

Southern Response Matters

Terms of engagement



1. The purpose of this document

- 1.1 This document:
- (a) sets out the standard terms on which we do work for our clients;
 - (b) explains what you can expect from us and what you agree to when we work for you;
 - (c) includes information we are required to tell you under the New Zealand Law Society's Rules of Conduct and Client Care for Lawyers; and
 - (d) applies to any current work and to any future work we do for you (unless we agree in writing to change these terms).
- 1.2 Occasionally, we may change these terms. If we make changes, we will notify you.

2. Our letter of engagement for each instruction

- 2.1 For each new instruction, we will give you a 'letter of engagement'. The letter will outline:
- (a) what we will do for you; and
 - (b) the partner with overall responsibility. That partner will be the one we believe is most suited to the work and to our relationship with you. Other members of our staff may also be involved, under that partner's supervision, where appropriate (such as where this enables us to deliver in a more efficient and timely manner). If we do not advise you in writing, then the person with overall responsibility will be the person you instructed.

3. Our duties to you

- 3.1 When we do work for you, we will:
- (a) protect your privacy and confidentiality;
 - (b) act competently, promptly, and according to your instructions;
 - (c) protect and promote your interests;
 - (d) give you clear information and advice;
 - (e) keep you informed about progress;
 - (f) treat you fairly and respectfully; and
 - (g) charge you a fee that is fair and reasonable,
- subject to any overriding duties we have (e.g. to the courts and the justice system) and any legal obligations we have (e.g. to provide information to some government agencies).
- 3.2 Our duties are owed to you, the client named in our letter of engagement. Nobody else (such as family members, shareholders, directors, or related entities) can rely on our advice without our written consent.

4. Your privacy and confidentiality

- 4.1 We consider client confidentiality to be of utmost importance. We will treat all information we hold about you in strict confidence. We will not use it or share it unless:

- (a) you agree or ask us to;
- (b) we need to so we can carry out work for you;
- (c) the law requires us to (e.g. Inland Revenue, the Financial Markets Authority, and other government agencies have powers to compel us to provide information we have about you); or
- (d) the Rules of Conduct and Client Care for Lawyers permit us to.

4.2 Information we hold about you will, as far as practicable, only be made available to our partners and staff who are doing work for you.

4.3 If we hold funds in our trust account on your behalf (including any judgment, sale proceeds, settlement amount, or other money), you authorise us to:

- (a) provide any information we hold relating to your United States Foreign Accounts Tax Compliance Act (FATCA) or Common Reporting Standard (CRS) status, or other FATCA or CRS matters, to Inland Revenue and to our banks if they request information to be able to meet their FATCA or CRS obligations; and
- (b) if you do not provide any such information we request, report your non-response, identity, and reportable balance to our banks and Inland Revenue (who will in turn pass this information to the relevant foreign tax authority).

Please ask us if you would like more information about FATCA or CRS.

5. How we avoid conflicts of interest

- 5.1 When we do work for you, we will always protect and promote your interests.
- 5.2 Before we accept an instruction from you, we will do our best to find out if any conflict of interest exists.
- 5.3 If we find a conflict at any time, we will immediately let you know and tell you how we plan to deal with the conflict. That may mean we stop working for you, the other client, or both.

6. Scope of our work

- 6.1 We are not qualified to give:
- (a) investment advice. You should get that advice from a qualified financial advisor;
 - (b) tax advice. You should get that advice from your accountant or tax advisor;
 - (c) insurance advice. You should get that advice from your insurance broker; or
 - (d) advice about foreign laws. We can help you to contact a lawyer in the other country.
- 6.2 Unless we agree to do so in writing, we will not:
- (a) remind you about dates (e.g. PPSR, lease, or consent expiry dates); or
 - (b) update advice after it is given.

7. Intellectual property

- 7.1 Unless we agree otherwise:
- (a) we retain ownership of all opinions, documents, and other intellectual property created by us; and
 - (b) you must not provide our advice to others (such as using our opinions in any public document or statement).

8. Emails

- 8.1 We may communicate with you by email about the work we do for you.
- 8.2 We have virus protection software and security protocols in place, however, we cannot guarantee that electronic communications will always be free from viruses or other defects, are secure, or will be received.
- 8.3 We may occasionally email you information we think is relevant and useful to you. If you do not want to receive that information, let us know.

