 5:59 p.m.
To: 9(2)(a)@parliament.govt.nz; Juston Anderson
(9(2)(a)@treasury.govt.nz); 9(2)(a)@parliament.govt.nz
Subject: EQC Letter for Reinsurers
Attachments: Reinsurers-18 Nov.pdf

Attached is our letter for reinsurers sent to Aon Benfield today. We would like to draw your attention to the final paragraph where we indicate that the expected EQC costs are likely to be above the \$2bn previously advised.

Regards

9(2)(a)

Executive Secretary | Earthquake Commission (EQC)
Majestic Centre | 100 Willis Street | P O Box 790 | Wellington

9(2)(a)



18 November 2010

Richard Trevethick
Aon Benfield New Zealand
Level 1 / 70 Shortland Street
AUCKLAND

Dear Richard

4 September 2010 Darfield Earthquake

Current Situation

(a) Catastrophe Response Plan

There are now 7 field offices operating in Canterbury, four are located in Christchurch with the other three in Northwood, Lincoln and Timaru. In total there are now 832 people working for EQC. This includes 417 loss adjusters, estimators, engineers and valuers, with remainder being mainly claims management and support staff. Approximately half these staff are located in Christchurch, 40% in Wellington and the remaining 10% being from Gallagher Basset Services in Brisbane and involved in processing claims.

We are continuing to attend public meetings throughout the region to answer policyholder queries and to provide a public face to our communications. In addition we are continuing to run advertisements in the local press on radio and through Facebook, Google, Stuff and The Press websites. We have also posted a seven minute video on You Tube showing how the claims process is managed and have recently created a new EQC website specific to the event: <http://canterbury.eqc.govt.nz/>

(b) Claims

As at 17th November EQC had received claims on 119,085 properties. The following tables show both the geographical distribution of these claims, the types and status of these claims and the severity of damage:

Geographical Distribution of Claim

Christchurch	Selwyn	Waimakariri	Timaru	Ashburton	Other	Total
94,046	9,362	7,952	3,037	2,521	2,167	119,085

EQC counts each claim from a property owner as a single claim, even if the property has suffered damage to the land, building and contents. If a more traditional approach were taken and each exposure type was treated as an individual claim, EQC would have 149,376 claims.

Type and Status of Claim

	Lodged	Open	Closed	No. of Payments	Paid to Date
Building Claims	98,585	93,986	4,599	14,898	\$193,729,440.00
Contents Claims	38,209	34,655	3,554	10,392	\$24,109,291.39
Land Claims	12,582	12,132	450	6	\$81,761.96
Total Exposures	149,376	140,773	8,603	25,296	\$217,920,493.35

Severity Distribution (Claimant self assessment)

Damage Type	Number	%
Minor	87,052	73
Moderate	24,813	21
Serious	7,220	6
Habitable	116,660	98
Non-Habitable	2,425	2
Weatherproof	115,335	97
Non-Weatherproof	3,750	3

Claimants have until the 4th December to lodge a claim and, whilst the number of new claims being lodged has slowed significantly, at the current level of notification we would expect something in the order of an additional 10-15,000 claims before the cut off date. The current estimate for the total number of claims from the event has now been revised to 130,000.

The target is to settle all claims under \$10,000 by Christmas and to have inspected all properties with likely claims over \$10,000 by March next year. EQC are settling its part of claims over \$100,000 as they are identified. The repair work for all claims between \$10,000 and \$100,000 are to be managed by the newly established Project Management Office and may take up to two years. Details about the Project Management Office are given in a separate section.

Project Management Office

Following a world-wide tender process Fletcher Construction were appointed to run EQC's Project Management Office (PMO). They will be responsible for managing repairs on moderate to severely damage properties up to \$100,000. The appointment of Fletcher Construction completes EQC's repair framework with:

- A fast track process to pay out on claims for minor damage and contents less than \$10,000
- A process for claims that involve damage to chimneys
- The Project Management office handling structural damage claims above \$10,000 up to \$100,000
- Insurance companies responsible for claims above \$100,000

Fletcher's strategy for managing the repairs is to adopt a community based approach with one central HQ controlling 20 regional hubs, each responsible for 5 local site huts, which will in turn be responsible for 5 contractors, each running 5 projects. In this way there will be a visible presence on the ground and local tradespeople will be utilised to effect the repairs whilst Fletcher's will have control over quality, costs and delivery.

