



Western Pacific Insurance Limited (in Liquidation)

Report to Creditors dated 8 September 2015

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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 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.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

Claims assessment

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. Distributions to Canterbury policy holders will occur after all earthquake claims have been quantified and agreed.

We continue to work closely with three 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.

Our current estimate for completion of loss assessment of the earthquake claims is by 30 September 2015.

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

	Sept 2010		Feb 2011		Total	
	Number of claims	Value	Number of claims	Value	Number of claims	Value
	No.	\$	No.	\$	No.	\$
Assessed claims	36	\$20.26m	20	\$21.34m	56	\$41.6m
Claims with loss adjusters	49	\$3.5m *	92	\$17.4m *	141	\$20.9m *
Closed	10	-	-	-	10	-
	95	\$23.76m *	112	\$38.74m *	207	\$62.5m *

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

We have submitted claims with a combined value of \$41.6 million to the reinsurance broker in total. We are submitting substantial claims as they are finalised and agreed with the insured. We continue to liaise with various reinsurers in regards to the claims submitted and are expecting to provide further claims to the reinsurance broker in the coming months.

Although 34% of the claims are still being processed by the loss adjusters, a large number of these claims are small in value. We have had confirmation from the three loss adjusters engaged by the Company that all assessments should be completed by 30 September 2015.

Reinsurance

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.

The following is an estimate of the total reinsurance recovery at the time of writing this report.

	\$	\$
Total reinsurance proceeds available - estimated	33,913,777	
Less outstanding reinsurance premiums - estimated	<u>(1,725,890)</u>	
Total reinsurance recoveries - estimated		32,187,887
Less:		
Reinsurance proceeds – received to date	(2,648,872)	
Less premiums deducted	<u>619,833</u>	
Total received by liquidators to date		<u>(2,029,039)</u>
Total reinsurance recoveries yet to be received - estimated		<u>30,158,848</u>
(subject to costs)		

Of the \$32.2 million net reinsurance proceeds expected, we have received \$2.0 million so far. Further funds will be made available to us as the reinsurers approve the claims submitted.

Costs incurred

The following is a summary of costs incurred during the two months ended 31 July 2015.

	\$
Loss adjustors and engineers	51,948
Claim department costs	19,706
Legal fees (reinsurance and earthquake claim matters)	19,934
Legal fees (other matters)	3,648
Liquidators fees (reinsurance and earthquake claim matters)	41,585
Liquidators fees (other matters)	<u>1,783</u>
Total	<u>138,604</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.