

Insurance Liabilities at 30 June 2015

Southern Response Earthquake Services

August 2015

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13 August 2015



Mr Ross Butler
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Dear Ross

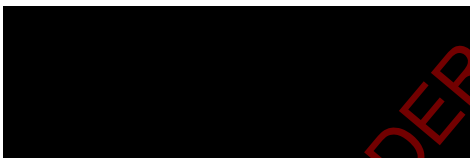
Valuation of Insurance Liabilities at 30 June 2015 for Southern Response Earthquake Services

We are pleased to enclose our report in respect of the valuation of the insurance liabilities of Southern Response Earthquake Services as at 30 June 2015.

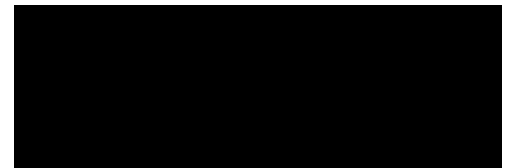
This valuation has been prepared in compliance with the International Financial Reporting Standards which are applicable in New Zealand and the liabilities are suitable for inclusion in Southern Response's NZ IFRS 4 balance sheet. It has also been conducted in accordance with the Institute of Actuaries of Australia's Professional Standard 300 and Professional Standard 30 issued by the New Zealand Society of Actuaries.

Please do not hesitate to contact us if you wish to discuss any aspect of this report.

Yours sincerely



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information withheld pursuant to section 9(2)(a) of the OIA

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Part I Executive Summary

Introduction and Scope

We have been asked by Southern Response Earthquake Services Limited ("SRES") to make an assessment of its insurance liabilities as at 30 June 2015. SRES is the Crown-owned entity which emerged from a transaction whereby, with effect from 5 April 2012, the ongoing business of AMI Insurance Limited ("AMI") was separated from the existing AMI entity and sold to Insurance Australia Group.

The purpose of this report is to assist SRES in setting their outstanding claims provisions for balance sheet purposes. This valuation has been prepared in compliance with the International Financial Reporting Standards which are applicable in New Zealand ('NZ IFRS 4'). It has also been conducted in accordance with the Institute of Actuaries of Australia's Professional Standard 300 and Professional Standard 30 issued by the New Zealand Society of Actuaries.

The "High Level" Results

Table 1 sets out a high level summary of the main components of cost underpinning our estimate of SRES' ultimate earthquake liabilities, together with a comparison to the results adopted in our 30 June 2014 valuation.

Table 1 – High Level Summary of Results

	30 Jun 14	30 Jun 15	Mov't from Jun 14
	\$m	\$m	\$m
Ultimate Outflows			
Over Cap	2,647	3,025	378
Out of Scope	305	308	3
Other	152	157	5
Claims Cost (Excl PM Cost)	3,104	3,491	387
Project Management Costs	█	█	█
SRES Claims Handling	137	146	9
Ultimate Inflows			
EQC Contributions	900	971	71
Reinsurance Recoveries	1,240	1,246	6
	2,140	2,217	77
Gross Outflow (net EQC, ex CHE)	2,364	2,716	352
Net Outflow (net of RI)	█	█	█
Cum. Paid Net of EQC (excl CHE)	1,069	1,616	547
Net Liability			
Central Estimate	1,062	999	-63
Risk Margin	█	█	█
Provision Required	█	█	█

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The valuation results indicate the likely ultimate cost has continued to increase over the last twelve months. The ultimate cost of claims (net of EQC, excluding CHE) has increased by \$352 million, before reinsurance, since June 2014. The increase is attributable to a number of factors –

- An increase in the number of Over Cap properties expected to emerge from the EQC settlement program (583 more properties projected to be Over Cap).
- An increase in the expected average size of Over Cap repair properties, driven primarily by an increase in the scope of works required at RFP stage, relative to earlier assessments.
- An additional allowance for future inflation due to lengthening of the expected payment pattern. Progress through a number of key construction phases and the rate at which cash settlements have been achieved has been materially slower than allowed for in the June 2014 valuation.
- The lengthening of the construction timeline has been moderated by lower expected future escalation, with escalation in Canterbury over the last six months aligning with the national average and with Treasury reducing its expectations for future building cost escalation (at a national level).
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Project management costs and claims handling expenses have increased by ■ million and \$9 million respectively. These relate mainly to refinements to forecasts, taking into account increasing volumes and complexities resulting in a longer construction tail and consequential increases in staff costs. A detailed reconciliation to 30 June 2014 can be found in Section 9.3.

Allowance For Uncertainty

For this valuation, we have given specific consideration to the various sources of potential variability in SRES' runoff experience. In light of our assessment of the key areas of uncertainty and how that uncertainty has developed over the course of FY15, we are of the opinion that, while the risks attaching to individual elements may have changed, the overall level of uncertainty attaching to this valuation is broadly similar to our previous full valuation.

Accordingly, we have maintained the risk margin at 10% of the estimated liability (net of EQC contributions but gross of reinsurance recoveries). Some of the key points to emerge from our assessment in support of this conclusion are as follows:

- The exposure to an adverse outcome from a higher than expected number of new claims is considered to be quite remote.
- In respect of exposure to adverse settlement outcomes, SRES' liability is spread reasonably uniformly across a number of segments, with repairs and MUB's remaining the "most risky" segments.
- While there is the possibility that the "tail" of claims could extend beyond that allowed in the valuation, in the absence of the emergence of a "game changing" element, we do not consider that throughput delays represent an area which have a high likelihood of producing an adverse impact on SRES' liability.
- Our degree of uncertainty regarding building cost escalation largely relates to our reliance on Treasury for this assumption; with a mean duration of only 15 months, for an adverse outcome to emerge, the rate of housing cost escalation would need to increase materially within the next 12 months.
- It is scenarios involving the confluence of multiple "events" which will result in a significant increase in SRES' liability. In this regard, in the recent experience, we have not seen evidence of strong

correlations in the ways the different segments have been developing. For example, while there has been a “step shift” in scope creep at RFP time on repairs we have not seen any change in patterns being exhibited by rebuilds. As such, we consider that the risk of concurrent adverse development across multiple segments remains reasonably remote.

Recommended Provisions as at 30 June 2015

Table 2 sets out our recommended provisions as at 30 June 2015 for the three main events and for all others combined.

Table 2 – Recommended Provisions as at 30 June 2015

Provisions for Outstanding Claims as at 30 Jun 2015	Cat 93	Cat 106	Cat 112	Total		Overall \$m
	4-Sep-10 \$m	22-Feb-11 \$m	13-Jun-11 \$m	Major \$m	Minor \$m	
Gross Incurred Cost in 30 Jun \$ before EQC	1,124.8	2,367.1	94.2	3,586.1	37.9	3,624.0
Expected EQC Share	-340.4	-580.3	-38.7	-959.4	-7.4	-966.8
Gross Incurred Cost in 30 Jun \$ after EQC	784.4	1,786.8	55.5	2,626.7	30.5	2,657.2
less paid to 30 Jun 2015	-508.9	-1,040.9	-41.1	-1,590.9	-24.8	-1,615.7
Gross Outstanding Claims						
In 30 Jun 2015 Values	275.5	745.9	14.4	1,035.9	5.7	1,041.5
Allowance for Future Inflation	17.1	39.9	1.6	58.7	0.3	59.0
Inflated Values	292.6	785.8	16.0	1,094.5	6.0	1,100.5
Discount to Present Value	-10.6	-28.6	-0.6	-39.9	-0.2	-40.0
OSC Discounted to 30 Jun 2015	282.0	757.2	15.4	1,054.7	5.8	1,060.5
Claims Handling						
Gross Central Estimate						
Catastrophe R/I Recoveries	-90.2	0.0	-15.4	-105.6	-4.5	-110.1
Aggregate R/I Recoveries	0.0	0.0	0.0	0.0	0.0	0.0
Net Central Estimate	204.8	792.0	0.7	997.5	1.6	999.1
Risk Margin						
Recommended provision						
Inflated Gross Central Estimate (Incl paid to date, excl CHE)	802	1,827	57	2,685	31	2,716.2
Change on 30 Jun 2014 Valuation	119	225	6	350	1	352

withheld pursuant to section 9(2)(b)(ii)

We have made a number of changes to the valuation basis since the 30 June 2014 valuation. The result of the changes is an increase of around \$352 million in our estimate of the inflated gross incurred cost when compared to the estimate at 30 June 2014. \$328 million of the full year movement had been reflected in the accounts by the 31 March 2015 quarterly valuation update.

Reliances and Limitations

A number of important reliances and limitations attach to the advice set out in this report. These are set out in Section 1.5 of Part II of this report.

Part II Detailed Findings

1 Introduction and Background

1.1 Purpose and Scope

We have been asked by Southern Response Earthquake Services Limited ("SRES") to make an assessment of its insurance liabilities as at 30 June 2015. SRES is the Crown-owned entity which emerged from a transaction whereby, with effect from 5 April 2012, the ongoing business of AMI Insurance Limited ("AMI") was separated from the existing AMI entity and sold to Insurance Australia Group.

The purpose of this report is to assist SRES in setting their outstanding claims provisions for balance sheet purposes. This valuation has been prepared in compliance with the International Financial Reporting Standards which are applicable in New Zealand ('NZ IFRS 4'). It has also been conducted in accordance with the Institute of Actuaries of Australia Professional Standard 300 and Professional Standard 30 issued by the New Zealand Society of Actuaries.

1.2 SRES' Insurance Liabilities

There are two parts to SRES' insurance liabilities:

- claims incurred by AMI arising from the various Canterbury earthquake events ("EQ losses") which had occurred up until 5 April 2012. These liabilities are the subject of this report.
- claims incurred from certain other events specified by the Sale and Purchase agreement; these claims relate to events and incidents where there have been, or where it is anticipated that there will be, reinsurance recoveries on the losses incurred by AMI. We do not report on these liabilities in this report as the outstanding amount relating to these claims at 30 June 2015 is not material. SRES have estimated the outstanding amounts to be less than \$1 million. We have reviewed their estimate and are satisfied it is reasonable. The results are set out in Appendix I.

The following sets out in more detail the events covered and the types of losses involved.

1.2.1 Events Covered

SRES' insurance liabilities relate almost solely to claims for certain events which occurred up until the time of separation from the ongoing business on 5 April 2012. Table 1.1 lists the EQ events for which SRES is responsible for the outstanding claims liabilities.

Table 1.1 – Earthquake events covered by SRES

Earthquake Events	SRES CAT Code
4-Sep-10	93
19-Oct-10	97
26-Dec-10	99
20-Jan-11	103
22-Feb-11	106
16-Apr-11	107
6-Jun-11	111
13-Jun-11	112
21-Jun-11	114
9-Oct-11	117
23-Dec-11	122

1.2.2 Policy Coverage

For the listed events, SRES is responsible for damage across a range of products issued by AMI, as follows:

- House
 - ▶ Over Cap (“OC”) Physical Damage – Damage to buildings in excess of the amount covered by the Earthquake Commission (“EQC”), which is currently capped at \$100,000 (excluding GST), noting that the majority of AMI policies provided for full replacement value and as such do not have specified sums insured
 - ▶ Out of Scope (“OOS”) Physical Damage – Cover for damage to sheds, fences, driveways, swimming pools, which are not covered by EQC
 - ▶ Loss of Rent - For investment properties, cover for loss of rental income while the building is uninhabitable.
- Contents
 - ▶ Over Cap Damage – Damage to Contents in excess of EQC cover of \$20,000 (excluding GST)
 - ▶ Temporary Accommodation – The cost of temporary accommodation is covered for up to 12 months and is subject to a maximum of 25% of Contents sum insured (noting that AMI has agreement from reinsurers to extend the period to 12 months from the 6 months specified in its policy wording).
- Other products
 - ▶ Comprehensive Motor, Farm and Boat – Earthquake related damage covered similarly to other types of damage.

1.2.3 Management of Claims

Table 1.2 summarises how the liabilities and the physical management of claims were split between SRES and the ongoing AMI business entity. Service level agreements have been put in place with the objective of ensuring that appropriate service levels are delivered by both organisations.

Table 1.2 – Division of Claims Responsibilities

Obligation	Products	Financial Responsibility for Any Liability	Physical Management of the Matter
Settled, open and future claims on eligible EQ events occurring up until completion	House, Farm Motor, Boat	SRES SRES	SRES AMI/IAG NZ
Settled, open and future claims on non-EQ events occurring up until completion and which trigger AMI's reinsurance cover	All	SRES	AMI/IAG NZ
All other settled, open and future claims on incidents occurring up until completion	All	AMI/IAG NZ	AMI/IAG NZ
All future obligations emerging after completion on policies in force at completion	All	AMI/IAG NZ	AMI/IAG NZ
Any obligations arising after completion on expired policies and not falling into a category listed above	All	AMI/IAG NZ	AMI/IAG NZ

1.2.4 Contract Works

We also note that, as part of managing the earthquake claims run-off, SRES is assuming a level of Contracts Work exposure (up to \$5,000 per property). This exposure is largely reinsured and as such is not likely to generate any losses of a material nature. For this assessment we have assumed that SRES' contract works exposure is effectively embedded within the claims cost estimates underpinning our projection of ultimate costs.

1.3 Nature of Estimates

The estimates of outstanding claims in this report have been prepared initially on a central estimate basis. The valuation assumptions have been selected such that the estimates of these liabilities contain no deliberate overstatement or understatement. The central estimate is intended to be a mean of the distribution of outcomes.

The liability cannot be estimated with certainty due to, among other things, random fluctuations in experience and changes in the external environment. Because of this uncertainty, we believe that balance sheet provisions should include a risk margin above the central estimate. Consistent with NZ IFRS 4, we have included a risk margin in the provision that we believe is sufficient to produce at least a 75% probability of sufficiency.

Under NZ IFRS 4, insurers must discount expected future claim payments for the time value of money. All results have been estimated gross and net of reinsurance recoveries. All claims data supplied for the valuation was net of GST for all lines of business. The valuation results in this report are, therefore, net of GST.

1.4 Structure of Report

The remainder of this report contains the following:

- Section 2* - describes the approach used to value the outstanding claims liabilities, the data supplied for this valuation, details of reconciliations performed and control processes
- Section 3* - documents the analysis of the claim number experience together with our valuation assumptions for Buildings cover
- Section 4* - documents the analysis of the Over Cap average claim size experience together with our valuation assumptions
- Section 5* - documents the analysis of the Out of Scope average claim size experience together with our valuation assumptions
- Section 6* - set outs the analysis and assumptions for other covers for which EQ losses have been incurred
- Section 7* - set outs the construction forecasts and basis for the payment pattern
- Section 8* - sets out the basis behind other assumptions required to form our recommended provisions for SRES' EQ liabilities
- Section 9* - summarises the outstanding claims valuation results at 30 June 2015 and sets out the key uncertainties affecting our valuation of the EQ liabilities.

The Appendices to this report provide more detail on the data provided, the analysis undertaken and the valuation results.

1.5 Reliances and Limitations

This report is being provided for the sole use of SRES for the purposes stated in Section 1.1 of this report. It is not intended, nor necessarily suitable, for any other purpose. This report should only be relied on by SRES for the purpose for which it is intended.

We understand that SRES may wish to provide a copy of the report to the auditors of SRES in connection with the audit of the 2015 financial statements. We also understand that SRES will need to provide this report to New Zealand Treasury and that Treasury may need to pass the report onto other parties involved in the audit of the Crown's accounts. Permission is hereby granted for such distribution for this purpose on the condition that the entire report, rather than any excerpt, is distributed.

No other distribution of, use of or reference to this report (or any part thereof) is permitted without our prior written consent. Third parties, whether authorised or not to receive this report, should recognise that the furnishing of this report is not a substitute for their own due diligence and should place no reliance on this report or the data contained herein which would result in the creation of any duty or liability by Finity to the third party.

Finity has performed the work assigned and has prepared this report in conformity with its intended utilisation by a person technically competent in the areas addressed and for the stated purposes only. Judgements about the conclusions drawn in this report should be made only after considering the report in its entirety, as the conclusions reached by a review of a section or sections on an isolated basis may be incorrect.

The report should be considered as a whole. Members of Finity staff are available to answer any queries, and the reader should seek that advice before drawing conclusions on any issue in doubt.

We have relied on the accuracy and completeness of all data and other information (qualitative, quantitative, written and verbal) provided to us for the purpose of this report. We have not independently verified or audited the data, however we have reviewed the data for general reasonableness and consistency. It should be noted that if any data or other information is inaccurate or incomplete, we should be advised so that our advice can be revised, if warranted.

It is not possible to put a value on outstanding claim liabilities with certainty. As well as difficulties caused by limitations on the historical information, outcomes remain dependent on future events, including legislative, social and economic forces. Although we consider that the estimates have been prepared in conformity with what we believe to be the likely future experience, actual experience could vary considerably from our estimates. Deviations from our estimate, perhaps material, are normal and are to be expected.

It has been assumed that any amounts arising from the reinsurance programs protecting SRES will be fully recoverable on a prompt basis. If any reinsurance proves not to be recoverable (either through insolvency of a reinsurer or contract dispute) the net liability of SRES could be higher. We are not aware of any current reinsurer solvency problems or disputes over reinsurance recoveries.

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2 Approach and Information

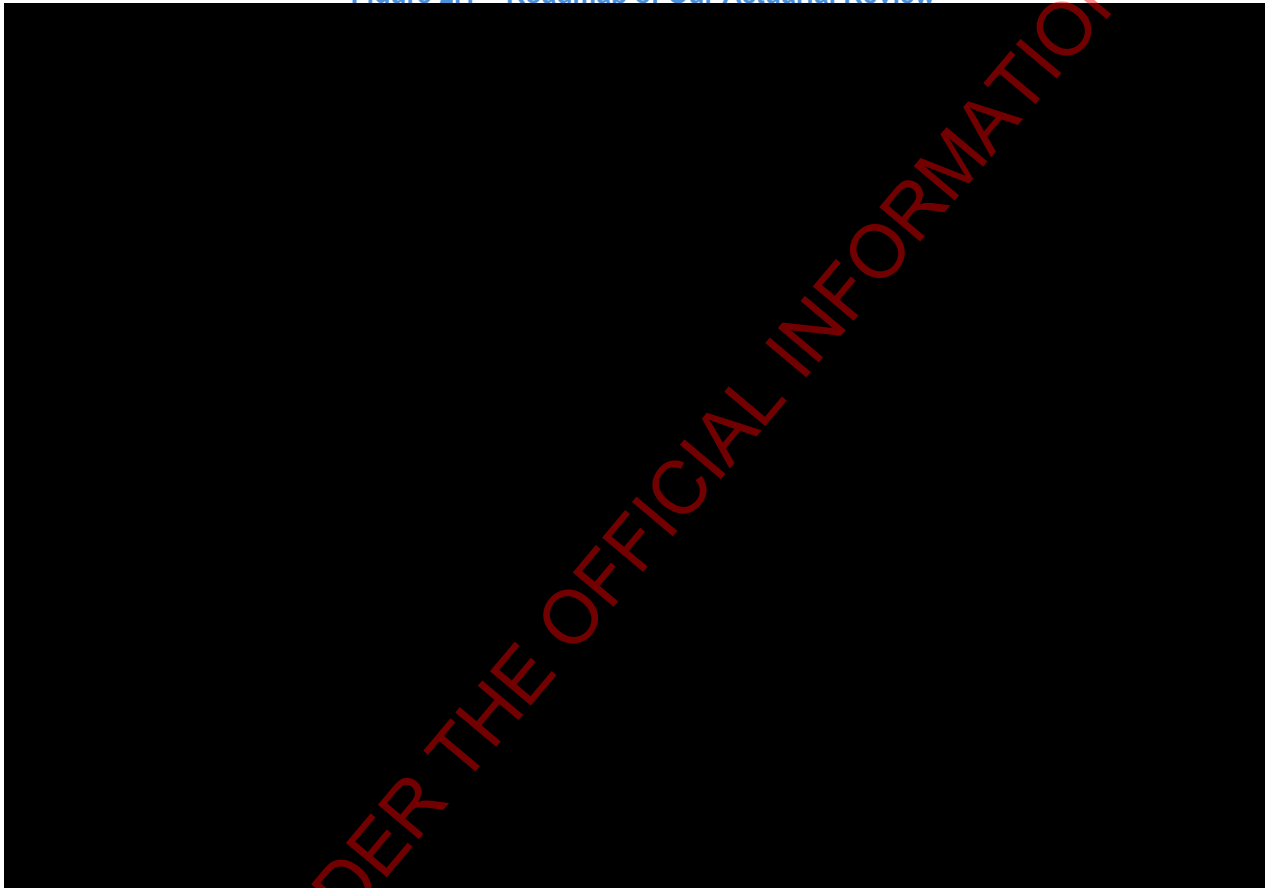
2.1 Approach to Estimating EQ liabilities

2.1.1 Our Actuarial “Roadmap”

Our approach to the analysis and assessment of the emerging experience for SRES' EQ losses aims to respond to the various stages and avenues that claims can progress through. Figure 2.1 depicts the claims process from an actuarial viewpoint, noting that the settlement options open to claimants mean that the selection of ultimate average claim sizes requires consideration of a range of issues.

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Figure 2.1 – Roadmap of Our Actuarial Review



The approach is largely unchanged from last year, albeit the issues, and therefore the focus of our analysis, have progressed. The red shading indicates the areas of focus at 30 June 2015, reflecting the fact that the process is in the settlement (for those choosing one of the non-Arrow managed construction options) and construction phase.

2.1.2 Deriving Provisions for Outstanding Claims

At a high level, the calculation of SRES' ultimate liability for each event relies on a relatively small number of parameters for each of the covers for earthquake damage provided under AMI's various products:

- Gross Claims Cost (in June 2015 \$):
 - ▶ Ultimate number of claims
 - ▶ Ultimate average claim size (net of expected EQC contributions)

- Translating to Recommended Provision
 - ▶ Spread amount still outstanding according to expected pattern of future payments
 - ▶ Inflate for anticipated future escalation of claims costs
 - ▶ Deduct expected reinsurance recoveries
 - ▶ Discount to present value at risk free rate
 - ▶ Load for claims handling expenses, project management costs and risk margins.

Our valuation has essentially followed this approach, but with differences for the various covers, in how we have derived our estimates of the ultimate claim numbers and of the ultimate average claim size. Our estimates of outstanding claims at 30 June 2015 are derived by deducting from ultimate costs actual payments made up until 30 June 2015.

In relation to EQC contributions, we note that the 'normal' procedure is that EQC settles its claim directly with the policyholder and that this amount, together with the deductible payable under the EQC cover, becomes the AMI policyholder's contribution to the rebuild or repair being undertaken by SRES. As such it is the net amount which becomes the liability in SRES' balance sheet.

There are a small number of cases where SRES has settled with its claimant on a gross of EQC contribution basis and raised a debtor in respect of the expected EQC contribution. In these cases, we understand a Deed of Assignment exists between SRES and the policyholder and that under this arrangement SRES is entitled to the EQC contribution but is liable for any difference between the amount estimated as the EQC contribution at time of settlement and the amount actually received. Our valuation does not explicitly deal with such variations, but any such differences are implicitly incorporated in our adopted ultimate average EQC contribution.

2.1.3 Covers Other Than House Physical Damage

For the less significant parts of SRES' liabilities (Loss of Rent, Contents, Temporary Accommodation, Motor, Farm and Boat) our approach has essentially followed a "traditional" approach, by taking views on how the experience reported to date is likely to develop over future periods.

For Lost Rent:

- A Payment-Per-Active-Claim (PPAC) method is used to project the ultimate liability. Future claim finalisations are projected based on historical experience. These can be used to derive the number of claims active at each point in the future. We also project the payments to be made per active claim per month to estimate the outstanding payments. The projections allow for a small number of incurred but not reported (IBNR) claims, using a chain ladder method.

For Contents, Motor, Farm and Boat:

- A Chain-Ladder (CL) method is used to project the ultimate number of claims for each loss type. This involves deriving chain ladder factors from the experience and then applying the selected factors to the undeveloped accident periods.

- An average incurred amount per claim is also projected for each loss type. This involves deriving chain ladder factors for the development of the cumulative average incurred amount per claim from the experience provided for each event.
- The ultimate claims cost for each event is determined by multiplying the projected ultimate claim numbers by the ultimate average incurred claim size. Payments to date are deducted to produce the gross current value EQ liability.

For Temporary Accommodation, the ultimate number of claims is linked to our projection of Over Cap claims. The average incurred amount per claim and ultimate claims costs then follow the same methodology as for Contents, Motor, Farm and Boat.

2.2 Supporting Information

Figure 2.1 lists the various sources of information used for the valuation. As our roadmap indicates, there are a number of quite complex elements to be considered and put together to arrive at a coherent valuation result.

2.3 Control Processes and Review

Our valuation and this report have been subject to Technical and Peer Review as part of Finity's standard internal control process:

- Technical review focuses on the technical work involved in the project. The technical reviewer reviews the data, models, calculations and results, and also reviews our written advice from a technical perspective.
- Peer review is the professional review of a piece of work. The peer reviewer reviews the approach, assumptions and judgments, results and advice.

We have conducted, where possible, a range of cross-reference checks and reconciliations to assess the suitability of various components of the data. This process has been aided by the availability in a number of cases of the same (or similar) data elements from different sources. In most of the areas critical to our analyses, we are satisfied with the results of these reconciliations and cross-checks.

3 Buildings Cover - Claim Volumes

3.1 Approach Adopted

The bulk of properties with buildings claims have already lodged claims with SRES, however a steady stream of OC claims continue to be reported as the EQC wraps up its settlement process with its customers (760 additional OC claims have been reported between January 2014 and May 2015). During the settlement process the EQC confirms the extent of house damage, estimated repair costs, and therefore the ownership of the claims (whether it is an EQC Only claim or an OC claim that insurers have primary responsibility for). New claims lodged are attributable to further damage being identified to Under Cap properties during the final settlement phase, which results in the property moving to OC status.

We base our projection of the future volumes of new OC claims using two approaches:

- Allowing for the recent volumes of claims emerging from the EQC settlement process to continue for the period implied by the EQC finalisation rate.
- Profiling properties yet to be settled by EQC by foundation status, construction status and zone and then using past experience to select a proportion likely to turn OC, making an allowance for our expectation that the remaining properties are likely to be more complex.

Properties with OC damage are broken down further into one of the following settlement types:

- An Arrow managed settlement solution – where the repair or rebuild is primarily managed by Arrow.
- Cash settlement – where the customer takes some form of cash settlement.
- Multi-Unit Building (MUB) claims– which have a separate project management stream and in some cases will involve insurers “swapping claims” for construction management purposes.

OOS property projections are selected based on recent volumes, noting that volumes reported in recent quarters have been low and only a small number are projected to be reported in the future.

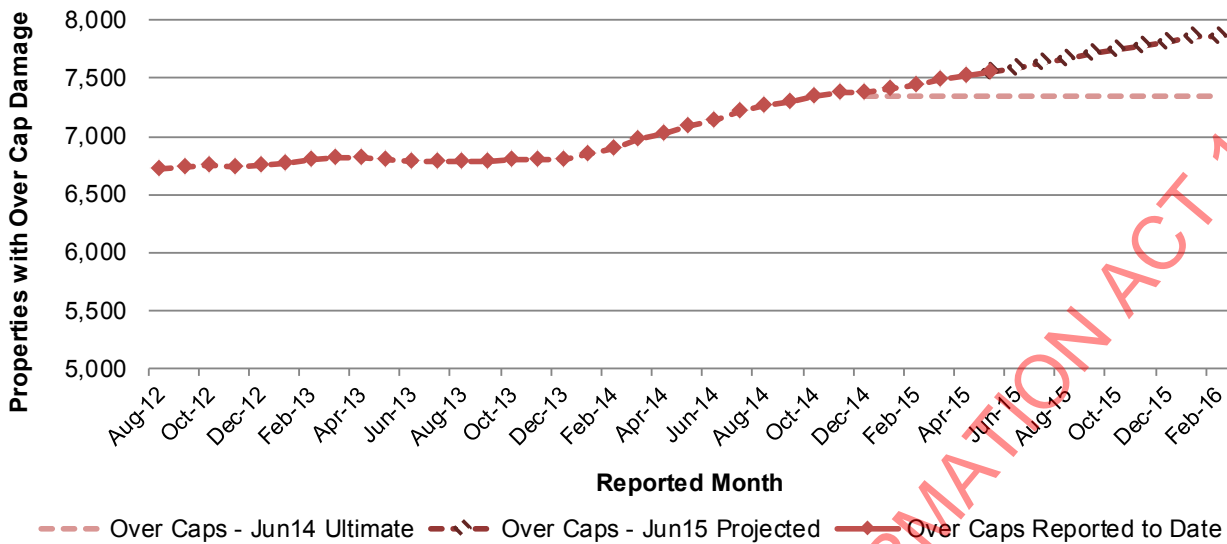
3.2 Projected Damaged Over Cap Properties Covered by SRES

3.2.1 Projected Over Cap Lodgements

Figure 3.1 shows:

- The number of properties currently known to have OC damage.
- Our projections of the future progression of the reported number of OC properties.
- A comparison to our projected ultimate number at June 2014.

Figure 3.1 – All properties with Over Cap Damage



The projected number of ultimate OC properties has increased since June 2014. The major difference being that our projections at June 2014 expected the EQC settlement process to be completed by October 2014, but we now estimate this process to continue to January 2016.

We have used two approaches to estimate future lodgements:

- Allowing for the recent volumes of claims emerging from the EQC settlement process to continue for the period implied by the EQC finalisation rate
 - ▶ Over the past 9 months, SRES have on average been receiving around 35 new properties each month.
 - ▶ With around 880 properties being finalised by the EQC each month and 7,060 properties outstanding as at the end of May 2015, this suggests it will be around 8 months before EQC resolves all of its outstanding matters (a completion date of January 2016).
 - ▶ This implies there may be around 280 (=8 x 35) OC properties still to be reported.
- Profiling properties yet to be settled by foundation status, construction status and zone and then using past experience to select a proportion likely to turn OC, (and making an allowance for our expectation that the remaining properties are likely to be more complex).

withheld pursuant to sections 9(2)(i) and 9(2)(j)

Figure 3.2 – OC Proportion by Property Profile

EQC Classification		EQC Properties Outstanding	Proportion Going Overcap	Total New Overcaps	SRES share
Foundation	Hills/TC3				
	Other				
No Foundation	Hills/TC3				
	Other				
Construction commenced	All				
Cash Settlements	All				
Total					

- ▶ This gives us an estimate of 318 future over caps – which is similar to, but a little higher than, the estimate in the previous approach.

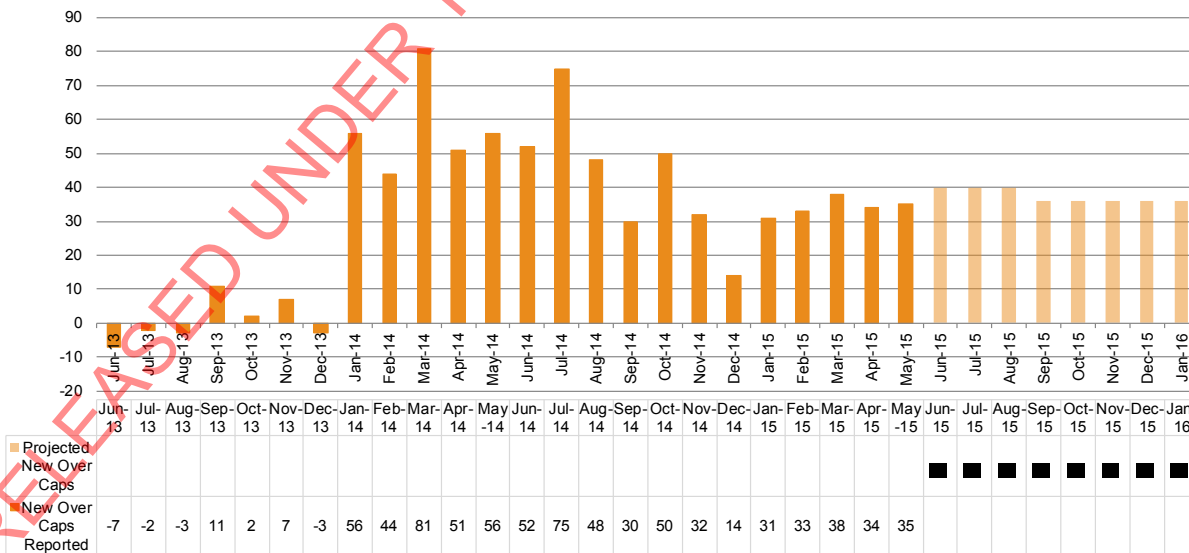
For the valuation, we have adopted the average of the two estimates and assumed 300 future Over Caps. These estimates are net of properties expected to move back Under Cap. From discussions with EQC and its actuary, we understand that this estimate is marginally higher than EQC’s own estimate.

