

# Package Review Process Terms of Reference

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## Introduction

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### Background to Package

The Crown and Southern Response Earthquake Services Limited (**Southern Response**) have agreed to provide a payment package for certain Southern Response policyholders following the decision in the *Dodds* proceedings (**Package**).

Under the Package, some Southern Response policyholders who cash settled insurance claims with Southern Response prior to October 2014 may receive Package payments from Southern Response.

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### Governance and Assurance

Southern Response and the Crown have agreed on the key operational and governance arrangements for implementation and delivery of the Package.

Both parties wish to ensure that there is independent oversight and assurance that the Package is implemented and delivered:

- in accord with the principles and processes for the Package agreed between Southern Response and the Crown; and
- with due consideration being given to the interests of affected policyholders.

The operational and governance arrangements for implementation and delivery of the Package that are relevant to this Terms of Reference include:

- the creation of a dedicated operational unit within Southern Response, separate from Southern Response's business as usual operations, to implement and deliver the Package (**Package Unit**); and
  - the appointment by the Crown of an Independent Oversight Committee to oversee the implementation and delivery of the Package and report to both to the Board and the Crown (**IOC**).
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### Package Offers

Payment offers under the Package are presented to policyholders in the form of a letter from Southern Response explaining how the Package payment has been calculated and enclosing copies of all of the documents that Southern Response has relied on to calculate the Package Offer (collectively this letter and enclosures are referred to in these Terms of Reference as the **Package Offer**).

The Package Offer:

- is calculated by the Package Unit in accordance with the Package principles agreed between Southern Response and the Crown; and
- provides information to policyholders about how to request a Package Offer review under these Terms of Reference.

There is no obligation on policyholders to accept any Package Offer.

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## Purpose and Scope

The purpose of this Package Review Process (**Process**) is to provide policyholders who receive a Package Offer from Southern Response with a process for requesting a review of:

- how the Package principles have been applied to their original cash settlement with Southern Response, and/or
- how their Package Offer has been calculated.

Complaints about the scope of the Package or any other aspect of Package design are outside the jurisdiction of this process.

*Example 1: A policyholder considers that Southern Response has calculated the Package Offer based on the incorrect DRA (Detailed Repair/Rebuild Analysis). This is within the jurisdiction of this process.*

*Example 2: A policyholder considers that the Package Offer should include an allowance for stress and delay. This is outside the jurisdiction of this process.*

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## General Principles

Southern Response is committed to ensuring this Process is:

- user focussed and accessible;
  - independent and fair;
  - efficient;
  - effective; and
  - accountable.
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## No Fees

No fee is charged to the policyholder by Southern Response or the Independent External Reviewer for any review under this Process.

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## Review Processes

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### Two Levels of Review

There are two levels of review provided under this Process.

1. The first review is an internal review by a member of the Southern Response Legal Team who was not involved in calculating or approving the original Package Offer (**Internal Review**).
  2. The second review is an external review by an Independent External Reviewer and is available on request if a policyholder is not satisfied with the outcome of an Internal Review (**External Review**).
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## Internal Review Request

If a policyholder has received a Package Offer from Southern Response and has concerns about how the Package Offer has been calculated, the policyholder (or their authorised representative) may request an Internal Review by Southern Response (**Internal Review Request**).

Any Internal Review Request must be submitted within 20 working days of the policyholder receiving the Package Offer.

Southern Response can extend the time period for making an Internal Review Request if good reason for the delay in submitting the request is provided by the policyholder.

The Package Offer and the Southern Response website will provide policyholders with information about this Process and instructions on how to make an Internal Review Request.

An Internal Review Request can be made by:

- sending an email to the Legal Process Manager at [review@southernresponse.co.nz](mailto:review@southernresponse.co.nz); or
- telephoning the Legal Process Manager on the telephone number provided in the Package Offer and published on the Southern Response website.

An Internal Review Request must:

- outline the policyholder's concern about how the Package Offer has been calculated; and
- provide any additional information (not previously provided to Southern Response prior to the Package Offer being made) the policyholder would like to be taken into account during the Internal Review.

