



Western Pacific Insurance Limited (in Liquidation)

Report to Creditors dated 29 August 2013

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Introduction

On 1 April 2011, the Shareholders by Special Resolution appointed David Ian Ruscoe and Simon John Thorn, of Grant Thornton New Zealand Limited, as Joint and Several Liquidators of Western Pacific Insurance Limited (“the Company”).

Simon Thorn vacated the position of Liquidator on 27 June 2013 and was replaced by Richard Grant Simpson.

Reporting

In addition to our six monthly statutory reports we are also to provide bi-monthly reports to creditors and policyholders in accordance with the Order of the Court dated 14 June 2012. The Order of the Court requires the reports to contain details of the work completed, costs and expenses in relation to the realisation of reinsurance proceeds.

Copies of all reports in respect of this liquidation are available from our website:

<http://www.granthornton.co.nz/western-pacific-insurance/index.html>

Claims office

The claims office has relocated to Wellington due to staff commitments. This has reduced costs in running the claims office.

The claims department can be contacted on (09) 365 1642 or claims@westernpacins.com.

Address: PO Box 31065, Lower Hutt Box Lobby, Lower Hutt, 5040.

Canterbury Policy Holders

Entitlement to Reinsurance Proceeds

As reported previously, we expect to receive an estimated \$34 million from the company's reinsurers in respect of claims made by policy holders for loss arising out of the two main earthquakes in Christchurch, New Zealand on 4 September 2010 and 22 February 2011.

Claims summary

The following is an update on the claims position along with an estimate of the reinsurance recovery at the time of writing this report.

| | \$ |
|-----------------------------------|-------------------|
| Claims – Sept 2010 Earthquake | 13,919,085 |
| Claims – Feb 2011 Earthquake | 34,408,143 |
| Estimated Total claims | 48,327,228 |
| Reinsurance recovery estimate | 33,913,777 |
| Reinsurance premiums due | 1,725,889 |
| Estimated claims shortfall | 16,139,340 |

We expect there will be a shortfall of funds available for claims and also expect that the quantum of claims may increase as assessment of same is completed.

Conduct of Liquidation

Originally, we had been limited in our ability to complete loss adjustment of claims and therefore recover reinsurance proceeds due to the lack of funds in the liquidation. As outlined in our previous reports, we had agreed a commutation with one of the Reinsurers in full and final settlement of its obligations under both the 2010 and 2011 treaties to the company which resulted in the amount of \$1,935,919 being received on 14 June.

Since our previously report we have agreed with the Loss Adjusters further claims to be assessed and as the assessors are available will continue with assessments of the remaining claims.

A further claim for the Company's greatest loss has also been presented to the panel of Reinsurers.

During the previous two months we have undertaken the following:

- Liaised with loss adjusters regarding the progression of claims assessments
- Reviewed claims received in respect of the Canterbury earthquakes and maintained claims estimates and kept the Reinsurers apprised of such amounts
- Preparing claim information in order to obtain further reinsurance proceeds
- Continued recovery efforts to realise the significant unremitted premiums held by brokers
- Continued to operate the claims department

Costs

The following is a summary of costs incurred during the two months ended 31 July 2013.

| | |
|---|---------------|
| | \$ |
| Legal fees | 4,692 |
| Liquidators fees (reinsurance and earthquake claim matters) | 10,651 |
| Liquidators fees (other matters) | 3,335 |
| Claim department costs | 22,245 |
| | <u>40,923</u> |

Other Matters

Contact details

Please forward general enquiries to westernpac@nz.gt.com and we will respond as soon as possible.

For any claims enquiries please call (09) 365 1642 or forward to claims@westernpacins.com.

Further information

Further information including correspondence to date and documents relating to our application for Court directions are available on our website www.grantthornton.co.nz.

Disclaimer

The statements and opinions expressed in this report have been made in good faith, and on the basis that all information that we have relied upon is true and accurate in all material respects. In preparing this report we have relied upon, and have not necessarily independently verified, the information and explanations provided to us and we express no opinion as to the accuracy or completeness of that information, other than to note that our investigations are ongoing.

The contents of this report are based on the information available to us at the date of this report. If we become aware of any additional information not known to us at the date of this report, we reserve the right, but shall not be obliged to, review or update this report.