

Memorandum of Understanding

**Cooperation between agencies in greater Christchurch involved in
providing a residential advisory service**

Parties

Ministry Business Innovation and Employment (MBIE), Earthquake Commission (EQC)

(MBIE and EQC together known as the Crown Funding Agencies (CFA))

AND

Insurance Council of New Zealand (ICNZ) representing:

AA Insurance Limited, IAG New Zealand Limited, Lumley General Insurance (NZ) Limited,
Tower Insurance Limited, Southern Response Earthquake Services Limited, Vero Insurance New
Zealand Limited, Farmers Mutual Group, Medical Assurance Society and ACS (NZ) Limited (the

Participating Insurers)

AND

Christchurch City Council (CCC)

(MBIE, EQC, ICNZ and CCC together known as the parties to this MOU)

1. Background

- 1.1. In September 2015, CERA, EQC, ICNZ and CCC entered into an agreement entitled ‘Memorandum of Understanding Cooperation between agencies in greater Christchurch involved in providing a residential advisory service’ (CERA MOU), relating to the funding and governance of the residential advisory service (RAS), which is an independent and impartial service provided to assist residential property owners progress their insurance claim.
- 1.2. The term of the CERA MOU commenced on 16 May 2015 and was due to expire after 12 months on 15 May 2016.
- 1.3. The funding for the RAS that was provided in accordance with the CERA MOU was fully utilised by 29 February 2016.
- 1.4. On 1 December 2015 the operational oversight, Crown funding responsibility and governance participation transferred from CERA to MBIE.
- 1.5. In order to enable MBIE to assume CERA’s role in relation to the RAS and to enable the Parties to fund and govern the Service until 23 December 2016 (or longer if an extension is agreed):
 - 1.5.1. The parties to the CERA MOU agreed to terminate the CERA MOU as at 30 November 2015 with the Parties agreed to fund and govern the Service from 1 December 2015 until 23 December 2016.
- 1.6. The Purpose of this MOU is to record that the parties have agreed to extend funding and governance of the Service to 31 March 2017 on the terms set out in this MOU.
- 1.7. The term of this MOU will take effect from 24 December 2016, and will continue for a term ending on 31 March 2017 (Expiry Date).

2. Purpose

- 2.1. The Parties will continue to fund and govern the RAS, in order to provide support to assist residential property owner’s progress their insurance claim as a result of the Canterbury earthquakes (Service).
- 2.2. The Parties, whilst recognising the integrity and policies of each other, agree to work together in a spirit of cooperation and in accordance with an agreed Terms of Reference to fund and support the outcomes of the Service in accordance with the funding model that is set out in Schedule Two.
- 2.3. The Participating Insurers’ participation in the Service does not bind them to act outside their contractual and commercial rights and obligations with respect to their respective customers or the operation of their businesses.

3. Values

- 3.1. The Parties agree, within the scope of the Service, in good faith to:
 - a. work as a team;

- b. support each other in finding the most efficient ways to deliver the Service;
- c. be open, frank, honest and constructive in all dealings with each other;
- d. share work equitably and reasonably, consistent with agreed arrangements;
- e. use this MOU as a benchmark against which the Parties can set their approach to potential issues of conflict between them as work progresses;
- f. optimise the value and benefit delivered to the affected property owners of greater Christchurch by the Parties;
- g. maintain appropriate ethical practices; and
- h. discuss issues and negotiate with each other in a principled and good faith manner.

4. Legal Status

- 4.1. The Parties agree that the provisions set out in this MOU are not legally binding, except for the Parties' obligations to contribute their respective share of the funding in clause 6 below.
- 4.2. This Memorandum of Understanding may be executed in two or more counterparts, all of which together be deemed to be one and the same MOU. A party may enter into this MOU by signing a counterpart copy and sending it to the other party including by facsimile or email.

5. Governance

- 5.1. The Parties agree to establish a strategic governance structure to support the working relationship.
- 5.2. The governance structure will be responsible for:
 - a. ensuring that the funding that is agreed between the Parties is paid by each of the Parties promptly; and
 - b. strategic planning, decision-making, service oversight and relationship management and does not extend to any operational decision made by an insurer and in relation to a particular claim.
- 5.3. The governance structure will comprise a senior member (or substitute senior member) from each of the Parties and include the following:
 - a. a senior member from each CFA;
 - b. a senior member from the ICNZ;
 - c. a senior member from the CCC; and
- 5.4. an independent member to represent residents to be appointed by the Governance group.
- 5.5. The Governance group shall elect a chairperson from within its membership. The chairperson does not have a casting vote.
- 5.6. All decisions by the governance group do not require a vote unless a member (or substitute member) requests a vote, in which case a vote must be held.
- 5.7. All votes will be as follows:

- a. each member (or substitute member) will be entitled to cast a vote.
- 5.8. The governance group will hold a meeting every month and will hold additional meetings as often as is necessary to enable it to fulfil its duties under this MOU.
- 5.9. All major funders (MBIE, ICNZ, and EQC) must attend in person or by phone or appoint a representative to attend each governance meeting. A meeting may only proceed if there is at least three (3) members (or substitute members) present.
- 5.10. No binding decision can be made without all major funders being in agreement.