Historically, a portion of properties lodged as OC have moved back UC, as a result of either:

- The EQC’s settlement process resulting in the EQC taking over management of the claim, or
- Arrow’s Detailed Repair/Rebuild Assessment (“DRA”) process resulting in an estimate of repair costs that are less than the EQC cap.

Figure 3.3 shows the number of OC properties reported since January 2014 and our projection of future OC lodgements, net of those moving back UC.

Figure 3.3 – Net Over Cap Property Lodgements



The projected number of properties with OC damage is 7,779. Of these, 575 are projected to be MUBs.

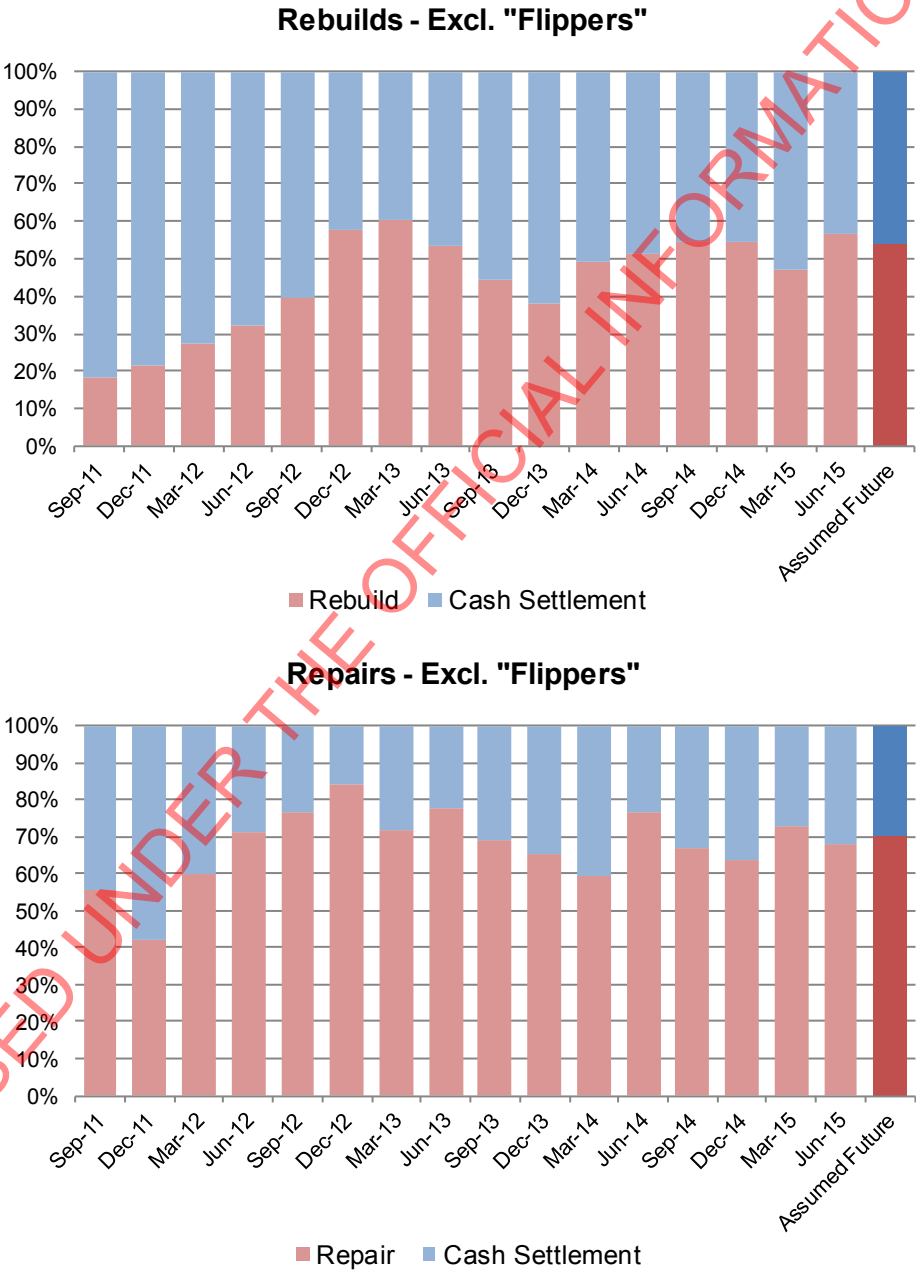


3.2.2 Profile by Customer Settlement Options

Although we don't expect the settlement size for cash settlements to be different to that of Arrow managed properties going forward, we consider cash settlements separately as cash settlements generally progress faster and hence are less exposed to building cost escalation.

Figure 3.4 below shows separately for the non-MUB OC properties, the mix of initial customer decisions over time, as well as our adopted mix for outstanding customer decisions. Details of the results by land zone can be found in Appendix C.2.

Figure 3.4 – Initial Customer Settlement Decisions – Trend by Quarter

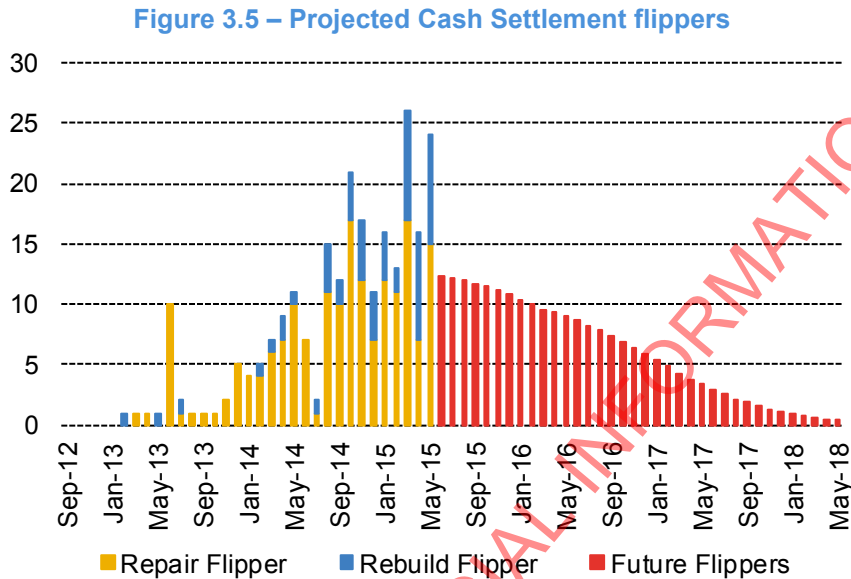


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The large number of customers choosing one of the cash settlement options over an Arrow managed rebuild/repair early on was a result of Red Zone customers representing a disproportionate number of the early decisions. We've selected a future proportion of cash settlements in line with recent experience.

Over the past year we have seen an increase in the number of customers initially selecting an Arrow managed rebuild or repair but switching to a cash settlement option during the process ("flippers"). Figure 3.5 shows historical and projected future numbers of cash settlement flippers.



The higher volume of flippers has resulted in a higher number of ultimate cash settlements projected compared with our June 2014 valuation, as shown in Table 3.1. MUBs are considered separately and most MUB customers are yet to choose a settlement option.

Table 3.1 – Customer Settlement Decisions Summary

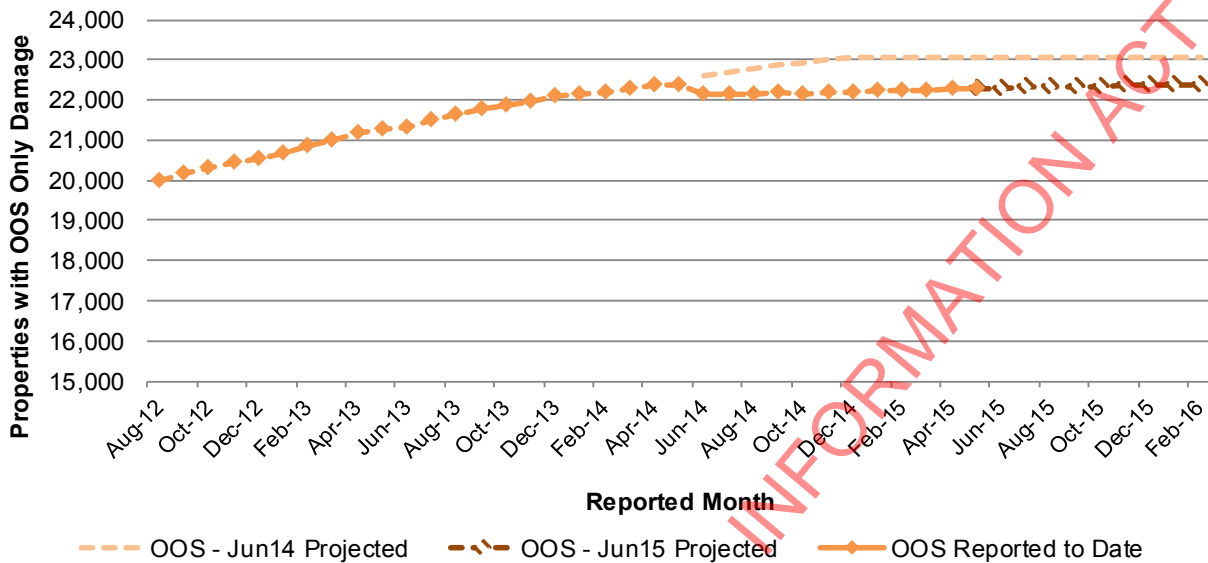
	To Date	Future	Total	Jun 14 Total	Movt from Jun 14
Arrow Managed Rebuild	1,603	32	1,635	1,647	-12
Arrow Managed Repair	1,302	289	1,591	1,463	127
Cash Settlement	3,552	479	4,031	3,608	423
Multi Units	432	91	523	477	46
Total	6,889	890	7,779	7,196	583

Where SRES insures the majority of the units in a MUB, it is likely to manage the construction of the entire block, and the opposite would occur where another insurer insures the majority of a MUB. Therefore, in certain cases SRES and Arrow will manage the construction of MUB properties that SRES does not insure, whilst in others another insurer will manage SRES' properties. We have assumed that the net effect of "sharing" MUBs will be neutral to the overall financial outcome for SRES.

3.3 Properties with Out of Scope Damage Only

Figure 3.6 below shows the progression of the reported number of OOS properties, and the results of our projection, with a comparison to the projections at June 2014.

Figure 3.6 – Properties with OOS Only Damage Projection



The majority of properties moving OC from the EQC settlement process were previously OOS only properties. As the number of these OC's has increased, the number of OOS only properties has conversely decreased. We have assumed that the recent rate of OOS only claims emerging will continue through to the end of 2015. In addition, we assume that all OC properties that are projected to revert to UC will emerge as OOS only claims.

We have also observed that a small number of OOS claims are rejected or withdrawn after Arrow completes its damage assessment. We have assumed that a small proportion of the unassessed OOS properties will ultimately have their claims rejected or withdrawn.

3.4 Summary of Properties with Building Claims

Table 3.2 below summarises our projections of the number of damaged properties at this valuation, split by OC and OOS damage, as well as the projections by settlement path (Arrow Managed vs Cash Settlement) for Over Caps. The table includes a comparison to the 30 June 2014 valuation. Note that the Arrow Managed number includes MUBs.

Table 3.2 – Projected Ultimate Damaged Properties

Properties with Buildings Claims	All Events Combined		
	Jun-14	Jun-15	Movt from Jun14
Over Cap			
Overcaps Recorded Currently	7,080	7,554	474
No. ever reported as Over Cap	8,289	8,781	492
Future additions	315	356	41
Estimated Ultimate No to be assessed	8,604	9,137	533
No. moved under cap	-1,408	-1,358	50
Ultimate No with Over cap damage	7,196	7,779	583
Arrow Managed¹			
- Rebuild	1,840	2,019	178
- Repair	1,747	1,730	-17
	3,587	3,748	161
Cash Settlements¹	3,608	4,031	423
Out of Scope Damage Only			
No in Database	21,797	22,014	217
Estimated further additions	791	85	-706
	22,588	22,099	-489
Total No of Properties with Claims	29,784	29,878	94
No of EQC Only Properties	24,920	24,150	-770
Total with EQ Damage²	54,704	54,028	-676

¹Overcap claim numbers for Jun-14 were modified to include flippers

²Total assumed to be equal to total recorded to date on EQC database

Overall, the projected ultimate number of damaged properties has increased since the June 2014 valuation. The 'EQC Only' category relates to those properties where it has been assessed that there is no damage for which SRES is responsible.

The projected number of properties with OC damage (after allowing for those properties that will move to the 'EQC Only' following Arrow's assessment process) is 7,779. The projected number of properties with OOS damage only (allowing for rejected properties and currently OC properties moving UC) is 22,099.

3.5 Translation to Claim Numbers

Where it is apparent that more than one event has contributed to the Over Cap or OOS damage, a claim is raised against each contributing event and the cost apportioned. In translating the volumes of properties with Over Cap and OOS only damage to their equivalent claim volumes for each event, we have divided the EQ events into two groups:

- The five events where it is apparent that SRES' ultimate payout is likely to exceed the SRES' reinsurance deductible (the 'major events'), namely:
 - ▶ 4 September 2010 (Cat 93)
 - ▶ 26 December 2010 (Cat 99)
 - ▶ 23 February 2011 (Cat 106)
 - ▶ 13 June 2011 (Cat 112)
 - ▶ 23 December 2011 (Cat 122)
- Six other events for which SRES has recoded claims (the 'minor events').

In this section we consider the translation of damaged property numbers to claim numbers. The implication for apportionment of claims costs across the events is set out separately in Section 5.

3.5.1 Major Events

We have used extracts from the AMIGO system to determine the number of OC claims applicable to each property. We have adopted the relationship between property and claim numbers to date for the Over Cap properties yet to be completed. Table 3.3 summarises the adopted ultimate number of OC and OOS claims.

Table 3.3 – Claim Volumes for Major Events

	No. of Claims by Event					Total
	Sep-10	Dec-10	Feb-11	Jun-11	Dec-11	
Over Cap						
Claims To Date	4,465	196	6,317	1,209	186	12,373
Future Net Movement	133	6	188	36	6	369
Ultimate Number Claims	4,598	202	6,505	1,245	192	12,742
Out of Scope Only						
Claims Assessed to Date	9,124	719	12,529	932	694	23,998
Future Assessments	298	26	490	36	25	875
Ultimate Number of Claims	9,422	745	13,019	968	719	24,873

For Out of Scope damage only properties, we have applied the number of claims per property assessed to date to our ultimate projection of OOS properties to come up with our expected ultimate number of claims.

3.5.2 Minor Events

Table 3.4 summarises the number reported to date, together with the ultimate volumes we have included in the valuation.

Table 3.4 – Minor Events Selected Claim Numbers

Events	Over Cap		Out of Scope Only	
	Reported	Ultimate	Assessed	Ultimate
CAT 97 - 19/10/2010	24	25	71	74
CAT 103 - 20/01/2011	8	8	34	35
CAT 107 - 16/04/2011	25	26	17	18
CAT 111 - 6/06/2011	52	54	50	52
CAT 114 - 21/06/2011	9	9	44	45
CAT 117 - 9/10/2011	12	12	37	38

4 Buildings Cover – Over Cap Average Claim Sizes

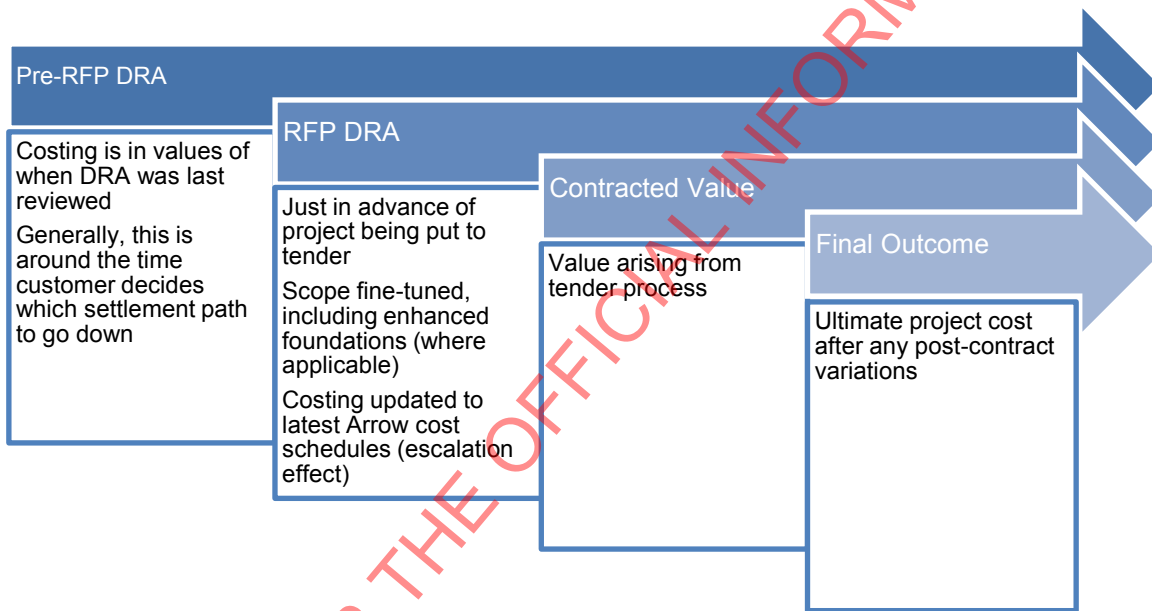
This section sets out our analysis of gross OC average claim sizes, expected EQC contributions, the apportionment of OC claim costs across events, and the future escalation allowance.

4.1 Introduction

Our assessment of Over Cap average claim size for Buildings cover is based primarily on Arrow's assessed costs. Similar to 30 June 2014, we have assessed the adequacy of the DRA estimates against the emerging contract experience to make adjustments to the DRA estimates where appropriate.

The figure below illustrates the stages through which Arrow estimates of Building claims progress.

Figure 4.1 - Progression of DRAs to Final Construction Costs



For the purposes of the valuation, we have examined the development patterns of the estimates across these phases to adjust currently recorded values to their equivalent likely ultimate value at construction completion. In addition, we have considered the potential impact of the emerging experience in respect of enhanced foundation costs relating to TC3 and TC2 properties.

We note that the figures shown in this section exclude allowances made in the DRAs for project management fees. The allowance for project management fees is documented separately in Section 8.1.

4.2 Over Cap Claim Sizes

4.2.1 Recorded DRA Assessed Costs

The table below summarises the average DRA estimate, by zone, for the 3,526 Over Cap DRAs completed to date, where customers haven't chosen a cash settlement option. We consider the average size of cash settled properties separately.

withheld pursuant to sections 9(2)(i) and 9(2)(j)

Table 4.1 – Average DRA Assessed Costs (excluding Arrow fees)

	Red	TC3	Hills	Other	All Regions
Rebuilds					
No of completed DRAs	161	1,282	232	374	2,049
DRA ex Enhanced Foundations, Arrow Costs (\$000)	■	■	■	■	■
Enhanced foundations and engineering costs (\$000)	■	■	■	■	■
Total ex Arrow Costs	■	■	■	■	■
Repairs					
No of completed DRAs	5	703	319	450	1,477
DRA ex enhanced foundations, Arrow costs (\$000)	■	■	■	■	■
Enhanced foundations and engineering costs (\$000)	■	■	■	■	■
Total ex Arrow Costs	■	■	■	■	■

The figures in the table show the assessed cost split into the standard DRA estimate (which incorporates a ■% contingency margin for rebuilds and ■ for repairs) as well as allowances in excess of the standard contingency amounts. The additional contingency amounts reflect allowances made by Arrow for the cost of enhanced foundations in TC3 and more complex engineering solutions for Hills properties; the costs of which are not reflected in the standard DRA estimates.

The enhanced foundations allowances in the Group Home Build (GHB) DRAs reflect the following adjustments made to the standard DRA estimates –

- TC3 properties - an allowance of ■% to ■% over and above the standard DRA for the expected cost of enhanced foundations, which were not allowed for in the original DRAs (as the building requirements at the time did not necessitate the more complex foundations deemed to be necessary now).
- Hills properties – ■% has been added for all Hills properties to allow for more costly engineering solutions involved in the construction of Hills properties.
- Other Zones - ■% was included for TC2 properties and ■ was included for all other properties.
withheld pursuant to sections 9(2)(i) and 9(2)(j)

For properties where construction has been completed, the completed value of the Building claim is used in place of the DRA value. The figures in the table reflect the “starting point” of our assessment of the average cost of Over Cap property damage.

4.3 Estimated Rebuild and Repair Costs in June 2015 Values

The DRA estimates above reflect estimates for Building claims at various stages of the “lifecycle” for a property; from initial assessment through to completion of construction and finalisation of the claim. In interpreting the current DRA estimates, we have considered the lifecycle in the four stages described earlier.

For the purposes of the valuation, we have examined the development patterns of the estimates across these phases to adjust currently recorded values to their equivalent likely ultimate value, in June 2015 dollars (that is the estimated cost of the construction at today’s rates).

The adjustments made to the DRAs give regard to –

- the effect of past escalation in construction costs to adjust DRA values to reflect current construction rates,
- the effect of scope changes at RFP stage on the DRA estimates,
- the effect of savings or over-runs relative to DRAs at the construction stage, and

- the expected size for DRAs yet to be done.

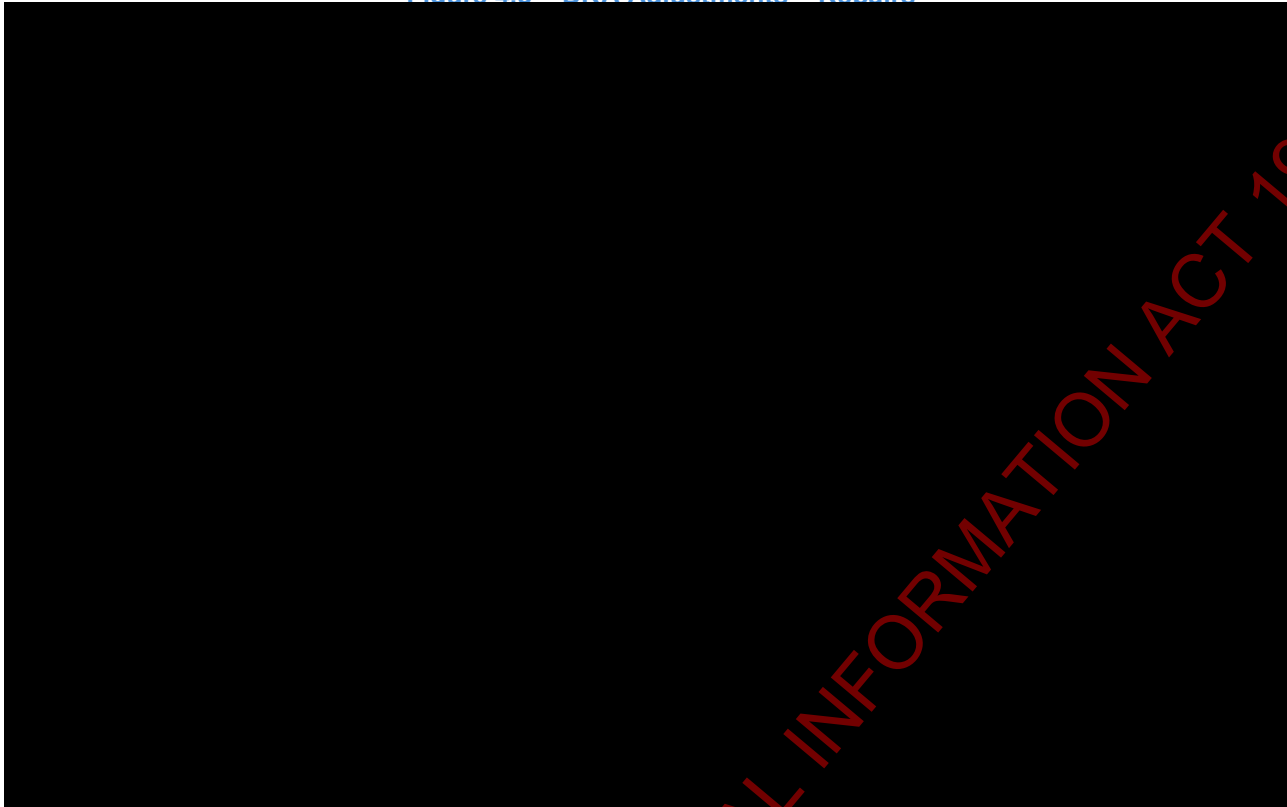
Figure 4.2 shows experience by quarter of the progression of Rebuild DRA's through different stages of their lifecycle along with an explanation of our selected assumptions. Figure 4.3 provides the same details for repair DRA's. Note that pre-RFP DRAs have been adjusted using an escalation index (which can be found in Appendix C.3) to re-state them to June 2015 values so that the effect of scope adjustments can be considered in isolation. These movements also exclude the costs of enhanced foundation solutions and contingency loadings as these are considered separately.

Figure 4.2 – DRA Adjustments - Rebuilds



withheld pursuant to sections 9(2)(i) and 9(2)(j)

Figure 4.3 – DRA Adjustments – Repairs



withheld pursuant to sections 9(2)(i) and 9(2)(j)

Table 4.2 summarises our selected adjustments for each stage of the DRA lifecycle.

Table 4.2 – DRA Lifecycle Adjustments Summary

Stage	Adjustments to DRAs	
	Rebuilds	Repairs
RFP		
Escalation	█%	█%
Scope	█%	█%
Contract Movement	█%	█%
Post Contract Variations	█%	█%

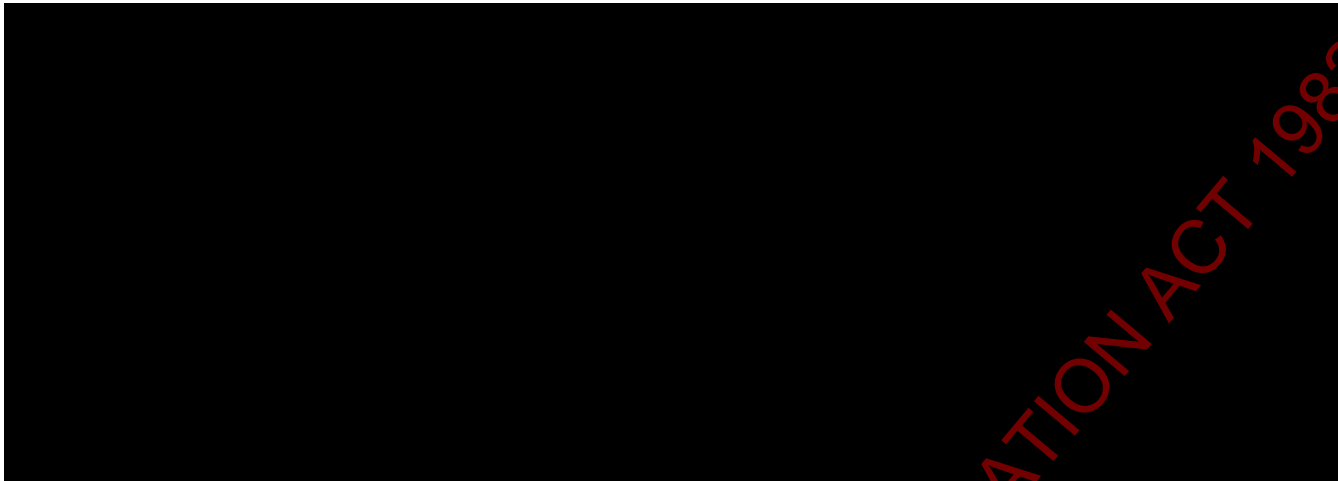
Using Rebuilds as the example, the table can be read as follows:

- for all DRAs currently awaiting an RFP DRA, their recorded value has been increased by an average of █% to account for past escalation and by █% to allow for expected scope changes at time of RFP
- the same DRAs plus all current RFP DRAs then have a █ change applied for the anticipated movement at contract stage (relative to the RFP DRA excluding contingency)
- for all the above plus properties already contracted, a █ adjustment is made for the impact of post contract variations.

withheld pursuant to sections 9(2)(i) and 9(2)(j)

For properties assessed for the first time at some point in the future, DRA sizes have been selected for MUB's and stand-alone buildings by looking at the size of assessments done on properties moving Over Cap as a result of EQC settlement process. All future assessments are expected to be on properties that have moved Over Cap as a result of this process. Figure 4.4 shows our selected sizes.

withheld pursuant to sections 9(2)(i) and 9(2)(j)



The table below shows the combined effect of the adjustments we have made to the DRA average claim cost estimates in developing them to the expected ultimate average claim costs at completion of construction. The movements that have been observed to date from their respective current states to completion (the “ultimate”) are also shown. The table includes the cost of enhanced foundations and contingency loadings (where appropriate) and excludes DRAs where the customer has chosen an option that does not involve an Arrow managed construction.

withheld pursuant to section 9(2)(i) and 9(2)(j)

Table 4.3 – DRA Adjustments (Arrow Managed Constructions Only)

Current Status	Rebuilds			Repairs				
	No. of Properties	Current (\$000)	Ultimate (\$000)	Net Adopted Mov't vs Current	No. of Properties	Current (\$000)	Ultimate (\$000)	Net Adopted Mov't vs Current
Cash Settled	2,855	█	█		697	█	█	
Pre-RFP	490	█	█	12%	722	█	█	32%
Post-RFP	437	█	█	-3%	174	█	█	-7%
Contracted	560	█	█	1%	238	█	█	0%
Completed	562	█	█	0%	343	█	█	0%
DRAs ex Cash Settled	2,049	█	█	2%	1,477	█	█	13%
Future DRA's	116	█	█	-1%	585	█	█	17%
	2,165		█		2,062		█	
Future Cash Settlement Elections	146				333			
Ultimate	2,019				1,730			

The adjustments reflect our view that, based on the experience to date, and including an allowance for the projected future DRAs –

- The ultimate average rebuild cost (in June 2015 dollars) will be █% above that currently recorded in Arrow's DRAs.
- The ultimate average repair cost (in June 2015 dollars) will be █ above that currently recorded in the DRAs.

We have assumed that MUB's will develop at the same rates as stand-alone repairs and rebuilds as there has not been enough experience on these to date to analyse separately and no anecdotal evidence to suggest a different development pattern would be more appropriate.

4.4 Cost of Enhanced Foundations

4.4.1 TC3 Properties

In addition to the “development” of DRAs above, we have considered whether the DRAs need any further adjustments to reflect the emerging experience relating to the cost of enhanced foundation solutions in areas with badly damaged land. A number of properties in TC3 and TC2 will require enhanced foundation solutions due to extensive land damage. The enhanced foundation solutions are expected to be more costly than the standard “3604” foundations allowed for in the standard DRA estimates.

The table below sets out the adjustments made to DRAs (per property) in respect of TC3 enhanced foundations. withheld pursuant to sections 9(2)(i) and 9(2)(j)

Table 4.4 – Adjustment to TC3 DRAs for Enhanced Foundations

TC3 Enhanced Foundations	(\$'000)
████████████████████	████
████████████████████	████
████████████████████	████
████████████████████	████

Arrow initially included an additional █████ contingency in TC3 rebuild DRAs, as an allowance for the expected cost of TC3 enhanced foundations, which equates to around \$██████ per property.

Since that allowance was added to the DRA estimates, Arrow has subsequently contracted around 580 TC3 properties with enhanced foundations. Based on the contract outcomes for these properties the expected cost of enhanced foundations for TC3 properties is around \$██████ per property (allowing for differences in mix for contracted properties versus those yet to be contracted).

SRES expects to be able to recover the full cost of enhanced foundations for around 300 TC3 properties which have been identified as being eligible for EQC land damage compensation payments. This equates to around █████ million in expected land remediation recoveries in total, or around \$██████ per property across the 1,900 TC3 rebuilds.

The net result is an expected cost to SRES of \$██████ per property, compared to the █████ allowed for in the DRAs. Therefore we make a small downward adjustment to TC3 DRAs to reflect this expected saving relative to the DRA allowances.

4.4.2 TC2 Properties

Due to the extent of land damage experienced for a number of properties, a number of TC2 properties will also require enhanced foundations. The DRAs currently make approximately a █████ allowance for TC2 properties. We have estimated the expected cost of enhanced foundations in TC2 by looking at the proportion of properties requiring enhanced foundation solutions and the average size of the solution for the 414 TC2 rebuilds that have gone to contract.

Contract experience to date suggests that approximately 50% of TC2 properties will require enhanced foundations at an average cost of approximately \$██████ above a standard 3604 foundation. This suggests an average cost across all TC2 properties of \$██████. This is lower than the allowance currently in the DRAs but on the expectation that outstanding properties will be more complex and hence have a higher proportion requiring enhanced foundation solutions, we have not made any adjustments to the DRA values for TC2 foundations. withheld pursuant to sections 9(2)(i) and 9(2)(j)

4.5 Impact of Customer Settlement Options

Under AMI's policy terms, there are a number of alternative settlement options available to customers. Eligible customers are able to choose between rebuilding their property elsewhere, purchasing another property, or taking a cash settlement. Until recently, where customers choose a form of cash settlement, SRES had been settling these claims on a basis where certain costs included in the DRA (in particular, design fees and contingency) were excluded from the cash settlement amount. Our previous valuations had explicitly made an allowance for this approach and assumed that future cash settlements would also be made on this basis.