The Legal Process Manager will during their first contact with a policyholder who makes an Internal Review Request:

- endeavour to assist any policyholder who needs assistance with making their Internal Review Request; and
- confirm whether the policyholder prefers to receive communication from Southern Response throughout this Process by email or telephone.

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## Acknowledgement of Internal Review Request

The policyholder will receive an acknowledgment of their Internal Review Request from Southern Response within 5 working days of receipt. This acknowledgment will:

- include the name and contact details for the Legal Process Manager who will be the primary point of contact for the policyholder throughout this Process;
  - confirm that a member of the Southern Response Legal Team (who was not involved in calculating or approving the original Package Offer) has been appointed as a reviewer (**Reviewer**); and
  - confirm that the Package Offer and all other necessary documents have been made available to the Reviewer.
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## Conduct of Internal Review

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The Reviewer will review the Internal Review Request, the Package Offer and all other information provided in support of the review by the policyholder and Southern Response.

The Reviewer may also request:

- additional information from the policyholder and/or Southern Response if reasonably required to complete the Internal Review; and/or
- expert assistance or advice on any technical issues raised by the Internal Review Request outside of the Reviewer's own expertise.

The Reviewer will use their best efforts to complete the Internal Review within 20 working days of receiving all information reasonably required to complete the Internal Review.

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## Internal Review Decision

When the Reviewer has considered the Internal Review Request and the other information provided to them, they will reach a decision (**Internal Review Decision**).

The Internal Review Decision will

- include the Reviewer's conclusion and reasons;
- be in writing; and
- communicated by email from the Reviewer to the Legal Process Manager.

The Legal Process Manager will promptly communicate the Internal Review Decision to the policyholder and explain the implications for the policyholder's Package Offer. The Legal Process Manager will use the policyholder's preferred communication method to do so and this may include, for example:

- forwarding the Internal Review Decision to the policyholder by email; or
- telephoning the policyholder and posting a copy of the Internal Review Decision to them.

If recalculation of the Package Offer is required as a result of the Internal Review Decision, the Reviewer will inform Southern Response and Southern Response must act on those instructions. If recalculation results in a change to the amount of the Package Offer, Southern Response will issue a Revised Package Offer and explain to the policyholder any changes to the original Package Offer.

If recalculation of the Package Offer is not required:

- the Internal Review Decision will confirm the Package Offer is correct; and
  - the Legal Process Manager will provide the policyholder with information about how to request an External Review by an Independent External Reviewer.
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### **External Review Request**

If a policyholder is not satisfied with an Internal Review Decision, the policyholder (or their authorised representative) may request an External Review by an Independent External Reviewer (**External Review Request**).

Any External Review Request must be submitted within 20 working days of the policyholder receiving the Internal Review Decision.

Southern Response can extend the time period for making an External Review Request if good reason for the delay in submitting the request is provided by the policyholder.

An External Review Request may be made by:

- sending an email to the Legal Process Manager at [review@southernresponse.co.nz](mailto:review@southernresponse.co.nz); or
- telephoning the Legal Process Manager on the telephone number provided in the Internal Review Decision and published on the Southern Response website.

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### **Acknowledgement of External Review Request**

The policyholder will receive an acknowledgment of their External Review Request from Southern Response within 5 working days of receipt. This acknowledgment will:

- confirm the name and contact details for the Legal Process Manager who will be the primary point of contact for policyholder throughout this Process;
- confirm that an Independent External Reviewer has been or will be appointed by Southern Response; and
- confirm that Southern Response has provided or will provide the necessary information to the Independent External Reviewer as soon as possible.

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### **Appointment of Independent External Reviewer**

Southern Response will appoint an Independent External Reviewer as soon as possible after receiving an External Review Request.

Any Independent External Reviewer appointed by Southern Response must:

- be acceptable to the IOC and to the Crown;
  - be independent of Southern Response and free of any conflicting roles, duties or responsibilities;
  - not have any open insurance claim with Southern Response or any other disqualifying conflict of interest during the term of their appointment as an Independent External Reviewer; and
  - not be a current or former director, employee, or contractor of Southern Response.
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## Conduct of External Review

The Independent External Reviewer will review all information provided in support of the External Review by the policyholder and Southern Response.