9. Storing records

- 9.1 We will keep a record of all material documents we receive or create working for you on each instruction on the following basis:
- (a) we may, at any time, keep a document electronically and destroy paper originals (this includes any original documents you give to us unless you tell us you do not want them to be destroyed, in which case, we may return the originals to you once we have made an electronic copy). We will not destroy any original documents we have agreed to hold in safe custody for you (e.g. your Will);
 - (b) we may, at any time, dispose of documents that are duplicates, do not contain substantive information, or belong to us; and
 - (c) if you ask us to provide documents to you or another person, we are not obliged to retain copies of those documents, but we may do so for our own records.
- 9.2 We will provide you with copies of documents you are entitled to under the Privacy Act or any other law if you ask us to. We may charge you our reasonable costs to do so.
- 9.3 You authorise us (without further reference to you) to destroy, or delete in the case of electronic documents, all files and documents relating to an instruction seven years after that instruction has been completed. We may retain files and documents for longer at our option.

10. How you can help us

- 10.1 You can help us by:
- (a) giving us clear instructions and advising us of all relevant facts at all times during the matter;
 - (b) asking if there is anything you are not sure of;
 - (c) telling us if you have any important time limits;
 - (d) dealing promptly with any questions we have;
 - (e) telling us if your contact details change; and
 - (f) keeping in touch. Please ask if you are concerned about anything or do not hear from us when expected.

11. Who we can accept instructions from

- 11.1 Unless you let us know otherwise:
- (a) if you are a couple, we can accept instructions from either of you;
 - (b) if you are a trust, we can accept instructions from any of your trustees or officers;
 - (c) if you are a partnership, we can accept instructions from any of your partners or officers;
 - (d) if you are a company, we can accept instructions from any of your directors or employees or any other person you have authorised to instruct us; and
 - (e) if you are a body corporate or incorporated society, we can accept instructions from any person holding themselves out as being authorised by the officers to instruct us.

12. Verifying your identity and source of funds, and credit checks

- 12.1 We are required by law to verify your identity and, in some circumstances, the source of funds for a transaction.
- 12.2 We may wish to carry out reasonable credit checks on you from time to time.
- 12.3 You authorise us to collect information about you (including customer due diligence information and credit reports), to obtain, exchange, hold, and use such information, and to make any other enquiries we think appropriate to:
- (a) confirm information provided to us about you is true;
 - (b) undertake initial and on-going customer due diligence and monitoring in accordance with the Anti-Money Laundering and Countering Financing of Terrorism Act (**AML/CFT Act**);
 - (c) enforce debt and legal obligations (including recovery of money owed to us); and
 - (d) comply with other legal obligations we may have.
- 12.4 You authorise any person (including credit reporters) to disclose information (including credit information) to us in response to such enquiries.
- 12.5 You accept that we may use customer due diligence services (including electronic based services from a third party) to verify your identity and conduct other customer due diligence or monitoring required under the AML/CFT Act, and that we may use credit reporting services to credit check you, and that when we use such services:
- (a) the other third party or credit reporter (each a **Service Provider**) will exchange information about you for that purpose and the Service Provider may hold information on its system and use it to provide their customer due diligence service or credit reporting service (as the case may be) to their other customers;
 - (b) we may use the Service Provider's services in the future for any authorised purpose (including in relation to ongoing customer due diligence or the provision of credit). This may include using the Service Provider's monitoring services to receive updates if information held about you changes; and
 - (c) if you default in your payment obligations to us, information about that default may be given to credit

reporters and given by credit reporters to their other customers.

apply for legal aid, we may refer you to another firm as we do not carry out legal aid work.