On 22 July 2015, the New Zealand Supreme Court issued a judgment¹ in respect of the Avonside vs SRES case ("Avonside decision") where it upheld the Court of Appeal's ruling in late 2014 that SRES must pay customers that are cash settling an amount inclusive of the contingency. The wording of the judgment indicates that a 10% allowance for contingency would be expected, consistent with the contingency allowance in the DRAs. The Avonside decision has a potential impact on three different groups of claims:

- Properties Settled Prior to Court of Appeals Decision
 - ▶ Consistent with SRES' legal advice, we have assumed that there will not be any change in settlement terms for properties settled prior to the Court of Appeals decision¹ made on 1 October 2014.
- Properties Settled between Court of Appeals Decision and 30 June 2015
 - ▶ Of the customers who settled since the original appeal decision in 1 October 2014, a number have been settled with no contingency paid out. Our revised valuation allows for the potential for SRES to retrospectively adjust the settlement amount for this group.
- Future Cash Settlements Post 30 June 2015
 - ▶ Our revised claim size assumption for future cash settled properties post 30 June 2015 has been increased by 10%, to reflect the required settlement response from SRES under the judgment.

Essentially, this means that, for future (and very recent) cash settlements, the valuation assumes that the cost outcome will be the same irrespective of whether the customer chooses an Arrow-managed project or elects to take a cash settlement.

This change in the valuation acts to increase the net central estimate by around \$18 million.

4.6 EQC Contributions and Event Apportionment

In this section we set out our analysis of the likely levels of EQC contributions and the apportionment of buildings damage across events.

Up until August 2014, SRES went through a process of agreeing apportionment (the process is referred to as "endorsement"), and therefore EQC contributions with the EQC, but in an effort to speed up the settlement process, SRES now accepts the apportionment put forward by the EQC.

¹ *Avonside Holdings Ltd v Southern Response Earthquake Services Ltd* [2014] NZCA 483

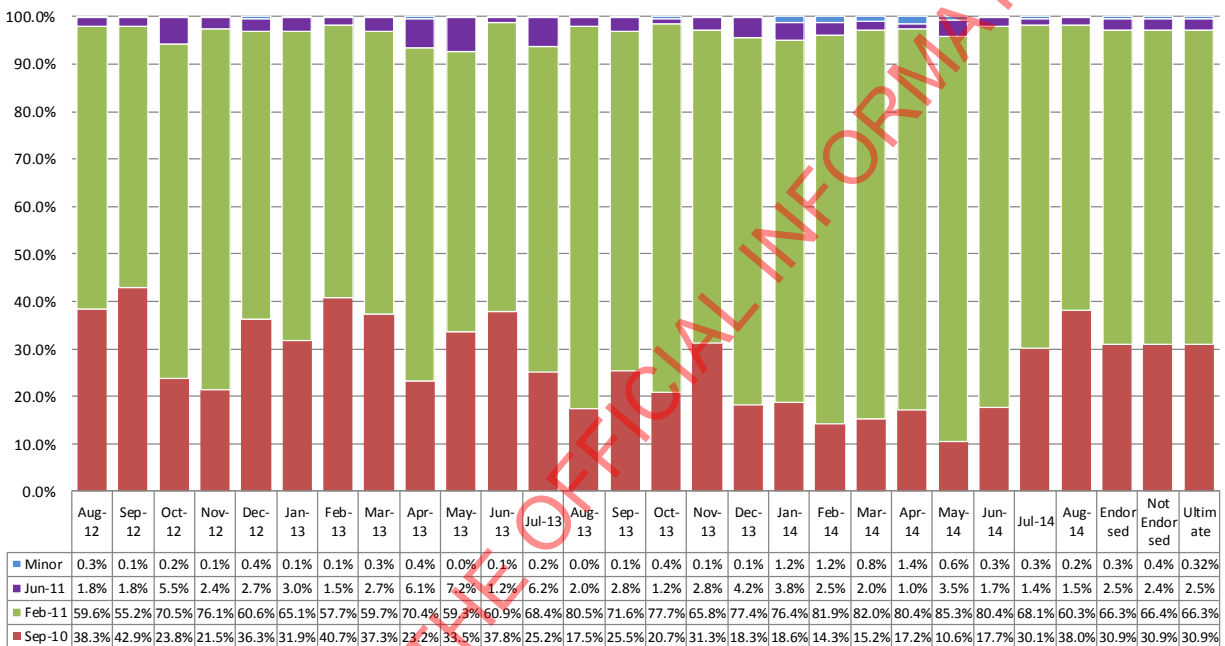
We use the endorsement experience up until August 2014 as the basis for projection of the ultimate apportionment of OC claims across events and explicitly allow for any difference in mix between endorsed and not endorsed properties.

We estimate EQC contributions for properties that haven't gone through the endorsement process by looking at estimates recorded directly in EQC's database and making adjustments for any "leakage" that has historically occurred when comparing EQC's estimates to the amount ultimately recorded by SRES.

4.6.1 Apportionment Across Events

The figure below shows the event apportionment agreed with the EQC for the 5,250 OC properties endorsed to date, as well as our projected apportionment for those properties yet to be endorsed.

Figure 4.5 – Apportionment of Cost Across Events (by Month Endorsed)



Endorsements in the June 2014 to August 2014 months had a higher proportion of costs allocated to the September event, but this was expected in our June 2014 valuation basis by looking at the mix of outstanding properties at that time. The mix of outstanding properties is now similar to the mix of properties endorsed to date. Our projected apportionment between events is essentially unchanged relative to the June 2014 valuation.

4.6.2 EQC Contributions

The table below shows the EQC contributions recorded from three sources:

- Final EQC contributions recorded in SRES' data for contracted and completed properties.
- The agreed EQC contribution coming out of the endorsement process for properties yet to be contracted or completed.
- The EQC contribution recorded directly in EQC's database for properties that haven't been endorsed.

Table 4.5 – Average EQC Contributions

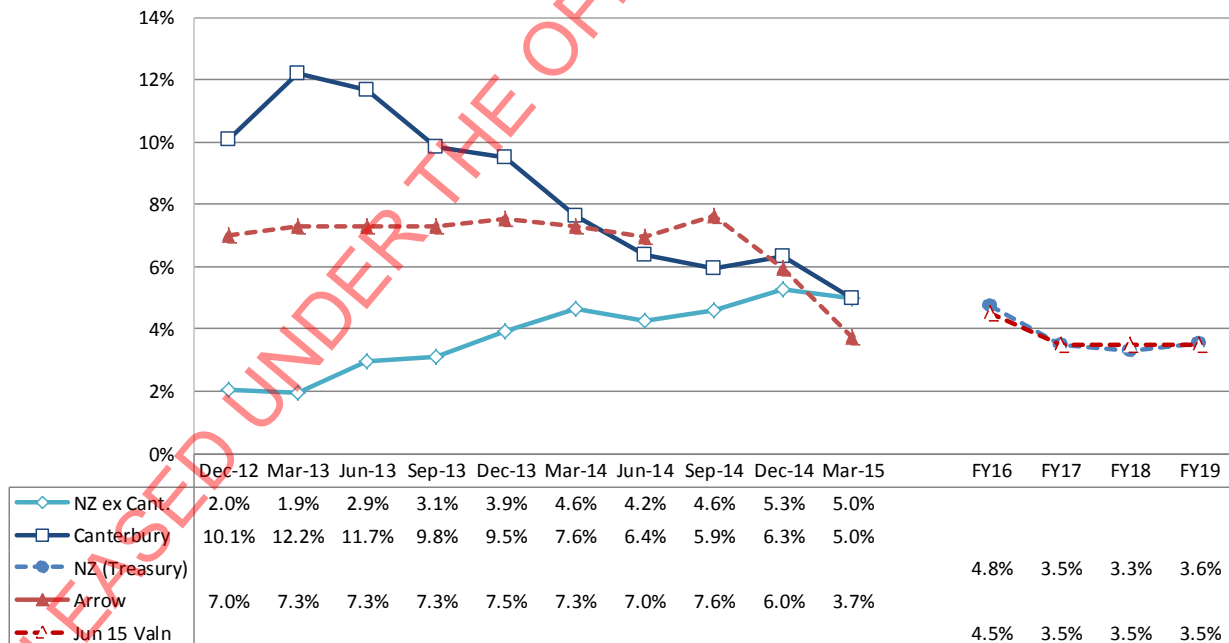
		Rebuilds	Repairs	Settlements	Multi Units
Recorded Contribution	SRES Data	124,000	117,000		109,000
	Endorsed	124,000	125,000	126,000	112,000
	EQC Data	129,000	120,000	123,000	118,000
Numbers	SRES Data	1,027	562		42
	Endorsed	429	383	2,893	112
	EQC Data	241	420	616	248
"Leakage" - Relative to SRES Data	SRES Data	0%	0%	0%	0%
	Endorsed	0%	-1%	0%	0%
	EQC Data	3%	-1%	0%	1%
Average Contribution		126,000	119,000	126,000	116,000
Overall					124,000

The three data sources are combined by comparing any historical differences relative to the final contribution recorded by SRES ("leakage"). The resulting ultimate EQC contribution is therefore around \$124,000 per property and is \$500 higher than our June 2014 estimate.

4.7 Future Escalation

Our valuation explicitly allows for the impact of future building cost escalation. The figure below compares the recent experience for Canterbury versus the rest of New Zealand and shows how our adopted assumptions compare to Treasury's national forecasts. The past experience is shown as 12 month rolling movements.

Figure 4.6 – Building Cost Escalation



Based on the figures above we make the following observations:

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- Initially very high rates of escalation were reported for Canterbury (>10% p.a.) at a time when the rest of New Zealand was experiencing around █% to █% per annum.

- In recent periods, the Canterbury and NZ excluding Canterbury rates of escalation have come together at rates of escalation around █% per annum.
- Treasury’s forecasts anticipate building cost escalation settling down at around █% per annum over the medium term.
- Arrow cost schedules initially increased by around █% per annum, well below the observed increase in construction costs in the wider Canterbury area. Experience in recent quarters suggests escalation experienced by SRES is now in line with that experienced by the market.

Consistent with the above observations, for this valuation, we have assumed that SRES will experience building cost escalation in line with Treasury’s forecasts. This results in rates of escalation lower than those adopted at our June 2014 valuation, as set out in the table below.

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Table 4.6 – Assumed Future Escalation

Year	Jun-15 Valn			Jun-14 Valn			Change	
	National Forecast	Assumed Canterbury	Gap	National Forecast	Assumed Canterbury	Gap	National Forecast	Assumed Canterbury
FY16	█	█	█	█	█	█	█	█
FY17	█	█	█	█	█	█	█	█
FY18	█	█	█	█	█	█	█	█
FY19	█	█	█	█	█	█	█	█

We have assumed that escalation during FY16 will be similar to the level of escalation observed in recent quarters and in line with the national forecast. Along with the reduction of the gap between the national forecast and the assumed Canterbury escalation rate, there has also been a reduction in the national forecast compared to June 2014. This has resulted in an escalation reduction of █ in FY16 and █% for the remainder of the construction programme.

4.8 Summary of Projected Over Cap Claim Costs

The table below summarises the resulting projected claims costs, separately for those customers selecting an Arrow managed repair or rebuild, and those choosing one of the cash settlement options.

Table 4.7 – Summary of Over Cap Claim Costs (Current & Inflated Values)

	No of Properties	Average Claim Size \$000				Total Claim Cost \$m			
		Recorded	Adjust.	Value in \$Jun15	Jun14 Val \$Jun15	Recorded	Adjust.	Value in \$Jun15	Jun14 Val \$Jun15
Rebuild	2,019	█	█	█	█	█	█	█	█
Repair	1,730	█	█	█	█	█	█	█	█
Arrow Managed	3,748	█	█	█	█	█	█	█	█
Cash Settlements	4,031	█	█	█	█	█	█	█	█
All Over Cap	7,779	█	█	█	█	█	█	█	█
EQC Contribution				█	█			█	█
Net Over Cap				█	█			█	█
Gross Inflated Average Size				█	█			█	█
EQC Contribution				█	█			█	█
Net Inflated Average Size				█	█			█	█
Net Inflated Claims Cost (\$m)				█	█			█	█

The amounts shown above exclude project management costs. In June 2015 values, the projected ultimate average size (net of EQC contributions) has increased from █ to █, predominantly due to the sizeable increase in the projected ultimate average size for repairs. The total claim cost has increased further as a result of the 583 additional properties projected to have Over Cap damage.

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5 Buildings Cover – Out of Scope Claims

5.1 Introduction

We have relied on data from Arrow’s ‘Mercury’ system in estimating the average size per OOS property. The Mercury system contains initial cost estimate for all out of scope properties that have had assessments completed, as well as the final cost for OOS properties that have had construction work completed.

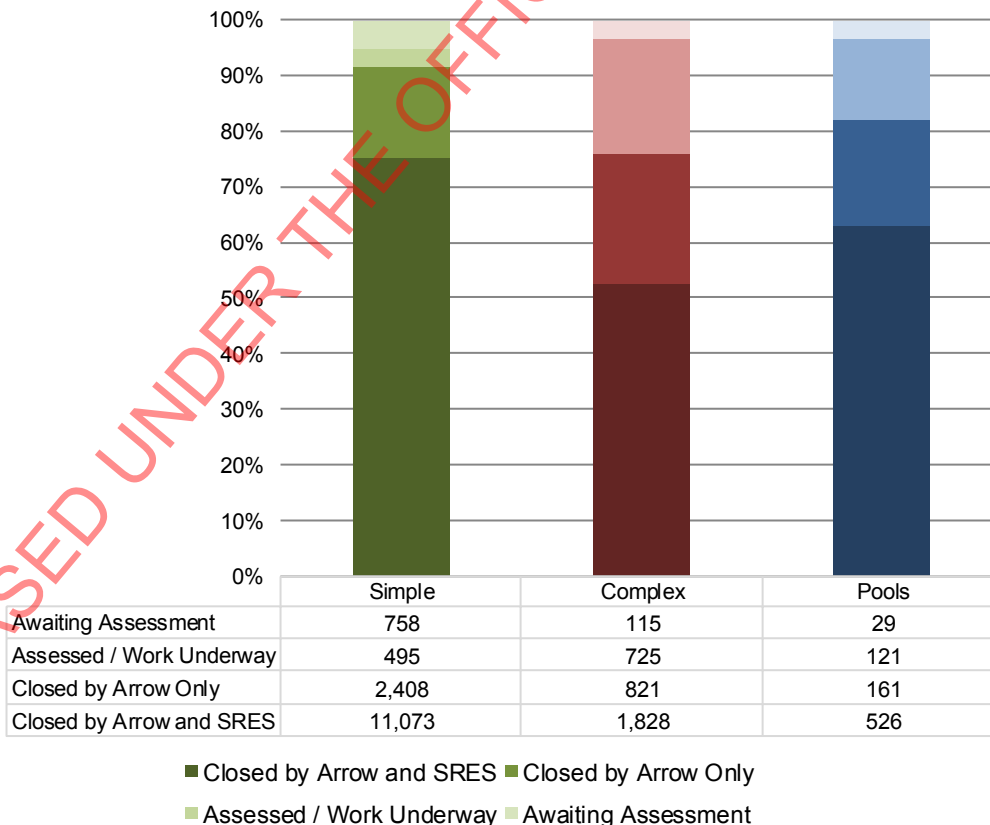
We split our analysis of claim sizes into three OOS claim type categories:

- Simple or Cash Out Claims – these are claims which are classified by Arrow as being ‘standard’ OOS repair claims or claims that have been primarily cashed out.
- Complex Claims – claims having mixed components of cash outs and repairs, or with repair work having complexities or special works required.
- Pools – claims that have a spa or swimming pool attached to the property required to be repaired.

5.2 Claims Assessments to Date

As at June 2015, Arrow has completed most of its total claim assessments and constructions. Arrow have progressed around 18,000 OOS properties to a point where there are either finalised costs or reliable estimates of the likely cost available. Figure 5.1 below sets out the current assessment status of the projected ultimate number of properties with OOS only damage.

Figure 5.1 – Assessment Status of Arrow Managed OOS claims



In addition to these claims, there are around 2,900 OOS claims which are not managed by Arrow but managed by Southern Response. These are usually older claims that have been mostly finalised by the claims management company used by Southern Response prior to Arrow, or directly by Southern Response themselves.

5.3 OOS Claim Costs

In previous valuations we have analysed OOS claim sizes by segmenting according to claim type and by land zone, and adopted an average claim size assumption for reported and future properties. As Arrow have now completed a majority of its claims assessments and construction, and only a small number of claims remains to be assessed, we have simplified our approach to calculate the outstanding claims liability for OOS claims. Our approach in the June 2015 valuation consists of the following steps for Arrow Managed OOS claims:

1. For **reported and assessed claims**, calculate the total reported assessed case estimate amount and apply a development factor to arrive at an ultimate cost.
2. For **future or unassessed claims**, adopt the implied ultimate average claim size from Step 1 to arrive at an ultimate cost.
3. For **claims that have been deemed finalised by Arrow but not finalised by SRES**, apply a development factor to the reported incurred amount to account for adjustments to payments at the finalisation stage to customer.
4. Deduct the claim payments made to date excluding Arrow claims management cost paid to date by SRES to arrive at the final outstanding claims cost for OOS claims.

To assess the development factors applied above, we have applied an ICD method to reported incurred claims costs. Table 5.1 below summarises the development factors:

Table 5.1 – OOS Claims Incurred Development Factors

OOS Claim Status	Simple	Complex	Pools	Total
Closed by Arrow and SRES	1.00	1.00	1.00	1.00
Closed by Arrow Only	1.04	1.04	1.04	1.04
Assessed / Work Underway	1.02	1.04	1.08	1.04

Appendix D details the calculation of these incurred development factors.

Table 5.2 below summarises the reported case estimates and the resulting ultimate OOS cost for Arrow Managed OOS claims when these development factors are applied.
withheld pursuant to sections 9(2)(i) and 9(2)(j)

Table 5.2 – OOS Ultimate Claims Cost

OOS Claim Status	Properties	Reported Case Estimate (\$m)	Development Factor	Ultimate Cost (\$m)
Closed by Arrow and SRES	13,427	██████	1.00	██████
Closed by Arrow Only	3,390	██████	1.04	██████
Assessed / Work Underway	1,341	██████	1.04	██████
Awaiting Assessment	902	-	-	██████
Total	19,060	254.7		271.9

The total Arrow Managed OOS ultimate claims cost is \$271.9m, excluding Arrow OOS claims management costs.

5.4 Miscellaneous OOS Costs

There are a number of additional costs that are associated with the OOS claims not included in the above analysis:

- SRES Managed OOS Properties – properties which are not managed by Arrow but directly managed by SRES. Most of these are older claims which were previously managed by another claims management company prior to Arrow, and all of these claims have been finalised for a number of years. We assume there are no outstanding payments to be made against these claims.
- Under Cap Properties – properties which were originally reported to SRES as Over Cap claims, but post DRA assessment have been deemed Under Cap and have an OOS cost component attached and are yet to be assessed by Arrow.
- Red Zone Indemnities – properties which have become Under Cap as a result of the CERA settlement but have associated OOS damage that will need to be paid.
- Removal of Contents – costs associated with contents removal or storage during the Under Cap repair work, as part of the buildings policy coverage.
- Excess costs – customers were previously paying both an EQC claim excess as well as an OOS excess to their insurer. A court ruling in late 2013 resulted in insurers being refused the right to collect an excess where a customer had already paid an excess on their EQC only claim. As a result SRES have refunded OOS excesses that had been collected from customers prior to the ruling. All refunds have been completed by SRES as of the valuation date.

Table 5.3 summarises the estimated costs for each of these areas. The costs have been apportioned in line with the apportionment of the other OOS claim costs.

Table 5.3 – Miscellaneous OOS Costs

	Ultimate Cost (\$000's)
SRES Managed OOS Claims	28,874
Under Cap Properties	636
Red Zone Indemnities	363
Removal of Contents	3,378
Excess Costs	2,329
Total	35,579

5.5 Summary of Outstanding OOS Claims Cost

Table 5.4 shows the summary of the total ultimate claims cost of OOS only claims, excluding Arrow costs:

Table 5.4 – OOS Ultimate Claims Cost Excluding Arrow Costs

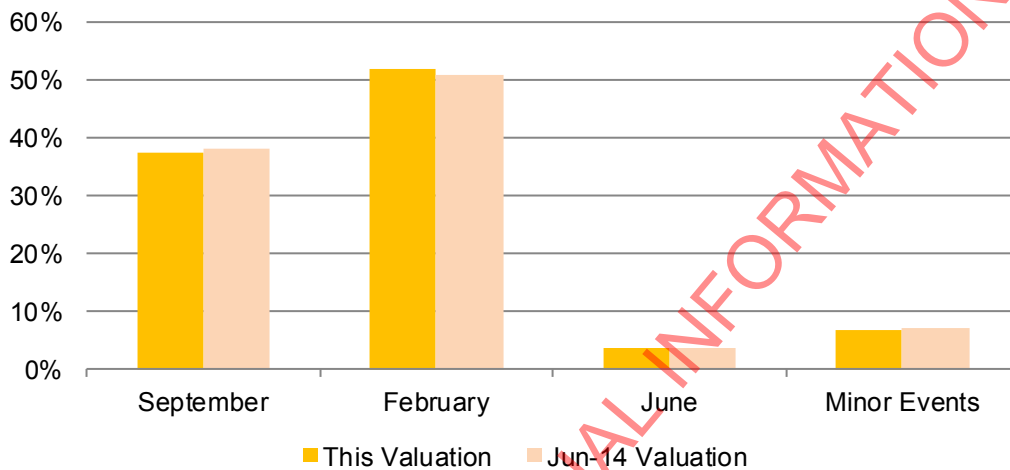
	\$000s
Ultimate Cost	
Arrow Managed OOS Claims	271,934
Miscellaneous OOS Costs	35,579
Total Ultimate Cost (excluding Arrow Costs)	307,513

5.6 Apportionment to Events

Arrow has been capturing the allocation for assessed properties based on discussions held with the customer at the time of assessment. OOS costs are apportioned using the results of Arrow's apportionment for assessed properties. We assume that apportionment for unassessed properties for each land zone will be in line with the observed apportionment to date.

The figure below compares the results of the apportionment process to the previous valuation's apportionment of OOS claims costs.

Figure 5.2 – OOS Apportionment Overall



Overall the apportionment remains relatively unchanged from last valuation.

Table 5.5 summarises the outstanding claims cost apportioned by event.

Table 5.5 – OOS Outstanding Claims Cost by Event

	Sep-10	Dec-10	Feb-11	Jun-11	Dec-11	Minor Events	All
No of Claims							
Reported	9,124	719	12,529	932	694	253	24,251
Future	298	26	490	36	25	9	884
Ultimate	9,422	745	13,019	968	719	262	25,135
Total Cost (\$'000s)							
Reported	99,153	7,813	136,153	10,131	7,543	2,745	263,537
Future	14,804	1,277	24,381	1,787	1,260	467	43,976
Ultimate	113,957	9,090	160,533	11,918	8,803	3,212	307,513

5.7 Future Escalation

We apply the same future escalation assumptions to OOS claims as used for OC claims.

6 Other Covers

6.1 Temporary Accommodation

6.1.1 Approach

The cost of temporary accommodation is covered for up to 12 months and is subject to a maximum of 25% of contents sum insured (noting that SRES has agreement from reinsurers to extend the period to 12 months from the 6 months specified in its policy wording).

The valuation approach is unchanged from last year. We have categorised the claims as arising from either one of the following claim types:

- Over Cap,
- Under Cap (a property with OOS damage only or EQC liability only), or
- Contents Only claim (where the policyholder has not lodged a buildings claim to SRES or EQC).

The rationale behind this approach is that a more severely damaged property will tend to lead to longer periods of displacement for policyholders, and therefore incur more temporary accommodation cost.

For temporary accommodation claims arising for customers with Over Cap claims, we categorise the claims into three categories: Arrow managed rebuilds ('Rebuilds'); Arrow managed repairs ('Repairs') and Non-Arrow managed or cash outs ('Cash Out'). We expect that temporary accommodation claim lodgements and payments from Arrow managed constructions will coincide with when the property enters construction phase. For Under Cap claims we use the EQC statement of works as an indication of the approximate damage to the property and categorise the claims according to the expected cost identified by the EQC statement of works.

For Over Caps the ultimate numbers of temporary accommodation claims have been projected by using the projected number of Over Cap building claims as a starting point, and selecting a proportion of these to ultimately lodge temporary accommodation claims. For the other categories we have used a chain ladder model to project future claim lodgements. In projecting claim sizes, we have made assumptions regarding the percentage of the claimant's entitlement expected to be used.

6.1.2 Results Summary

Table 6.1 summarises the results of the experience to date and our projected ultimate cost. Details of the analysis by claim type can be found in Appendix D.

Table 6.1 – Projected Ultimate Cost of Temporary Accommodation Claims

	Over Caps				Under Caps Total	Contents Only	Total	Jun14 Valn
	Rebuilds	Repairs	Cash Out	Total				
Reported Claims								
Open Claims								
Claim Numbers	384	513	242	1,139	441	410	1,990	2,853
To Date Average Claim Size (\$)	6,842	4,978	6,315	5,890	3,724	5,657	5,362	3,009
Ultimate Average Claim Size (\$)	13,947	14,038	12,770	13,738	7,467	8,935	11,359	7,599
Finalised Claims								
Claim Numbers	645	233	1,044	1,922	7,779	2,691	12,392	10,145
Finalised Average Claim Size (\$)	12,944	11,913	10,595	11,543	4,652	5,359	5,874	5,671
Claims to Date	1,029	747	1,285	3,061	8,220	3,101	14,382	12,998
Average Size	13,319	13,374	11,004	12,360	4,803	5,832	6,633	6,094
Reported to Date Total (\$m)	13.7	10.0	14.1	37.8	39.5	18.1	95.4	79.2
IBNR Claims								
Claim Numbers	380	564	82	1,026	73	89	1,188	3,654
Adopted Average Claim Size (\$)	14,874	14,434	12,402	14,435	7,614	8,250	13,549	9,302
IBNR Total (\$m)	5.7	8.1	1.0	14.8	0.6	0.7	16.1	34.0
Total								
Ultimate Claim Numbers	1,409	1,310	1,368	4,087	8,293	3,190	15,570	16,652
Ultimate Average Size	13,738	13,830	11,088	12,881	4,828	5,899	7,161	6,798
Estimated Ultimate Liability (\$m)	19.4	18.1	15.2	52.6	40.0	18.8	111.5	113.2

The projected ultimate claim numbers have reduced slightly since June 2014. The volume of temporary accommodation claim lodgements have reduced over the last 12 months as the EQC repair programme is nearing completion towards late 2015, and we have responded to this experience by reducing our future claim number assumptions. The effect of the reduction in claim numbers was offset by an increase in the projected ultimate claim size. This has been mainly driven by higher utilisation of the temporary accommodation entitlements, and a more concerted effort by Southern Response to cash settle claims.

The net impact of the lower claim numbers and higher claim sizes results in an estimated ultimate liability of \$111.5 million, which is a slight reduction from the June 2014 valuation.

Table 6.2 shows the split of the temporary accommodation costs by event.

Table 6.2 – Projected Ultimate Cost of Temporary Accommodation Claims by Event

	Sep-10	Dec-10	Feb-11	Jun-11	Dec-11	Other Events	Total
Ultimate Claims	3,655	54	11,194	488	120	58	15,570
Ultimate Average Size (\$)	7,161	7,161	7,161	7,161	7,161	7,161	7,161
Ultimate Liability (\$m)	26.2	0.4	80.2	3.5	0.9	0.4	111.5
% Allocation to Event	23.5%	0.3%	71.9%	3.1%	0.8%	0.4%	

6.2 Other Cover Types

Table 6.3 shows our adopted ultimate cost for the other classes types:

Table 6.3 – Other Cover Types Ultimate Cost Summary

	Reported		Ultimate			Estimated Cost (\$m) Jun-14
	Claim Numbers	Average Size	Claim Numbers	Average Size	Estimated Cost (\$m)	
Lost Rent	2,266	6,280	2,505	6,484	16.2	13.8
Contents	1,841	9,536	2,264	9,592	21.7	16.9
Vehicles	3,003	2,134	3,003	2,130	6.4	5.5
Other	122	9,334	125	9,144	1.1	1.3
Total	7,232	5,439	7,897	5,761	45.5	37.6

Overall, there has been an increase of \$7.9m in the other claim classes since the June 2014 valuation, driven mainly by an increase in Contents claims lodgements over the last 12 months. This increase is driven by customers lodging a Contents claim to recover the cost of replacing interior furnishings of the property when it undergoes the construction phase to be rebuilt. We expect this trend to gradually decline once SRES nears the end of its Rebuild construction commencements.

Table 6.4 summarises the claim numbers and average sizes adopted for other classes, apportioned by event.

Table 6.4 – Other Cover Types Ultimate Cost Summary by Event

		Reported		Ultimate			Estimated Cost (\$m) Jun-14
		Claim Numbers	Average Size	Claim Numbers	Average Size	Estimated Cost (\$m)	
4 Sept 2010 Darfield	Lost Rent	403	6,693	424	6,871	2.9	2.8
	Contents	399	5,534	490	5,534	2.7	1.9
	Vehicles	1,063	1,221	1,063	1,221	1.3	1.2
	Other	73	11,183	73	11,183	0.8	0.9
	Total	1,938	3,622	2,050	3,776	7.7	6.8
22 Feb 2011 Lyttleton	Lost Rent	1,708	6,310	1,912	6,535	12.5	10.3
	Contents	1,323	11,270	1,646	11,270	18.6	14.6
	Vehicles	1,722	2,796	1,722	2,796	4.8	4.1
	Other	32	7,681	32	7,681	0.2	0.4
	Total	4,785	6,426	5,312	6,797	36.1	29.4
13 June 2011 Lyttleton	Lost Rent	122	5,169	135	5,177	0.7	0.6
	Contents	66	4,438	75	4,438	0.3	0.2
	Vehicles	128	1,576	128	1,576	0.2	0.2
	Other	10	4,429	10	4,429	0.0	0.0
	Total	326	3,587	347	3,669	1.3	1.0
Minor Events	Lost Rent	33	3,777	34	3,941	0.1	0.1
	Contents	53	2,722	53	2,262	0.1	0.1
	Vehicles	90	1,041	90	902	0.1	0.1
	Other	7	4,614	10	3,660	0.0	0.0
	Total	183	2,158	187	1,987	0.4	0.4
Total						45.5	37.6

6.3 Escalation

The table below summarises the escalation rates assumed for each of the other cover types.

