

22 June 2012

Mr Peter Rose
Chief Executive Officer
Southern Response Earthquake Services Ltd
6 Show Place
Christchurch 8149
NEW ZEALAND

Dear Peter

Earthquake Claim Liabilities for Southern Response Earthquake Services as at 5 April 2012

Introduction and Purpose

The purpose of this letter is to provide an estimate of the earthquake claim liabilities for Southern Response Earthquake Services Limited ("SRES") as at the close of business on 5 April 2012. We have revised our estimates following investigations that have occurred since our estimates shown in our full report on 17 August 2011 ("June 2011 valuation"), and a subsequent update to the estimates on 13 December 2011 ("October update").

We understand that this advice will be used by SRES in preparing its management accounts. This letter does not deal with the other non-earthquake retained events that were transferred from AMI Insurance Limited to SRES at the close of business on 5 April 2012.

Summary of Results

Table 1 summarises our estimates of SRES's earthquake ("EQ") liabilities at 5 April 2012, 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 5 April 2012. 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.



Table 1 – Recommended EQ Provisions at 5 April 2012

Provisions for Outstanding Claims as at 05 April 2012	Cat 93	Cat 106	Cat 112	Total		
	4-Sep-10 \$m	22-Feb-11 \$m	13-Jun-11 \$m	Major \$m	Minor \$m	Overall \$m
Gross Incurred Cost in 5 Apr \$ after EQC	554.2	1,175.0	61.2	1,790.4	41.5	1,831.9
less paid to 5 April 2012	-150.8	-140.7	-3.4	-295.0	-1.7	-296.7
Gross Outstanding Claims						
In 5 April 2012 Values	403.4	1,034.2	57.8	1,495.4	39.8	1,535.3
Allowance for Future Inflation	36.5	90.9	6.5	133.9	4.3	138.2
Inflated Values	439.9	1,125.2	64.3	1,629.4	44.1	1,673.5
Discount to Present Value	-16.5	-47.5	-2.7	-66.7	-1.7	-68.4
OSC Discounted to 5 April 2012	423.4	1,077.7	61.6	1,562.7	42.4	1,605.0
Claims Handling	█	█	█	█	█	█
Gross Central Estimate	█	█	█	█	█	█
Catastrophe R/I Recoveries	-427.4	-445.9	-55.4	-928.7	-26.4	-955.1
Aggregate R/I Recoveries	0.0	0.0	0.0	0.0	0.0	0.0
Net Central Estimate	18.3	688.4	9.4	716.1	18.2	734.2
Risk Margin	█	█	█	█	█	█
Recommended provision	█	█	█	█	█	█
Inflated Gross Central Estimate (Incl paid to date + CHE)	621.8	1,332.4	71.2	2,025.5	48.3	2,073.7

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

We have made a number of changes to the valuation basis which has resulted in a \$111 million increase in our estimate of the gross incurred cost (in current values) compared to the October update. Up to 5 April 2012, \$297 million has been paid out, of which the vast majority is offset by reinsurance recoveries.

As the line of figures below Table 1 indicates, we expect that ultimately the cost across all events will amount to \$2,074 million. For the major events:

- Cat 93 (the 4 September 2010 event) is currently estimated to ultimately cost \$622 million (in inflated \$); this event is in excess of the limit of the amount of reinsurance cover purchased for this event (\$600 million)
- Cat 106 (the 22 February 2011 event) has an estimated ultimate cost of \$1,332 million (in inflated \$), which is also well in excess of the available reinsurance cover of \$600 million
- Cat 112 (the 13 June 2011 event) has an estimated ultimate cost of \$71 million, which falls well below the maximum reinsurance cover for this event of \$1,000 million.