The role of the PMO will include:

- Identifying and engaging the sub contractors needed to repair the properties
- Handling every aspect of repairs for householders
- Ensuring a design and build approach is taken
- Agreeing the programme of repairs with EQC and managing costs
- Inspections to ensure quality results are delivered

Land Damage and Remediation

The extensive damage to land caused by the event has been widely reported. In response to this damage EQC commissioned Tonkin and Taylor to provide a report on the nature, cause and extent of land damage, the areas affected and to provide solutions to fix damaged land. The Stage 1 of the report was released on the 21st October and can be downloaded from EQC's website at: <http://canterbury.eqc.govt.nz/publications>

The report concluded that in the majority of cases all land could be fixed. In some cases this would require repair and protection beyond the scope of the EQC insurance cover but the cost of this work would be funded by the Government. EQC has processes in place to ensure that the cost of land remediation and protection beyond the scope of the Earthquake Commission Act is accounted for separately.

Stage 2 of the report is expected to be delivered prior to 25 December and will concentrate on the specific details of the remedial works to be carried out at individual sites.

Current Estimate

Based on a provisional view of the claim numbers (which have exceeded our initial expectations), their distribution and the individual claims assessments carried out to date, we believe the current incurred estimate is likely to be in excess of \$2bn. This obviously represents an increase on the previous range but, at this point, we are not able to provide a more accurate estimate or range for the incurred loss. The reason is the significant uncertainty around the distribution of loss. The main source of this uncertainty is the number of claims in excess of the EQC limits where EQC's estimates of claim numbers vary from those assessed as "over caps" by insurers. Furthermore, the distribution of amounts of claims for structural damage under \$100,000 will remain uncertain until a larger sample of these claims has been assessed. We have assessed only 2,635 claims of an estimated total of 50,000-70,000 claims within the band.

We are acutely aware of our reinsurers need to quantify liability to the event and have appointed the consulting actuaries Melville Jessup Weaver to assist with claims auditing and reserving. As such we expect to be able to provide an updated incurred estimate range by the first week of December. In light of the above, the previously advised range needs to be revised upwards. However, until the actuarial assessment has been completed we are unable to provide any additional information other than that provided on our website. Whilst this revision may cause concern we felt that it was important to alert reinsurers to the likelihood of claims exceeding the 2nd Layer attachment of \$2bn.

Thank you for all your patience and support to date. Please be assured that we are doing all we can to clarify the position.

Yours sincerely



Ian Simpson
Chief Executive

9(2)(a)

From: 9(2)(a)
Sent: Friday, 19 November 2010 2:30 p.m.
To: 9(2)(a) @parliament.govt.nz; 9(2)(a) @parliament.govt.nz;
9(2)(a) @dpmc.govt.nz; 9(2)(a) @treasury.govt.nz;
9(2)(a) @parliament.govt.nz; 9(2)(a) @parliament.govt.nz;
9(2)(a) @parliament.govt.nz; 9(2)(a) @parliament.govt.nz;
9(2)(a) @aonbenfield.com; Michael Wintringham; 9(2)(a) @xtra.co.nz;
9(2)(a) @xtra.co.nz; 9(2)(a) @bovairdpartners.co.nz; Ian Simpson; 9(2)(a)
9(2)(a); 9(2)(a); 9(2)(a); 9(2)(a); 9(2)(a); 9(2)(a)
Subject: Report to Minister 19.11
Attachments: Ministerial Weekly Report 19.11.docx

This week's Ministerial report FYI.