Table 6.5 – Summary of Escalation Assumptions

Claim Type	Effective Rate (% pa)	
	Jun-15	Jun-14
Lost Rent	█%	█
Contents	3.0%	3.0%
Vehicles	3.0%	3.0%
Temporary Accommodation	█%	█

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7 Construction Forecast & Payment Pattern

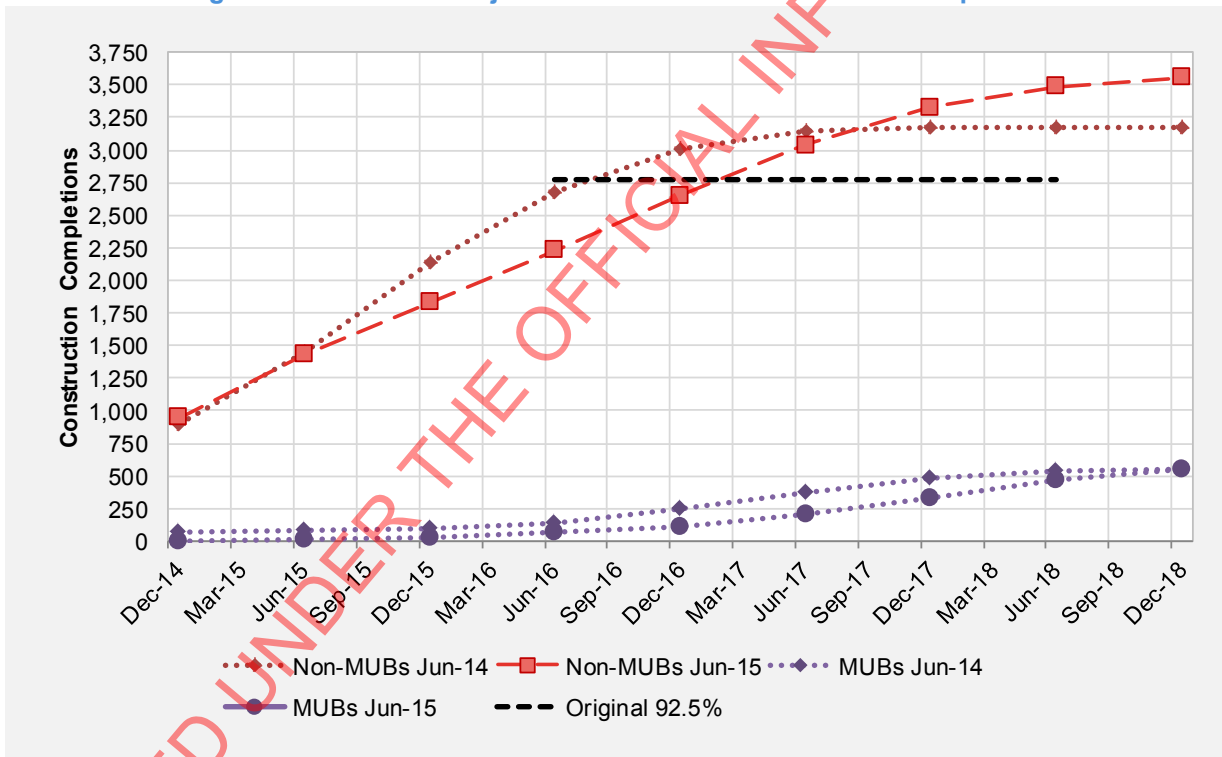
7.1 Construction Forecasts

Since the June 2013 valuation we have worked with SRES to develop a detailed construction throughput projection model ('Proteus') of Over Cap claims. Proteus is used to analyse trends in the timeframes taken to complete various activities that form part of the construction design, contracting and construction process. The model then projects how properties will progress through the various phases to completion of construction works over time.

Over the last 12 months we have continued to make refinements to the Proteus model, modelling the process from the claim being lodged to when construction is completed or cash settlement payment occurs. We have also separately modelled "flippers" in our projections. These refinements have led to an enhancement in the accuracy of our construction forecasts.

The figure below shows the projected cumulative progression of completed constructions for all Arrow Managed Over Caps.

Figure 7.1 – Proteus Projected Cumulative Construction Completion



Valuation Date	Incremental Construction Completions										
	Dec-13	Jun-14	Dec-14	Jun-15	Dec-15	Jun-16	Dec-16	Jun-17	Dec-17	Jun-18	Dec-18
Non-MUB's											
Jun-14				552	680	543	330	142	30	2	0
Jun-15				483	399	405	420	384	295	157	66
Actual	159	238	407	462							
MUB's											
Jun-14			71	6	18	46	100	133	108	51	13
Jun-15			2	8	16	35	54	89	127	134	90
Actual			2	8							

Note: Properties "flipping" considered a completion

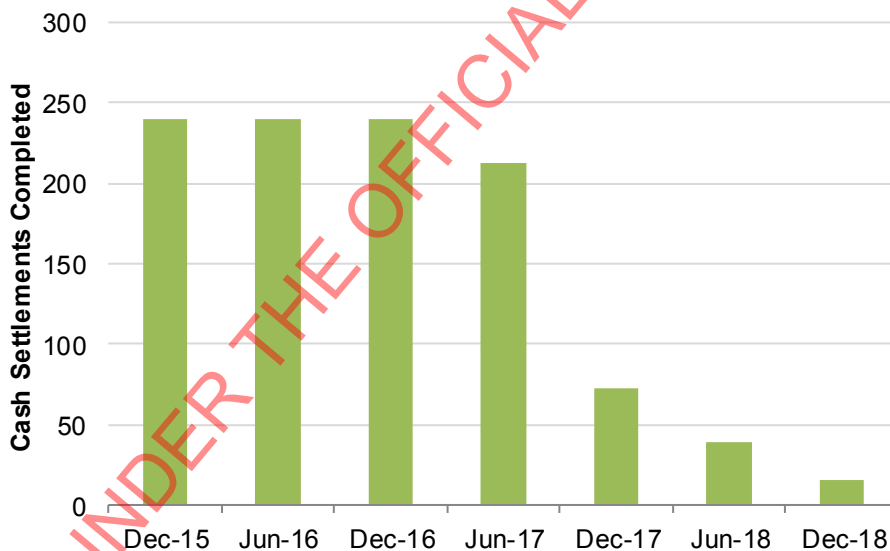
We understand that December 2016 was a key milestone set by SRES, and that SRES was previously targeting to have completed 92.5% of constructions by that time, equivalent to 2,773 completions. Using Proteus, our updated projection in June 2015 shows that this target of 2,773 completions is now estimated to be achieved in February 2017. This delay in reaching this number of completions is mainly due to:

- Overall slower completion of phases for Repair projects and, to a lesser extent, Rebuild projects.
- A small number of Repair DRAs switching to Rebuild DRAs.
- Time taken for customer to make decisions in key phases has been longer than anticipated.

Overall construction completions are slower than previously projected in June 2014. On current patterns, the Proteus projection shows that at December 2016, there will still be a sizeable portion of projects in construction for Non-MUB projects, and a majority of MUBs still yet to reach construction phases.

Previously in our June 2014 valuation, cash settlements were assumed to be made uniformly up to FY16. In this valuation, we have also updated Proteus to project cash settlements by analysing the timeframes between customer decision to when the cash settlement payment is made. The number of cash settlements have been capped at 40 per month (or equivalent to 240 every 6 months), which is the maximum number of cash settlements SRES can process with their staffing resource. Figure 7.2 below shows the projected progression of completed cash settlements from Proteus.

Figure 7.2 – Proteus Projected Cash Settlements Completed



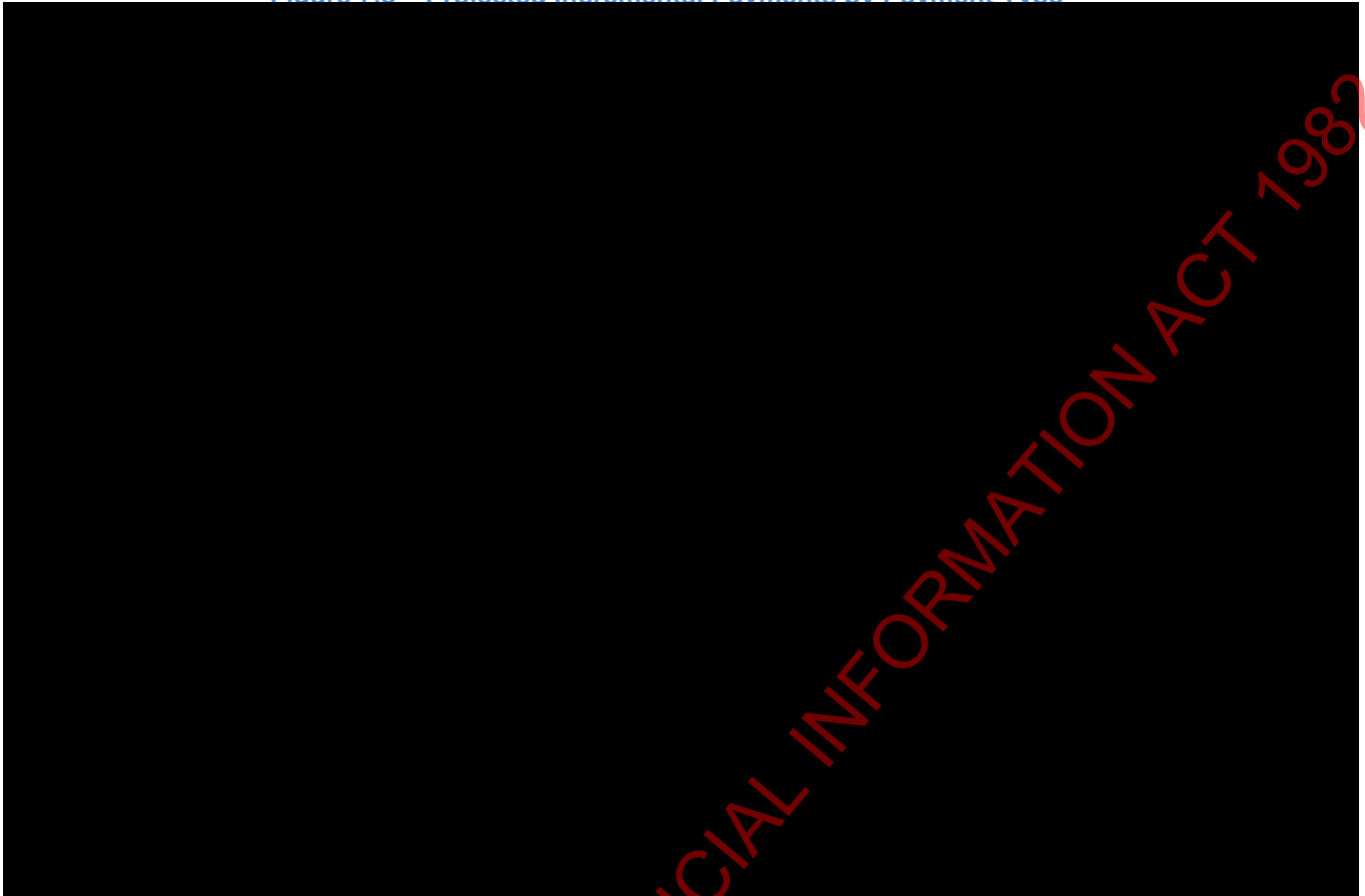
7.2 Linking the Payment Pattern to Construction Forecasts

The Proteus model directly provides a forecast of construction starts in each future month. The relevant payments relating to the construction are triggered by a series of milestones before and after construction work commences. The assumed payment pattern for Arrow Managed Over Caps corresponds directly to the Proteus construction projections. Payments are spread out over a number of months following the date the building contract is expected to be signed. Details of the determination of the payment pattern for Arrow Managed Over Caps can be found in Appendix G.

The payment pattern assumed for all Over Cap claims (including cash settlements) is shown in Figure 7.3, along with a comparison to the payment pattern assumed at June 2014.

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Figure 7.3 – Projected Incremental Payments by Payment Type



The result of our updated construction forecast in Proteus, cash settlements and an increase in new Over Cap claims from EQC (refer to 3.2.1) has meant that the shape of future payments has lengthened.

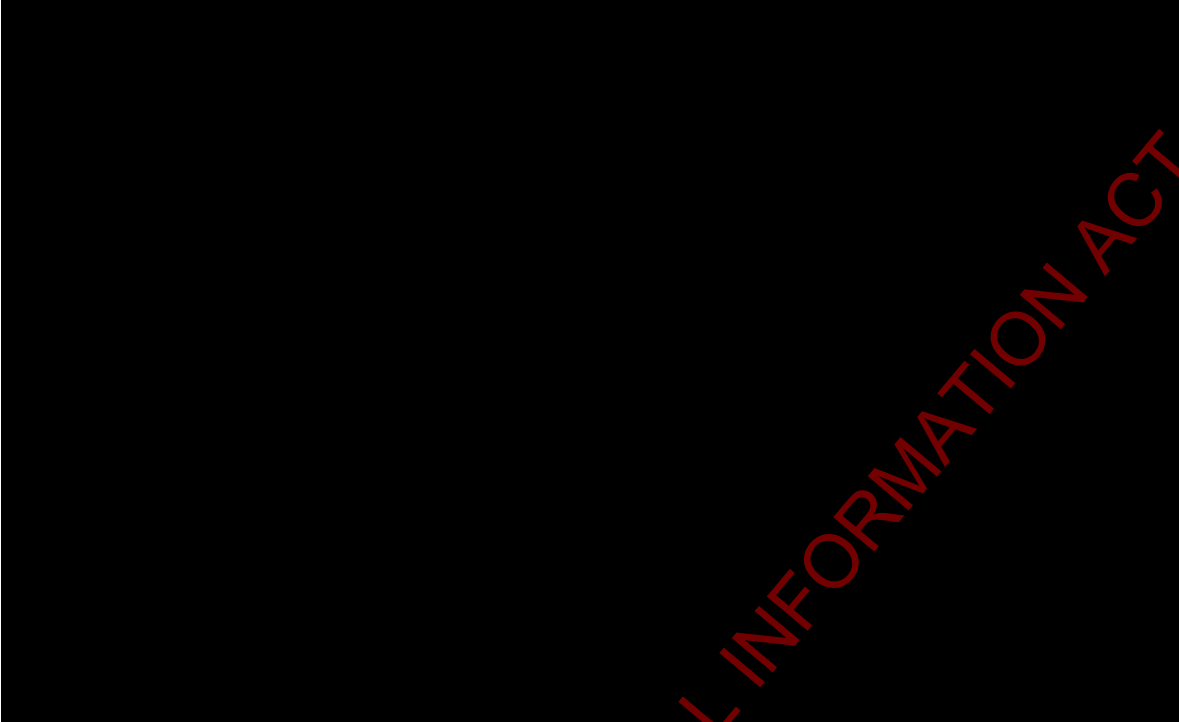
In addition to the Over Cap claim payments:

- For **OOS only claims**, 80% of the future work is projected to be uniformly spread over the period to the end of December 2015, with the remaining 20% expected to be completed by March 2016.
- For **Temporary Accommodation and Contents claims** the payment pattern is linked to the projected completion of Over Cap constructions (where relevant) and to the EQC settlement process for Under Cap claims
- For **other claim types** we assume claims will be paid out uniformly over the period to December 2015.

Figure 7.4 shows the projected gross inflated undiscounted payments net of EQC contributions across all claim types (that is, including OOS and other minor covers), including payments made in the year to 30 June 2015.

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Figure 7.4 – Past and Future Gross Inflated Undiscounted Payments (Net of EQC)
Compared to Previous Valuation



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8 Other Factors

8.1 Claims Handling and Project Management Expenses

We have assumed claims handling and project management expenses to be in line with SRES' forecast of these expenses. The table below sets out the expenses paid to date and the forecasts of future expenses, both at this valuation as well as at June 2014.

Table 8.1 – Forecast Claims Handling Expense

	Jun-15	Jun-14
Claims Handling Expenses		
Paid to Date	96	71
Future	50	66
FY15		27
FY16	23	20
FY17	17	12
FY18	9	6
FY19	1	
Ultimate	146	137
Project Management Costs		
Paid to Date	■	■
Future	■	■
FY15		■
FY16	■	■
FY17	■	■
FY18	■	■
FY19		■
Ultimate	■	■

withheld pursuant to sections 9(2)(i) and 9(2)(j)

The increase in the ultimate expected claims handling and project management expenses is a result of a number of factors:

- The extension of the construction timeline for over cap properties to FY19, in particular due to the increased ultimate number of Arrow managed claims.
- Increases in Arrow costs due to extra resources required for managing heritage properties and contaminated land issues, increasing complexity (particularly for repairs) and an increasing number of multi-unit dwellings.

For the purpose of the valuation we have assumed that the claims handling expenses will not be claimable from reinsurers, noting that the September and February events are over the limit of cover anyway. The project management costs are treated as being part of the claims cost. For the purpose of the valuation we have assumed that all of the project management expenses will be claimable from reinsurers up to the limit of cover.

8.2 Reinsurance Recoveries

Table 8.2 sets out the flow of reinsurance recoveries implied by our valuation. As noted above, we have assumed that no claims handling expenses will be recoverable under SRES' reinsurance contracts.

Table 8.2 – Reinsurance Cashflows (Inflated and Undiscounted)

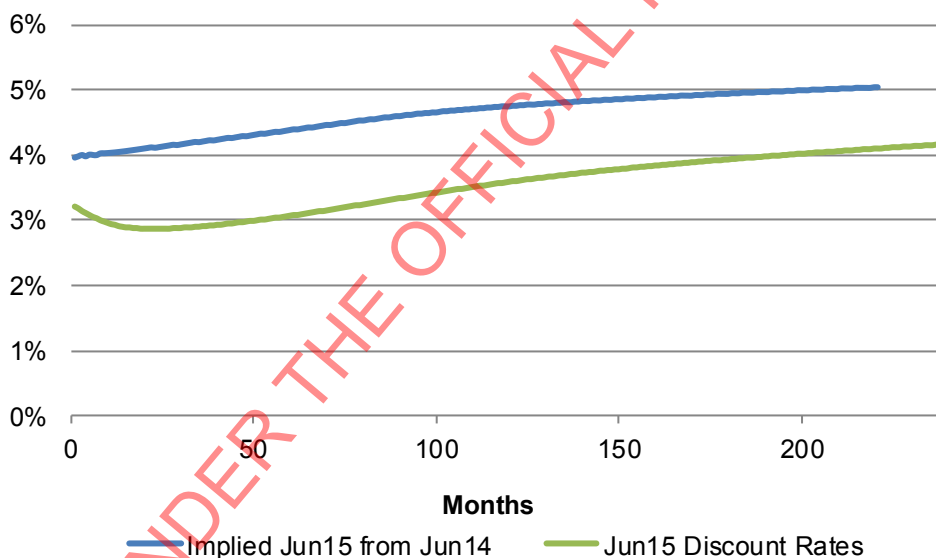
	Payment Year								
	FY11	FY12	FY13	FY14	FY15	FY16	FY17	FY18	FY19
Major Events (\$000's)	37.8	330.5	269.7	351.6	137.2	97.1	5.8	3.5	0.7
Minor Events (\$000's)	0.0	0.0	0.0	2.3	5.4	3.1	1.1	0.4	0.1
Total (\$000's)	37.8	330.5	269.7	353.9	142.6	100.2	6.9	3.9	0.7

Furthermore, we have assumed that there will be no failures among the reinsurers participating on SRES' contracts and hence that the full cover under these contracts will be received.

It should be noted that our valuation produces a present value of those reinsurance recoveries which relate to claim payments made after 30 June 2015. To the extent that the recoveries actually received by SRES to 30 June 2015 are different to those receivable against claim payments already made, then appropriate compensating entries need to appear in SRES' balance sheet.

8.3 Discount Rates

For the valuation at 30 June 2015 and as with previous valuations, we have adopted the 30 June 2015 risk free zero coupon discount rates as published by New Zealand Treasury. Figure 8.1 shows the movement in the yield curve from 30 June 2014 to 30 June 2015.

Figure 8.1 – New Zealand Treasury Zero Coupon Yield Curve

Compared to June 2014, there has been an overall downwards shift of the yield curve of about 100 basis points.

The single effective discount rate and discounted mean term at each of the dates are shown in Table 8.3.

Table 8.3 – Single Effective Discount Rate and Discounted Mean Term (DMT)

	Gross		Net	
	Disc Rate	DMT (years)	Disc Rate	DMT (years)
30 June 2014	3.8%	1.1	3.6%	1.2
30 June 2015	2.9%	1.3	2.8%	1.4

9 Summary of EQ Liabilities

9.1 Projected Ultimate Costs

Table 9.1 sets out a high level summary of the financial numbers, together with a comparison to the results adopted in our 30 June 2014 valuation.

Table 9.1 – Projected Ultimate Outcome

withheld pursuant to section 9(2)(b)(ii)

	30 Jun 14	30 Jun 15	Mov't from Jun 14
	\$m	\$m	\$m
Ultimate Outflows			
Over Cap	2,647	3,025	378
Out of Scope	305	308	3
Other	152	157	5
Claims Cost (Excl PM Cost)	3,104	3,491	387
Project Management Costs	█	█	█
SRES Claims Handling	137	146	9
Ultimate Inflows			
EQC Contributions	900	971	71
Reinsurance Recoveries	1,240	1,246	6
	2,140	2,217	77
Gross Outflow (net EQC, ex CHE)	2,364	2,716	352
Net Outflow (net of RI)	█	█	█
Cum. Paid Net of EQC (excl CHE)	1,069	1,616	547
Net Liability			
Central Estimate	1,062	999	-63
Risk Margin	█	█	█
Provision Required	█	█	█

The valuation results indicate the likely ultimate cost has continued to increase over the last twelve months. The ultimate cost of claims (net of EQC, excluding CHE) has increased by \$352 million, before reinsurance, since June 2014. The increase is attributable to a number of factors –

- An increase in the number of OC properties expected to emerge from the EQC settlement program. (583 more properties projected to be OC).
- An increase in the expected average size of repair properties, driven primarily by an increase in the scope of works required at RFP stage, relative to earlier assessments.
- An additional allowance for future inflation due to lengthening of the expected payment pattern. Progress through a number of key construction phases and the rate at which cash settlements have been achieved has been materially slower than allowed for in the June 2014 valuation.

- Project management costs and claims handling expenses have increased by █ million and \$9 million respectively. These relate mainly to refinements to forecasts, taking into account increasing complexities and a longer construction tail, resulting in higher staff costs.

These effects have been moderated by lower adopted future escalation as observed escalation in Canterbury over the last six months has been in line with the national average, suggesting that post-event demand surge has finally disappeared. Further, Treasury has reduced its expectations for future building cost escalation (at a national level).

9.2 Recommended Provisions as at 30 June 2015

Table 9.2 summarises our estimates of SRES' EQ liabilities at 30 June 2015, with each of the three major events shown separately. Note that the figures in the body of the table are net of payments made to 30 June 2015. The line below the table indicates our estimate of the total amount which will ultimately be paid once all claims are settled (including payments already made). Our recommended provisions incorporate a risk margin which we believe to be consistent with the requirements to establish provisions which incorporate at least a 75% probability of sufficiency. withheld pursuant to section 9(2)(b)(ii)

Table 9.2 - Recommended EQ Provision at 30 June 2015

Provisions for Outstanding Claims as at 30 Jun 2015	Cat 93	Cat 106	Cat 112	Major	Total	
	4-Sep-10	22-Feb-11	13-Jun-11		Major	Minor
	\$m	\$m	\$m	\$m	\$m	\$m
Gross Incurred Cost in 30 Jun \$ before EQC	1,124.8	2,367.1	94.2	3,586.1	37.9	3,624.0
Expected EQC Share	-340.4	-580.3	-38.7	-959.4	-7.4	-966.8
Gross Incurred Cost in 30 Jun \$ after EQC	784.4	1,786.8	55.5	2,626.7	30.5	2,657.2
less paid to 30 Jun 2015	-508.9	-1,040.9	-41.1	-1,590.9	-24.8	-1,615.7
Gross Outstanding Claims						
In 30 Jun 2015 Values	275.5	745.9	14.4	1,035.9	5.7	1,041.5
Allowance for Future Inflation	17.1	39.9	1.6	58.7	0.3	59.0
Inflated Values	292.6	785.8	16.0	1,094.5	6.0	1,100.5
Discount to Present Value	-10.6	-28.6	-0.6	-39.9	-0.2	-40.0
OSC Discounted to 30 Jun 2015	282.0	757.2	15.4	1,054.7	5.8	1,060.5
Claims Handling	█	█	█	█	█	█
Gross Central Estimate	█	█	█	█	█	█
Catastrophe R/I Recoveries	-90.2	0.0	-15.4	-105.6	-4.5	-110.1
Aggregate R/I Recoveries	0.0	0.0	0.0	0.0	0.0	0.0
Net Central Estimate	204.8	792.0	0.7	997.5	1.6	999.1
Risk Margin	█	█	█	█	█	█
Recommended provision	█	█	█	█	█	█
Inflated Gross Central Estimate (Incl paid to date, excl CHE)	802	1,827	57	2,685	31	2,716.2
Change on 30 Jun 2014 Valuation	119	225	6	350	1	352

We have made a number of changes to the valuation basis since the 30 June 2014 valuation. The result of the changes is an increase of around \$352 million in our estimate of the inflated gross incurred cost when compared to the estimate at 30 June 2014. \$328 million of the full year movement had been reflected in the accounts by the 31 March 2015 quarterly valuation update.

9.3 Reconciliation with Previous Estimate at 30 June 2014

The table below compares the estimate at 30 June 2015 with our previous estimate at 30 June 2014.

Table 9.3 – Movement of Provision Net of EQC Contribution, Gross & Net of RI

	Net Provision (\$m)
Position at 30 June 2014	1,191.6
Actual Payments ¹	(471.7)
Actual Rollforward Provision at June 15 using June 14 Assumptions	719.9
Changes due to:	
FY15 Experience	134.6
Future Assumptions:	
Additional projected Overcaps from EQC Assessments	██████████
Rebuild Size	██████████
Repair Size	██████████
Cash Settlements	██████████
Other Classes (Including Out of Scope Only Properties)	██████████
Payment Pattern	██████████
Escalation Rate	██████████
Arrow Costs	██████████
CHE and Legal Costs	██████████
Discount Rate	██████████
Total	388.1
Recommended Position at 30 June 2015	1,108.0

¹Includes unwind of discount and risk margins for provisions

The table shows that:

withheld pursuant to sections 9(2)(i) and 9(2)(j)

- \$135 million of the increase is due to experience over the year. The majority of this relates to adverse development on repair average sizes with a number of properties also switching to rebuilds (which incur a higher cost). Cash settlement outcomes and enhanced foundation costs also account for a portion of the increase.
- The increase in the ultimate number of OC properties has led to an increase in the net provision of \$107 million. The increase is largely a result of the additional OC properties coming through from the EQC settlement process - which is now expected to continue for significantly longer than expected in our June 2014 valuation basis.
- The size of rebuild properties is relatively unchanged over the year and has only a minor impact on the provision.
- The increase in our assumptions for repair size development and the size of future repair assessments has resulted in a \$████ million increase.
- As a result of the 'Avonside decision', portions of the DRA that were expected to not be incurred under the old interpretation of the AMI policy wording are now likely to be incurred going forward, leading to a \$17 million increase.

- Other Classes have increased by \$12 million which is attributable to OOS only claims, lost rent claims, temporary accommodation claims and contents claims.
- A slow down in the construction forecast has caused a \$10 million increase.
- Lower escalation assumed for the remainder of the construction programme has led to \$19 million decrease.
- The combined effects of Arrow Costs, CHE and legal costs have caused a ■ million increase due to the higher number of ultimate OC claims and the increased complexity of properties in the tail.
- The decrease in the discount rate has led to an increase of around \$18 million.

9.4 Assessing Uncertainty

9.4.1 Sensitivity Testing

For this valuation, we have revised our approach to sensitivity testing to better reflect the fact that our model firstly segments SRES' overall liability into a number of reasonably homogeneous "buckets" of claims (rebuilt, repairs, cash settlements etc.), and then, for each of these segments, explicitly allows for the likely cost development experience across each of the key phases that each of these claim segments will pass through. In this way the valuation model is aligned to SRES' operations and, as such, it is much easier to make the connection between the signals emerging from our analysis and what is happening operationally. This also acts to reduce the uncertainty which might otherwise be attached to an actuarial model based on a set of more "macro" assumptions. This is discussed further in Section 9.4.3 below when we consider the level of risk margin appropriate to SRES' current circumstances.

Table 9.4 sets out a summary of the sensitivity tests we have applied together with some commentary, broken down into three categories:

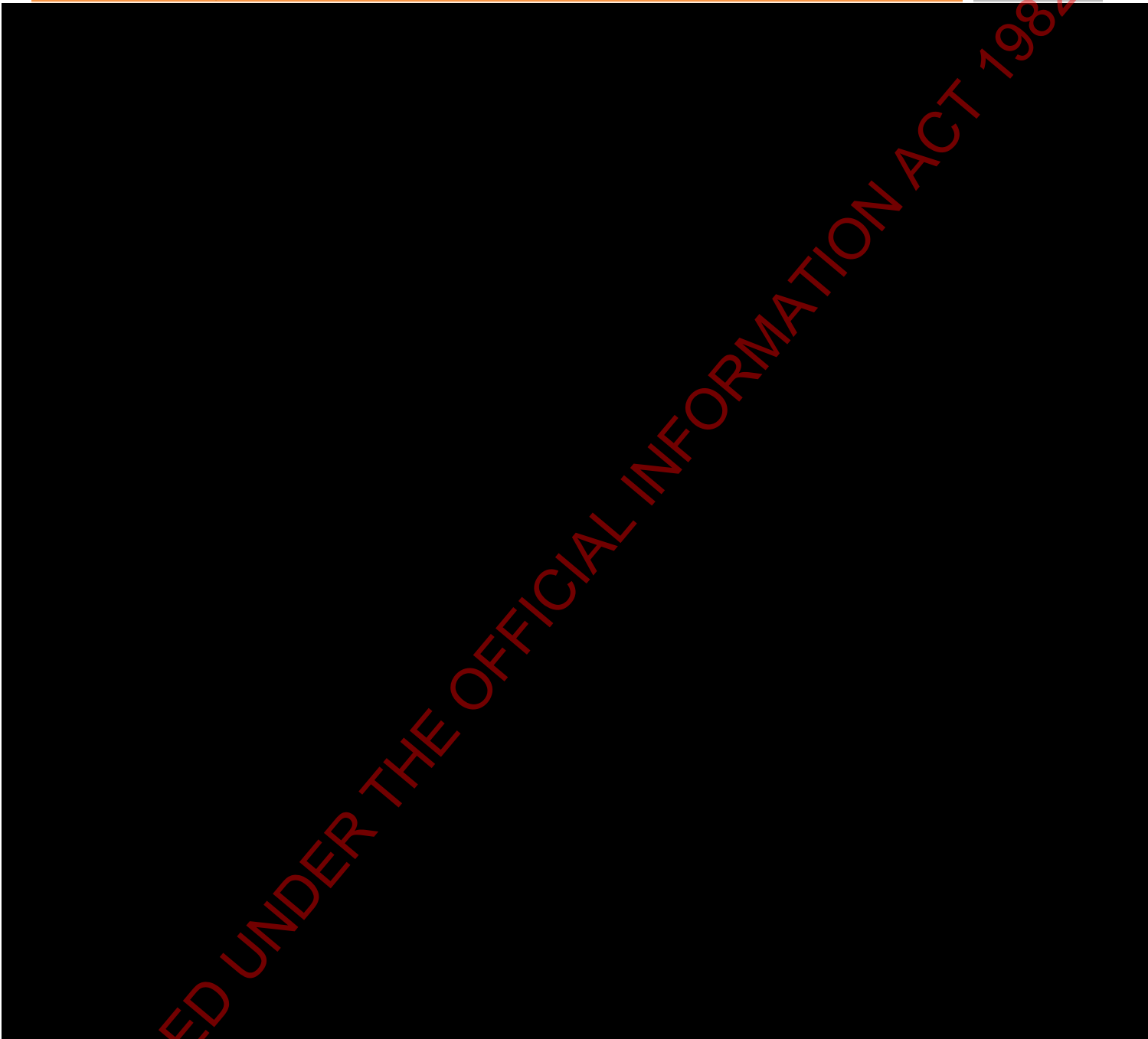
- The exposure to further claims coming from EQC's settlement processes.
- The exposure to adverse cost outcomes by segment.
- The exposure to the underlying environment (essentially, throughput and escalation) which is assumed to apply across all segments.

For these tests, note that, while SRES' central estimate of its net liability at 30 June 2015 is \$999 million, the "fixed" value of EQC contributions means that exposure to adverse development relates predominantly to SRES' liability gross of EQC recoveries, for which, at 30 June 2015, the inflated undiscounted value is \$1,477 million. Hence our tests relate to the gross liability, although in most cases, the incremental increase in the gross value will directly flow through to the net value. For the purposes of the sensitivity testing we have adopted as "adverse" a movement where the ultimate cost is increased by at least \$20 million.

withheld pursuant to sections 9(2)(i) and 9(2)(j)

Table 9.4 – Summary of Sensitivity Tests

Valuation Element	Gross of EQC Inflated Outstanding \$m	Adverse Movement Needed for \$20 m Increase		Assessed Risk of >\$20m Change
-------------------	---------------------------------------	---	--	--------------------------------



Key points to emerge from these results are described in the following paragraphs.

The exposure to an adverse outcome from a higher than expected number of new claims is considered to be quite remote.

In respect of exposure to adverse settlement outcomes, SRES' liability is spread reasonably uniformly across a number of segments. In our assessment, the chances of adverse outcomes (i.e. +\$20m) vary considerably across the different segments, with repairs and MUB's remaining the "most risky" segments, and noting that



our assessed position for cash settlements effectively assumes that they will follow the experience exhibited by rebuilds, repairs and MUBs. We do note, however, that in aggregate, in excess of \$500m of SRES' remaining liability resides with claims which have progressed beyond the "riskier" phases.

In respect of the overarching "environmental" exposures, while there is the possibility that the "tail" of claims could extend beyond that allowed in the valuation, in the absence of the emergence of a "game changing" element, we do not consider that throughput delays represent an area which have a high likelihood of producing an adverse impact on SRES' liability. As noted in the table, our degree of uncertainty regarding building cost escalation largely relates to our reliance on Treasury for this assumption. With a mean duration of only 15 months, for an adverse outcome to emerge, the rate of housing cost escalation would need to increase materially within the next 12 months.