Our overall recommended provision for SRES' EQ liabilities at 5 April 2012, net of reinsurance recoveries, is \$960 million. The key points to note are:

- Across all events, our gross central estimate of SRES' EQ liabilities at 5 April 2012 (before adding claims handling expense) is \$1605 million, with \$1563 million relating to the three major events and \$42 million relating to the eight minor events, noting that a new event occurred in December 2012 which resulted in an additional \$25 million being added to the total liability

- The allowance for claims handling expense is now based on a five year forecast of expenses to be incurred by SRES up until the end of FY2017. This is equivalent to 5.3% of the discounted outstanding claims, compared to 1.9% at the October update
- The assumed pattern of future payments for rebuilds continues to be slowed to reflect emerging information on construction delays. We have not changed the assumed pattern for repair and cash settlement activities, however the weighting of liabilities related to repairs and cash settlements has increased since the October update. As such, the discounted mean term of the Over Cap liabilities has reduced from 1.8 years to 1.6 years since the October update
- The discount rate has been updated to 5 April 2012. We adopted the actual yield curve at 31 March 2012 as there were no material movements in the Government bond rates between 31 March 2012 and 5 April 2012. In the period since 31 October 2011, the yield curve has reduced by 0.1% at short durations to around 0.4% out at FY2017 since the October update
- The present value of recoveries expected to be made from AMI's reinsurance covers totals \$955 million. We note that as at 5 April 2012, there is \$51 million in an escrow account for reinsurance recoveries that have been recovered in advance
- After deduction of reinsurance recoveries, across all events, our net central estimate of SRES' EQ liabilities is \$734 million, with the majority of this (\$688 million) being due to the loss from the 22 February 2011 event going through the top of the reinsurance cover available for this event
- Our recommended provisions incorporate risk margins of \$█ million; this is calculated as █% of our gross central estimate of liabilities, but noting that to the extent that the assessed loss for an event is expected to fall below the available reinsurance cover, the risk margin is offset by a potential reinsurance recoverable; this applies to the June 2011 event where there is an offset of \$█ million (ie █% of the gross central estimate of \$65 million).
withheld under section 9(2)(b)(ii)

Key Assumptions

Our estimated provisions are based on a number of key assumptions:

- Number of properties damaged by the September and February events. Both the number of Over Cap properties and Out of Scope properties for these two events are derived from this analysis (discussed in detail further on in this section)
- Average cost of damage on Over Cap properties affected by the September and February events based on the emerging DRA experience, by region of damage. The model captures Over Cap liability for other main events (December 2010, June 2011, December 2011) if some damage was incurred in September or February. The average cost of damage is comprised of the gross cost, the EQC contribution and also a saving to the gross cost (discussed in detail further on in this section)

- The number of Out of Scope claims for events other than the September and February events are projected independently using a chain ladder development model
- Average cost of damage on Out of Scope claims determined by reference to case estimates for assessed claims
- Temporary Accommodation claim numbers and sizes were determined based on the likely maximum exposure and benefit by region. The methodology has not changed since the October update
- For other events and other covers, the number of claims and average claim sizes have been developed using chain ladder development models
- Future claims handling expense has been derived directly from a five year projection of SRES expenses to the end of FY2017
- The discount rate has decreased since the October update
- The payment pattern has been slowed slightly as construction of properties (in relation to Rebuilds) continues to be slower than envisaged
- Future claims inflation assumption of 6% per annum for building related costs and 3% per annum for other costs. Demand surge in building costs continues to be a major area of uncertainty
- Risk margin is unchanged from the October update.

Appendix A contains a detailed map of the individual items within the process by which our actuarial valuation takes place.

A number of the key assumptions are discussed further below.

Number of Properties

We used a transition matrix approach for each land damage zone to determine the ultimate number of properties with Over Cap and Out of Scope damage arising from the September and February events. The "states" included in our transition matrix include Over Cap (September, February or both events), Out of Scope or no AMI claim and are based on how the claim has been progressively recorded over time within the database. Our projection also produces estimates for properties with damage from the June, December 2010 and December 2011 events if some damage was incurred in the September or February events. We have made a separate allowance for properties that were undamaged by either the September or February events (the numbers of these are relatively insignificant).

Figure 1 shows the projection of the number of properties with damage arising from the September and February events, summarised from the individual land damage zone projections.

We project the number of Over Cap properties in our valuation for the September and February events, and other events separately. Table 2 shows the ultimate number of September and February Over Cap properties estimated from our transition matrices. This has increased slightly from 6,913 at the October update to 6,943. A number of these properties are expected to eventually become Under Cap, and these are deducted from the overall estimated number of Over Cap properties.

The number of properties with Over Cap damage for the other events is derived separately and added to give our estimate of the total number of Over Cap properties that SRES will ultimately manage. The total number of properties has reduced to 6,900 from 7,100 at the October update.

