



# Western Pacific Insurance Limited (in Liquidation)

Report to Creditors dated 16 July 2014

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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 department can be contacted on (09) 365 1642 or [claims@westernpacins.com](mailto: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
	<b>32,187,886</b>
Estimated claims	49,104,418
<b>Estimated claims shortfall (subject to costs)</b>	<b>16,916,532</b>

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 two additional engineering firms to assist with the loss adjustment process.

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	16	\$4.8m	3	\$1.9m	19	\$6.7m
Claims with loss adjusters	56	\$8.9m *	65	\$31.0m *	121	\$39.9m *
Claims not yet assigned to a loss adjuster	11	\$0.2m *	44	\$2.3m *	55	\$2.5m *
	<b>92</b>	<b>\$13.9m *</b>	<b>112</b>	<b>\$35.2m *</b>	<b>204</b>	<b>\$49.1m *</b>

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

Discussions with the reinsurers are on-going and claims submitted to date with a combined value of \$2.8m (\$3.3m less \$0.5m excess) have been submitted to the panel of reinsurers. These claims have been accepted by the reinsurers and they have offset reinsurance premiums due for 2011 against this claim. We expect a further claim for \$6.9m to be submitted to the panel of reinsurers in the next month. As premiums due for the 2011 year have now been offset against the reinsurance proceeds, 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 May 2014.

	\$
Legal fees (reinsurance and earthquake claim matters)	-
Legal fees (other matters)	3,826
Liquidators fees (reinsurance and earthquake claim matters)	29,782
Liquidators fees (other matters)	2,975
Claim department costs	20,233
	<u>56,816</u>

# Other Matters

**Contact details**

Please forward general enquiries to [westernpac@nz.gt.com](mailto: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](mailto: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](http://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.