The following information will be provided to the Independent External Reviewer for the External Review:

- the policyholder's External Review Request;
- the Package Offer;
- the Internal Review Decision;
- any additional information provided by the policyholder and/or Southern Response for the Internal Review and the External Review.

The Independent External Reviewer may also request:

- additional information from the policyholder and/or Southern Response if reasonably required to complete the External Review; and/or
- expert assistance or advice on any technical issues raised by the External Review Request outside of the Independent External Reviewer's own expertise.

The Independent External Reviewer will use their best efforts to complete the External Review within 20 working days of receiving all information reasonably required to complete the External Review.

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## External Review Decision

When the Independent External Reviewer has considered the External Review Request and the other information provided to them, they will reach a decision (**External Review Decision**).

The External Review Decision will:

- include the Independent External Reviewer's conclusion and reasons; and
- be written in the form of a letter sent by email from the Independent External Reviewer to the Legal Process Manager.

The Legal Process Manager will promptly communicate the External Review Decision to the policyholder and explain the implications for the policyholder's Package Offer. The Legal Process Manager will use the policyholder's preferred communication method to do so and this may include, for example:

- forwarding the External Review Decision to the policyholder by email; or
- telephoning the policyholder and posting a copy of the External Review Decision to them.

If recalculation of the Package Offer is required as a result of the External Review Decision, the Independent External Reviewer will inform Southern Response and Southern Response must act on those instructions. If recalculation results in a change to the amount of the Package Offer, Southern Response will issue a Revised Package Offer and explain to the policyholder the changes made to the original Package Offer.

If recalculation of the Package Offer is not required, Southern Response will:

- inform the policyholder that the Independent External Reviewer has determined the Package Offer is correct;
  - inform the policyholder that the External Review Decision is final and there is no further right of review or appeal under this process;
  - remind the policyholder that they are under no obligation to accept any Package Offer; and
  - advise the policyholder that they are free to seek independent legal advice outside of this Process.
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## Privacy

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All information supplied by a policyholder in support of any request for review under this Process will be collected and held by Southern Response in accordance with Southern Response's existing Privacy Policy (as amended from time to time) which is available online at <https://southernresponse.co.nz/privacy-policy>.

By requesting an External Review of a Package Offer, the policyholder consents to Southern Response providing the Package Offer and all other relevant documents to the Independent External Reviewer for the limited purpose of conducting the External Review requested by the policyholder.

## Oversight and Reporting

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### Administration of Process

Within Southern Response, this Process will be:

- supervised by the General Counsel;
- administered by the Legal Process Manager (under the supervision of the General Counsel); and
- supported by members of the Southern Response Legal Team (under the supervision of the General Counsel) who will conduct Internal Reviews of Package Offers they were not involved in calculating or authorising.

### Independent Oversight of IOC

For the avoidance of any doubt, this Process falls within the scope of the IOC's responsibilities and duties under the IOC's own Terms of Reference. In particular, the IOC will independently review and exercise the same oversight of Southern Response's processes and decision-making in relation to this Process as the IOC exercises in relation to all aspects of Package delivery.

The purpose of the IOC's review and oversight function is to ensure that Southern Response is implementing and delivering the Package in accordance with the processes and principles agreed between Southern Response and the Crown, and giving due consideration to the interests of affected policyholders.

### Reporting to IOC

Southern Response will include in the monthly Dashboard reports it provides to the IOC data about this Process, including the number of requests for review received and review outcomes.

Southern Response will also provide to the IOC any other information about this Process requested by the IOC.

Southern Response will inform the IOC at monthly IOC meetings if any issues that may have wider implications for Package delivery are identified during any review conducted under this Process.

## Changes to Terms of Reference

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Southern Response reserves the right to amend these Terms of Reference from time to time as necessary in consultation with the IOC and the Crown.

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