6. Management Information

- 6.1. The Service will maintain appropriate statistics to enable the governance group to measure the demand for and effectiveness of the Service and its on-going need.

7. Funding Model

- 7.1. The Parties agree to fund the Service to 31 March 2017 in accordance with the funding model attached to this MOU as Schedule Two and agree that this clause is legally enforceable as between the Parties.
- 7.2. The Parties note and agree that, in addition to funds provided under this MOU, MBIE may arrange for additional funds to be provided by third parties to support the RAS and associated functions. MBIE will negotiate and administer any such third party funding.

8. MBIE Role

- 8.1. The Parties agree that MBIE is responsible for operational management of the Service including:
 - a. Contracting with providers of the Service (Service Providers) in a manner consistent with the service direction as determined by the governance group.
 - b. Establishing the Service in accordance with direction from the governance group.
 - c. Managing communications for the Service on the basis of a communications plan approved by all of the Parties.
 - d. Managing ministerial correspondence.

9. Communications between the Parties

9.1. Communications between the Parties should be sent to:

EQC	ICNZ
Name: Hugh Cowan Position: GM Reinsurance, Research and Education, EQC Email: HACowan@eqc.govt.nz Phone: (04) 971-6425	Name: Tim Grafton Position: Chief Executive, ICNZ Email: tim@icnz.org.nz Phone: (04) 495 8001
CCC	MBIE
Name Jenny Hughey Position: Community Governance Manager Email: jenny.hughey@ccc.govt.nz Phone (03) 941-8439	Name: Mike West Position: General Manager, Service Support and Design Email: mike.west@mbie.govt.nz Phone: 0212858933

9.2. Any change of contact details is to be notified in writing (including email) to all Parties.

10. Review and Extension of this MOU

10.1 Where some or all of the Parties agree to continue funding the Service in whole or in part beyond 31 March 2017, they may agree in writing to extend this MOU for a further period from the Expiry Date and they may agree to add new parties who are desirous of funding the Service and who wish to become party to this MOU. Any such review and extension of this MOU will be completed prior to the Expiry Date.

11. Cabinet/Minister's Directives

11.1 If Cabinet or a Minister of the Crown gives a directive to MBIE or any other Crown entities, including Southern Response Earthquake Services Limited, that relate in any way to this Service the Parties will negotiate any necessary changes to comply with that directive.

12. Confidentiality

12.1 No Party will, without the consent of the other Parties, at any time disclose to a third party information concerning the affairs of the other Party, or that is otherwise deemed to be confidential by one of the Parties or where such disclosure infringes the provisions of the Privacy Act 1993.

12.2 The Parties acknowledge that disclosure of information between them may be subject to the provisions of the Official Information Act 1982 or the Local Government Official Information and Meetings Act 1987, and will cooperate to assist any Party or Parties subject to those Acts to comply with the provisions of those Acts.

13 Conflict of Interest

- 13.1 The Parties will notify each other where any conflict of interest may arise from any activity related to this MOU.

14 Disputes

- 14.1 In the event of a dispute arising between the Parties in respect of this MOU the Parties will agree to use their best endeavours to resolve the dispute.
- 14.2 In the first instance all disputes should be resolved through the Parties' Relationship Managers set out in Table 1 of Schedule One.
- 14.3 If the dispute cannot be resolved by the Relationship Managers it shall be escalated to the respective Chief Executives of the Parties.
- 14.4 In the event any dispute cannot be resolved by the preceding mechanisms, then it shall be referred to mediation in accordance with the current protocols and guidelines set by the Arbitrators and Mediators Institute of New Zealand (AMINZ).
- 14.5 This MOU may be executed in counterparts.

Executed as a Memorandum of Understanding

Signed on behalf of MBIE by:

Signature: _____

Name: _____

Position: _____

Date: _____

Witnessed by:

Signature: _____

Name: _____

Position: _____

Date: _____

Signed on behalf EQC by:

Signature: _____

Name: _____

Position: _____

Date: _____

Witnessed by:

Signature: _____

Name: _____

Position: _____

Date: _____

Signed on behalf of ICNZ by:

Signature: _____

Name: _____

Position: _____

Date: _____

Witnessed by:

Signature: _____

Name: _____

Position: _____

Date: _____

Signed on behalf of CCC by:

Signature: _____

Name: _____

Position: _____

Date: _____

Witnessed by:

Signature: _____

Name: _____

Position: _____

Date: _____

Schedule One

Table 1 of Party and Relationship Managers

Party		Relationship Manager
1	MBIE	Ken Pope, Project Manager, Residential Advisory Service
2	EQC	Hugh Cowan, GM Reinsurance, Research and Education, EQC
3	ICNZ	Tim Grafton, Chief Executive, ICNZ
4	CCC	Jenny Hughey, Community Governance Manager, CCC
5	Community Representative	As appointed by the Board

Schedule Two

Section 1: MOU Funding Model for 3 months to 31 March 2017.

Funding Party	Funding Percentage	Funding Amount
Insurers	24%	\$ 75,000
EQC	24%	\$ 75,000
MBIE	48%	\$ 150,000
CCC	4%	\$ 12,500
Total	100%	\$ 312,500