EARTHQUAKE COMMISSION
KŌMIHANA RŪWHENUA

Ministerial Weekly Report

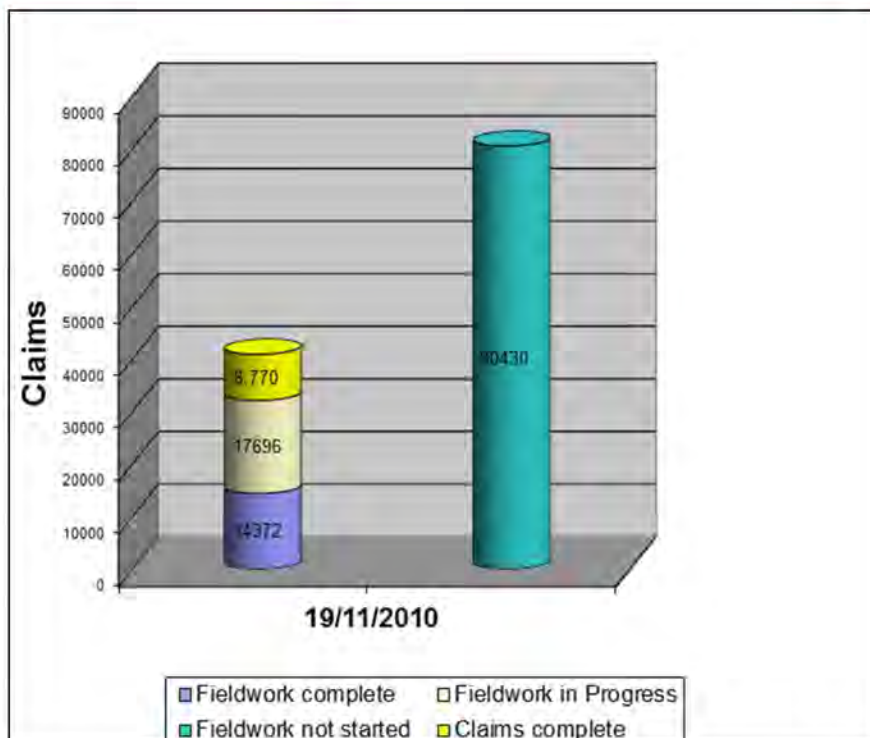
TO: Minister in Charge of the Earthquake Commission
 FROM: Chief Executive of the Earthquake Commission
 DATE: 19 November 2010
 SUBJECT: Earthquake Commission Response to Christchurch Earthquake

1. Summary Data

Claims	
Claims lodged	121,426
Claims resolved	8,770
Uninhabitable	2,402
Not weatherproof	3,758

Damage reported			
	No. of properties affected	No. of payments	Paid to date
Building	100,084	17,453	\$230.22m
Contents	38,731	12,432	\$29.18m
Land	12,750	7	\$10,086
			Total paid to date: \$259.4m

Claims settlement status



N.B. This chart does not include today's internet claims which are integrated into the EQC claims system overnight.

EQC Resources	
No. of Christchurch field offices	7
Staff numbers:	
• Wellington	146
• Christchurch	589
• GBS	93
• Call centres	151
Total	979

EQC Targets	
– Settle all claims < \$10,000	– Christmas 2010
– Inspect all claims > \$10,000	– March 2011
– Settle claims > \$100,000	– As identified
– Reinstate damaged land	– Within 18 months

2. Operations

2.1 Progress

- The majority of properties with the most serious damage have now been assessed.
- We are now working through the region, suburb-by-suburb and town-by-town.
- PMO: the first repairs began on Wednesday. There is a site office operating in Halswell and there will be two more up and running shortly, in Kaiapoi and Rolleston. Fletchers are currently making decisions about the location of other offices in the region.

2.2 Information

- Seven field offices are operating in Canterbury. There are two in Deans Ave, two in Addington and one each in Northwood, Lincoln and Timaru.
- The claims administration centre is also in Deans Ave (Hagley Park building) and the ground floor of that building is being used for the claims central filing system and supplies store, mail centre and a consolidated booking office.

2.3 Cash Flows

- EQC has \$503m on call and invested in short-term bank bills. On Monday we received \$40m from Government stock coupons. This will be followed by a steady flow of other redemptions from Natural Disaster Fund investments as required.

3. Communications

3.1 Planned communications and releases

- Press advertisements:
 - Info ads and claims prompts in The Press, Ashburton Guardian, Christchurch Star, Timaru Herald, ODT, Oamaru Mail, Marlborough Express, Nelson Mail, & community papers.
- Claims prompts advertisements on Facebook, Google, Stuff and The Press website.
- Radio “claims prompt” adverts on both radio networks in the region.
- EQC staff will attend the Council-organised public meetings which continue next week.
- “EQC Update” press release due to be issued this afternoon.

4. General Issues

4.1 Loss estimate

- EQC's initial modelling estimates showed the Commission's loss from the quake at \$1.5bn (50th percentile) – \$2.5bn (66th percentile). We are currently reviewing our estimates based on the claims history we have to date. We have engaged consulting actuaries Melville, Jessup, Weaver to assist us with this process.
- We have communicated to EQC's reinsurers that costs are likely to be over \$2bn.

4.2 Reinsurance

- EQC has \$2.5bn reinsurance cover, attaching at 1.5bn.
- There are three layers to our reinsurance. Each of those layers automatically reinstates (for future events) when the layer has been paid out. A future event is one that occurs 720 hours after and/or more than 250km distant from the nominated disaster.
- We are reinstating the \$500,000,000 bottom layer of reinsurance (to pre-Canterbury earthquake levels) at a cost of \$8,500,000. This offer was over-subscribed by 33 percent. The offers will be scaled back to meet EQC's requirements.