13. Our fees and expenses

- 13.1 We will advise you in relation to your entitlement to a 'top up' payment from Southern Response after settling your earthquake insurance claim before 1 October 2014.
- 13.2 We will charge you a fixed fee of \$2,500 plus GST (including disbursements and office expenses) to provide you with the above advice, on the assumption that:
- (a) you have not engaged GCA Lawyers, or entered into an agreement with GCA Lawyers and/or any litigation funder in respect of the Ross v Southern Response Earthquake Services Limited class action (**Class Action**);
 - (b) you are eligible for further compensation from Southern Response;
 - (c) Southern Response does not contest your eligibility to further compensation, and does not cause any unexpected delays or additional work that could not have been reasonably anticipated at the time you engaged us;
 - (d) you, and Southern Response, agree that your entitlement to further compensation from Southern Response is calculated in accordance with the formula provided for in *Dodds v Southern Response Earthquake Services Limited* [2019] NZHC 2016;
 - (e) your claim with Southern Response can be resolved by way of correspondence with Southern Response, and does not require any legal proceedings to be prepared and/or filed, or other dispute resolution process; and
 - (f) the Class Action does not cause any unexpected delays or additional work that could not have been reasonably anticipated at the time you engaged us.
- 13.3 If you are not eligible for further compensation from Southern Response we will not charge you any legal fees (however you will be liable to pay for any disbursements that we have incurred on your behalf).
- 13.4 If the scope of work expands beyond the original retainer set out at clause 13.1 above, or any of the assumptions set out at 13.2 are incorrect causing us additional work on your behalf, we will contact you to discuss further terms of engagement and the cost of that work.
- 13.5 If you have any questions about our fees, please ask.
- 13.6 Unless we state otherwise, our fees, estimates, and hourly rates do not include Goods and Services Tax (**GST**) or office expenses and disbursements, which are payable by you.
- 13.7 Our services usually incur GST. If this is the case, GST is payable by you on our fees and charges.
- 13.8 We may have to cover some expenses or make other payments on your behalf (such as search fees, registration fees, travel costs, court fees, and agents' fees). You authorise us to incur these expenses, which will be shown on our account to you.
- 13.9 Fees, hourly rates, office expenses, and disbursements may change from time to time without notice.
- 13.10 In some cases, you may be eligible for legal aid. If you want to

14. Guarantee

- 14.1 If you are a company or other incorporated entity, we may require personal guarantees from your directors, shareholders, or other officers.

15. Paying your account

- 15.1 We will issue you an invoice on settlement of your claim with Southern Response.
- 15.2 We anticipate that Southern Response will pay a contribution of \$2,000 (GST incl) towards your legal fees (however this is not guaranteed). If Southern Response does agree to contribute to your legal fees, you authorise Southern Response to pay any contribution directly to us.
- 15.3 Our accounts must be paid no later than 14 days after the date of our account.
- 15.4 If you have any questions about an account, please contact us straight away.
- 15.5 If you elect to pay our account by credit card, we will charge you an additional 1.5% of the amount you pay.
- 15.6 Sometimes we may require you to pay fees, office expenses, and disbursements in advance. If we do, we will hold your payment in our trust account and only deduct our fees, office expenses, and disbursements when we issue you an account.
- 15.7 If we hold funds in our trust account on your behalf (including any judgment, sale proceeds, settlement amount, or other money), you authorise us to deduct any fees, office expenses, or disbursements we have issued you an account for.
- 15.8 We may charge interest on unpaid accounts at the rate of 4% per annum above the ANZ base lending rate calculated on a daily basis and charged monthly. We may take action to recover unpaid accounts and charge you the cost of that recovery.
- 15.9 Any failure or delay by us to charge interest on an unpaid account or to exercise any of our other rights will not operate as a waiver of those rights.
- 15.10 If your account is overdue we may:
- (a) stop work we are doing for you until our account is paid in full; and
 - (b) require an additional payment of fees in advance or other security before starting work again.
- 15.11 At your request or with your approval, we may send our accounts to a third party to pay on your behalf. You are still responsible for payment by the due date if the third party does not pay us.

16. Money handling procedures

- 16.1 We maintain a trust account for all funds we hold on behalf of clients (except funds we receive for payment of accounts).
- 16.2 If we hold funds on your behalf, we will deposit them in an interest-bearing deposit with a bank where reasonable and practicable. You acknowledge that we cannot place your funds in an interest-bearing deposit if you have not provided us with any information we request relating to your FATCA and CRS status. We are not responsible for obtaining the best interest rate available or for any loss of interest you suffer as a result of our failure or delay in placing your funds in an interest-bearing deposit.

- 16.3 We generally charge a 7.5% administration fee on the gross interest earned on funds held in an interest-bearing deposit. Withholding tax will be deducted on the interest earned and paid to Inland Revenue. If we have your IRD number, you can elect to have withholding tax deducted at your applicable rate. If we do not have your IRD number, we are required to deduct it at the default rate (which may be higher than your actual rate).
- 16.4 Where you transfer funds to our trust account in a foreign currency, we will convert those funds into New Zealand dollars at the prevailing exchange rate offered by our bank. We are not responsible for seeking or obtaining a better exchange rate.
- 16.5 If we hold a small value of funds on your behalf (less than NZ \$20.00) and we are unable to contact you, you authorise us to pay the funds to a charity of our choice.