Of course, it is scenarios involving the confluence of multiple events which will result in a significant increase in SRES' liability. In this regard, in the recent experience, we have not seen evidence of strong correlations in the ways various segment have been developing. For example, while there has been a "step shift" in scope creep at RFP time on repairs we have not seen any change in patterns being exhibited by rebuilds. As such, we consider that the risk of concurrent adverse development across multiple segments remains reasonably remote.

9.4.2 Key Sources of Uncertainty in our Estimates

For this valuation, while we have not conducted a formal assessment of the various layers of uncertainty and risk attaching to our central estimate, we have given consideration to how the uncertainty attaching to the key assumptions compares to 12 months previously. This is summarised in Table 9.5 below. In relation to our underlying modelling process, it should also be noted that:

- we have resolved a couple of data quality issues (e.g. identifying the EQC contribution applicable to cash settlements) which has removed some of the uncertainty about aspects of our projection
- the refinement of the Proteus throughput model and a more realistic projection of timing of cash settlements has improved the reliability of the model's projection of cashflows and hence the exposure to future escalation.

In our view, the level of uncertainty surrounding the June 2015 valuation of SRES' liabilities remains broadly similar to that which applied at June 2014.

Table 9.5 – Movement in Uncertainty: June 2015 vs June 2014

Valuation Element	Commentary	Mov' in Uncertainty
Volume of Over Cap Claims	This was an emerging and not fully recognised issue at the June 2014 valuation. Considerable effort and research has been undertaken during FY15, including detailed discussions with EQC. Uncertainty around further lodgement activity has considerably reduced during the year and is now a little lower than 12 months ago	Little Lower
Rebuild Size	Development experience has been relatively stable over the last few financial years. Uncertainty around the cost of enhanced foundations has reduced materially as more and more Rebuilds proceed through to construction and completion. Overall, the level of uncertainty is lower than it was 12 months ago	Little Lower
Repair Size	The potential for material deterioration in the scope creep experience was not recognised at the June 2014 valuation. There remains heightened uncertainty about what might emerge in the future, with both upside potential (improved initial DRA process) and downside potential (increasingly complex repairs). On balance, this element has more uncertainty than 12 months ago	Higher
MUB Size	Still contains considerable uncertainty, as it did 12 months ago	Similar
Cash Settlements	To some extent, aligning cash settlements with "full" DRA values removes an element of uncertainty in that we do not have to make an assumption about how much the cash settlement value is below the "full" DRA value. The Avonside decision introduces a small element of legal risk (in relation to earlier settlements). On balance, a similar level of uncertainty to 12 months ago	Similar
Other Claims	These are generally very mature and represent little risk to the overall outcome. Uncertainty unchanged from 12 months ago	Similar
Arrow, SRES CHE	Valuation relies on estimates provided by SRES. Material increase in FY15 arose from a range of sources – increased volume, extension of the overall project timetable, time needed to resolve complex claims. Proteus Throughput modelling has been refined considerably during FY15, providing improved view of overall project timetable. Uncertainty reduced a little compared to 12 months ago	Little Lower
Throughput Delays	Proteus throughput model only been in place for a short period of time at June 14 valuation. Experience over the past 12 months, and further development of Proteus, has provided better understanding of how claims are likely to progress through the various phases. Uncertainty lower than 12 months ago	Little Lower
Building Cost Escalation	Demand surge appears to have eased off in Canterbury and Arrow continues to deliver outcomes better or in line with market-wide experience. Uncertainty reduced somewhat compared to 12 months ago	Little Lower

9.4.3 Adopted Risk Margin at 30 June 2015

In light of our assessment of the key areas of uncertainty and how that uncertainty has developed over the course of FY15, we are of the opinion that, while the risks attaching to individual elements may have changed, the overall level of uncertainty attaching to this valuation is broadly similar to our previous full valuation. Accordingly, we have maintained the risk margin at 10% of the estimated liability (net of EQC contributions but gross of reinsurance recoveries).

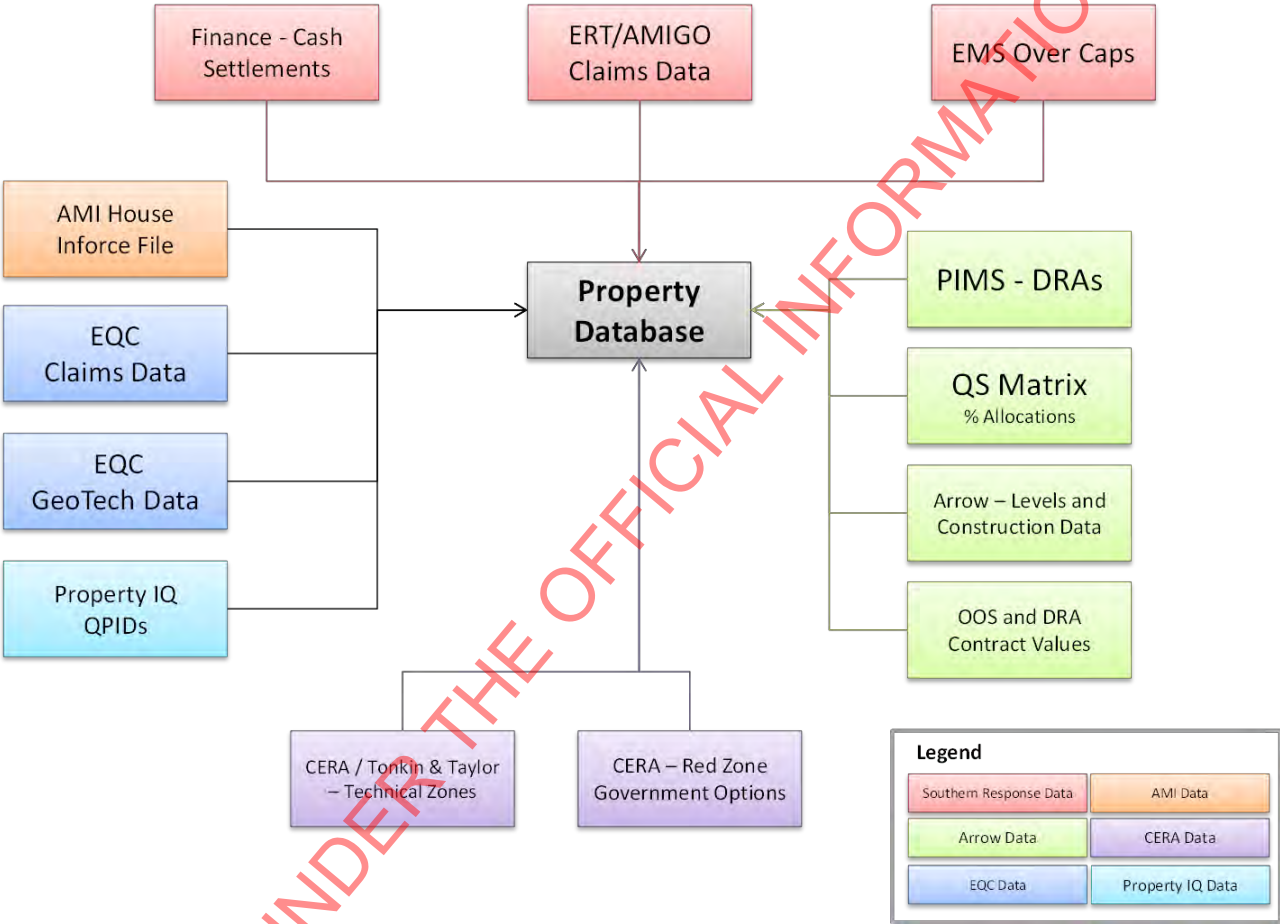
Part III Appendices

A Data

A.1 Data Sources

The flowchart below shows the data sources used to construct the property database which underpins most of where our data is for analysis in the valuation.

Figure A.1 – Property Database Data Sources



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A.2 Data Reconciliation

The summaries below provide data reconciliations between the property database against the Canterbury Earthquake Report produced by the data warehouse and Arrow's PCG report.

Table A.1- Reconciliation to Canterbury Earthquake Report

	Property Database 2015-06-03	Canterbury Earthquake Report 2015-06-01	Total Difference (#s / \$'s)	Difference accounting for rejected (%)	Difference accounting for rejected (#'s / \$'s)	(%)
Claims	41,724	43,441	1,717	4.12%	-1	0.00%
Case Estimates	2,379,784	2,390,369	10,585	0.44%	8	0.00%
Payments	1,667,665	1,674,002	6,337	0.38%	-59	0.00%

Table A.2 – Reconciliation to Canterbury Earthquake Report – Claim Details

Property Database 2015-06-03												
Status	93	97	99	103	106	107	111	112	114	117	122	Total
Open	7,854	45	372	14	9,150	37	61	1852	22	25	438	19,870
Closed	8,305	77	661	40	10,742	31	61	1,103	51	35	748	21,854
Withdrawn												
Entered in Error												
Declined												
Total	16,159	122	1,033	54	19,892	68	122	2,955	73	60	1,186	41,724
Canterbury Earthquake Report 2015-06-01												
Status	93	97	99	103	106	107	111	112	114	117	122	Total
Open	7,895	46	374	15	9,427	37	61	1,861	22	25	440	20,203
Closed	8,610	77	665	40	11,788	31	62	1,127	51	35	752	23,238
Withdrawn												
Entered in Error												
Declined												
Total	16,505	123	1,039	55	21,215	68	123	2,988	73	60	1,192	43,441
Difference												
Status	93	97	99	103	106	107	111	112	114	117	122	Total
Open	41	1	2	1	277	0	0	9	0	0	2	333
Closed	305	0	4	0	1,046	0	1	24	0	0	4	1,384
Withdrawn												
Entered in Error												
Declined												
Total	346	1	6	1	1,323	0	1	33	0	0	6	1,717
Rejected due to Duplicate Claims or Withdrawn/Declined												
Status	93	97	99	103	106	107	111	112	114	117	122	Total
Open	41	1	2	1	277	0	0	9	0	0	2	333
Closed	305	0	4	0	1,046	0	1	25	0	0	4	1,385
Withdrawn	934	4	37	6	634	5	8	173	8	3	79	1,891
Entered in Error	335	4	23	2	441	5	5	226	2	4	49	1,096
Declined	9	0	1	0	2	0	0	1	0	0	3	16
Total	1,624	9	67	9	2,400	10	14	434	10	7	137	4,721
Difference Accounting for Rejected												
Status	93	97	99	103	106	107	111	112	114	117	122	Total
Open	0	0	0	0	0	0	0	0	0	0	0	0
Closed	0	0	0	0	0	0	0	-1	0	0	0	-1
Withdrawn												0
Entered in Error												0
Declined												0
Total	0	0	0	0	0	0	0	-1	0	0	0	-1

Table A.3 - Reconciliation to Canterbury Earthquake Report – Claim Estimates Details

Property Database 2015-06-03 (\$000s)												
Status	93	97	99	103	106	107	111	112	114	117	122	Total
Open	486,100	283	6,245	56	1,512,334	686	1,051	62,801	519	475	8,577	2,079,128
Closed	137,065	943	7,923	392	138,033	195	529	7,901	457	255	6,964	300,656
Withdrawn												
Entered in Error												
Declined												
Total	623,164	1,226	14,168	448	1,650,368	881	1,580	70,702	976	730	15,541	2,379,784
Canterbury Earthquake Report 2015-06-01 (\$000s)												
Status	93	97	99	103	106	107	111	112	114	117	122	Total
Open	486,462	284	6,267	56	1,517,756	686	1,051	63,054	519	475	8,612	2,085,222
Closed	138,393	943	7,937	392	141,146	195	537	7,927	457	255	6,965	305,147
Withdrawn												
Entered in Error												
Declined												
Total	624,855	1,227	14,203	448	1,658,903	881	1,588	70,981	976	730	15,577	2,390,369
Difference												
Status	93	97	99	103	106	107	111	112	114	117	122	Total
Open	362	1	22	0	5,422	0	0	253	0	0	35	6,094
Closed	1,329	0	14	0	3,113	0	8	27	0	0	1	4,491
Withdrawn												
Entered in Error												
Declined												
Total	1,691	1	36	0	8,535	0	8	280	0	0	36	10,585
Rejected												
Status	93	97	99	103	106	107	111	112	114	117	122	Total
Open	362	1	22	0	5,422	0	0	253	0	0	35	6,094
Closed	1,329	0	14	0	3,113	0	0	27	0	0	1	4,483
Withdrawn	87	2	6	13	127	0	0	36	2	0	2	275
Entered in Error	-2	0	0	0	0	0	0	0	0	0	0	-2
Declined	7	0	1	0	1	0	0	0	0	0	2	10
Total	1,783	3	42	13	8,663	0	0	316	2	0	39	10,861
Difference Accounting for Rejected												
Status	93	97	99	103	106	107	111	112	114	117	122	Total
Open	0	0	0	0	0	0	0	0	0	0	0	0
Closed	0	0	0	0	0	0	8	0	0	0	0	8
Withdrawn												0
Entered in Error												0
Declined												0
Total	0	0	0	0	0	0	8	0	0	0	0	8

Table A.4 - Reconciliation to Canterbury Earthquake Report – Payment Details

Property Database 2015-06-03 (\$000s)												
Status	93	97	99	103	106	107	111	112	114	117	122	Total
Open	509,404	213	2,531	15	832,466	96	20	17,726	222	50	1,221	1,363,963
Closed	139,261	1,069	7,935	392	138,793	195	529	7,775	458	255	7,040	303,702
Withdrawn												
Entered in Error												
Declined												
Total	648,665	1,282	10,465	407	971,259	291	549	25,500	681	304	8,261	1,667,665

Canterbury Earthquake Report 2015-06-01 (\$000s)												
Status	93	97	99	103	106	107	111	112	114	117	122	Total
Open	509,545	213	2,532	15	834,082	96	20	17,729	222	50	1,224	1,365,726
Closed	140,752	1,069	7,948	392	141,829	195	537	7,799	458	255	7,041	308,276
Withdrawn												
Entered in Error												
Declined												
Total	650,298	1,282	10,480	407	975,911	291	557	25,527	681	304	8,265	1,674,002

Difference												
Status	93	97	99	103	106	107	111	112	114	117	122	Total
Open	141	0	1	0	1,616	0	0	3	0	0	3	1,763
Closed	1,491	0	14	0	3,036	0	8	24	0	0	1	4,574
Withdrawn												
Entered in Error												
Declined												
Total	1,632	0	14	0	4,652	0	8	27	0	0	4	6,337

Rejected												
Status	93	97	99	103	106	107	111	112	114	117	122	Total
Open	157	0	5	0	1,632	0	0	13	0	0	3	1,809
Closed	1,491	0	14	0	3,056	0	0	27	0	0	1	4,588
Withdrawn	88	2	6	13	137	0	0	34	2	0	2	284
Entered in Error	58	16	0	0	40	0	0	0	0	0	-31	83
Declined	7	0	1	0	1	0	0	0	0	0	2	10
Total	1,801	18	25	13	4,865	0	0	74	2	0	-23	6,774

Difference Accounting for Rejected												
Status	93	97	99	103	106	107	111	112	114	117	122	Total
Open	-16	0	-4	0	-16	0	0	-10	0	0	0	-46
Closed	1	0	0	0	-20	0	8	-3	0	0	0	-14
Withdrawn												0
Entered in Error												0
Declined												0
Total	-15	0	-4	0	-36	0	8	-13	0	0	0	-59

Table A.5 - Reconciliation to PCG report – Completed and Contracted Properties

	Property Database	PCG Report
Data Date	3-Jun-15	May-15
Number of properties	████████	████████
Average DRA Size	████████	████████

withheld pursuant to sections 9(2)(i) and 9(2)(j)

B Payments Data

Table B.1 – Gross Payments Summary By Event as at 30 Jun 2015

Summary of Payments As at 30 Jun	Cat 93 4-Sep-10 \$000s	Cat 97 19-Oct-10 \$000s	Cat 99 26-Dec-10 \$000s	Cat 103 20-Jan-11 \$000s	Cat 106 22-Feb-11 \$000s	Cat 107 16-Apr-11 \$000s	Cat 111 6-Jun-11 \$000s	Cat 112 13-Jun-11 \$000s	Cat 114 21-Jun-11 \$000s	Cat 117 9-Oct-11 \$000s	Cat 122 23-Dec-11 \$000s	Total \$000s
Gross Paid to Date (\$m)												
Rebuild	128,690	112	726	0	278,830	14	57	5,399	0	1	628	414,459
Repairs	35,457	3	725	0	138,925	0	8	1,532	0	1	146	176,796
Cash Settled	247,605	40	388	1	494,749	67	21	19,915	72	71	219	763,149
Overcap Multi Units	3,813	0	0	0	24,563	0	-2	207	28	0	0	28,609
Unallocated Arrow Costs (\$m)	1,389	1	8	0	3,009	0	1	58	0	0	7	4,472
DoA EQC Recoveries (\$m)												
Net Rebuilds Paid to Date	162,897	113	1,125	0	279,771	14	58	5,439	0	1	633	450,051
Net Repairs Paid to Date	47,972	42	1,014	0	139,726	3	8	1,564	0	1	177	190,506
Adjusted Net Cash Settled Paid to Date	399,668	114	593	1	752,845	101	31	31,333	210	107	318	1,185,322
Net Multi Unit Builds Paid to Date	4,316	0	34	0	24,712	0	-2	252	28	0	7	29,348
Out of Scope (Net of Cancelled Cheques)												
Out of Scope (Cancelled Cheques)	95,484	1,146	8,502	437	149,685	252	542	12,401	461	306	8,312	277,529
	-1,919	-11	-127	-0	-1,789	-10	-8	-85	-1	-0	-81	-4,031
Lost Rent	2,704	0	59	0	10,888	3	9	650	3	0	56	14,372
Temp Accom	19,398	43	240	12	66,024	19	81	2,691	76	35	720	89,338
Contents	2,097	20	13	3	13,994	10	1	324	0	18	83	16,562
Motor	1,298	1	12	0	4,815	1	3	202	7	0	129	6,469
Other	645	1	24	0	240	0	0	44	0	0	12	966
Total Gross Paid to Date (\$m)	736,480	1,480	11,617	454	1,442,701	403	731	54,900	786	468	10,444	2,260,464
Less Adjustments to Cash Settlements for EQC Recoveries not recorded in AMIGO	-134,618	-38	-200	-0	-253,576	-34	-11	-10,554	-71	-36	-107	-399,245
Total Before Cash Settlement Adjustment	601,863	1,442	11,417	453	1,189,125	368	720	44,346	715	432	10,337	1,861,219
Event Split Adjustments in AMIGO ¹	-89,386	58	468	2	73,269	51	80	14,485	-60	73	972	11
Total Before Split Adjustment	691,249	1,383	10,949	452	1,115,856	317	640	29,861	775	360	9,365	1,861,208
Total From Canterbury Earthquake Report 2015-07-01	691,915	1,393	11,118	452	1,115,921	327	648	30,060	776	360	9,391	1,862,362
Difference	-666	-10	-169	-0	-65	-10	-9	-199	-1	-0	-26	-1,154

¹ AMIGO system uses separate field to adjust payments to the event splits agreed with the EQC. Payments in the Canterbury Earthquake Report are before this adjustment.

Table B.2 - EQC Recoveries Summary By Event as at 30 Jun 2015

Summary of Recoveries As at 30 Jun	Cat 93 4-Sep-10 \$000s	Cat 97 19-Oct-10 \$000s	Cat 99 26-Dec-10 \$000s	Cat 103 20-Jan-11 \$000s	Cat 106 22-Feb-11 \$000s	Cat 107 16-Apr-11 \$000s	Cat 111 6-Jun-11 \$000s	Cat 112 13-Jun-11 \$000s	Cat 114 21-Jun-11 \$000s	Cat 117 9-Oct-11 \$000s	Cat 122 23-Dec-11 \$000s	Total \$000s
Recoveries to Date (\$m)												
Rebuild (EQC Recovs)	-63,305	-144	-266	0	-83,817	0	-30	-1,339	0	0	-149	-149,050
Repair (EQC Recovs)	-20,811	-106	-212	0	-45,510	0	0	-670	0	0	0	-67,309
Adjusted Cash Settled (EQC Recovs)	-141,669	-71	-209	-0	-262,513	-34	-16	-11,401	-71	-36	-178	-416,198
MUBs (EQC Recovs)	-1,520	0	0	0	-8,519	0	0	-335	0	0	0	-10,374
Lost Rent	-30	0	-4	0	-196	0	-0	-12	0	0	0	-242
Temp Accom	-197	0	-3	0	-656	0	0	-28	0	0	-21	-906
Contents	-27	0	0	0	-99	0	0	-7	0	0	-1	-133
Motor	-39	0	0	0	-483	0	0	-13	0	0	-6	-540
Other	-9	0	0	0	-4	0	0	-0	0	0	0	-13
Total Recoveries to Date	-227,606	-321	-694	-0	-401,796	-34	-46	-13,805	-71	-36	-355	-644,765
Plus Adjustments to Cash Settlements for EQC Recoveries not recorded in AMIGO	134,618	38	200	0	253,576	34	11	10,554	71	36	107	399,245
Total Before Cash Settlement Adjustment	-92,988	-282	-495	0	-148,219	0	-36	-3,252	0	0	-248	-245,520
Total From Canterbury Earthquake Report 2015-07-01	-94,906	-293	-621	-0	-149,987	-10	-43	-3,331	-1	-0	-327	-249,521
Difference	1,918	11	127	0	1,768	10	8	79	1	0	79	4,001

C Over Caps

C.1 Claim Numbers

Table C.1 - Red Zone Transitions Summary

	Aug-11	Sep-11	Oct-11	Nov-11	Dec-11	Jan-12	Feb-12	Mar-12	Apr-12	May-12	Jun-12	Jul-12	Aug-12	Sep-12	Oct-12	Nov-12	Dec-12	Jan-13	Feb-13	Mar-13
Over Cap	1,979	2,024	2,042	2,043	2,051	2,056	2,055	2,059	1,903	2,008	2,042	2,043	2,049	2,051	2,051	2,047	2,056	2,060	2,063	2,059
OOS Only	312	274	257	260	256	253	255	253	383	288	264	260	262	260	262	267	269	265	262	266
EQC Only	2	2	4	3	2	1	1	1	29	22	13	18	13	13	11	10	3	3	2	2
Total	2,293	2,300	2,303	2,306	2,309	2,310	2,311	2,313	2,315	2,318	2,319	2,321	2,324	2,324	2,324	2,324	2,328	2,328	2,327	2,327
	Aug-11	Sep-11	Oct-11	Nov-11	Dec-11	Jan-12	Feb-12	Mar-12	Apr-12	May-12	Jun-12	Jul-12	Aug-12	Sep-12	Oct-12	Nov-12	Dec-12	Jan-13	Feb-13	Mar-13
Over Cap	1.023	1.009	1.000	1.004	1.002	1.000	1.002	0.924	1.055	1.017	1.000	1.003	1.001	1.000	0.998	1.004	1.002	1.001	0.998	
OOS Only	0.88	0.94	1.01	0.98	0.99	1.01	0.99	1.51	0.75	0.92	0.98	1.01	0.99	1.01	1.02	1.01	0.99	0.99	1.02	
EQC Only	1.00	2.00	0.75	0.67	0.50	1.00	1.00	29.00	0.76	0.59	1.38	0.72	1.00	0.85	0.91	0.30	1.00	0.67	1.00	
Increment in Claim Numbers	Over Cap	45	18	1	8	5	-1	4	-156	105	34	1	6	2	0	-4	9	4	3	-4
	OOS Only	-38	-17	3	-4	-3	2	-2	130	-95	-24	-4	2	-2	2	5	2	-4	-3	4
	EQC Only	0	2	-1	-1	-1	0	0	28	-7	-9	5	-5	0	-2	-1	-7	0	-1	0
		7	3	3	3	1	1	2	2	3	1	2	3	0	0	0	4	0	-1	0
	Apr-13	May-13	Jun-13	Jul-13	Aug-13	Sep-13	Oct-13	Nov-13	Dec-13	Jan-14	Feb-14	Mar-14	Apr-14	May-14	Jun-14	Jul-14	Aug-14	Sep-14	Oct-14	Nov-14
Over Cap	2,061	2,065	2,061	2,063	2,065	2,065	2,061	2,060	2,055	2,056	2,056	2,057	2,059	2,059	2,057	2,057	2,061	2,061	2,061	2,063
OOS Only	263	259	263	262	262	265	269	270	275	274	274	273	271	274	273	272	263	266	266	292
EQC Only	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1
Total	2,325	2,325	2,325	2,326	2,328	2,331	2,331	2,331	2,331	2,331	2,331	2,331	2,331	2,334	2,331	2,330	2,325	2,328	2,328	2,356
	Apr-13	May-13	Jun-13	Jul-13	Aug-13	Sep-13	Oct-13	Nov-13	Dec-13	Jan-14	Feb-14	Mar-14	Apr-14	May-14	Jun-14	Jul-14	Aug-14	Sep-14	Oct-14	Nov-14
Over Cap	1.001	1.002	0.998	1.001	1.001	1.000	0.998	1.000	0.998	1.000	1.000	1.000	1.001	1.000	0.999	1.000	1.002	1.000	1.000	1.001
OOS Only	0.99	0.98	1.02	1.00	1.00	1.01	1.02	1.00	1.02	1.00	1.00	1.00	0.99	1.01	1.00	1.00	0.97	1.01	1.00	1.10
EQC Only	0.50	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Increment in Claim Numbers	Over Cap	2	4	-4	2	2	0	-4	-1	-5	1	0	1	2	0	-2	0	4	0	2
	OOS Only	-3	-4	4	-1	0	3	4	1	5	-1	0	-1	-2	3	-1	-1	-9	3	0
	EQC Only	-1	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
		-2	0	0	1	2	3	0	0	0	0	0	0	3	-3	-1	-5	3	0	28
	Dec-14	Jan-15	Feb-15	Mar-15	Apr-15	May-15	Jun-15	Jul-15	Aug-15	Sep-15	Oct-15	Nov-15	Dec-15	Jan-16	Feb-16	Mar-16	Apr-16	May-16	Jun-16	Ultimate
Over Cap	2,063	2,063	2,065	2,067	2,067	2,067	2,067	2,067	2,067	2,067	2,067	2,067	2,067	2,067	2,067	2,067	2,067	2,067	2,067	2,067
OOS Only	292	291	289	287	287	287	287	287	287	287	287	287	287	287	287	287	287	287	287	287
EQC Only	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2
Total	2,357	2,356	2,356	2,356	2,356	2,356	2,356	2,356	2,356	2,356	2,356	2,356	2,356	2,356	2,356	2,356	2,356	2,356	2,356	2,356
	Dec-14	Jan-15	Feb-15	Mar-15	Apr-15	May-15	Jun-15	Jul-15	Aug-15	Sep-15	Oct-15	Nov-15	Dec-15	Jan-16	Feb-16	Mar-16	Apr-16	May-16	Jun-16	
Over Cap	1.000	1.000	1.001	1.001	1.000	1.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
OOS Only	1.00	1.00	0.99	0.99	1.00	1.00	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
EQC Only	2.00	1.00	1.00	1.00	1.00	1.00	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
Increment in Claim Numbers	Over Cap	0	0	2	2	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	OOS Only	0	-1	-2	-2	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	EQC Only	1	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
		1	-1	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0



RELEASED UNDER THE OFFICIAL INFORMATION ACT 1982

Table C.3 - TC2 Transitions Summary

	Aug-11	Sep-11	Oct-11	Nov-11	Dec-11	Jan-12	Feb-12	Mar-12	Apr-12	May-12	Jun-12	Jul-12	Aug-12	Sep-12	Oct-12	Nov-12	Dec-12	Jan-13	Feb-13	Mar-13
Over Cap	1,007	1,052	1,047	1,029	1,042	1,047	1,051	1,055	989	1,047	1,062	1,056	1,058	1,057	1,062	1,041	1,035	1,039	1,043	1,049
OOS Only	7,859	8,089	8,332	8,559	8,702	8,917	9,057	9,240	9,395	9,410	9,455	9,544	9,620	9,710	9,779	9,849	9,905	9,996	10,078	10,156
EQC Only	39	41	47	50	49	50	50	48	59	57	50	46	45	46	48	48	47	47	47	46
Total	8,905	9,182	9,426	9,638	9,793	10,014	10,158	10,343	10,443	10,514	10,567	10,646	10,723	10,813	10,889	10,938	10,987	11,082	11,168	11,251

	Aug-11	Sep-11	Oct-11	Nov-11	Dec-11	Jan-12	Feb-12	Mar-12	Apr-12	May-12	Jun-12	Jul-12	Aug-12	Sep-12	Oct-12	Nov-12	Dec-12	Jan-13	Feb-13	Mar-13
Over Cap	1.045	0.995	0.983	1.013	1.005	1.004	1.004	0.937	1.059	1.014	0.994	1.002	0.999	1.005	0.980	0.994	1.004	1.004	1.006	
OOS Only	1.03	1.03	1.03	1.02	1.02	1.02	1.02	1.02	1.02	1.00	1.00	1.01	1.01	1.01	1.01	1.01	1.01	1.01	1.01	
EQC Only	1.05	1.15	1.06	1.02	1.02	1.00	0.96	1.23	0.97	0.88	0.92	0.92	1.02	1.04	1.00	0.98	1.00	1.00	0.98	

Increment in Claim Numbers	Over Cap	OOS Only	EQC Only
	45	230	2
	-5	243	6
	-18	227	3
	13	143	-1
	5	215	1
	4	140	0
	4	183	-2
	-66	155	11
	58	15	-2
	15	45	-7
	-6	89	-4
	2	76	-1
	-1	90	1
	5	69	2
	-21	70	0
	-6	56	-1
	4	91	0
	4	82	0
	6	78	-1
	277	244	212
	155	221	144
	185	100	71
	53	79	77
	90	76	49
	49	49	95
	86	83	

	Apr-13	May-13	Jun-13	Jul-13	Aug-13	Sep-13	Oct-13	Nov-13	Dec-13	Jan-14	Feb-14	Mar-14	Apr-14	May-14	Jun-14	Jul-14	Aug-14	Sep-14	Oct-14	Nov-14
Over Cap	1,046	1,037	1,032	1,029	1,031	1,031	1,028	1,030	1,031	1,043	1,055	1,066	1,072	1,082	1,086	1,102	1,105	1,120	1,137	1,147
OOS Only	10,262	10,338	10,368	10,450	10,518	10,579	10,648	10,685	10,748	10,789	10,833	10,909	10,971	10,980	10,912	10,939	10,959	10,980	10,985	11,005
EQC Only	47	46	43	43	44	44	44	45	44	44	44	46	45	48	66	88	99	111	116	126
Total	11,355	11,421	11,443	11,522	11,593	11,654	11,720	11,760	11,823	11,876	11,932	12,021	12,088	12,110	12,064	12,129	12,163	12,211	12,238	12,278

	Apr-13	May-13	Jun-13	Jul-13	Aug-13	Sep-13	Oct-13	Nov-13	Dec-13	Jan-14	Feb-14	Mar-14	Apr-14	May-14	Jun-14	Jul-14	Aug-14	Sep-14	Oct-14	Nov-14
Over Cap	0.997	0.991	0.995	0.997	1.002	1.000	0.997	1.002	1.001	1.012	1.012	1.010	1.006	1.009	1.004	1.015	1.003	1.014	1.015	1.009
OOS Only	1.01	1.01	1.00	1.01	1.01	1.01	1.01	1.00	1.01	1.00	1.00	1.01	1.01	1.00	0.99	1.00	1.00	1.00	1.00	
EQC Only	1.02	0.98	0.93	1.00	1.02	1.00	1.00	1.02	0.98	1.00	1.00	1.05	0.98	1.07	1.38	1.33	1.13	1.12	1.05	

Increment in Claim Numbers	Over Cap	OOS Only	EQC Only
	-3	106	1
	-9	76	-1
	-5	30	-3
	-3	82	0
	2	68	1
	0	61	0
	-3	69	0
	2	37	1
	1	63	-1
	12	41	0
	12	44	0
	11	76	2
	6	62	-1
	10	9	3
	4	-68	18
	16	27	22
	3	20	11
	15	21	12
	17	5	5
	10	20	10
	104	66	22
	79	71	61
	66	40	63
	63	53	56
	89	67	22
	-46	65	34
	48	27	40

	Dec-14	Jan-15	Feb-15	Mar-15	Apr-15	May-15	Jun-15	Jul-15	Aug-15	Sep-15	Oct-15	Nov-15	Dec-15	Jan-16	Feb-16	Mar-16	Apr-16	May-16	Jun-16	Ultimate
Over Cap	1,152	1,155	1,163	1,172	1,180	1,192	1,201	1,210	1,218	1,226	1,234	1,242	1,250	1,258	1,258	1,258	1,258	1,258	1,258	1,258
OOS Only	11,003	11,030	11,033	11,051	11,077	11,084	11,106	11,128	11,140	11,151	11,162	11,173	11,184	11,195	11,195	11,195	11,195	11,195	11,195	11,195
EQC Only	131	130	127	127	127	128	128	128	128	128	128	128	128	128	128	128	128	128	128	128
Total	12,286	12,315	12,323	12,350	12,384	12,404	12,435	12,466	12,486	12,505	12,524	12,543	12,562	12,581	12,581	12,581	12,581	12,581	12,581	12,581