Each property with Over Cap damage can result in claims being recorded for multiple events. The proportion of properties with Over Cap damage for both the September and February events has increased since the October update based on the DRA assessments that have been completed since the October update (largely additional properties with partial EQC contributions in respect of the September event). This has resulted in an increase in the number of Over Cap claims relating to the September event that is significantly higher than the movement seen for other events.

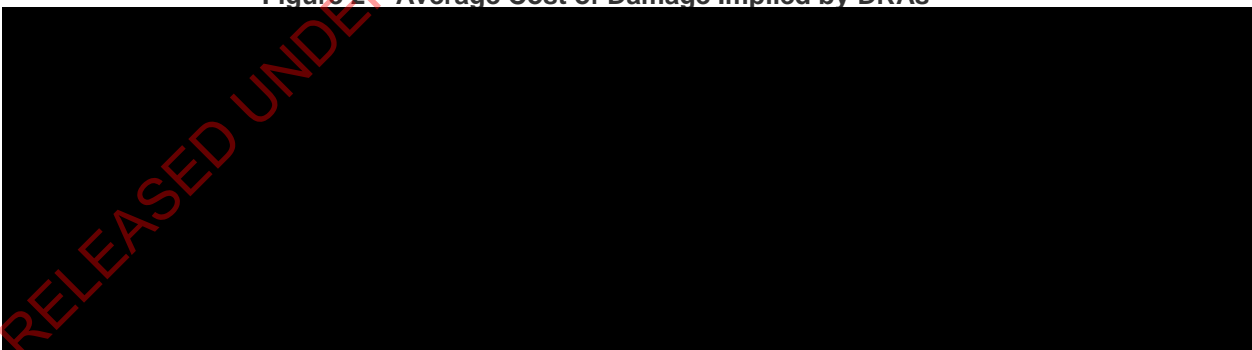
The claims for each of the June, December 2010 and December 2011 events have been projected using a chain ladder approach.

Average Damage per Property (Gross of EQC)

Our assumed average damage per property has been derived from the DRA assessments made to date. Figure 2 shows the progression of the average cost of the damage implied by DRAs for Rebuilds and Repairs since July 2011.

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Figure 2 – Average Cost of Damage Implied by DRAs



The overall average rebuild cost has increased as a result of a change in the mix of DRAs, with the average costs quite stable within individual land zones. The average cost of repairs, on the other hand, has drifted upwards across most land zones. The average cost for Under Cap properties has stayed relatively stable.

Table 3 shows our projected average cost of damage per property, gross of EQC contributions.

Table 3 – Projected Average Damage per Property (Gross of EQC Contributions)

	To Date				Future				Ultimate				
	Rebuild	Repairs	Und. Cap	Total	Rebuild	Repairs	Und. Cap	Total	Rebuild	Repairs	Und. Cap	Total	
Gross Size \$000													
Red													
Orange													
TC3													
TC2													
TC1													
Hills													
Other													
Total													
Projected Oct 11													
Before TC3 Adj.													
After TC3 Adj.	TC3 additional foundation costs are now incorporated in individual DRA contingency margins												
Projected Over Cap Rebuild/Repair Gross Cost \$m													
<i>Managed by AMI, before deductions for customers choosing other settlement options</i>													
As at 5 April 12					2,020	484	EQC			2,504			
As at Oct 11					1,814	467	EQC			2,281			
					206	17				222			

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Relative to the October update, the average cost of Rebuilds is unchanged and the average size of Repairs has increased by █%. The overall increase in the average damage is about █%, which has resulted in an additional \$█ million of rebuild and repair cost before EQC contributions. withheld pursuant to sections 9(2)(i) and 9(2)(j)

EQC Contributions

The allocation of each property’s damage between events enables an estimate of the expected EQC contribution to be calculated. In aggregate, the amount of this contribution is significant – approaching \$1 billion.

There is only very limited experience to date to support the quantum of EQC contributions, however, this experience suggests that there may be some leakage i.e. the EQC contribution could potentially be less than suggested by the DRAs that have been carried out to date. This is particularly the case on properties where there is damage from multiple events and where at least one event is expected to have a “partial” contribution by the EQC.

