



# Southern Response Earthquake Services Limited

## Statement of Intent *For Financial Years 2026 to 2029*

This Statement of Intent (SOI) is submitted by the Board of Directors of Southern Response Earthquake Services Limited ('Southern Response' or the 'Company'), pursuant to the Crown Entities Act 2004. It sets out the strategic objectives for Southern Response and how Southern Response will achieve those objectives for the four-year period 1 July 2025 to 30 June 2029. This SOI supersedes the SOI dated 27 May 2022.

A stylized, handwritten signature in black ink, appearing to be 'Alister James'.

**Alister James**

**Chair**

A handwritten signature in black ink, appearing to be 'Bevan Killick'.

**Bevan Killick**

**Director**

13 June 2025

---

## ABOUT THE COMPANY

### SCOPE AND PURPOSE

Southern Response (formerly AMI Insurance Limited) exists as a result of the Crown providing support to customers following the failure of AMI Insurance that occurred during 2011 to 2012. On 5 April 2012, the Company became a Crown-owned Company and was named in Schedule 4A of the Public Finance Act. This occurred following the sale of the Company's non-earthquake claim related business to IAG (NZ) Holdings Limited.

The Company is responsible for settling the Covered Claims<sup>1</sup> of AMI residential policyholders arising from earthquakes that occurred in the Canterbury Earthquake Sequence up to 5 April 2012.

The Company's core purpose is to resolve its customers' claims in a fair, timely and enduring manner, within the terms of the insurance policy and in a financially effective and efficient way.

This will have been achieved once the insurance claims associated with the Canterbury earthquake events up until 5 April 2012 have been settled and the Company has discharged all of its obligations, including any obligations arising from its build programme, the delivery of the Package<sup>1</sup> and the resolution of any legal disputes and/or proceedings in respect of settled claims.

### GOVERNANCE AND RISK MANAGEMENT

The Company has a Board of Directors appointed by shareholding Ministers following agreement by Cabinet. The Board has delegated the day-to-day operational responsibilities to the Chief Executive who contracts the resources necessary to achieve the Company's purpose. The Board provides strategic direction to the Chief Executive to ensure decisions are made that are consistent with the Company's strategic objectives.

The Company continues to ensure it has robust processes in place and uses sound judgement and effective communication in its activities. The Company maintains a regularly updated register of strategic and operational risks, managing these risks through its Risk Management Framework, and with oversight from the Chief Executive and the Board.

### FUNDING

Claim settlement payments and Company operational costs have been funded by:

- the Company's reinsurance recoveries,
- proceeds from the sale of the non-earthquake related insurance business to IAG and the liquidation of the investment portfolio held by AMI Insurance at the time of the earthquakes, and
- the Crown under the terms of:
  - a Crown Support Deed, and
  - a Deed of Indemnity.

The Board continues to actively monitor the Company's capital position to ensure the Company can continue to operate and report its financial performance and financial position as a going concern and works closely with the Treasury in this regard.

### CLAIM SETTLEMENTS

The Company has settled 49,821 Covered Claims in its lifetime, resolved over 1,100 post-settlement claims<sup>1</sup> and made payments on over 9,660 claims under the Package.

As at 31 March 2025, the Company was currently liable for a total of 109 Covered Claims (107 overcap<sup>1</sup> claims and 2 other claims<sup>1</sup>), was managing 22 post settlement claims, and was second defendant in two litigated undercap claims.

The Company continues to become liable for new overcap claims that originate from the Natural Hazards Commission Toka Tū Ake ("NHC") re-openings and there remains significant uncertainty as to how many new claims will ultimately be received by the Company in the coming years.

---

<sup>1</sup> Glossary of terms on page 4 of this document.

---

Of the 107 open overcap Covered Claims, only 38 of these (35%) are long-standing legacy claims which had been opened prior to the inception of the Agency Agreement<sup>1</sup> (January 2020). The balance of open Covered Claims (69) is the result of NHC re-openings (682 opened, 613 settled) since this time.

Claim forecasts, which are consistent with NHC forecasts, indicate that the Company can expect to receive claims until at least 2029 and likely beyond.

The Company ensures that the customer is at the centre of its processes, communications and systems whilst maintaining a culture of fiscal discipline to settle claims within the terms of the insurance policy. The Company actively works to facilitate alternative settlement pathways where appropriate in a transparent and collaborative way, looks to identify flexible solutions and to work proactively with customers to reduce disputes, acknowledging that in some instances dispute resolution services or the courts are necessary to reach an outcome.

