



Western Pacific Insurance Limited (in Liquidation)

Report to Creditors dated 28 February 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.

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.

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

Loss adjusters are currently progressing some sixty claims with a total estimated value of approximately \$37 million and will continue to work through the remaining claims. To advance negotiations with the other reinsurers efficiently, we have instructed the loss adjusters to review the largest earthquake claims first.

As previously reported, the progress of assessing claims was slower than we had hoped due to the lack of available engineers. We have met with one firm of engineers engaged to discuss ways to increase the number of claims they are able to progress. We are continuing our regular dialogue with them to ensure that any capacity is used to progress our claims.

Discussions with the reinsurers are on-going but progressing well. Claims submitted to date with a combined value of \$3.3m have been submitted to the board of reinsurers. Feedback provided is that the information submitted from the loss adjusters to the reinsurers is satisfactory.

We are continuing with collection of the unpaid premiums from the brokers. We are expecting to submit over \$600,000 of claims to Courts in the next 3 weeks. Any funds realised from this process will be for the benefit of unsecured creditors.

Costs

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

	\$
Legal fees (reinsurance and earthquake claim matters)	1,910
Legal fees (other matters)	2,517
Liquidators fees (reinsurance and earthquake claim matters)	12,769
Liquidators fees (other matters)	1,375
Claim department costs	17,760
	<u>36,331</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.