	Dec-14	Jan-15	Feb-15	Mar-15	Apr-15	May-15	Jun-15	Jul-15	Aug-15	Sep-15	Oct-15	Nov-15	Dec-15	Jan-16	Feb-16	Mar-16	Apr-16	May-16	Jun-16
Over Cap	1.004	1.003	1.007	1.008	1.007	1.010	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
OOS Only	1.00	1.00	1.00	1.00	1.00	1.00	1.002	1.002	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.000	1.000	1.000	1.000
EQC Only	1.04	0.99	0.98	1.00	1.00	1.01	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00

Increment in Claim Numbers	Over Cap	OOS Only	EQC Only
	5	3	8
	-2	27	3
	8	18	26
	9	7	12
	12	22	31
	9	31	31
	9	20	19
	8	11	11
	8	11	11
	8	11	11
	8	11	11
	8	11	11
	8	11	11
	8	11	11
	0	0	0
	0	0	0
	0	0	0
	0	0	0
	0	0	0
	8	29	8
	27	34	20
	31	31	19
	19	19	19
	19	19	19
	19	19	19
	19	19	19
	0	0	0
	0	0	0
	0	0	0
	0	0	0



Table C.4 - TC1 Transitions Summary

	Aug-11	Sep-11	Oct-11	Nov-11	Dec-11	Jan-12	Feb-12	Mar-12	Apr-12	May-12	Jun-12	Jul-12	Aug-12	Sep-12	Oct-12	Nov-12	Dec-12	Jan-13	Feb-13	Mar-13
Over Cap	31	33	19	19	19	19	19	20	19	19	24	23	22	21	21	21	21	21	21	21
OOS Only	1,906	1,987	2,083	2,159	2,205	2,259	2,339	2,412	2,456	2,486	2,501	2,540	2,578	2,616	2,652	2,673	2,685	2,704	2,744	2,771
No Clm	9	10	11	11	11	12	12	12	11	10	10	10	11	11	10	10	10	10	10	10
Total	1,946	2,030	2,113	2,189	2,235	2,290	2,370	2,444	2,486	2,515	2,535	2,573	2,611	2,648	2,683	2,704	2,716	2,735	2,775	2,802
	Aug-11	Sep-11	Oct-11	Nov-11	Dec-11	Jan-12	Feb-12	Mar-12	Apr-12	May-12	Jun-12	Jul-12	Aug-12	Sep-12	Oct-12	Nov-12	Dec-12	Jan-13	Feb-13	Mar-13
Over Cap	1.065	0.576	1.000	1.000	1.000	1.000	1.000	1.053	0.950	1.000	1.263	0.958	0.957	0.955	1.000	1.000	1.000	1.000	1.000	1.000
OOS Only	1.04	1.05	1.04	1.02	1.02	1.02	1.04	1.03	1.02	1.01	1.01	1.02	1.01	1.01	1.01	1.01	1.00	1.01	1.01	1.01
No Clm	1.11	1.10	1.00	1.00	1.00	1.09	1.00	1.00	0.92	0.91	1.00	1.00	1.00	1.00	0.91	1.00	1.00	1.00	1.00	1.00
Increment in Claim Numbers	Over Cap	2	-14	0	0	0	0	1	-1	0	5	-1	-1	-1	0	0	0	0	0	0
	OOS Only	81	96	76	46	54	80	73	44	30	15	39	38	38	36	21	12	19	40	27
	No Clm	1	1	0	0	1	0	0	-1	-1	0	0	1	0	-1	0	0	0	0	0
	Total	84	83	76	46	55	80	74	42	29	20	38	38	37	35	21	12	19	40	27
	Apr-13	May-13	Jun-13	Jul-13	Aug-13	Sep-13	Oct-13	Nov-13	Dec-13	Jan-14	Feb-14	Mar-14	Apr-14	May-14	Jun-14	Jul-14	Aug-14	Sep-14	Oct-14	Nov-14
Over Cap	21	20	20	20	19	17	16	16	18	18	19	19	19	20	20	21	21	20	21	22
OOS Only	2,791	2,801	2,815	2,845	2,870	2,894	2,912	2,927	2,945	2,961	2,978	2,998	3,008	3,021	2,985	2,990	2,996	3,009	3,015	3,027
No Clm	9	9	9	8	8	7	8	8	8	8	8	9	10	10	11	16	19	23	26	28
Total	2,821	2,830	2,844	2,873	2,897	2,918	2,936	2,951	2,971	2,987	3,005	3,026	3,037	3,051	3,016	3,027	3,036	3,052	3,062	3,077
	Apr-13	May-13	Jun-13	Jul-13	Aug-13	Sep-13	Oct-13	Nov-13	Dec-13	Jan-14	Feb-14	Mar-14	Apr-14	May-14	Jun-14	Jul-14	Aug-14	Sep-14	Oct-14	Nov-14
Over Cap	1.000	0.952	1.000	1.000	0.950	0.895	0.941	1.000	1.125	1.000	1.056	1.000	1.000	1.053	1.000	1.050	1.000	0.952	1.050	1.048
OOS Only	1.01	1.00	1.00	1.01	1.01	1.01	1.01	1.01	1.01	1.01	1.01	1.01	1.00	1.00	0.99	1.00	1.00	1.00	1.00	1.00
No Clm	0.90	1.00	1.00	0.89	1.00	0.88	1.14	1.00	1.00	1.00	1.00	1.13	1.11	1.00	1.10	1.45	1.19	1.21	1.13	1.08
Increment in Claim Numbers	Over Cap	0	-1	0	0	-1	-2	-1	0	2	0	1	0	1	0	1	0	-1	1	1
	OOS Only	20	10	14	30	25	24	18	15	18	16	17	20	10	13	-36	5	6	13	6
	No Clm	-1	0	0	-1	0	-1	1	0	0	0	0	1	1	0	1	5	3	4	3
	Total	19	9	14	29	24	21	18	15	20	16	18	21	11	14	-35	11	9	16	10
	Dec-14	Jan-15	Feb-15	Mar-15	Apr-15	May-15	Jun-15	Jul-15	Aug-15	Sep-15	Oct-15	Nov-15	Dec-15	Jan-16	Feb-16	Mar-16	Apr-16	May-16	Jun-16	Ultimate
Over Cap	21	21	21	22	22	24	24	24	24	24	24	24	24	24	24	24	24	24	24	24
OOS Only	3,034	3,037	3,042	3,048	3,052	3,058	3,064	3,070	3,076	3,083	3,086	3,089	3,092	3,095	3,095	3,095	3,095	3,095	3,095	3,095
No Clm	29	29	29	28	28	29	29	29	29	29	29	29	29	29	29	29	29	29	29	29
Total	3,084	3,087	3,092	3,098	3,102	3,111	3,117	3,123	3,129	3,136	3,139	3,142	3,145	3,148	3,148	3,148	3,148	3,148	3,148	3,148
	Dec-14	Jan-15	Feb-15	Mar-15	Apr-15	May-15	Jun-15	Jul-15	Aug-15	Sep-15	Oct-15	Nov-15	Dec-15	Jan-16	Feb-16	Mar-16	Apr-16	May-16	Jun-16	Ultimate
Over Cap	0.955	1.000	1.000	1.048	1.000	1.091	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
OOS Only	1.00	1.00	1.00	1.00	1.00	1.00	1.002	1.002	1.002	1.002	1.001	1.001	1.001	1.001	1.000	1.000	1.000	1.000	1.000	1.000
No Clm	1.04	1.00	1.00	0.97	1.00	1.04	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Increment in Claim Numbers	Over Cap	-1	0	0	1	0	2	0	0	0	0	0	0	0	0	0	0	0	0	0
	OOS Only	7	3	5	6	4	6	6	6	6	3	3	3	3	0	0	0	0	0	0
	No Clm	1	0	0	-1	0	1	0	0	0	0	0	0	0	0	0	0	0	0	0
	Total	7	3	5	6	4	9	6	6	6	6	6	6	3	3	3	3	0	0	0

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Table C.5 - Hills Transitions Summary

	Aug-11	Sep-11	Oct-11	Nov-11	Dec-11	Jan-12	Feb-12	Mar-12	Apr-12	May-12	Jun-12	Jul-12	Aug-12	Sep-12	Oct-12	Nov-12	Dec-12	Jan-13	Feb-13	Mar-13
Over Cap	995	1,003	1,021	1,002	1,000	997	998	1,011	954	987	1,001	1,005	1,005	1,003	994	992	993	992	995	998
OOS Only	974	996	1,009	1,054	1,070	1,090	1,104	1,119	1,174	1,150	1,152	1,161	1,175	1,191	1,204	1,217	1,221	1,237	1,245	1,253
EQC Only	6	10	12	13	12	12	12	12	24	22	16	15	12	11	13	12	10	10	10	10
Total	1,975	2,009	2,042	2,069	2,082	2,099	2,114	2,142	2,152	2,159	2,169	2,181	2,192	2,205	2,211	2,221	2,224	2,239	2,250	2,261
	Aug-11	Sep-11	Oct-11	Nov-11	Dec-11	Jan-12	Feb-12	Mar-12	Apr-12	May-12	Jun-12	Jul-12	Aug-12	Sep-12	Oct-12	Nov-12	Dec-12	Jan-13	Feb-13	Mar-13
Over Cap	1.008	1.018	0.981	0.998	0.997	1.001	1.013	0.944	1.035	1.014	1.004	1.000	0.998	0.991	0.998	1.001	0.999	1.003	1.003	
OOS Only	1.02	1.01	1.04	1.02	1.02	1.01	1.01	1.05	0.98	1.00	1.01	1.01	1.01	1.01	1.01	1.00	1.01	1.01	1.01	
EQC Only	1.67	1.20	1.08	0.92	1.00	1.00	1.00	2.00	0.92	0.73	0.94	0.80	0.92	1.18	0.92	0.83	1.00	1.00	1.00	
Increment in Claim Numbers	Over Cap	8	18	-19	-2	-3	1	13	-57	33	14	4	0	-2	-9	-2	1	-1	3	3
	OOS Only	22	13	45	16	20	14	15	55	-24	2	9	14	16	13	13	4	16	8	8
	EQC Only	4	2	1	-1	0	0	0	12	-2	-6	-1	-3	-1	2	-1	-2	0	0	0
	Total	34	33	27	13	17	15	28	10	7	10	12	11	13	6	10	3	15	11	11
	Apr-13	May-13	Jun-13	Jul-13	Aug-13	Sep-13	Oct-13	Nov-13	Dec-13	Jan-14	Feb-14	Mar-14	Apr-14	May-14	Jun-14	Jul-14	Aug-14	Sep-14	Oct-14	Nov-14
Over Cap	993	983	978	973	957	948	939	936	937	939	941	956	969	972	974	982	991	990	998	1,002
OOS Only	1,274	1,294	1,303	1,316	1,342	1,364	1,383	1,391	1,403	1,413	1,416	1,407	1,406	1,411	1,398	1,399	1,392	1,389	1,386	1,381
EQC Only	10	10	10	10	10	10	11	11	11	11	11	11	11	11	13	16	21	22	26	27
Total	2,277	2,287	2,291	2,299	2,309	2,322	2,333	2,338	2,351	2,363	2,368	2,374	2,386	2,394	2,385	2,397	2,404	2,401	2,410	2,410
	Apr-13	May-13	Jun-13	Jul-13	Aug-13	Sep-13	Oct-13	Nov-13	Dec-13	Jan-14	Feb-14	Mar-14	Apr-14	May-14	Jun-14	Jul-14	Aug-14	Sep-14	Oct-14	Nov-14
Over Cap	0.995	0.990	0.995	0.995	0.984	0.991	0.991	0.997	1.001	1.002	1.002	1.016	1.014	1.003	1.002	1.008	1.009	0.999	1.008	1.004
OOS Only	1.02	1.02	1.01	1.01	1.02	1.02	1.01	1.01	1.01	1.01	1.00	0.99	1.00	1.00	0.99	1.00	0.99	1.00	1.00	1.00
EQC Only	1.00	1.00	1.00	1.00	1.00	1.00	1.10	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.18	1.23	1.31	1.05	1.18	1.04
Increment in Claim Numbers	Over Cap	-5	-10	-5	-5	-16	-9	-9	-3	1	2	2	15	13	3	2	8	9	-1	8
	OOS Only	21	20	9	13	26	22	19	8	12	10	3	-9	-1	5	-13	1	-7	-3	-5
	EQC Only	0	0	0	0	0	0	1	0	0	0	0	0	0	2	3	5	1	4	1
	Total	16	10	4	8	10	13	11	5	13	12	5	6	12	8	-9	12	7	-3	9
	Dec-14	Jan-15	Feb-15	Mar-15	Apr-15	May-15	Jun-15	Jul-15	Aug-15	Sep-15	Oct-15	Nov-15	Dec-15	Jan-16	Feb-16	Mar-16	Apr-16	May-16	Jun-16	Ultimate
Over Cap	1,003	1,010	1,017	1,017	1,025	1,029	1,031	1,034	1,036	1,038	1,041	1,043	1,045	1,047	1,047	1,047	1,047	1,047	1,047	1,047
OOS Only	1,382	1,387	1,386	1,390	1,392	1,390	1,390	1,390	1,390	1,390	1,390	1,390	1,390	1,390	1,390	1,390	1,390	1,390	1,390	1,390
EQC Only	28	28	28	28	29	29	29	29	29	29	29	29	29	29	29	29	29	29	29	29
Total	2,413	2,425	2,431	2,435	2,446	2,448	2,450	2,453	2,455	2,457	2,460	2,462	2,464	2,466	2,466	2,466	2,466	2,466	2,466	2,466
	Dec-14	Jan-15	Feb-15	Mar-15	Apr-15	May-15	Jun-15	Jul-15	Aug-15	Sep-15	Oct-15	Nov-15	Dec-15	Jan-16	Feb-16	Mar-16	Apr-16	May-16	Jun-16	Ultimate
Over Cap	1.001	1.007	1.007	1.000	1.008	1.004	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	1.047
OOS Only	1.00	1.00	1.00	1.00	1.00	1.00	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.390
EQC Only	1.04	1.00	1.00	1.00	1.04	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.390
Increment in Claim Numbers	Over Cap	1	7	7	0	8	4	2	2	2	2	2	2	2	0	0	0	0	0	0
	OOS Only	1	5	-1	4	2	-2	0	0	0	0	0	0	0	0	0	0	0	0	0
	EQC Only	1	0	0	0	1	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	Total	3	12	6	4	11	2	2	2	2	2	2	2	2	0	0	0	0	0	0



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Table C.6 – Other Zones Transitions Summary

	Aug-11	Sep-11	Oct-11	Nov-11	Dec-11	Jan-12	Feb-12	Mar-12	Apr-12	May-12	Jun-12	Jul-12	Aug-12	Sep-12	Oct-12	Nov-12	Dec-12	Jan-13	Feb-13	Mar-13
Over Cap	171	177	161	147	149	145	144	145	138	147	149	146	146	146	147	149	150	148	141	143
OOS Only	2,387	2,494	2,554	2,599	2,666	2,769	2,844	2,941	2,975	3,011	3,044	3,081	3,101	3,127	3,146	3,168	3,190	3,217	3,237	3,246
EQC Only	31	32	33	31	36	39	39	39	46	44	41	38	37	37	38	36	34	33	33	32
Total	2,589	2,703	2,748	2,777	2,851	2,953	3,027	3,125	3,159	3,202	3,234	3,265	3,284	3,310	3,331	3,353	3,374	3,398	3,411	3,421

	Aug-11	Sep-11	Oct-11	Nov-11	Dec-11	Jan-12	Feb-12	Mar-12	Apr-12	May-12	Jun-12	Jul-12	Aug-12	Sep-12	Oct-12	Nov-12	Dec-12	Jan-13	Feb-13	Mar-13
Over Cap	1.035	0.910	0.913	1.014	0.973	0.993	1.007	0.952	1.065	1.014	0.980	1.000	1.000	1.007	1.014	1.007	0.987	0.953	1.014	
OOS Only	1.045	1.024	1.018	1.026	1.039	1.027	1.034	1.012	1.012	1.011	1.012	1.006	1.008	1.006	1.007	1.007	1.008	1.006	1.003	
EQC Only	1.03	1.03	0.94	1.16	1.08	1.00	1.00	1.18	0.96	0.93	0.93	0.97	1.00	1.03	0.95	0.94	0.97	1.00	0.97	

Increment in Claim Numbers	Over Cap	OOS Only	EQC Only																	
		6	-16	-14	2	-4	-1	1	-7	9	2	-3	0	0	1	2	1	-2	-7	2
	107	60	45	67	103	75	97	34	36	33	37	20	26	19	22	22	27	20	9	
	1	1	-2	5	3	0	0	7	-2	-3	-3	-1	0	1	-2	-2	-1	0	-1	
	114	45	29	74	102	74	98	34	43	32	31	19	26	21	22	21	24	13	10	

	Apr-13	May-13	Jun-13	Jul-13	Aug-13	Sep-13	Oct-13	Nov-13	Dec-13	Jan-14	Feb-14	Mar-14	Apr-14	May-14	Jun-14	Jul-14	Aug-14	Sep-14	Oct-14	Nov-14
Over Cap	142	139	140	138	141	143	144	140	137	139	140	142	143	144	148	149	150	151	149	149
OOS Only	3,258	3,267	3,252	3,283	3,290	3,301	3,311	3,325	3,336	3,346	3,355	3,376	3,394	3,396	3,355	3,347	3,335	3,326	3,318	3,320
EQC Only	32	32	33	33	33	33	33	34	34	35	34	40	39	42	47	58	71	77	81	84
Total	3,432	3,438	3,425	3,454	3,464	3,477	3,488	3,499	3,507	3,520	3,529	3,558	3,576	3,582	3,550	3,554	3,556	3,554	3,548	3,553

	Apr-13	May-13	Jun-13	Jul-13	Aug-13	Sep-13	Oct-13	Nov-13	Dec-13	Jan-14	Feb-14	Mar-14	Apr-14	May-14	Jun-14	Jul-14	Aug-14	Sep-14	Oct-14	Nov-14
Over Cap	0.993	0.979	1.007	0.986	1.022	1.014	1.007	0.972	0.979	1.015	1.007	1.014	1.007	1.007	1.028	1.007	1.007	1.007	0.987	1.000
OOS Only	1.004	1.003	0.995	1.010	1.002	1.003	1.003	1.004	1.003	1.003	1.003	1.006	1.005	1.001	0.988	0.998	0.996	0.997	0.998	1.001
EQC Only	1.00	1.00	1.03	1.00	1.00	1.00	1.00	1.03	1.00	1.03	0.97	1.18	0.98	1.08	1.12	1.23	1.22	1.08	1.05	1.04

Increment in Claim Numbers	Over Cap	OOS Only	EQC Only																	
		-1	-3	1	-2	3	2	1	-4	-3	2	1	2	1	1	4	1	1	1	-2
	12	9	-15	31	7	11	10	14	11	10	9	21	18	2	-41	-8	-12	-9	-8	2
	0	0	1	0	0	0	0	1	0	1	-1	6	-1	3	5	11	13	6	4	3
	11	6	-13	29	10	13	11	11	8	13	9	29	18	6	-32	4	2	-2	-6	5

	Dec-14	Jan-15	Feb-15	Mar-15	Apr-15	May-15	Jun-15	Jul-15	Aug-15	Sep-15	Oct-15	Nov-15	Dec-15	Jan-16	Feb-16	Mar-16	Apr-16	May-16	Jun-16	Ultimate
Over Cap	148	148	149	153	155	159	160	161	161	162	163	164	164	165	165	165	165	165	165	165
OOS Only	3,319	3,324	3,328	3,333	3,335	3,334	3,337	3,341	3,344	3,347	3,347	3,347	3,347	3,347	3,347	3,347	3,347	3,347	3,347	3,347
EQC Only	85	85	85	84	83	83	83	83	83	83	83	83	83	83	83	83	83	83	83	83
Total	3,552	3,557	3,562	3,570	3,573	3,576	3,580	3,584	3,588	3,592	3,593	3,594	3,595	3,595	3,595	3,595	3,595	3,595	3,595	3,595

	Dec-14	Jan-15	Feb-15	Mar-15	Apr-15	May-15	Jun-15	Jul-15	Aug-15	Sep-15	Oct-15	Nov-15	Dec-15	Jan-16	Feb-16	Mar-16	Apr-16	May-16	Jun-16
Over Cap	0.993	1.000	1.007	1.027	1.013	1.026	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
OOS Only	1.000	1.002	1.001	1.002	1.001	1.000	1.001	1.001	1.001	1.001	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
EQC Only	1.01	1.00	1.00	0.99	0.99	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00

Increment in Claim Numbers	Over Cap	OOS Only	EQC Only																	
		-1	0	1	4	2	4	1	1	1	1	1	1	1	1	0	0	0	0	0
	-1	5	4	5	2	-1	3	3	3	3	0	0	0	0	0	0	0	0	0	0
	1	0	0	-1	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	-1	5	5	8	3	3	4	4	4	4	1	1	1	1	0	0	0	0	0	0

C.2 Initial Settlement Options

Table C.7 - Red Zone Rebuilds

	Jun-11	Sep-11	Dec-11	Mar-12	Jun-12	Sep-12	Dec-12	Mar-13	Jun-13	Sep-13	Dec-13	Mar-14	Jun-14	Sep-14	Dec-14	Mar-15	Jun-15	Total To Date	Assumed Future	Jun14 Valn
Rebuild	0%	7%	6%	7%	14%	13%	14%	13%	9%	16%	4%	13%	5%	13%	0%	13%	50%	9%	10%	10%
Repair	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	11%	0%	0%	0%	0%	0%
Customer Managed Rebuild	0%	8%	5%	12%	19%	20%	19%	25%	19%	12%	12%	38%	24%	0%	0%	4%	0%	12%	10%	30%
Repurchase	75%	79%	65%	61%	60%	50%	35%	45%	60%	36%	56%	50%	43%	50%	44%	74%	0%	59%	60%	50%
Cash Settlement	0%	1%	0%	0%	0%	1%	0%	0%	0%	4%	4%	0%	0%	0%	0%	0%	50%	0%	0%	0%
Cash Settlement - Govt Option 1	0%	0%	18%	11%	1%	4%	18%	3%	7%	8%	8%	0%	10%	0%	0%	4%	0%	10%	10%	5%
Cash Settlement - Govt Option 2	25%	6%	5%	8%	6%	13%	14%	15%	5%	24%	16%	0%	19%	38%	44%	4%	0%	9%	10%	5%

Table C.8 - Red Zone Repairs

	Jun-11	Sep-11	Dec-11	Mar-12	Jun-12	Sep-12	Dec-12	Mar-13	Jun-13	Sep-13	Dec-13	Mar-14	Jun-14	Sep-14	Dec-14	Mar-15	Jun-15	Total To Date	Assumed Future	Jun14 Valn
Rebuild		0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Repair		0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	10%
Customer Managed Rebuild		25%	0%	3%	0%	8%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	2%	2%	0%
Repurchase		0%	10%	17%	0%	15%	0%	0%	0%	10%	0%	0%	0%	0%	0%	0%	0%	8%	8%	0%
Cash Settlement		0%	2%	0%	11%	0%	11%	0%	0%	10%	0%	0%	0%	0%	0%	0%	0%	3%	5%	0%
Cash Settlement - Govt Option 1		25%	64%	34%	11%	15%	39%	0%	43%	40%	0%	0%	60%	100%	0%	0%	0%	41%	40%	40%
Cash Settlement - Govt Option 2		50%	24%	45%	78%	62%	50%	100%	57%	40%	50%	0%	40%	0%	100%	100%	100%	46%	45%	50%

Table C.9 - TC3 Rebuilds

	Jun-11	Sep-11	Dec-11	Mar-12	Jun-12	Sep-12	Dec-12	Mar-13	Jun-13	Sep-13	Dec-13	Mar-14	Jun-14	Sep-14	Dec-14	Mar-15	Jun-15	Total To Date	Assumed Future	Jun14 Valn
Rebuild		48%	69%	61%	47%	67%	70%	69%	62%	46%	45%	46%	57%	56%	59%	59%	57%	61%	60%	55%
Repair		4%	0%	0%	2%	3%	10%	5%	12%	10%	12%	10%	11%	9%	1%	0%	0%	6%	0%	1%
Customer Managed Rebuild		4%	3%	1%	4%	1%	4%	5%	8%	10%	10%	15%	8%	22%	10%	9%	24%	7%	10%	15%
Repurchase		40%	26%	34%	40%	23%	11%	17%	8%	15%	16%	20%	7%	7%	17%	20%	7%	19%	20%	15%
Cash Settlement		4%	2%	4%	8%	7%	5%	4%	9%	18%	16%	10%	18%	6%	13%	13%	12%	8%	10%	14%

Table C.10 - TC3 Repairs

	Jun-11	Sep-11	Dec-11	Mar-12	Jun-12	Sep-12	Dec-12	Mar-13	Jun-13	Sep-13	Dec-13	Mar-14	Jun-14	Sep-14	Dec-14	Mar-15	Jun-15	Total To Date	Assumed Future	Jun14 Valn
Rebuild		0%	0%	0%	0%	0%	0%	0%	0%	2%	0%	0%	0%	0%	0%	4%	2%	0%	0%	0%
Repair		40%	80%	81%	75%	86%	93%	82%	82%	78%	79%	63%	79%	76%	68%	71%	76%	80%	75%	70%
Customer Managed Rebuild		0%	0%	0%	0%	0%	0%	2%	0%	0%	2%	2%	0%	3%	0%	0%	0%	1%	0%	0%
Repurchase		0%	0%	6%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Cash Settlement		60%	20%	13%	25%	14%	7%	16%	18%	20%	19%	35%	21%	22%	32%	24%	22%	19%	25%	30%

Table C.11 - TC2/TC1/Other Zones Rebuilds

	Jun-11	Sep-11	Dec-11	Mar-12	Jun-12	Sep-12	Dec-12	Mar-13	Jun-13	Sep-13	Dec-13	Mar-14	Jun-14	Sep-14	Dec-14	Mar-15	Jun-15	Total To Date	Assumed Future	Jun14 Valn
Rebuild		47%	67%	63%	61%	60%	62%	72%	51%	32%	14%	27%	29%	61%	56%	42%	50%	57%	55%	40%
Repair		0%	2%	0%	0%	8%	2%	8%	3%	5%	7%	27%	12%	4%	0%	0%	0%	4%	0%	0%
Customer Managed Rebuild		7%	6%	5%	2%	2%	11%	11%	16%	26%	36%	27%	47%	9%	0%	33%	30%	12%	20%	30%
Repurchase		13%	20%	25%	20%	15%	14%	0%	14%	21%	7%	18%	6%	17%	22%	25%	10%	16%	15%	10%
Cash Settlement		33%	6%	7%	16%	15%	10%	8%	16%	16%	36%	0%	6%	9%	22%	0%	10%	12%	10%	20%

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Table C.12 - TC2/TC1/Other Zones Repairs

	Jun-11	Sep-11	Dec-11	Mar-12	Jun-12	Sep-12	Dec-12	Mar-13	Jun-13	Sep-13	Dec-13	Mar-14	Jun-14	Sep-14	Dec-14	Mar-15	Jun-15	Total To Date	Assumed Future	Jun14 Valn	
Rebuild			0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	2%	0%	0%	0%	0%	0%	0%
Repair			90%	85%	78%	76%	84%	69%	81%	73%	48%	63%	81%	67%	55%	74%	58%	73%	70%	75%	
Customer Managed Rebuild			0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	2%	0%	3%	0%	0%	0%	0%
Repurchase			0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Cash Settlement			10%	15%	22%	24%	16%	31%	19%	27%	52%	38%	19%	33%	40%	26%	39%	27%	30%	25%	

Table C.13 - Hills Rebuilds

	Jun-11	Sep-11	Dec-11	Mar-12	Jun-12	Sep-12	Dec-12	Mar-13	Jun-13	Sep-13	Dec-13	Mar-14	Jun-14	Sep-14	Dec-14	Mar-15	Jun-15	Total To Date	Assumed Future	Jun14 Valn
Rebuild		56%	44%	31%	35%	43%	35%	35%	26%	25%	32%	43%	42%	34%	38%	71%	64%	39%	50%	40%
Repair		0%	4%	0%	0%	0%	2%	0%	3%	13%	0%	5%	5%	0%	19%	0%	0%	2%	0%	1%
Customer Managed Rebuild		6%	2%	0%	2%	3%	5%	0%	6%	19%	12%	19%	16%	17%	13%	0%	9%	6%	20%	20%
Repurchase		38%	46%	61%	54%	40%	44%	53%	45%	19%	40%	29%	32%	38%	6%	0%	18%	43%	20%	20%
Cash Settlement		0%	4%	7%	9%	13%	15%	12%	19%	25%	16%	5%	5%	10%	25%	29%	9%	9%	10%	19%

Table C.14 - Hills Repairs

	Jun-11	Sep-11	Dec-11	Mar-12	Jun-12	Sep-12	Dec-12	Mar-13	Jun-13	Sep-13	Dec-13	Mar-14	Jun-14	Sep-14	Dec-14	Mar-15	Jun-15	Total To Date	Assumed Future	Jun14 Valn
Rebuild		0%	0%	0%	0%	0%	0%	0%	2%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Repair		80%	89%	92%	88%	90%	88%	71%	74%	69%	71%	43%	77%	50%	67%	69%	63%	76%	65%	50%
Customer Managed Rebuild		0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	7%	0%	0%	0%	0%	0%	0%	0%	0%
Repurchase		0%	0%	0%	0%	0%	2%	0%	0%	0%	0%	7%	0%	0%	0%	0%	0%	0%	0%	0%
Cash Settlement		20%	11%	8%	13%	10%	11%	29%	23%	31%	29%	43%	23%	50%	33%	31%	38%	23%	35%	50%

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Table C.15 - Settlement Options Summary

	Rebuilds					Repairs					Total
	Red	TC3	TC2/TC1/Other	Hills	All Regions	Red	TC3	TC2/TC1/Other	Hills	All Regions	
Decisions Made											
Arrow Managed Rebuild	154	978	289	182	1,603	0	0	0	0	0	1,603
Arrow Managed Repair	0	0	0	0	0	0	606	395	301	1,302	1,302
Customer Rebuild	238	132	67	36	473	3	5	2	1	11	484
Purchase Another	1,104	333	87	215	1,739	12	1	0	3	16	1,755
Cash - Other	8	156	67	50	281	5	232	189	110	536	817
Cash - Gov't Option 1	189	0	0	1	190	62	0	0	3	65	255
Cash - Gov't Option 2	160	0	0	12	172	69	0	0	0	69	241
Multi Unit Builds	0	211	59	24	294	1	93	37	7	138	432
Future Decisions											
Arrow Managed Rebuild	1	17	5	9	32	0	0	0	0	0	32
Arrow Managed Repair	0	0	0	0	0	0	183	80	25	289	289
Customer Rebuild	1	16	8	9	34	0	16	7	3	26	61
Purchase Another	6	26	6	10	48	1	19	5	5	30	78
Cash - Other	0	37	14	11	62	1	142	83	34	261	323
Cash - Gov't Option 1	1	0	0	0	1	7	0	0	0	7	8
Cash - Gov't Option 2	1	0	0	0	1	8	0	0	0	8	9
Multi Unit Builds	0	29	12	-5	36	0	46	14	-5	55	91
Total											
Arrow Managed Rebuild	155	995	294	191	1,635	0	0	0	0	0	1,635
Arrow Managed Repair	0	0	0	0	0	0	789	475	326	1,591	1,591
Customer Rebuild	239	148	75	45	507	3	21	9	4	37	545
Purchase Another	1,110	359	93	225	1,787	13	20	5	8	46	1,833
Cash - Other	8	193	81	61	343	6	374	272	144	797	1,140
Cash - Gov't Option 1	190	0	0	1	191	69	0	0	3	72	263
Cash - Gov't Option 2	161	0	0	12	173	77	0	0	0	77	250
Multi Unit Builds	0	240	71	19	330	1	139	51	2	193	523
	1,863	1,935	615	553	4,966	170	1,343	812	488	2,813	7,779

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C.3 DRA Escalation

Table C.16 – DRA Adjustment Factors

Pre-RFP DRA Qtr	Standard House Cost (\$000's)	Qtr Increase	Adjustment Factor
Jun-11			
Sep-11			
Dec-11			
Mar-12			
Jun-12			
Sep-12			
Dec-12			
Mar-13			
Jun-13			
Sep-13			
Dec-13			
Mar-14			
Jun-14			
Sep-14			
Dec-14			
Mar-15			
Jun-15			

withheld pursuant to sections 9(2)(i) and 9(2)(j)

