



Western Pacific Insurance Limited (In Liquidation)

Report to Creditors dated 19 February 2016

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 26 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.grantthornton.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

Claims assessment

We continue to work closely with loss adjusters to progress the claims. We regularly meet with the loss adjusters and engineers as part of our ongoing procedures to monitor their progress.

To date 172 out of 214 known claims assessments have been completed by the loss adjusters leaving 42 to complete. We expect to complete the loss assessment by the end of February 2016.

Distributions to Canterbury policy holders occur after all earthquake claims have been quantified and agreed with insureds and funds are received from reinsurers.

As previously reported, to advance negotiations with the other reinsurers efficiently, we have instructed the loss adjusters to review the largest earthquake claims first. This does not mean that the largest claims will receive a settlement of their claim in advance of other Canterbury policy holders.

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

Note	Sept 2010 Earthquake		Feb 2011 Earthquake		Total claims	
	Number of claims No.	Value \$	Number of claims No.	Value \$	Number of claims No.	Value \$
1 Claims assessed and accepted	26	\$10.90m	34	\$19.17m	60	\$30.07m
2 Assessed claims	44	\$12.02m	60	\$17.30m	103	\$29.32m *
3 Claims partially assessed	18	\$1.32m *	23	\$7.11m *	42	\$8.43m *
4 Closed	9	-	0	-	9	-
	97	\$24.24m *	117	\$43.58m *	214	\$67.82m

* Estimated values. We expect that the quantum of claims may increase as assessments are completed.

Note:

- 1) Claims have been fully assessed and insured parties have formally accepted the quantified loss.
- 2) Claims have been fully assessed; however insured parties are yet to formally accept the quantified loss.
- 3) The material damage component of these claims has been quantified; the business interruption component is yet to be fully quantified by loss adjusters.
- 4) Losses of these claims have been quantified as NIL

Reinsurance

The following is an estimate of the reinsurance recovery as at 31 January 2016.

	\$	\$
Total reinsurance proceeds available - estimated	35,660,046	
Less outstanding reinsurance premiums - estimated	(1,725,890)	
Total net reinsurance recoveries - estimated		33,934,156
Less:		
Total received by liquidators as at 31 January 2016 (net of outstanding premiums)		(5,855,346)
Total reinsurance recoveries yet to be received – estimated (subject to costs)		<u><u>\$28,078,810</u></u>

We continue to liaise with seven reinsurers and provide future information in regards to the assessed claims to pursue recoveries. However, this is subject to reinsurers accepting the claims lodged and remitting proceeds to us.

We expect to complete the recovery of the reinsurance proceeds during 2016.

Costs incurred

The following is a summary of costs incurred during the two months ended 31 January 2016.

	\$
Loss adjustors and engineers	47,972
Claim office costs	18,902
Liquidators fees (non-earthquake)	3,335
Liquidators fees (reinsurance)	14,846
Total	<u><u>\$85,055</u></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.

Concluding the Liquidation

We estimate that the liquidation will be completed in 2016. This is dependent on the loss assessment and reinsurance recovery work being completed in line with current expectations.

The liquidators will provide further updates to creditors when sufficient information becomes available. Should you have any queries in relation to any matter raised in this report please contact us on westernpac@nz.gt.com or refer to the Grant Thornton website.

Dated: 19 February 2016

A handwritten signature in blue ink, appearing to read 'D Ruscoe', with a horizontal line underneath.

David Ruscoe
Liquidator



© 2016 Grant Thornton New Zealand Limited. All rights reserved.

“Grant Thornton” refers to the brand under which the Grant Thornton member firms provide assurance, tax and advisory services to their clients and/or refers to one or more member firms, as the context requires. Grant Thornton New Zealand is a member firm of Grant Thornton International Limited (GTIL). GTIL and the member firms are not a worldwide partnership. GTIL and each member firm is a separate legal entity. Services are delivered by the member firms. GTIL does not provide services to clients. GTIL and its member firms are not agents of, and do not obligate, one another and are not liable for one another’s acts or omissions.

www.grantthornton.co.nz