We believe it is appropriate to allow for some leakage in relation to the EQC contributions in excess of one cap. Subjectively, we have allowed for 10% leakage on the \$300 million of “partial cap” contributions. The average EQC recovery, and the derivation of this leakage is shown in Figure 3.



Figure 3 – Expected Average EQC Contribution and Potential Leakage

Avg EQC Contrib from DRA	To Date				Future				Ultimate			
	Rebuild	Repairs	Und. Cap	Total	Rebuild	Repairs	Und. Cap	Total	Rebuild	Repairs	Und. Cap	Total
Red	146	139	146	145	151	130	137	149	146	138	145	146
Orange	171	147	141	168	168	150	135	166	171	147	140	168
TC3	150	145	161	149	143	135	140	140	148	142	154	146
TC2	154	140	118	146	140	130	115	134	150	136	117	143
TC1	134	133	130	133	143	139	101	139	135	134	127	134
Hills	156	131	110	144	164	131	109	144	157	131	110	144
Other	141	122	104	130	132	110	101	121	137	117	103	126
Total	149	139	133	146	145	131	122	138	149	136	131	145
Projected Oct 11	148	135	130	145	152	112	122	132	149	119	125	139
Projected EQC Contribution implied by DRA \$m												
As at 5 April 12									729	251	EQC	980
As at Oct 11									656	247	EQC	903
									73	4		77
Adjustment for Leakage in EQC Contribution												
Amount in Excess of One Cap \$m					<i>Amount at risk is effectively amount in excess of 1 cap of \$100k</i>				238	67		305
Assumed Leakage %									10%	10%		10%
Amount not contributed \$m									24	7		31
As % of total projected EQC contributions									3%	3%		3%
Adjusted EQC Contributions \$m									705	245		950

Savings on Alternative Settlement Options

At the October update, we made an assumption that policyholders who chose to take a cash settlement or make a repurchase instead of rebuilding their property would result in some cost savings for AMI. On the basis of further DRA assessments and taking into account settlement terms reached with SRES customers, we have refined our assumptions regarding expected savings:

- For Government Option 1 (Red zone only, Government pays the policyholder the land and property value directly) – based on the costs expected to be saved (█% of demolition, Arrow costs eg temporary works and contract setup, contingency margin), we estimated a saving of \$█ per property
withheld pursuant to sections 9(2)(i) and 9(2)(j)
- Repurchase – based on actual repurchases to date, with savings estimated as the total DRA cost less cash payments made less Arrow costs for project management and DRA preparation and EQC contribution. The saving estimated is \$█ per property
- Cash settlement – based on actual cash settlements to date, we used a similar method of “savings” calculation to repurchases and estimate that \$█ would be saved per property. withheld pursuant to sections 9(2)(i) and 9(2)(j)

The revision in our assumption resulted in an increase in the savings relative to the October update of about \$█ million.

Summary of Assumptions

Table 4 shows how our overall assumptions have changed between the October update and the current valuation at 5 April 2012. We have also included the results from the June 2011 valuation for comparison.

Table 4 – Summary of Claims Assumptions – All Events Combined

Cover Type	Current			October Update			June 2011 Valuation		
	Total			Total			Total		
	Ultimate No of Claims	Average Size \$000	Total Cost \$m	Ultimate No of Claims	Average Size \$000	Total Cost \$m	Ultimate No of Claims	Average Size \$000	Total Cost \$m
Over Cap									
Out of Scope									
Lost Rent									
Temp Accom									
Contents									
Vehicles									
Other									
Total									

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The total estimated cost in current dollars has increased by \$111 million since the October update. The high level changes are:

- The total cost for Over Cap claims has increased \$136 million since the October update
- The estimated total cost for Out of Scope claims has reduced by \$16 million since the October update
- Minor changes to the other classes have resulted in a \$9 million reduction to our estimate of the total cost.

Table 5 shows a breakdown of the changes by event. Appendix B sets out detailed assumptions for the minor events, and Appendix C sets out details of other assumptions included in our valuation.