## OPERATIONS

The Company continues to ensure it remains fit for purpose with focused resources and controlled costs as it works towards the ultimate wind-down and closure of its operations.

Day-to-day claim settlement activities are outsourced to the NHC under an Agency Agreement but the Company retains ultimate responsibility, key decision making and liability for the settlement of its Covered Claims.

The Company continues to manage its operations in an effective and efficient way and engages a small team to oversee the Company's operations which are made up of the following components:

- supporting the outsourced claims management to NHC with specialist settlement and technical capability,
- resolving any legal disputes and/or proceedings,
- processing residual Package applications, and
- meeting the Company's other ongoing obligations as a company and a Crown entity.

In addition to the small in-house team of employees and contractors, the Company continues to utilise outsourced capabilities where necessary in areas such as legal services, financial services and internal audit.

By utilising a mix of employees, contractors and outsourced capabilities, the Company has the ability to expand and contract the need for services as the Company's needs change. All contracted services are intended to ensure that the Company can achieve its strategic objectives.

The Company's activities are guided by policies and procedures that ascribe to good corporate discipline, with clear links to the Company's purpose and strategic objectives.

The eventual operational wind-down of the organisation remains a key focus for the Company. The Company works proactively, openly and cooperatively with the Crown and other key stakeholders in considering the options of possible future pathways to ensure obligations are met in the most efficient and effective manner.

## PLANNING AND REPORTING FRAMEWORK

This Statement of Intent is supported by the following corporate documents which together provide an accountability framework that allows the Company to demonstrate and report on its organisational performance against its objectives.

The **Statement of Performance Expectations** which sets annual performance milestone and targets to assess whether the strategic objectives of the Company are being met and includes financial forecasts outlining funding requirements over the relevant financial year.

The **Annual Report** which highlights progress against the Statement of Intent, assesses results against the Statement of Performance Expectations, and provides an overview of key activities and achievements.

## GLOSSARY

<b>Covered Claims</b>	<p>a) Any Retained Claim – any claim made by or on behalf of a policyholder under any customer insurance contract relating to any Retained Claim Event, irrespective of whether the claim is made prior to, on or after 5 April 2012.</p> <p><i>Retained Claim Event means the Canterbury earthquake events recognised by EQC<sup>2</sup> as occurring from 4 September 2010 through 9 October 2011; and any other event that occurred prior to, or was continuing in progress, as at 5 April 2012 which entitles Southern Response to make a reinsurance claim</i></p> <p>b) Any other claim for which the Company is or may be liable pursuant to Clause 13 of the IAG Sale Agreement (relating to customer insurance contract indemnities and retained claims not clear at 5 April 2012 – essentially claims for which AMI was entitled to make a reinsurance claim and which are being managed on its behalf by IAG).<sup>3</sup></p> <p>c) Any claim arising in respect of any Covered Insurance Contract.</p> <p><i>Covered Insurance Contract means any contract works or similar insurance policy under which Southern Response is or may be liable from time to time; and any other insurance policy under which Southern Response may be liable from time to time and which has been approved by the Crown (either individually or as a class of insurance business).</i></p>
<b>The “Package”</b>	During the 2022 to 2025 financial years, the Company delivered a Package to provide eligible policyholders who had cash settled Covered Claims prior to October 2014 with an additional payment. The Company continues to process any claims under the Package but further proactive contact activities for customers that the Company has already attempted to reach will have effectively ceased from 1 July 2025.
<b>Agency Agreement</b>	The Amended and Restated Agreement Relating to Management of Outstanding Canterbury Earthquake Claims (between NHC and Southern Response)
<b>Overcap Claims</b>	At the time of the Canterbury Earthquake Sequence, NHC insured the first \$100,000 + GST (\$115,000) of damage to a house for each earthquake event (the 'cap'). NHC pays its contribution for each event and the private insurance company takes over responsibility for managing and settling the claim and paying the amount in excess of the cap that is 'overcap'.
<b>Other Claims</b>	Other claims include undercap and overcap temporary accommodation, out-of-scope (“OOS”), contents, and loss of rent claims
<b>Post Settlement Claims</b>	Post settlement claims are settled Covered Claims that have re-opened due to post settlement issues or events.
<b>OOS Claims</b>	An “out of scope” claim is a claim made under the AMI policy for earthquake damage to property items outside the scope of the Earthquake Commission Act 1993 but covered under the wider definition of “house” in the AMI policy (which includes, for example, garages, fences, drive ways, paths and swimming pools).