4.3 Land Remediation

- Discussions with DPMC and the relevant local authorities have been held to determine the roles of the various parties in carrying out the land remediation.
- Planning for the release of the Stage 2 Tonkin & Taylor geotechnical report in Canterbury is underway.

4.4 Other

- EQC is assisting with the DPMC-led Canterbury recovery policy work programme.

b(2)(a)

From: Michael Wintringham
Sent: Monday, 22 November 2010 12:04 p.m.
To: b(2)(a)@treasury.govt.nz
Subject: EQC: Board Fees

Dear b(2)(a)

I am conscious that this matter was discussed some time ago and I have not followed it up. In part we have had other things on our minds; in part I have a natural reticence about such matters.

I would simply make several observations for your own and your colleagues' consideration.

It seems to me that board fees are a function of two separate, if sometimes related, considerations:

- The "size" of the governance responsibilities; and
- The time commitment needed to discharge those responsibilities diligently.

Job Size

On the former, I recall that when the Board fees were lifted a year or two ago, Treasury commissioned some job-sizing for the CFIs to get objective information on the relative governance responsibilities of each. For EQC, those responsibilities have changed – in part because we are taking on responsibilities additional to our core "insurance business" (such as the repair of 50,00+ houses and, in all likelihood, some responsibilities for the land remediation in badly affected suburbs); and in part because no-one could realistically assess, theoretically, what a response to such an event would actually entail for the organisation.

Two examples illustrate the point. I have had the Chief Executive's role resized by Hay. As a result, the SSC has agreed that, for the duration of the Canterbury response, the CEO should be paid an allowance of b(2)(a) per annum, additional to his current total remuneration of b(2)(a) and reviewable after one year, for the duration of the EQC response to the Canterbury earthquake. Also, we are reviewing and increasing the EQC's directors' indemnity insurance to reflect their additional responsibilities, and risks, arising from the Canterbury response.

Both of those examples suggest that the size of the directors' governance task has increased.

Time Commitment

On the latter – time commitment – in the steady state organisation prior to the Canterbury earthquake we had settled on an 8 meeting a year schedule. These meetings were for a full day (9am to 4pm approx). The morning was devoted to one topic – reinsurance strategy; investments; science and sponsorship funding for example. The afternoon was the "conventional" board meeting with the CEO's report on progress against plan, and for major items requiring Board decision, or endorsement. In addition, the audit committee met separately two or three times a year in line with the audit cycle. Also, one Board member was involved in the reinsurance negotiations every second year – a two week commitment.

Since the Canterbury Earthquake, in addition to this "standard" programme, we have settled into a 2-3 hour meeting each two weeks (effectively a half day in opportunity cost terms) and a 1 hour telephone conference "catch up" in the intervening week.

Some directors, b(2)(a) in particular, have put in additional time on particular aspects of the response. In her case she has dealt with a lot of the legal and liability issues facing us, in the absence of an in-house legal counsel. b(2)(a) sat in the office for a week when the Board instructed the CEO to take a week off with his family as part of risk management as much as good employer reasons. These episodes are characteristic of the "all hands to the

pump" response of the last two months. We are now settling back into a conventional governance regime, albeit at a much higher tempo as described above.

Chairman

For my part, prior to the earthquake and in addition to the board meetings, I would come in each week for a half day, or longer if necessary, to run through matters with the CEO, and prepare Board agendas and ensure post-meeting follow-up.

I was in 5+ days a week in the month or two following the earthquake, running interference for the CEO. I am now half-time, 2.5 days a week on average, fielding demands from Ministers, engaging in the whole-of-Government policy process, approving the actions of the CEO where required and generally giving him my support. This will continue for another 6 months.

Way forward.

To give you a basis for objective judgement on these matters, you might consider re-activating your job-sizing exercise to determine how, and in what way, the EQC governance task has changed since the decisions of a year or two ago.

You may also consider whether, in addition to (a no doubt modest) adjustment in board fees if this is agreed, there should be a (again modest) sum which the Chair and Deputy chair can approve for any director (apart from them of course) who, properly and without breaching the governance/management boundary, puts in significant extra time.

I leave this tricky matter in your hands. I am happy of course to discuss this at any time with you or your colleagues.