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D Out of Scope Claims

Figure D.1 – Incurred Development for OOS Simple Claims

	Average Claim Size (Arrow Incurred Estimate)						
	0	1	2	3	4	5	6
Dec-13	10,937	11,189	11,409	11,670	11,858	12,017	12,075
Mar-14	12,926	12,978	13,359	13,723	13,910	13,958	
Jun-14	13,239	13,319	13,446	13,566	13,566		
Sep-14	15,240	15,368	15,522	15,632			
Dec-14	13,356	14,198	14,818				
Mar-15	19,967	20,093					
Jun-15	13,752						

	Development Factor					
	0:1	1:2	2:3	3:4	4:5	5:6
Dec-13	1.023	1.020	1.023	1.016	1.013	1.005
Mar-14	1.004	1.029	1.027	1.014	1.003	
Jun-14	1.006	1.010	1.009	1.000		
Sep-14	1.008	1.010	1.007			
Dec-14	1.063	1.044				
Mar-15	1.006					

Weighted Avg	1.021	1.019	1.020	1.016	1.013	1.005	
Selected ICD Factors	1.010	1.020	1.015	1.005	1.005	1.005	1.000

Weighted Development Factor							1.021
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Figure D.2 – Incurred Development for OOS Complex Claims

	Average Claim Size (Arrow Incurred Estimate)						
	0	1	2	3	4	5	6
Dec-13	13,367	13,812	14,161	14,649	15,179	15,466	15,770
Mar-14	15,861	16,116	16,389	16,694	16,923	17,149	
Jun-14	18,231	18,535	18,545	18,713	19,275		
Sep-14	17,110	17,152	18,036	18,428			
Dec-14	15,516	16,317	17,015				
Mar-15	16,583	17,162					
Jun-15	18,915						

	Development Factor					
	0:1	1:2	2:3	3:4	4:5	5:6
Dec-13	1.033	1.025	1.035	1.036	1.019	1.020
Mar-14	1.016	1.017	1.019	1.014	1.013	
Jun-14	1.017	1.001	1.009	1.030		
Sep-14	1.002	1.052	1.022			
Dec-14	1.052	1.043				
Mar-15	1.035					

Weighted Avg	1.029	1.029	1.030	1.034	1.019	1.020	
Selected ICD Factors	1.030	1.035	1.020	1.025	1.015	1.010	1.000

Weighted Development Factor							1.044
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Figure D.3 – Incurred Development for OOS Pool Claims

Average Claim Size (Arrow Incurred Estimate)							
	0	1	2	3	4	5	6
Dec-13	17,903	18,146	18,963	19,874	20,738	21,309	21,819
Mar-14	16,214	16,563	22,576	29,780	31,602	37,587	
Jun-14	16,106	14,348	22,115	34,186	34,186		
Sep-14	26,984	27,483	28,003	28,517			
Dec-14	25,411	28,852	30,939				
Mar-15	34,962	37,989					
Jun-15	29,138						

Development Factor						
	0:1	1:2	2:3	3:4	4:5	5:6
Dec-13	1.014	1.045	1.048	1.043	1.028	1.024
Mar-14	1.022	1.363	1.319	1.061	1.189	
Jun-14	0.891	1.541	1.546	1.000		
Sep-14	1.019	1.019	1.018			
Dec-14	1.135	1.072				
Mar-15	1.087					

Weighted Avg	1.021	1.068	1.068	1.043	1.036	1.024	
Selected ICD Factors	1.040	1.060	1.050	1.030	1.030	1.020	1.000

Weighted Development Factor	1.024
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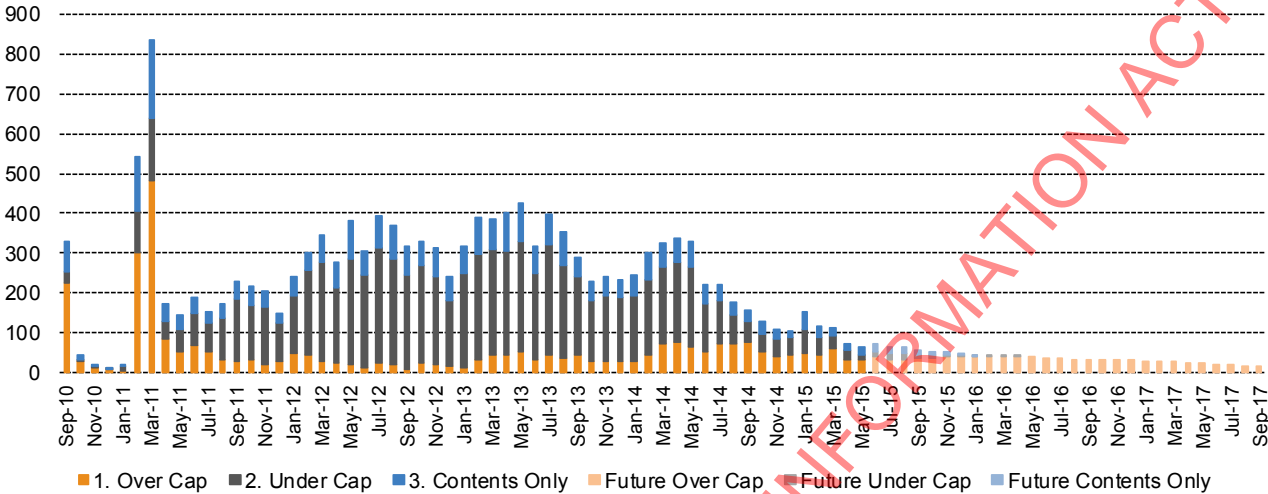


E Temporary Accommodation

E.1 Claim Lodgements

The figure below shows the temporary accommodation claim lodgements projection

Figure E.1 – Temporary Accommodation Claim Lodgements



For Over Cap Claims, the projected number and timing of Over Cap construction starts for the different project streams aligns with the number of future temporary accommodation claims. For Under Cap temporary accommodation claims, our projection for Under Cap related claim lodgements reflects EQC Repair Programme which is intended to complete by early 2016. For Contents Only claims we have selected chain ladder factors to tail off around end of 2015.

E.2 Over Cap Claims

Figure E.2 – Proportion of Property Constructions with Temporary Accommodation Claims

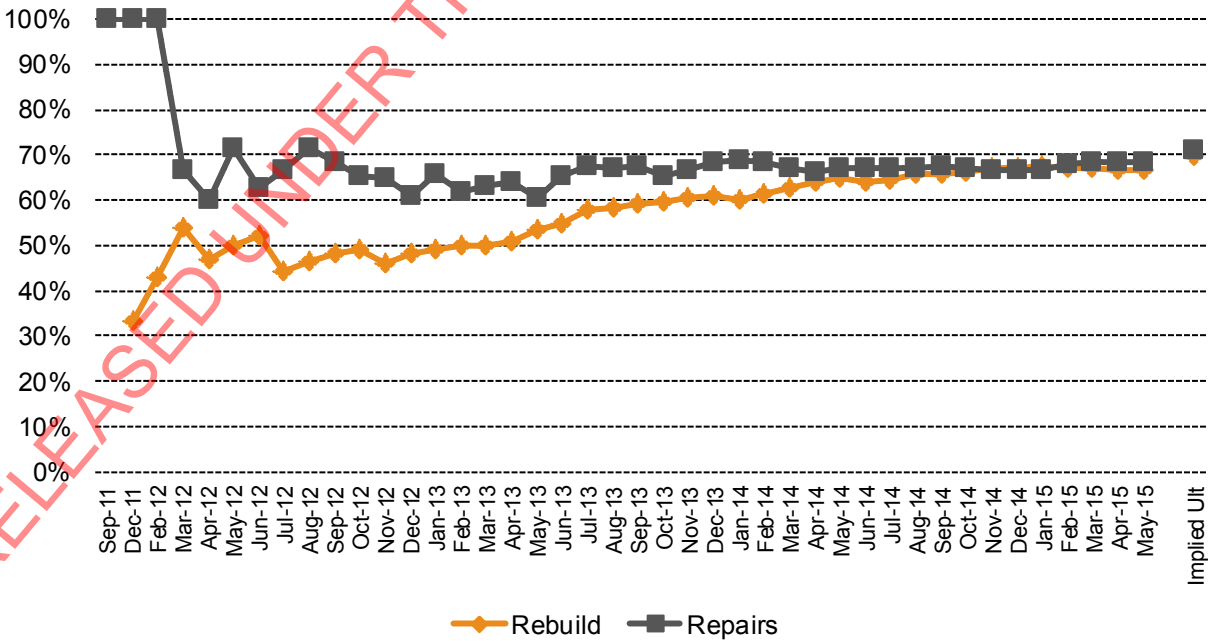


Figure E.3 – Chain Ladder Factors

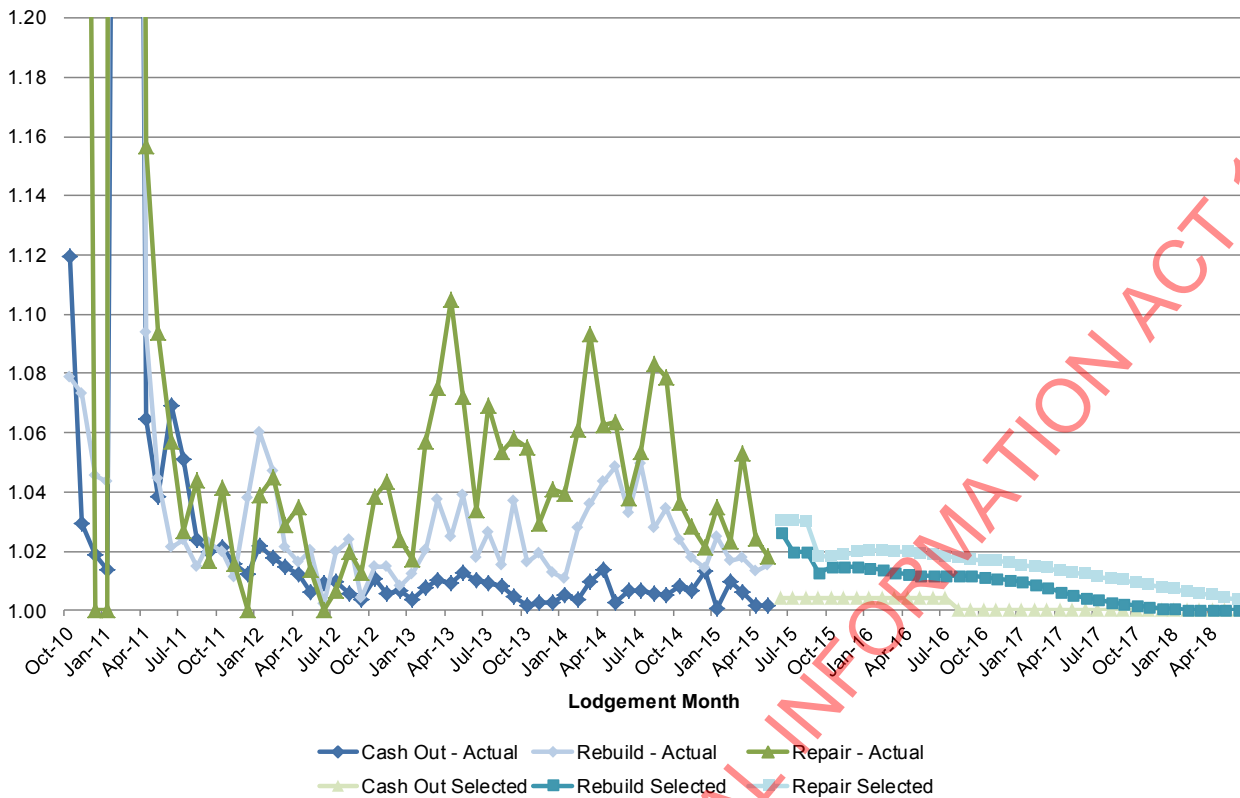


Figure E.4 - Cumulative Average of Full Entitlements

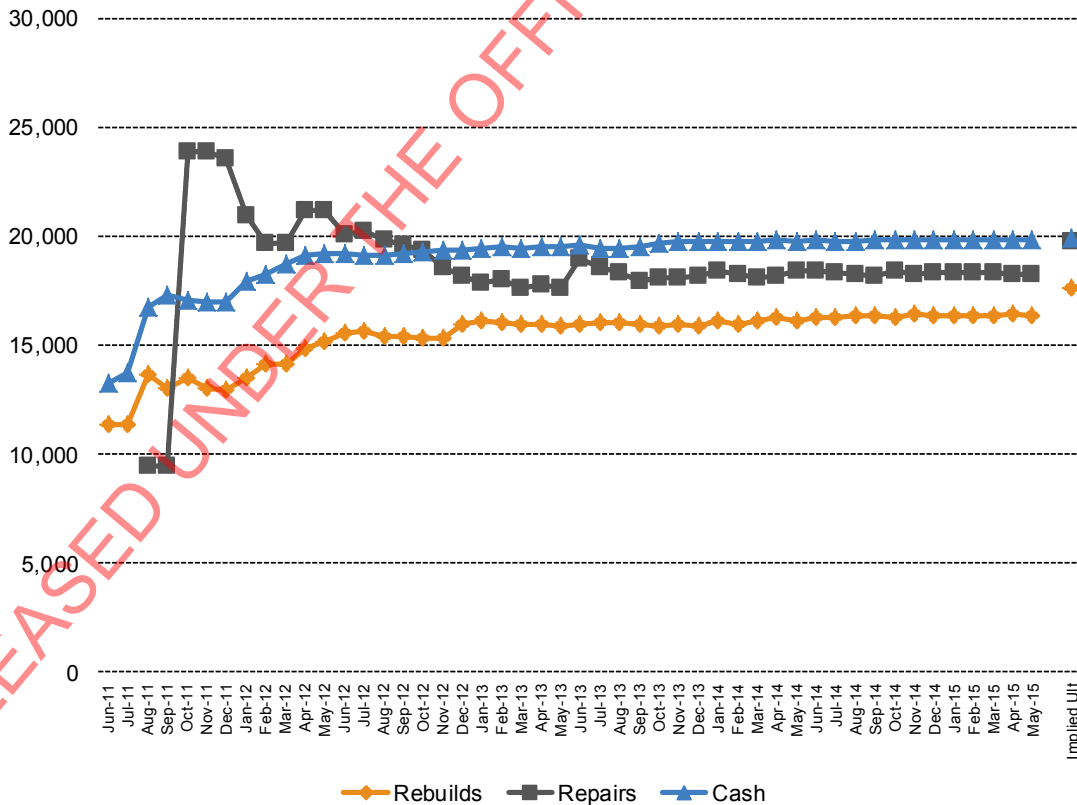
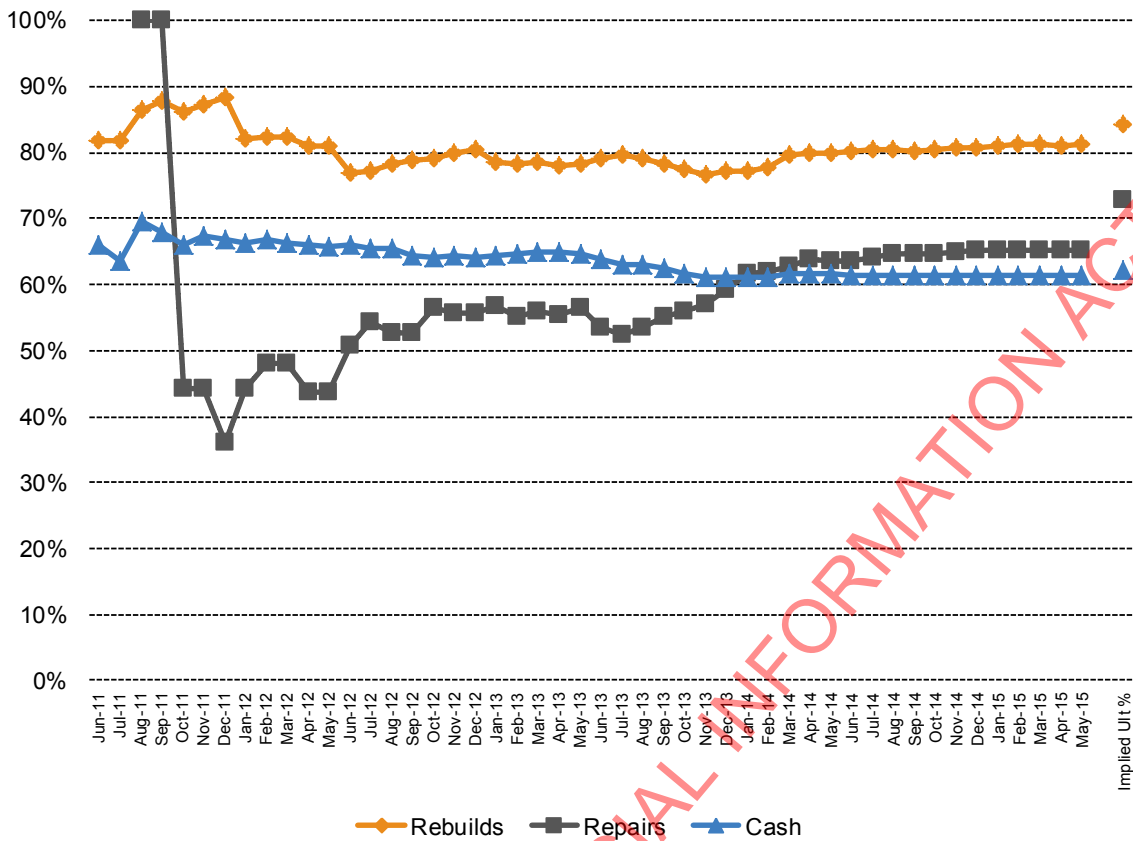


Figure E.5 - Cumulative % Entitlements Utilised



E.3 Under Cap Claims

Figure E.6 – Chain Ladder Factors – by EQC SOW Cost Band

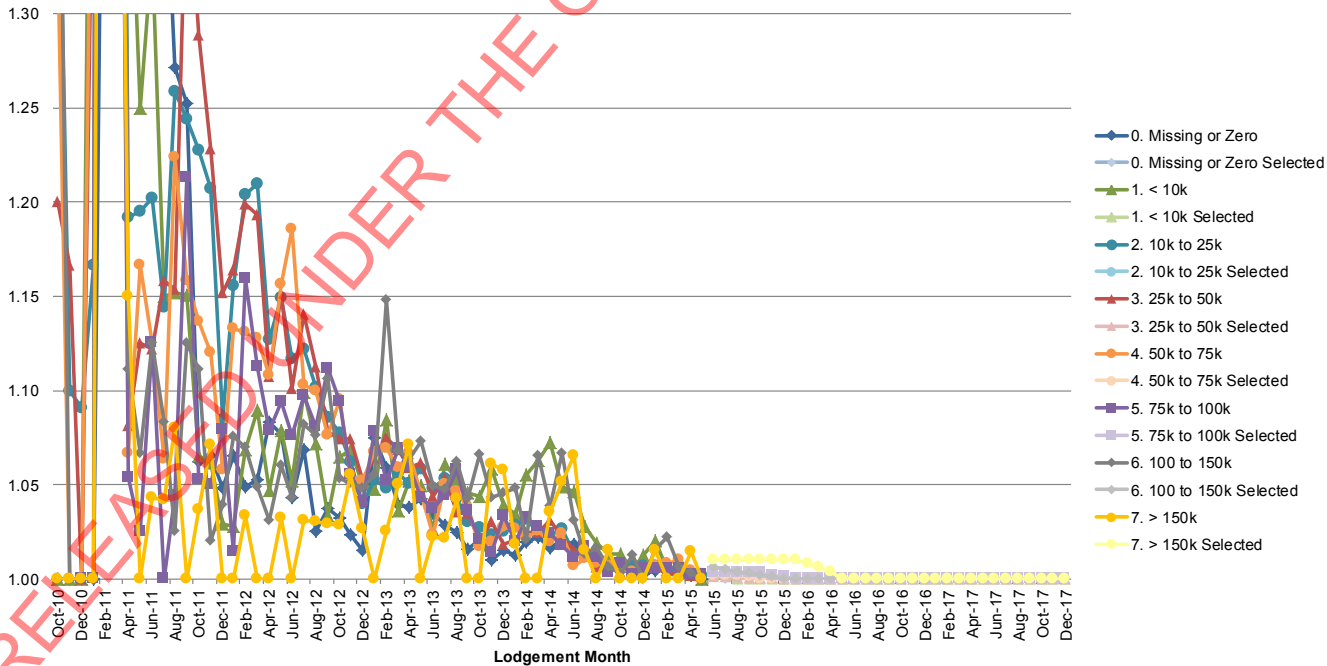


Figure E.7 - Cumulative Average of Full Entitlements – by EQC SOW Cost Band

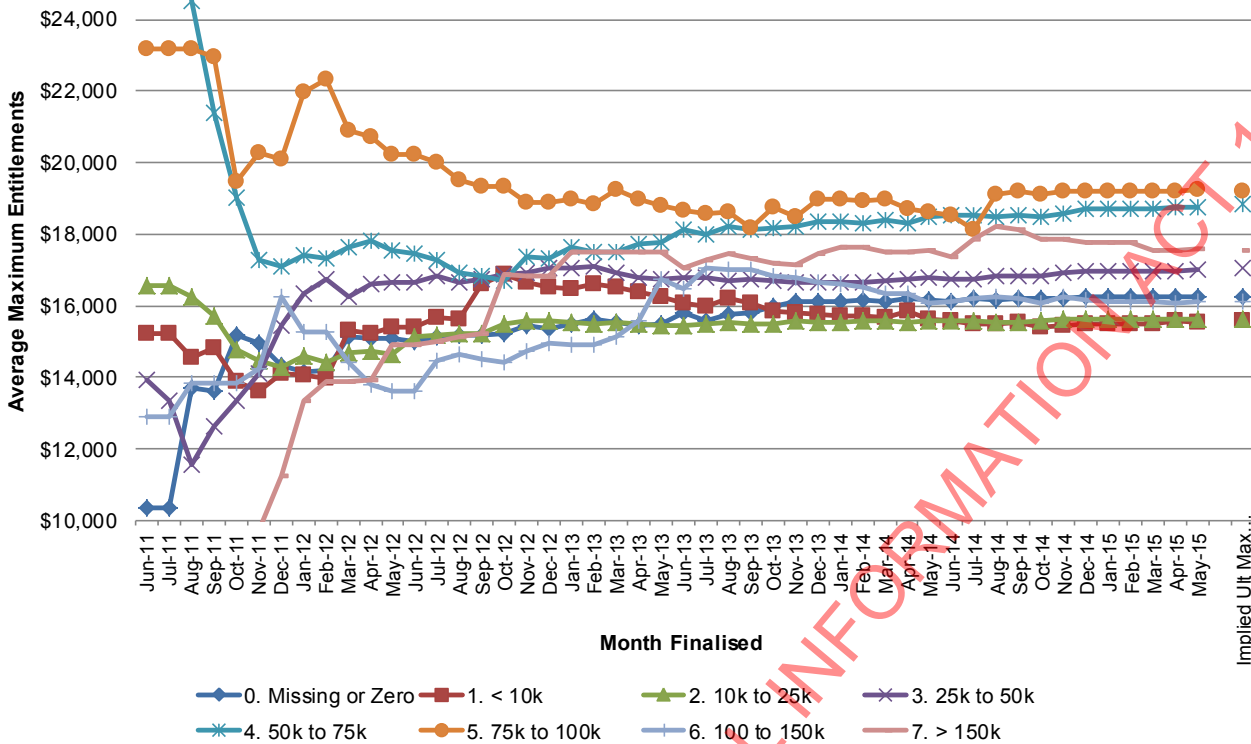
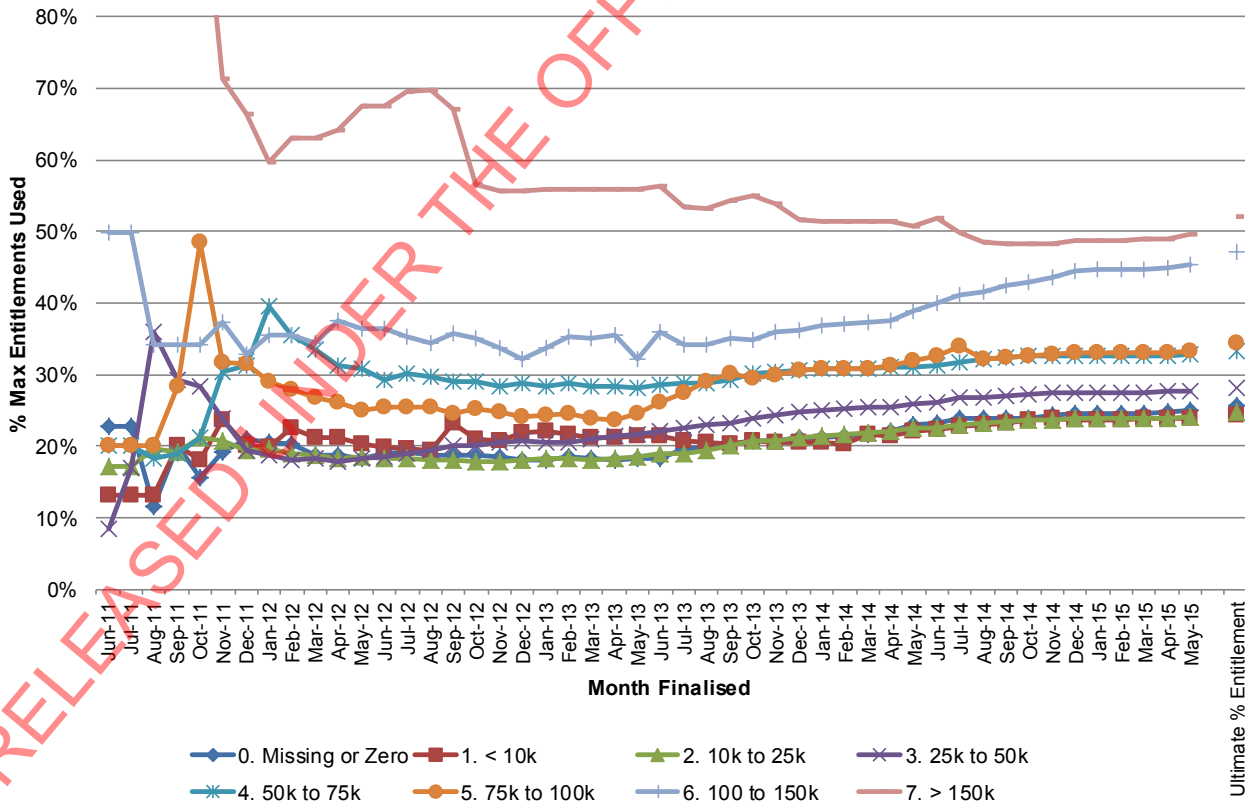


Figure E.8 – Cumulative % Entitlements Utilised – by EQC SOW Cost Band



E.4 Temporary Accommodation – Contents Only

Figure E.9 - Chain Ladder Factors

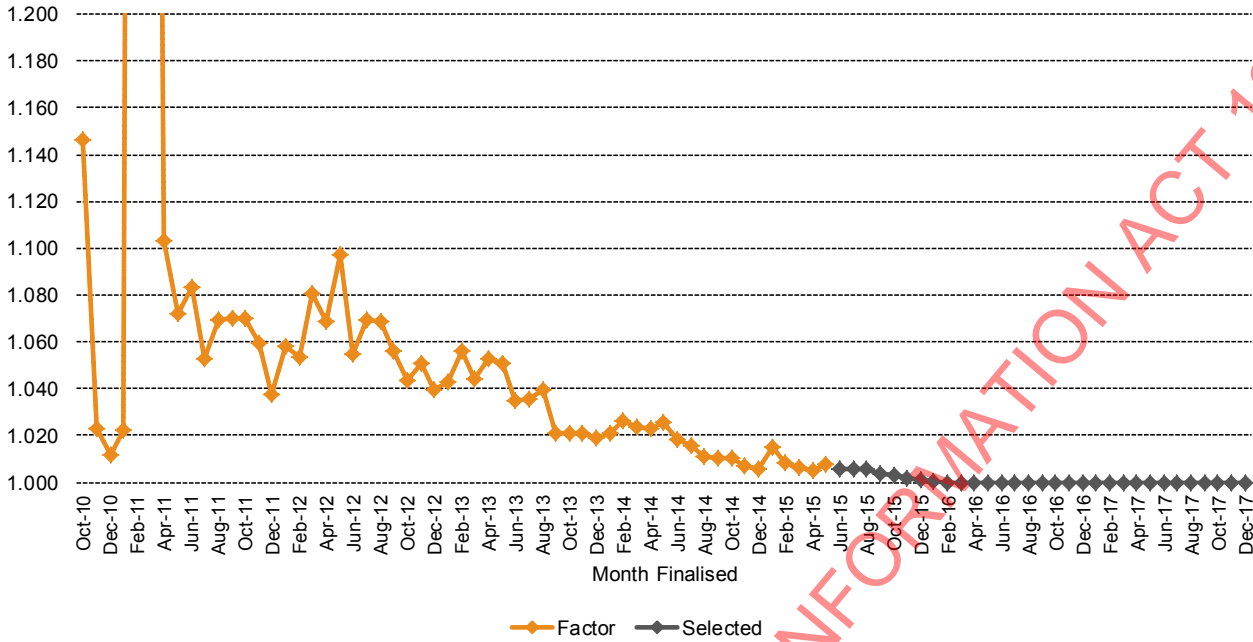
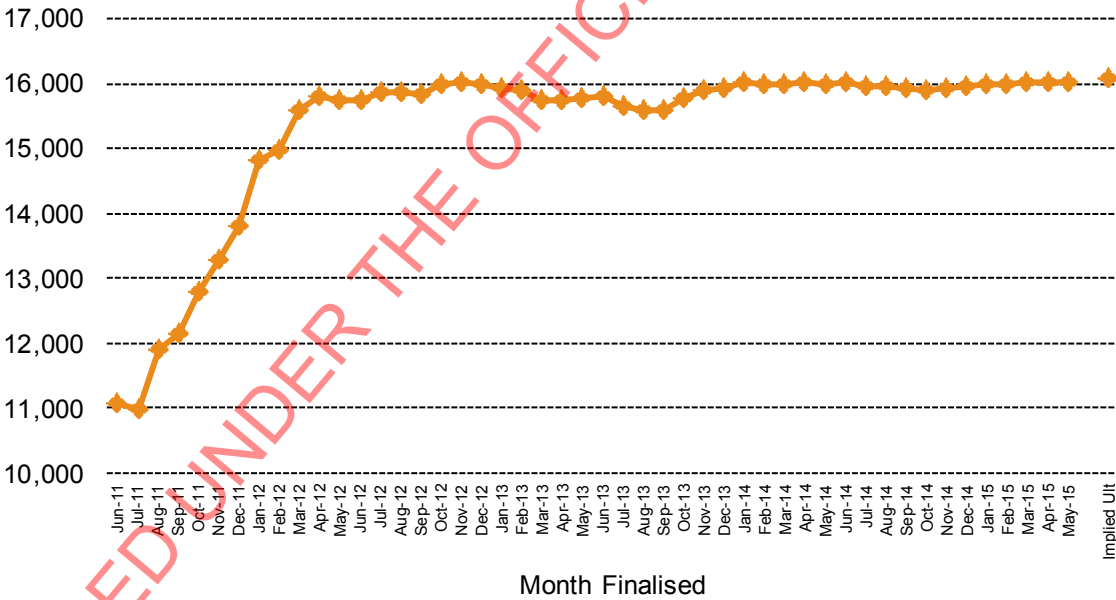


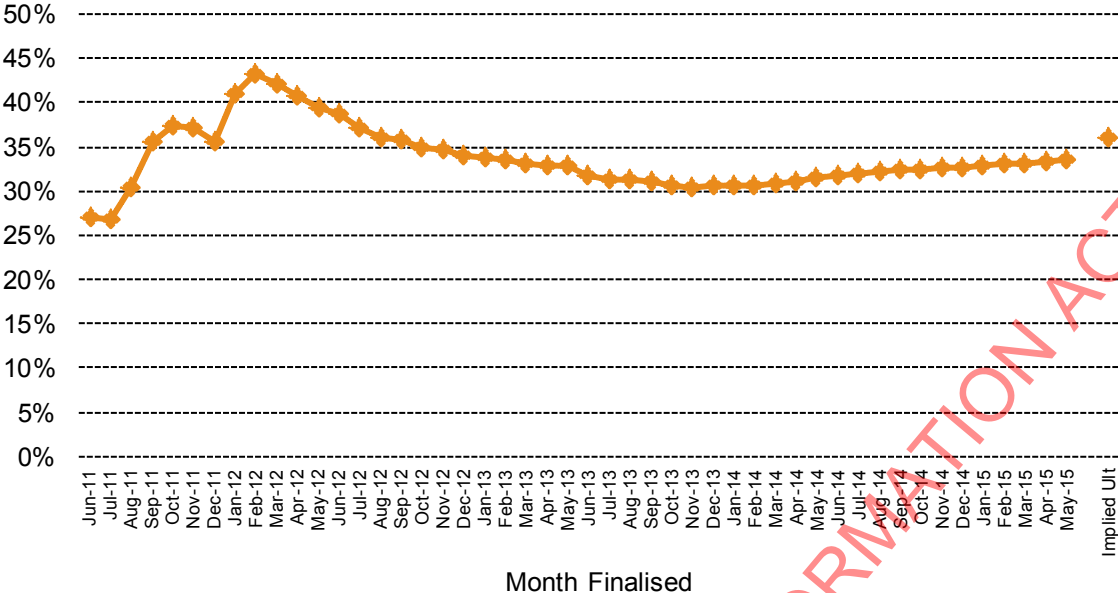
Figure E.10 - Cumulative Average of Full Entitlements



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Figure E.11 - Cumulative % Entitlements Utilised



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F Other Claim Classes

F.1 Lost Rent

The loss rent cover applies if the policyholder has an AMI Rental House or House policy with a 'lost rent cover' option. Southern Response must reimburse the claimant for loss of rent during the period in which the house is deemed unfit to be inhabited due to earthquake damage.