17. Limiting our liability to you

- 17.1 We limit our liability to you. The maximum aggregate amount that we will have to pay you is NZ \$15 million. We will not have to pay you more than the maximum aggregate amount for anything caused by or resulting from anything we do or do not do, or delay in doing, whether or not it is contemplated or authorised by any agreement with you.
- 17.2 The limit in clause 17.1 applies to the extent permitted by law, whatever you are claiming for, and however liability arises or might arise if not for this clause (whether in contract, tort (including negligence), equity, or otherwise). If you are more than one person (such as a couple or partnership), this maximum is the maximum combined amount that we will have to pay you together.
- 17.3 If you engage us to do work for the purposes of a business, you agree the Consumer Guarantees Act does not apply. Otherwise, nothing in this clause 17 limits any rights you may have under the Consumer Guarantees Act.
- 17.4 We shall not be liable for any loss or liability caused or contributed to by inaccurate or incomplete information supplied by you or third parties (including public records and expert witnesses) or because you did not receive or read a communication we sent you.

18. Ending our engagement

- 18.1 You may end our engagement at any time by giving us reasonable notice.
- 18.2 If we have good cause, we may decide to stop working for you, such as if you:
- (a) do not provide us with instructions promptly;
 - (b) are unable to, or do not, pay our fees as agreed;
 - (c) give us instructions that require us to breach any professional obligation, or mislead or deceive us in a material respect; or
 - (d) against our advice, act in a way we believe is highly imprudent and may be inconsistent with our fundamental obligations as lawyers. This does not apply to litigation instructions.
- 18.3 If we decide to stop working for you, we will give you reasonable notice and help you find another lawyer.
- 18.4 Before you take your records, you need to pay our fees for the work we have done for you. We may keep a copy of any records you take.

19. Enforceability of these terms

- 19.1 The enforceability of these terms is not affected by:
- (a) the ending of our engagement; or
 - (b) any changes to our partners or the incorporation of our firm.

20. New Zealand law applies

- 20.1 Our relationship is governed by New Zealand law and the New Zealand courts have exclusive jurisdiction.

21. Professional indemnity insurance and Lawyers' Fidelity Fund

- 21.1 We hold professional indemnity insurance that exceeds the New Zealand Law Society's minimum standards. If you would like further information about our insurance, please ask.
22. The New Zealand Law Society operates a Lawyers' Fidelity Fund to compensate clients who suffer theft of money or property entrusted to lawyers. The Fund covers losses of up to NZ \$100,000 per individual claimant. It does not cover loss where you have instructed us to invest money on your behalf (subject to limited exceptions set out in the Lawyers and Conveyancers Act).

23. How we handle complaints

- 23.1 We are committed to providing services of the highest professional standards.
- 23.2 We will deal with any complaints promptly and fairly.
- 23.3 Please contact us straight away if you have a question about an account or if you are unhappy with any other aspect of our work. You may contact:
- (a) the partner responsible for your work; or
 - (b) our Chief Executive Officer by email to ceo@al.nz.
- 23.4 The New Zealand Law Society also has a complaints service. Please telephone 0800 261 801 for information and advice about making a complaint.

24. Client care and service information

- 24.1 We are committed to complying with the New Zealand Law Society's Rules of Conduct and Client Care for Lawyers. The following statement describes some of our professional responsibilities to you:
- Whatever legal services your lawyer is providing, he or she must:
- (a) act competently, in a timely way, and in accordance with instructions received and arrangements made;
 - (b) protect and promote your interests and act for you free from compromising influences or loyalties;
 - (c) discuss with you your objectives and how they should best be achieved;
 - (d) provide you with information about the work to be done, who will do it, and the way the services will be provided;
 - (e) charge you a fee that is fair and reasonable and let you know how and when you will be billed;
 - (f) give you clear information and advice;
 - (g) protect your privacy and ensure appropriate confidentiality;
 - (h) treat you fairly, respectfully, and without discrimination;

- (i) keep you informed about the work being done and advise you when it is completed; and
- (j) let you know how to make a complaint and deal with any complaint promptly and fairly.

24.2 The obligations lawyers owe to clients are described in the Rules of Conduct and Client Care for Lawyers. Those obligations are subject to overriding duties, including duties to the courts and to the justice system. If you have any questions, please visit www.lawsociety.org.nz or call the New Zealand Law Society on 0800 261 801.

We value our relationships with our clients. If you have any questions about these terms, please ask.

Effective from October 2021 for clients engaging Anderson Lloyd on a fixed fee basis to provide advice in respect of the clients' entitlement to a 'top up' payment from Southern Response, following settlement of an earthquake insurance claim prior to 1 October 2014.