<sup>2</sup> As of 1 July 2024, the Earthquake Commission (EQC) became the Natural Hazards Commission Toka Tū Ake (NHC)

<sup>3</sup> Note that work on claims that meet this specific definition has not been required for a number of years.

---

# STRATEGIC OBJECTIVES

## ASSESSMENT OF PERFORMANCE

The following objectives have been set so that the Company can assess its performance over the four-year period 1 July 2025 to 30 June 2029. These will be measured annually as milestones and targets as set out in the Statement of Performance Expectations.

Objectives are centered around the Company's claim settlement activities (1 & 2) and ensuring the Company is managed efficiently and effectively as it winds down (3 & 4).

## OBJECTIVES

### Objective 1 - Notified Covered Claims and residual Package claims are settled effectively

The Company will continue to settle the remaining overcap and out-of-scope Covered Claims of AMI policyholders with claims resulting from the Canterbury Earthquake Sequence;

- in accordance with insurance policy obligations and,
- in a timely, fair and enduring manner.

The Company will also continue to process residual Package claims in line with the principles agreed with the Crown and ensure post settlement claims are managed effectively.

#### How we will assess performance:

- Covered Claims targets will be set annually in line with forecasts provided by the Company's actuaries.
- Internal audits of NHC acting as the Company's agent will take place to ensure their performance under the Agency Agreement is satisfactory.
- Assess whether Package applications have been processed within a timely manner.

### Objective 2 - Litigated claims and legal risks generally are appropriately managed

It is necessary for the Company to discharge any obligations arising from its build programme and resolve any legal disputes and/or proceedings in respect of post settlement claims.

The Company is involved in ongoing litigation and recognises that in the current legal landscape there is a risk of further potential representative actions. It is important that litigation and legal issues faced by the Company are appropriately managed and the implications of any judicial decisions are understood.

#### How we will assess performance:

- Verify that the Company has demonstrably offered alternative dispute resolution channels to customers (unless it is not appropriate to do so) when any form of litigation arises.
- Assess whether the Company has a clear understanding of its portfolio of claims that remain and also those that have settled.
- Litigated claims targets will be set annually in line with forecasts provided by the Company's actuaries.

### Objective 3 – Ongoing governance, financial and legal obligations are met

The Company must ensure that appropriate resources are in place to enable the Company to meet its ongoing governance, legal and financial obligations. The Company will act in a financially responsible manner and be open and collaborative with the Treasury to report on commercial and financial performance.

#### How we will assess performance:

- Assess whether the Company has been compliant with obligations arising from the Public Finance Act 1989, the Crown Entities Act 2004, the Companies Act 1993 and any other relevant legislation.
- Verify that the Company has managed its liquidity in accordance with its treasury policy and reported on projected shortfalls when making funding requests in a timely manner.
- Undertake an annual audit which includes the audit of its management, financial and service performance, information systems and controls.

---

#### **Objective 4 - The Company is efficiently and effectively managed through its final phase**

As the claims settlement process nears completion, the Company will continue to work towards the wind-down and closure of its operations and to ensure any remaining obligations or liabilities are appropriately managed until they can be ultimately discharged.

There will continue to be a focus on driving down costs and seeking innovative operational improvements by adapting to the current climate of claim activity, and regularly right sizing the organisation and its resources to achieve sustainable cost-efficient delivery of services.

The Company will continue to work with the Treasury and any other relevant parties to provide them with any assistance when future options for the Company are assessed.

With the significant uncertainty as to how many new claims will still be received by the Company in the future, it will continue to explore options available to expedite the tail of Canterbury claims and work collaboratively with NHC and the Treasury on any opportunities that arise.

The Company will ensure that, to the extent that is practicable and possible, corporate knowledge is documented, refreshed, and retained in a readily accessible way. This will mitigate the risk of key personnel departing the organisation as its operational size reduces.

#### **How we will assess performance:**

- Assess whether operational expenditure is in line with financial forecasts.
- Assess whether the Company has worked collaboratively with the Treasury, NHC, and shareholding Ministers on matters relating to the Company.
- Verify that records of the Company's physical and intangible assets, residual rights, obligations and liabilities, and data holdings are complete and up-to-date.

---

## ORGANISATIONAL HEALTH AND CAPABILITY

### SOUTHERN RESPONSE'S VALUES AND BEHAVIOURS

The Company has a set of core values that define its accepted standards and behaviours. These defines the Company, including the way we work together, with customers, with the Board, personnel, NHC, contractors, communities and stakeholders.