We have used a Payment Per Active Claim (PPAC) approach to value the Lost Rent claim class in this valuation. This involves:

- Using a chain ladder approach to project future claim lodgements for each event.
- Selecting a finalisation pattern to project the period of time lost rent is being actively paid against the claim.
- Selecting an average claim payment per month while the claim is active.

There have been noticeable differences in finalisation rates and claim sizes for claims lodged during the major EQ events and after the major events. We have made different selections for finalisations and sizes for each of these groups. In general, claims that were lodged close to the September, February and June events remain active for longer periods of time, and average active payment sizes are higher. This pattern reflects the greater extent of damage against the property caused by the more significant EQ events.

For IBNR lost rent lodgements we have adopted an average claim size of \$2,600.

Table F.1- Lost Rent Claim Numbers

Lost Rent Claims						
Month	Cat 93		Cat 106		Cat 112	
	Valid Claims	Chain Ladder Factor	Valid Claims	Chain Ladder Factor	Valid Claims	Chain Ladder Factor
Aug-11	172	1.049	561	1.039	36	1.714
Sep-11	182	1.058	581	1.036	42	1.167
Oct-11	186	1.022	613	1.055	46	1.095
Nov-11	195	1.048	630	1.028	52	1.130
Dec-11	198	1.015	656	1.041	52	1.000
Jan-12	199	1.005	684	1.043	53	1.019
Feb-12	201	1.010	692	1.012	53	1.000
Mar-12	204	1.015	711	1.027	55	1.038
Apr-12	209	1.025	724	1.018	58	1.055
May-12	212	1.014	749	1.035	62	1.069
Jun-12	220	1.038	775	1.035	64	1.032
Jul-12	221	1.005	800	1.032	67	1.047
Aug-12	225	1.018	825	1.031	69	1.030
Sep-12	233	1.036	857	1.039	71	1.029
Oct-12	236	1.013	885	1.033	77	1.085
Nov-12	239	1.013	904	1.021	82	1.065
Dec-12	239	1.000	920	1.018	84	1.024
Jan-13	243	1.017	941	1.023	85	1.012
Feb-13	253	1.041	967	1.028	87	1.024
Mar-13	261	1.032	1,006	1.040	94	1.080
Apr-13	268	1.027	1,036	1.030	96	1.021
May-13	275	1.026	1,064	1.027	97	1.010
Jun-13	284	1.033	1,101	1.035	100	1.031
Jul-13	290	1.021	1,135	1.031	102	1.020
Aug-13	296	1.021	1,164	1.026	102	1.000
Sep-13	301	1.017	1,198	1.029	103	1.010
Oct-13	304	1.010	1,215	1.014	103	1.000
Nov-13	308	1.013	1,234	1.016	105	1.019
Dec-13	314	1.019	1,255	1.017	107	1.019
Jan-14	320	1.019	1,281	1.021	110	1.028
Feb-14	330	1.031	1,312	1.024	110	1.000
Mar-14	338	1.024	1,354	1.032	111	1.009
Apr-14	344	1.018	1,389	1.026	112	1.009
May-14	358	1.041	1,417	1.020	113	1.009
Jun-14	369	1.031	1,457	1.028	115	1.018
Jul-14	374	1.014	1,498	1.028	116	1.009
Aug-14	382	1.021	1,545	1.031	117	1.009
Sep-14	386	1.010	1,569	1.016	118	1.009
Oct-14	388	1.005	1,592	1.015	119	1.008
Nov-14	390	1.005	1,603	1.007	119	1.000
Dec-14	394	1.010	1,615	1.007	121	1.017
Jan-15	397	1.008	1,639	1.015	121	1.000
Feb-15	399	1.005	1,655	1.010	121	1.000
Mar-15	401	1.005	1,681	1.016	122	1.008
Apr-15	401	1.000	1,702	1.012	122	1.000
May-15	403	1.005	1,708	1.004	122	1.000
Jun-15	405	1.005	1,727	1.011	123	1.007
Jul-15	407	1.005	1,746	1.011	124	1.007
Aug-15	409	1.005	1,765	1.011	125	1.007
Sep-15	411	1.005	1,779	1.008	126	1.007
Oct-15	413	1.005	1,794	1.008	127	1.007
Nov-15	415	1.005	1,808	1.008	127	1.007
Dec-15	416	1.002	1,822	1.008	128	1.007
Jan-16	417	1.002	1,832	1.005	129	1.007
Feb-16	418	1.002	1,841	1.005	130	1.007
Mar-16	419	1.002	1,851	1.005	131	1.003
Apr-16	420	1.002	1,860	1.005	131	1.003
May-16	421	1.002	1,870	1.005	131	1.003
Jun-16	421	1.001	1,879	1.005	132	1.003
Jul-16	422	1.001	1,889	1.005	132	1.003
Aug-16	422	1.001	1,893	1.003	133	1.003
Sep-16	423	1.001	1,898	1.003	133	1.003
Oct-16	423	1.001	1,903	1.003	134	1.003
Nov-16	424	1.001	1,908	1.002	134	1.003
Dec-16	424	1.001	1,912	1.002	135	1.003
Jan-17	424	1.000	1,912	1.000	135	1.000
Ultimate	424		1,912		135	

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Figure F.1 – Average Payment per Active Lost Rent Claim

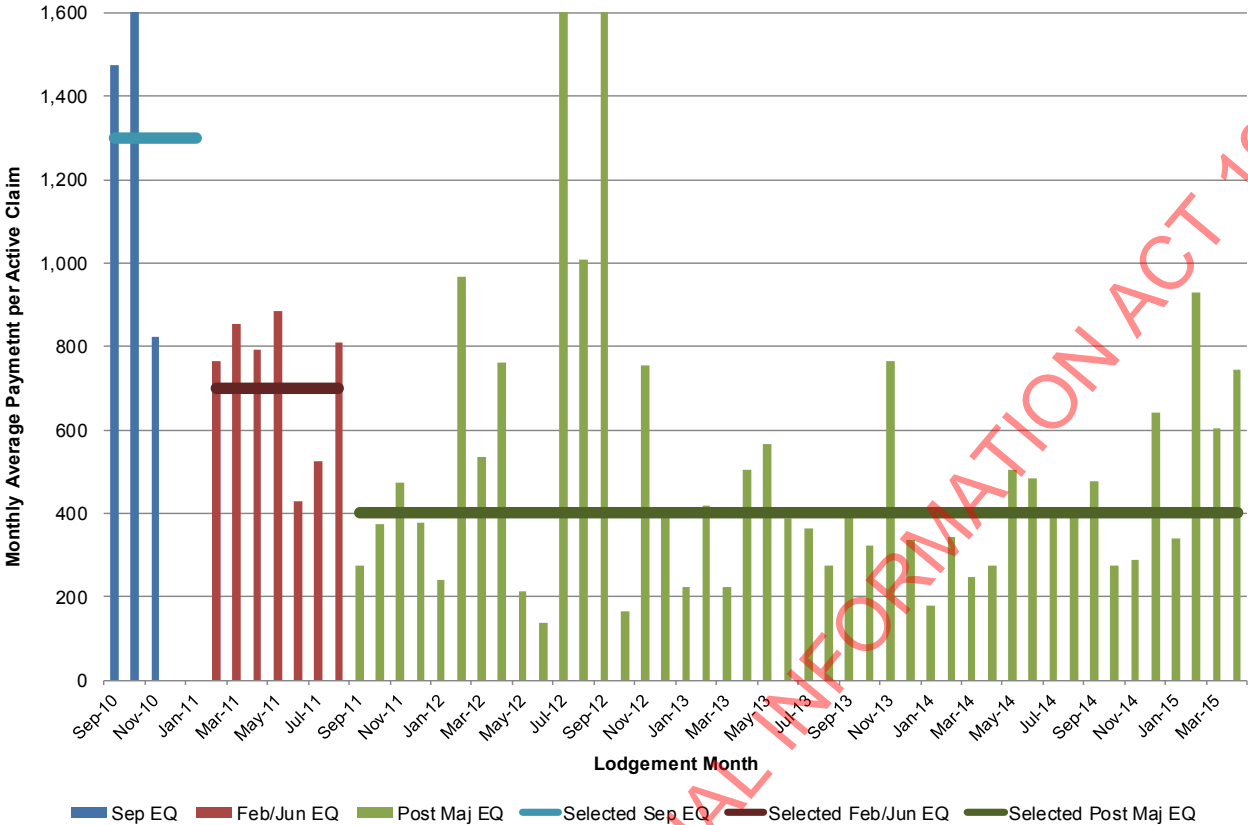


Figure F.2 – Cumulative Lost Rent Finalisations

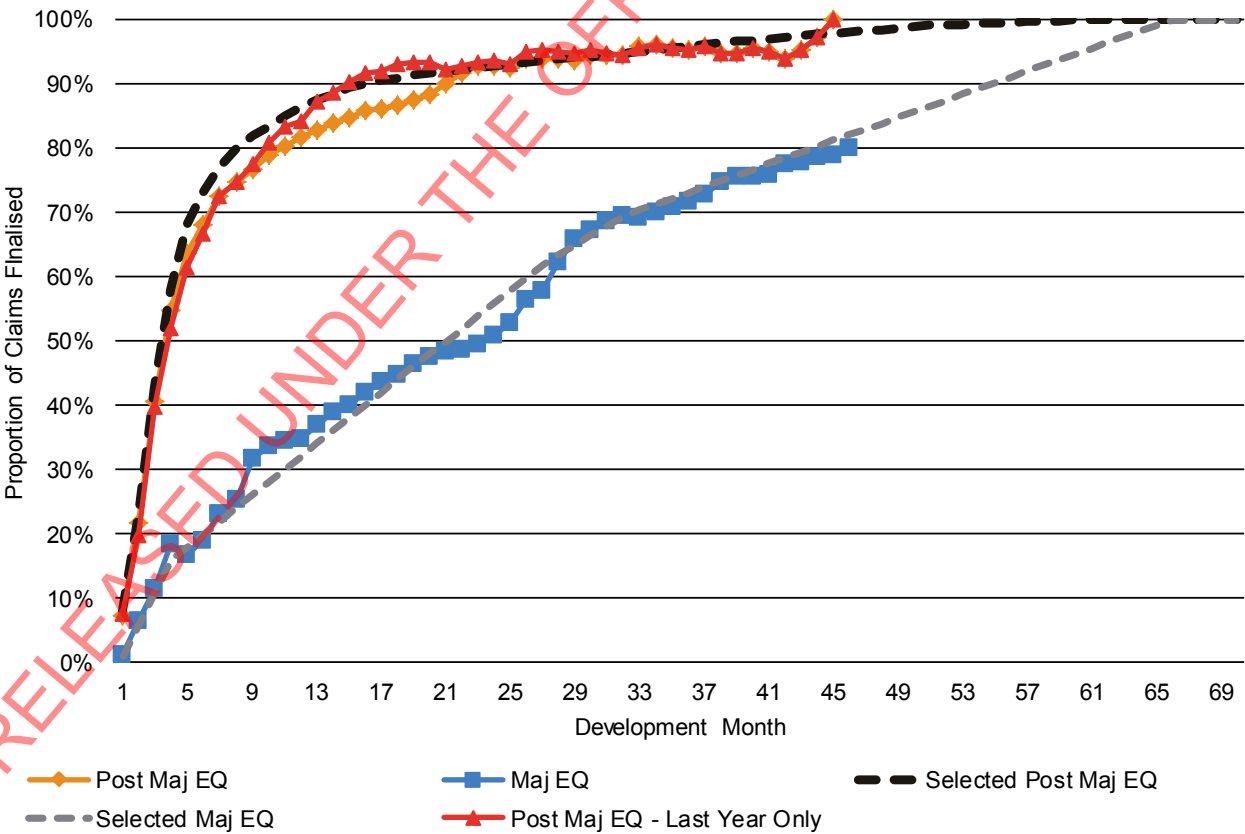


Table F.2 – Lost Rent Implied Payment Pattern for Future Claims

Implied Payment Pattern for Post Major EQ Claims	
Payment Month	Payment
1	368
2	308
3	228
4	168
5	128
6	108
7	92
8	80
9	72
10	66
11	60
12	54
13	50
14	46
15	42
16	40
17	38
18	36
19	35
20	33
21	32
22	31
23	30
24	29
25	28
26	27
27	26
28	25
29	24
30	23
31	22
32	21
33	20
34	19
35	18
36	17
37	16
38	15
39	14
40	13
41	12
42	11
43	10
44	9
45	8
46	8
47	7
48	6
49	5
50	4
51	4
52	3
53	3
54	2
55	2
56	2
57	1
58	1
59	0
60	
Total	2,592
Future Selected	2,600

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F.2 Others

Table F.3 – Contents Average Claim Size and Numbers

Month	Contents											
	Claims						Size					
	Cat 93		Cat 106		Cat 112		Cat 93		Cat 106		Cat 112	
	Valid Claims	Chain Ladder Factor	Valid Claims	Chain Ladder Factor	Valid Claims	Chain Ladder Factor	Average Size	Chain Ladder Factor	Average Size	Chain Ladder Factor	Average Size	Chain Ladder Factor
Nov-11	278	1.022	703	1.065	13	2.167	5,068	0.997	14,056	0.982	1,837	1.000
Dec-11	282	1.014	748	1.064	20	1.538	5,018	0.998	13,792	1.000	2,792	1.000
Jan-12	284	1.007	777	1.039	28	1.400	5,013	1.000	13,666	1.000	2,754	1.048
Feb-12	289	1.018	793	1.021	32	1.143	5,011	1.000	13,552	0.997	2,797	1.000
Mar-12	292	1.010	811	1.023	35	1.094	5,099	1.006	13,358	0.994	2,755	1.000
Apr-12	296	1.014	825	1.017	38	1.086	5,068	0.997	13,302	0.999	2,719	1.000
May-12	299	1.010	833	1.010	41	1.079	5,043	1.000	13,290	0.998	2,716	0.999
Jun-12	300	1.003	840	1.008	45	1.098	5,027	1.000	13,228	0.998	2,688	1.000
Jul-12	304	1.013	848	1.010	46	1.022	5,006	1.000	13,247	1.005	2,688	1.000
Aug-12	304	1.000	861	1.015	47	1.022	5,006	1.000	13,221	1.000	2,600	0.987
Sep-12	304	1.000	869	1.009	47	1.000	5,006	1.000	13,118	0.999	2,600	1.000
Oct-12	304	1.000	869	1.000	49	1.043	5,006	1.000	13,118	1.000	2,713	1.000
Nov-12	307	1.010	872	1.003	49	1.000	4,989	1.000	13,086	1.000	2,713	1.000
Dec-12	308	1.003	873	1.001	50	1.020	4,976	1.000	13,079	0.998	2,713	1.000
Jan-13	311	1.010	880	1.008	51	1.020	4,994	1.000	13,039	1.000	2,713	1.000
Feb-13	313	1.006	886	1.007	52	1.020	5,065	1.000	12,996	1.000	2,693	0.993
Mar-13	315	1.006	893	1.008	52	1.000	5,105	1.000	12,998	0.999	2,693	1.000
Apr-13	318	1.010	895	1.002	52	1.000	5,116	0.996	12,948	0.998	2,693	1.000
May-13	323	1.016	901	1.007	52	1.000	5,096	0.999	12,976	1.000	2,693	1.000
Jun-13	325	1.006	907	1.007	52	1.000	5,090	1.000	13,014	1.003	4,044	1.502
Jul-13	325	1.000	915	1.009	53	1.019	5,084	0.999	12,903	0.996	4,044	1.000
Aug-13	327	1.006	941	1.028	53	1.000	5,093	1.000	12,795	1.000	4,044	1.000
Sep-13	328	1.003	954	1.014	53	1.000	5,089	1.000	12,686	0.998	4,044	1.000
Oct-13	330	1.006	967	1.014	54	1.019	5,139	0.998	12,655	1.000	4,180	1.000
Nov-13	333	1.009	977	1.010	54	1.000	5,147	1.002	12,608	0.998	4,180	1.000
Dec-13	334	1.003	993	1.016	54	1.000	5,147	1.000	12,574	1.000	4,180	1.000
Jan-14	334	1.000	999	1.006	54	1.000	5,147	1.000	12,537	1.001	4,204	1.006
Feb-14	335	1.003	1,007	1.008	56	1.037	5,138	1.000	12,510	0.999	4,375	1.000
Mar-14	339	1.012	1,026	1.019	56	1.000	5,211	1.000	12,436	1.000	4,435	1.000
Apr-14	340	1.003	1,034	1.008	56	1.000	5,242	1.006	12,383	0.999	4,354	0.998
May-14	345	1.015	1,041	1.007	56	1.000	5,244	0.994	12,370	0.999	4,438	1.000
Jun-14	354	1.026	1,076	1.034	59	1.054	5,287	1.011	12,006	0.982	4,438	1.000
Jul-14	360	1.017	1,121	1.042	60	1.017	5,271	0.997	11,821	0.992	4,438	1.000
Aug-14	367	1.019	1,163	1.037	61	1.017	5,243	0.998	11,599	0.999	4,449	1.000
Sep-14	371	1.011	1,178	1.013	63	1.033	5,254	1.000	11,470	0.997	4,449	1.000
Oct-14	374	1.008	1,195	1.014	63	1.000	5,227	1.000	11,391	0.998	4,381	1.000
Nov-14	376	1.005	1,211	1.013	63	1.000	5,209	1.000	11,319	1.000	4,381	1.000
Dec-14	377	1.003	1,226	1.012	64	1.016	5,247	1.000	11,317	1.000	4,381	1.000
Jan-15	381	1.011	1,247	1.017	64	1.000	5,218	1.001	11,305	0.998	4,438	1.000
Feb-15	384	1.008	1,276	1.023	65	1.016	5,187	0.992	11,304	0.997	4,438	1.000
Mar-15	390	1.016	1,296	1.016	65	1.000	5,273	1.009	11,277	1.000	4,438	1.000
Apr-15	395	1.013	1,310	1.011	65	1.000	5,493	1.000	11,333	1.000	4,438	1.000
May-15	399	1.010	1,323	1.010	66	1.015	5,534	1.005	11,270	0.996	4,438	1.000
Jun-15	404	1.012	1,340	1.013	66	1.007	5,534	1.000	11,270	1.000	4,438	1.000
Jul-15	409	1.012	1,357	1.013	67	1.007	5,534	1.000	11,270	1.000	4,438	1.000
Aug-15	414	1.012	1,374	1.013	67	1.007	5,534	1.000	11,270	1.000	4,438	1.000
Sep-15	419	1.012	1,391	1.012	68	1.007	5,534	1.000	11,270	1.000	4,438	1.000
Oct-15	424	1.012	1,409	1.012	68	1.007	5,534	1.000	11,270	1.000	4,438	1.000
Nov-15	428	1.012	1,426	1.012	69	1.007	5,534	1.000	11,270	1.000	4,438	1.000
Dec-15	433	1.011	1,443	1.012	69	1.007	5,534	1.000	11,270	1.000	4,438	1.000
Jan-16	437	1.009	1,457	1.010	70	1.007	5,534	1.000	11,270	1.000	4,438	1.000
Feb-16	441	1.009	1,471	1.010	70	1.006	5,534	1.000	11,270	1.000	4,438	1.000
Mar-16	445	1.009	1,485	1.010	71	1.006	5,534	1.000	11,270	1.000	4,438	1.000
Apr-16	449	1.009	1,500	1.010	71	1.006	5,534	1.000	11,270	1.000	4,438	1.000
May-16	453	1.009	1,514	1.010	71	1.006	5,534	1.000	11,270	1.000	4,438	1.000
Jun-16	457	1.009	1,528	1.009	72	1.006	5,534	1.000	11,270	1.000	4,438	1.000
Jul-16	461	1.009	1,542	1.009	72	1.006	5,534	1.000	11,270	1.000	4,438	1.000
Aug-16	465	1.009	1,557	1.009	73	1.006	5,534	1.000	11,270	1.000	4,438	1.000
Sep-16	469	1.008	1,571	1.009	73	1.006	5,534	1.000	11,270	1.000	4,438	1.000
Oct-16	473	1.008	1,585	1.009	74	1.006	5,534	1.000	11,270	1.000	4,438	1.000
Nov-16	474	1.004	1,595	1.006	74	1.006	5,534	1.000	11,270	1.000	4,438	1.000
Dec-16	476	1.004	1,604	1.006	75	1.006	5,534	1.000	11,270	1.000	4,438	1.000
Jan-17	478	1.004	1,614	1.006	75	1.000	5,534	1.000	11,270	1.000	4,438	1.000
Feb-17	480	1.004	1,624	1.006	75	1.000	5,534	1.000	11,270	1.000	4,438	1.000
Mar-17	482	1.004	1,629	1.003	75	1.000	5,534	1.000	11,270	1.000	4,438	1.000
Apr-17	483	1.002	1,634	1.003	75	1.000	5,534	1.000	11,270	1.000	4,438	1.000
May-17	484	1.002	1,637	1.002	75	1.000	5,534	1.000	11,270	1.000	4,438	1.000
Jun-17	485	1.002	1,640	1.002	75	1.000	5,534	1.000	11,270	1.000	4,438	1.000
Jul-17	486	1.002	1,641	1.001	75	1.000	5,534	1.000	11,270	1.000	4,438	1.000
Aug-17	487	1.002	1,642	1.001	75	1.000	5,534	1.000	11,270	1.000	4,438	1.000
Sep-17	488	1.002	1,643	1.001	75	1.000	5,534	1.000	11,270	1.000	4,438	1.000
Oct-17	489	1.002	1,644	1.001	75	1.000	5,534	1.000	11,270	1.000	4,438	1.000
Nov-17	490	1.002	1,645	1.001	75	1.000	5,534	1.000	11,270	1.000	4,438	1.000
Dec-17	490	1.000	1,646	1.001	75	1.000	5,534	1.000	11,270	1.000	4,438	1.000

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G Other Factors

The Proteus model directly provides a forecast of construction starts in each future month. The relevant payments relating to the construction are triggered by a series of milestones before and after construction work commences. The assumed payment pattern for Arrow Managed Over Caps corresponds directly to the Proteus construction projections. Payments are spread out over a number of months following the date the building contract is expected to be signed. Details of the determination of the payment pattern for Arrow Managed Over Caps are as follows.

Table G.1- Cost Allocation By Project Stream

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Table G.2- Payment Pattern

Month	Group Home Builds Payment Pattern	Designer Builds Payment Pattern	All Rebuilds Payment Pattern	Repairs Payment Pattern	Multi Unit Builds Payment Pattern	Repairs + MUB Payment Pattern	Cash / Repurchase Pattern	Out of Scope Pattern	Lost Rent Pattern	Temp Accom Pattern	Contents Pattern	Vehicles Costs Pattern	Other Pattern	Arrow Costs Pattern
Jul-15											4.37%	16.67%	16.67%	4.39%
Aug-15											4.39%	16.67%	16.67%	4.39%
Sep-15											4.48%	16.67%	16.67%	4.39%
Oct-15											3.95%	16.67%	16.67%	4.39%
Nov-15											3.99%	16.67%	16.67%	4.39%
Dec-15											3.85%	16.67%	16.67%	4.39%
Jan-16											3.71%			4.39%
Feb-16											3.77%			4.39%
Mar-16											3.91%			4.39%
Apr-16											4.02%			4.39%
May-16											4.03%			4.39%
Jun-16											3.99%			4.39%
Jul-16											3.92%			2.80%
Aug-16											3.83%			2.80%
Sep-16											3.73%			2.80%
Oct-16											3.64%			2.80%
Nov-16											3.56%			2.80%
Dec-16											3.48%			2.80%
Jan-17											3.39%			2.17%
Feb-17											3.28%			2.17%
Mar-17											3.14%			2.17%
Apr-17											2.96%			2.17%
May-17											2.74%			2.17%
Jun-17											2.49%			2.17%
Jul-17											2.21%			1.46%
Aug-17											1.92%			1.46%
Sep-17											1.62%			1.46%
Oct-17											1.34%			1.46%
Nov-17											1.08%			1.46%
Dec-17											0.85%			1.46%
Jan-18											0.66%			1.46%
Feb-18											0.50%			1.46%
Mar-18											0.37%			1.46%
Apr-18											0.27%			1.46%
May-18											0.19%			1.46%
Jun-18											0.13%			1.46%
Jul-18											0.09%			
Aug-18											0.06%			
Sep-18											0.04%			
Oct-18											0.02%			
Nov-18											0.01%			
Dec-18											0.01%			
Jan-19											0.00%			
Feb-19											0.00%			
Mar-19											0.00%			
Apr-19											0.00%			
May-19											0.00%			
Jun-19											0.00%			
Jul-19														
Aug-19														
Sep-19														
Oct-19														
Nov-19														
Dec-19														
Jan-20														
Feb-20														
Mar-20														
Apr-20														
May-20														
Jun-20														

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Table G.3 - Selected Future Inflation Rates

Quarter	Treasury National Forecast (% pa.)	Selected - Canterbury (% pa.)
Jun-15	4.1%	5.2%
Sep-15	6.3%	5.2%
Dec-15	5.2%	5.2%
Mar-16	3.8%	3.8%
Jun-16	3.7%	3.8%
Sep-16	3.6%	3.5%
Dec-16	3.5%	3.5%
Mar-17	3.4%	3.5%
Jun-17	3.3%	3.5%
Sep-17	3.2%	3.5%
Dec-17	3.3%	3.5%
Mar-18	3.4%	3.5%
Jun-18	3.4%	3.5%
Sep-18	3.5%	3.5%
Dec-18	3.5%	3.5%
Mar-19	3.6%	3.5%
Jun-19	3.6%	3.5%

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Table G.4 – Discounting Rates

Month	Discounting	
	Spot Rate	Discount Factor
Jul-15	3.21%	0.999
Aug-15	3.18%	0.996
Sep-15	3.14%	0.994
Oct-15	3.11%	0.991
Nov-15	3.08%	0.989
Dec-15	3.05%	0.986
Jan-16	3.03%	0.984
Feb-16	3.00%	0.982
Mar-16	2.98%	0.979
Apr-16	2.96%	0.977
May-16	2.94%	0.975
Jun-16	2.93%	0.973
Jul-16	2.91%	0.971
Aug-16	2.90%	0.968
Sep-16	2.89%	0.966
Oct-16	2.89%	0.964
Nov-16	2.88%	0.962
Dec-16	2.88%	0.959
Jan-17	2.87%	0.957
Feb-17	2.87%	0.955
Mar-17	2.87%	0.953
Apr-17	2.87%	0.951
May-17	2.87%	0.948
Jun-17	2.87%	0.946
Jul-17	2.87%	0.944
Aug-17	2.87%	0.942
Sep-17	2.87%	0.939
Oct-17	2.88%	0.937
Nov-17	2.88%	0.935
Dec-17	2.88%	0.933
Jan-18	2.89%	0.930
Feb-18	2.89%	0.928
Mar-18	2.89%	0.926
Apr-18	2.90%	0.923
May-18	2.90%	0.921
Jun-18	2.91%	0.919
Jul-18	2.91%	0.916
Aug-18	2.92%	0.914
Sep-18	2.92%	0.912
Oct-18	2.93%	0.909
Nov-18	2.93%	0.907
Dec-18	2.94%	0.905
Jan-19	2.95%	0.902
Feb-19	2.95%	0.900
Mar-19	2.96%	0.897
Apr-19	2.97%	0.895
May-19	2.97%	0.893
Jun-19	2.98%	0.890
Jul-19	2.99%	0.888
Aug-19	2.99%	0.886
Sep-19	3.00%	0.883
Oct-19	3.01%	0.880
Nov-19	3.01%	0.878
Dec-19	3.02%	0.876
Jan-20	3.03%	0.873
Feb-20	3.04%	0.871
Mar-20	3.04%	0.868
Apr-20	3.05%	0.866
May-20	3.06%	0.863
Jun-20	3.07%	0.861

H Accounting Disclosures

Table H. 1- Outstanding Earthquake Claims

	Jun-15		Jun-14	
	Group	Company	Group	Company
	\$000	\$000	\$000	\$000
Outstanding claims	████████	████████	████████	████████
Risk margin	████████	████████	████████	████████
Claims handling costs	████████	████████	████████	████████
	████████	████████	████████	████████

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Table H.2 - Claims Development

	Total \$000
Discounted central estimate	████████
Claims handling expense	████████
Risk margin	████████
Gross outstanding claims liabilities	████████
Reinsurance receivables (refer Note 17)	████████
Net outstanding claims liabilities (refer Note 3)	████████

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Table H.3 - Key Actuarial Assumptions - Earthquake

	Jun-15		Jun-14	
	Group	Company	Group	Company
Future Inflation				
Building Cost				
Out of Scope				
Temporary Accommodation				
Other cover types				
Discount Rate				
Claims Handling Expenses				
Risk margin – Outstanding Claims Liabilities				
Risk margin – Liability Adequacy Test				
Average weighted term to settlement from reporting date	1.37 yrs	1.37 yrs	1.22 yrs	1.22 yrs

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Table H.4 - Sensitivity Analysis – Impact of Changes in Key Variables

	Movement in Variable	Net Outstanding claims	
		Jun-14	Jun-13
		\$000	\$000
Inflation Rate	+1% p.a.	15,379	18,936
	-1% p.a.	-14,663	-18,812
Discount Rate	+1% p.a.	-14,209	-13,686
	-1% p.a.	14,613	14,056
Claims Handling Expense	+10% higher	5,357	6,916
	10% lower	-5,357	-6,916
Risk Margin	1%	10,723	12,711
	-1%	-10,723	-12,711

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I Non-EQ Claims

Table I.5 – Summary of Non-EQ Claims Provision

		Gross	less Paid	Gross	Claims	Gross	Reinsurance	Net	Risk	Recommended
		Incurred Cost	to 30 Jun	Outstanding	Handling	Central	Recoveries	Central	Margin	Provision
				Claims	Expense	Estimate		Estimate		
Events	CAT 121	1,835.1	(1,831.7)	3.4	97.7	101.1	0.0	101.1	0.3	101.5
	CAT 116	3,813.7	(3,801.8)	12.0	310.6	322.5	0.0	322.5	1.2	323.7
	CAT 115	1,751.2	(1,748.4)	2.9	104.0	106.8	0.0	106.8	0.3	107.1
	CAT 108	1,634.5	(1,608.9)	25.6	12.3	37.9	0.0	37.9	0.0	37.9
	CAT 105	1,820.0	(1,820.0)	0.0	30.7	30.7	0.0	30.7	0.0	30.7
	CAT 100	1,687.6	(1,687.6)	0.0	1.4	1.4	0.0	1.4	0.0	1.4
	CAT 98	418.6	(418.6)	0.0	8.2	8.2	0.0	8.2	0.0	8.2
	CAT 96	1,702.7	(1,702.7)	0.0	3.9	3.9	0.0	3.9	0.0	3.9
	CAT 90	920.8	(920.8)	0.0	13.5	13.5	0.0	13.5	0.0	13.5
	CAT 91	2,461.6	(2,461.6)	0.0	0.0	0.0	0.0	0.0	0.0	0.0
	Per Risk Claims	1,628.4	(1,375.5)	252.8	0.4	253.2	(1,047.5)	(794.3)	0.0	(794.3)
	Total	19,674.3	(19,377.6)	296.7	582.5	879.1	(1,047.5)	(168.4)	1.8	(166.6)

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