



Western Pacific Insurance Limited (in Liquidation)

Report to Creditors dated 15 September 2014

Contents

	Page
Introduction	2
Canterbury Policy Holders	3
Other Matters	5

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 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 \$33.9 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.

Reinsurance 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.

	\$
Reinsurance recovery estimate	33,913,777
Less reinsurance premiums due	1,725,891
	32,187,886
Estimated claims	49,614,791
Estimated claims shortfall (subject to costs)	17,426,905

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

We continue to work closely with the loss adjusters to progress the claims. As previously reported, progress had been slower than we had hoped due to lack of availability of engineers. To hasten the processes we have engaged three additional engineering firms to assist with the loss adjustment process. We met with the loss adjusters last week as part of our ongoing procedure to monitor their progress.

Our current estimate for completion of loss assessment of the earthquake claims is at least 12 months.

This table provides a summary of the status of the claims as it currently stands:

	Sept 2010		Feb 2011		Total	
	Number of claims No.	Value \$	Number of claims No.	Value \$	Number of claims No.	Value \$
Assessed claims	25	\$5.0m	3	\$1.9m	28	\$6.9m
Claims with loss adjusters	46	\$9.2m *	65	\$31.0m *	111	\$40.2m *
Claims not yet assigned to a loss adjuster	11	\$0.2m *	44	\$2.3m *	55	\$2.5m *
Closed	10	-	-	-	10	-
	92	\$14.4m *	112	\$35.2m *	204	\$49.6m *

* Estimated values. As mentioned above we expect that the quantum of claims may increase as assessments are completed

As mentioned in our previous report, we have on-going discussions with the reinsurers and report that a further \$20 million of loss assessments are close to being finalised and submitted. As premiums due for the 2011 year have been offset against the reinsurance proceeds received to date, we expect a full recovery of further amounts claimed under the policy (subject to excess and other costs).

Costs

The following is a summary of costs incurred during the two months ended 31 July 2014.

	\$
Loss adjustors and engineers	12,334
Claim department costs	21,233
Legal fees (reinsurance and earthquake claim matters)	4,080
Legal fees (other matters)	-
Liquidators fees (reinsurance and earthquake claim matters)	41,732
Liquidators fees (other matters)	2,739
	<u>78,113</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.