Kind regards

Michael Wintringham

9(2)(a)

From: 9(2)(a)
Sent: Friday, 26 November 2010 3:45 p.m.
To: 9(2)(a) @parliament.govt.nz; 9(2)(a) @parliament.govt.nz;
9(2)(a) @dpmc.govt.nz; 9(2)(a) @treasury.govt.nz;
9(2)(a) @parliament.govt.nz; 9(2)(a) @parliament.govt.nz;
9(2)(a) @parliament.govt.nz; 9(2)(a) @parliament.govt.nz;
9(2)(a) @aonbenfield.com; Michael Wintringham; 9(2)(a) @xtra.co.nz;
9(2)(a) @xtra.co.nz; 9(2)(a) @bovairdpartners.co.nz; Ian Simpson; 9(2)(a)
9(2)(a); 9(2)(a); 9(2)(a); 9(2)(a); 9(2)(a)
Subject: Report to Minister 26.11
Attachments: Ministerial Weekly Report 26.11.docx

This week's Ministerial report FYI.



EARTHQUAKE COMMISSION
KŌMIHANA RŪWHENUA

Ministerial Weekly Report

TO: Minister in Charge of the Earthquake Commission
 FROM: Chief Executive of the Earthquake Commission
 DATE: 26 November 2010
 SUBJECT: Earthquake Commission Response to Canterbury Earthquake

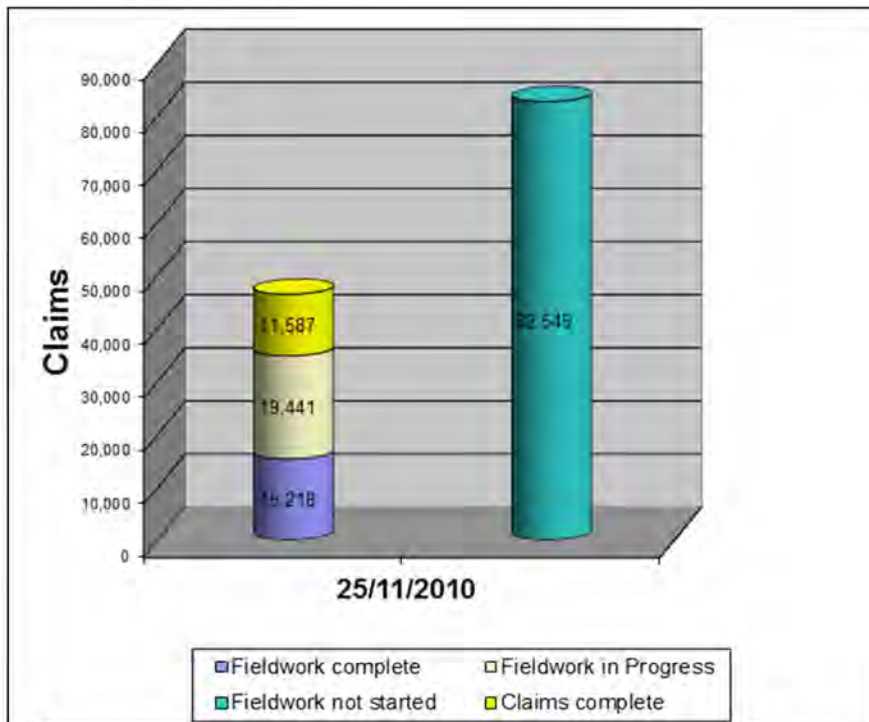
1. Summary Data

Claims	
Claims lodged	129,112
Claims resolved	11,587
Uninhabitable	2,315
Not weatherproof	3,797

Building claims analysis - excludes contents & land (as at 22/11)			
	Numbers	Payments	Average
Over the cap (multiple dwellings e.g. body corporates)	11	\$4,052m	\$368,399
At the cap	1,786	\$203,336m	\$113,850
Under the cap	9,123	\$30,249m	\$3,315

Damage reported			
	No. of properties affected	No. of payments	Paid to date
Building	106,036	22,532	\$284.24m
Contents	40,242	16,111	\$35.34m
Land	13,350	7	\$10,086
			Total paid to date: \$319.58m

Claims settlement status



N.B. This chart does not include today's internet claims which are integrated into the EQC claims system overnight.