- **Respect** – we treat all our stakeholders with care, consideration, fairness and equity
- **Integrity** – we demonstrate honesty, transparency, fairness, and objectivity in all our interactions
- **Honour our promises** – we stand by and deliver on all entitlements, rights and commitments AMI has made to policyholders
- **Ownership** – we hold ourselves accountable for our actions, take ownership, and deliver on our promises
- **Passion** – we strive, stand up for our customers' rights, and go the extra distance. We want to make a positive difference to people's lives as part of our contribution to the rebuild of Canterbury
- **Excellence** – we are committed to excellence in everything we do. We are innovative, responsive, adaptive and continually raising the bar. We strive to set the standard against which others will be measured
- **Recognition** – we recognise and celebrate the contributions our people make as individuals and as teams to deliver on our goals
- **Development** – we professionally develop our people to provide challenging and rewarding employment and prospects.

### HEALTH AND SAFETY AND WELLBEING

The Company is committed to ensuring all its personnel and contractors have a safe and healthy working environment and prioritises the wellbeing of its personnel.

### STANDARDS OF INTEGRITY AND CONDUCT

As a Crown-owned entity, the Company complies with the Standards of Integrity and Conduct published on the Public Service Commission's website.

### CAPABILITY DEVELOPMENT

The Company is committed to achieving its strategic objectives and purpose by:

- Regularly reviewing the capability of its resourcing to align the available skills with the requirements of the Company in its life-cycle;
- Delivering services required to achieve the Company's strategic objectives in a manner consistent with normal commercial and financially prudent principles;
- Providing personnel and contracted resource with reliable, secure and cost-effective technology; and
- Providing a sound financial and internal control environment.

### SOUTHERN RESPONSE AS A GOOD EMPLOYER

Southern Response still adheres to its obligations in the Crown Entities Act as a Good Employer. The Company remains committed to being an equal opportunities employer.

---

## OTHER STATUTORY REPORTING REQUIREMENTS

### ORGANISATION FORM

Incorporated under the Companies Act 1993, Southern Response is a Crown-owned company listed under Schedule 4A of the Public Finance Act 1989, and subject to the Crown Entities Act 2004, the Official Information Act 1982 and the Ombudsmen Act 1975.

Its shareholders are the Minister of Finance and the Minister for State Owned Enterprises, who each hold 50% of the share capital.

### BOARD OF DIRECTORS

The Board of Directors is committed to a high standard of corporate governance and regulatory compliance in guiding and monitoring the Company's activities. The Board provides governance and the assurance that the Chief Executive is delivering the expected outputs both to assist NHC in settling claims and to ensure the Company continues to meet its ongoing obligations as a Crown-Owned company.

The Board comprises non-executive Directors appointed by the shareholding Ministers, following Cabinet approval. Under the Company's Constitution there must be no fewer than three and no more than seven Directors.

The Board operates under its Board Charter and has one sub-committee, the Audit & Risk Committee to support the efficient management of the Board's work. It provides recommendations, counsel and information on accounting, reporting, risk management and responsibilities under legislation and provides oversight of internal audit

As a company under Schedule 4A of the Public Finance Act 1989, there are additional legal obligations for the Company Directors to satisfy in addition to those specified by the Companies Act.

The Chief Executive, who is accountable to the Board, has responsibility for the management, operation and administration of the Company. The Company has in place a suite of policies that underpin its purpose and strategic objectives and mandate, and which provide a link to day-to-day Company operations.

### SHAREHOLDING MINISTERS

The Company maintains regular liaison with key officials and engages with shareholding Ministers, as required. The Company is open and transparent, and cooperates with the Treasury, that monitors the Company's commercial and financial performance.

The Company operates in accordance with the relevant expectations set out in the Treasury's Owner's Expectations Manual, particularly regarding operating in a financially responsible manner, following the 'no surprises' policy, adhering to thresholds requiring ministerial consultation and in responding to Official Information Act requests.

The Constitution of the Company also requires that the shareholding Ministers must approve all major transactions in accordance with section 129 of the Companies Act 1993.

### CROWN ENTITIES ACT REQUIREMENTS

The Company is subject to various sections of the Crown Entities Act, as set out in its Constitution, including the collective duties of the Board to the Crown and shareholding Ministers, Crown entity subsidiaries and interface with the Companies Act 1993. In addition, the Company must comply with directions from shareholding Ministers to support a whole of government approach or under statute. The Crown Entities Act also requires the provision of information, sets certain employment requirements, and specifies restrictions on financial products, borrowing and the giving of guarantees and indemnities.

### OTHER STATUTORY REQUIREMENTS

Under the Public Audit Act 2001, the Controller and Auditor General is the auditor of the Company.