EQC Resources	
No. of Canterbury field offices	7
Staff numbers:	
• Wellington	137
• Christchurch	578
• GBS	130
• Call centres	252
Total	1,097

EQC Targets	
– Settle all claims < \$10,000	– Christmas 2010
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– Settle claims > \$100,000	– As identified
– Reinstate damaged land	– Within 18 months

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- PMO: There is a site office operating in Halswell and there will be two more up and running shortly, in Kaiapoi and Rolleston. Fletchers are currently making decisions about the location of other offices in the region.

2.2 Information

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- The claims administration centre is also in Deans Ave (Hagley Park building) and the ground floor of that building is being used for the claims central filing system and supplies store, mail centre and a consolidated booking office.

2.3 Cash Flows

- EQC has \$503m on call and invested in short-term bank bills. On November 30 a Treasury bill for \$65m matures. It will be immediately transferred to pay claims. A steady flow of other redemptions from Natural Disaster Fund investments will continue as required.

3. Communications

3.1 Planned communications and releases

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- Claims prompts advertisements on Facebook, Google, Stuff and The Press website.
- Radio “claims prompt” adverts on both radio networks in the region.
- “EQC Update” press release due to be issued this afternoon.

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4.1 Loss estimate

- EQC's initial modelling estimates showed the Commission's loss from the quake at \$1.5bn (50th percentile) – \$2.5bn (66th percentile). We are currently reviewing our estimates based on the claims history we have to date. We have engaged consulting actuaries Melville, Jessup, Weaver to assist us with this process.
- We have communicated to EQC's reinsurers that costs are likely to be over \$2bn.

4.2 Reinsurance

- EQC has \$2.5bn reinsurance cover, attaching at 1.5bn.
- There are three layers to our reinsurance. Each of those layers automatically reinstates (for future events) when the layer has been paid out. A future event is one that occurs 720 hours after and/or more than 250km distant from the nominated disaster.
- We have reinstated the \$500,000,000 bottom layer of reinsurance (to pre-Canterbury earthquake levels) at a cost of \$8,500,000. This offer was over-subscribed by 33 percent. The offers were scaled back to meet EQC's requirements.

4.3 Land Remediation

- EQC is working with Treasury to develop a common understanding of Crown risks and liabilities ahead of a meeting with Christchurch City Council and Waimakariri District Council early next week to progress an MOU for land remediation.
- The Stage 2 Tonkin & Taylor land remediation report will be released on Wednesday next week. Cantabrian claimants will be sent a letter, questions and answers, timelines and a fact sheet to support the release.

4.4 Other

- EQC is assisting with the DPMC-led Canterbury recovery policy work programme.

9(2)(a)

From: Ian Simpson
Sent: Friday, 26 November 2010 5:39 p.m.
To: 9(2)(a) (MIN); 9(2)(a) (MIN); 9(2)(a) (MIN); 9(2)(a) 9(2)(a)
 9(2)(a) 9(2)(a) (MIN); 9(2)(a); Juston Anderson;
 9(2)(a) @dpmc.govt.nz; Vicky Robertson (9(2)(a) @treasury.govt.nz);
 9(2)(a)
Cc: 9(2)(a) (MIN); 9(2)(a) (MIN)
Subject: RE: CAB PAPER - Release of the Stage 2 Geotech Report on Canterbury Land Damage.doc

9(2)(a)

All find apart from "If property owners have not submitted a claim by that point in time, the EQC is not obliged to offer any form of redress".

My advice is that the act does not allow us to accept a claim after the 3 month deadline.

Cheers,

Ian.

From: 9(2)(a) (MIN) [mailto:9(2)(a)@parliament.govt.nz]
Sent: Friday, 26 November 2010 12:35 p.m.
To: 9(2)(a) (MIN); 9(2)(a) (MIN); 9(2)(a); 9(2)(a); Ian Simpson; 9(2)(a) 9(2)(a) (MIN); 9(2)(a) 9(2)(a) helen.wyn@dpmc.govt.nz; Vicky Robertson (9(2)(a) @treasury.govt.nz); 9(2)(a)
Cc: 9(2)(a) (MIN); 9(2)(a) (MIN)
Subject: CAB PAPER - Release of the Stage 2 Geotech Report on Canterbury Land Damage.doc

Hi folk

Attached is a paper which I am expecting the Minister to talk to as an Oral Item at Cabinet on Monday. I have drafted it as a CAB paper if the Minister decides to table this and have it minuted. If you have any comments on this, can you please get back to me by 3.30pm today.

The wording for Zones A, B, C are from the letters that are currently with the printers.

Yes, I will have some recommendations.

Cheers

9(2)(a)