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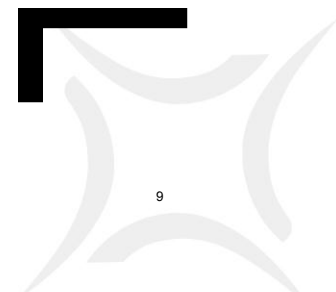


Table 5 – Summary of Claims Assumptions by Event

Cover Type	Current			October Update			June 2011 Valuation		
	04 September 2010			04 September 2010			04 September 2010		
	Ultimate No of Claims	Average Size \$000	Total Cost \$m	Ultimate No of Claims	Average Size \$000	Total Cost \$m	Ultimate No of Claims	Average Size \$000	Total Cost \$m
Over Cap Out of Scope									
Lost Rent Temp Accom Contents Vehicles Other									
Total									
Cover Type	22 February 2011			22 February 2011			22 February 2011		
	Ultimate No of Claims	Average Size \$000	Total Cost \$m	Ultimate No of Claims	Average Size \$000	Total Cost \$m	Ultimate No of Claims	Average Size \$000	Total Cost \$m
Over Cap Out of Scope									
Lost Rent Temp Accom Contents Vehicles Other									
Total									
Cover Type	13 June 2011			13 June 2011			13 June 2011		
	Ultimate No of Claims	Average Size \$000	Total Cost \$m	Ultimate No of Claims	Average Size \$000	Total Cost \$m	Ultimate No of Claims	Average Size \$000	Total Cost \$m
Over Cap Out of Scope									
Lost Rent Temp Accom Contents Vehicles Other									
Total									
Cover Type	Minor Events			Minor Events			Minor Events		
	Ultimate No of Claims	Average Size \$000	Total Cost \$m	Ultimate No of Claims	Average Size \$000	Total Cost \$m	Ultimate No of Claims	Average Size \$000	Total Cost \$m
Over Cap Out of Scope									
Lost Rent Temp Accom Contents Vehicles Other									
Total									

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

Reconciliation with Previous Estimate at 31 October 2011

The estimate as at 5 April 2012 can be compared with our previous estimate as at 31 October 2011.

Table 6 – Movement of Gross Incurred Estimate¹

	\$m	Change (\$m)
Previous Gross Incurred Cost estimate	1,721.2	
Change in claims cost assumptions	1,800.2	79.0
EQC leakage	1,829.6	29.4
Change in savings assumptions	1,807.5	(22.1)
December 2011 event	1,831.9	24.5
Latest Gross Incurred Cost estimate	1,831.9	110.7

¹ Net of EQC contribution, gross of reinsurance recoveries

Table 6 shows that:

- The combined impact of the changes in claims assumptions result in an increase in the gross incurred estimate by \$79 million. This includes changes to the projected number and size of properties with Over Cap damage, as well as changes to the number and size of claims for Out of Scope claims and other classes
- The impact of including a leakage on EQC contributions is estimated to be \$29 million
- An increase in the savings assumptions relative to the October update has resulted in a reduction of \$22 million
- A new event occurred in December 2011 which has resulted in an additional \$25 million of gross incurred cost.

Table 7 – Reconciliation of Provision

	Gross \$m	Change (\$m)	Net \$m	Change (\$m)
31 October Provision	1,681.1		768.1	
Actual payments	(178.4)		0.0	
Interest	14.4		6.9	
Unwind of risk margin	0.0		(25.3)	
Provision at 5 April using October assumptions	1,517.0	(164.0)	749.7	(18.4)
Change in claims cost assumptions	1,600.6	83.5	885.1	135.4
EQC leakage	1,630.1	29.5	917.8	32.6
Change in savings assumptions	1,607.2	(22.9)	892.7	(25.0)
Revised payment pattern	1,593.2	(14.0)	875.5	(17.2)
Increase in CHE	1,646.2	53.0	941.2	65.7
Change in discount rate	1,662.9	16.7	951.7	10.4
December 2011 event	1,689.4	26.5	959.5	7.9
Recommended Provision at 5 April 2012	1,689.4	172.3	959.5	209.8

Table 7 shows the reconciliation of the previous provision (gross of reinsurance and net of reinsurance including risk margins) to the current recommended provision. The changes are:

- We have deducted actual payments, allowed for expected interest on the October provision and unwound the risk margin on the net provision to give an expected provision at 5 April 2012. The estimated gross and net provisions at 5 April are \$164 million and \$18 million lower than the provision at the October update respectively
- The revisions to the claims assumptions have resulted in an increase of \$84 million to the gross provision and an increase of \$135 million to the net provision. There is a significant difference between the gross and net provision change due to a shift in the gross provision away from the June event (which has breached the reinsurance retention but is well below the limit) to the September event (which has exceeded the reinsurance limit)
- The EQC leakage and change in savings assumptions result in an increase to the net provision of \$7 million
- The overall mean term of the liabilities have reduced, resulting in a reduction in the net provision of \$17 million
- Reflecting the SRES budgeted expenses has increased the net provision by \$66 million
- The reduction in discount rates has resulted in an increase to the net provision by \$10 million
- Inclusion of the December 2011 event has increased the net provision by \$8 million.

Uncertainty

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It must be stressed that a relatively large degree of uncertainty attaches to our estimates of SRES' EQ liabilities. As noted above, in recognition of this uncertainty, we have incorporated a risk margin of ■■■% in our recommended provisions – a level which is intended to produce a 75% probability of sufficiency. This margin is based largely on subjective judgements as to the appropriate margin to apply.

Reasonably modest adjustment to the main parameters in our valuation can cause movements of at least \$50 million (both up and down) in the net central estimate of SRES' EQ liabilities. In our report dated 17 August 2011, we outlined our key uncertainties in Section 7.2. These uncertainties remain valid. The key uncertainties we wish to highlight here include:

- for Over Cap properties, we have taken the view that the “tail” of late lodgements will have a higher proportion of repairs than the properties assessed to date, and these are expected to involve lower repair costs than what has been recorded to date
- considerable uncertainty still surrounds the types and costs of foundations which will be required for the more seriously damaged land areas; adverse outcomes in this aspect have the potential to add materially to costs as currently assessed
- there is still much uncertainty in the savings that may result from cash settlements relative to DRA assessed costs
- the estimated quantum of contributions by the EQC is highly uncertain, with anecdotal evidence indicating that, in a number of cases, the recoverable amount implied by SRES' DRA estimate is higher than the EQC's own estimate; we will continue to seek further quantitative information to explore this issue however we have made an assumption that some leakage will occur
- the sensitivity of the inflated cost and provision to the speed of the payment pattern. The speed of payments hinges on construction forecasts being adhered to.

As the experience matures, deviations of the order of \$50 million in the estimated cost of these events should be viewed as normal. By the same token, testing of quite adverse development in the experience shows that it would require simultaneous and quite severe deterioration across a combination of parameters to produce a result which more than extinguishes the risk margin allowed for in our recommended provisions.

Reliances and Limitations

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

We understand that SRES may need to provide this letter to New Zealand Treasury. Permission is hereby granted for such distribution for this purpose on the condition that the entire letter, rather than any excerpt, is distributed.

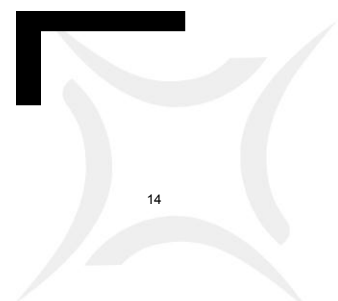
No other distribution of, use of or reference to this letter (or any part thereof) is permitted without our prior written consent. Third parties, whether authorised or not to receive this letter, should recognise that the furnishing of this letter is not a substitute for their own due diligence and should place no reliance on this letter 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 letter 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 letter should be made only after considering the letter in its entirety, as the conclusions reached by a review of a section or sections on an isolated basis may be incorrect.

This letter 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 letter. 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.

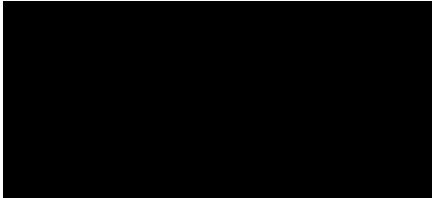
It is not possible to put a value on outstanding claim liabilities with certainty. As well as difficulties caused by limitations on the historical information, outcomes remain dependent on future events, including legislative, social and economic forces. Although we consider that the estimates have been 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 than stated in this letter. We are not aware of any current reinsurer insolvency problems or disputes over reinsurance recoveries.

Yours sincerely

withheld pursuant to section 9(2)(a)

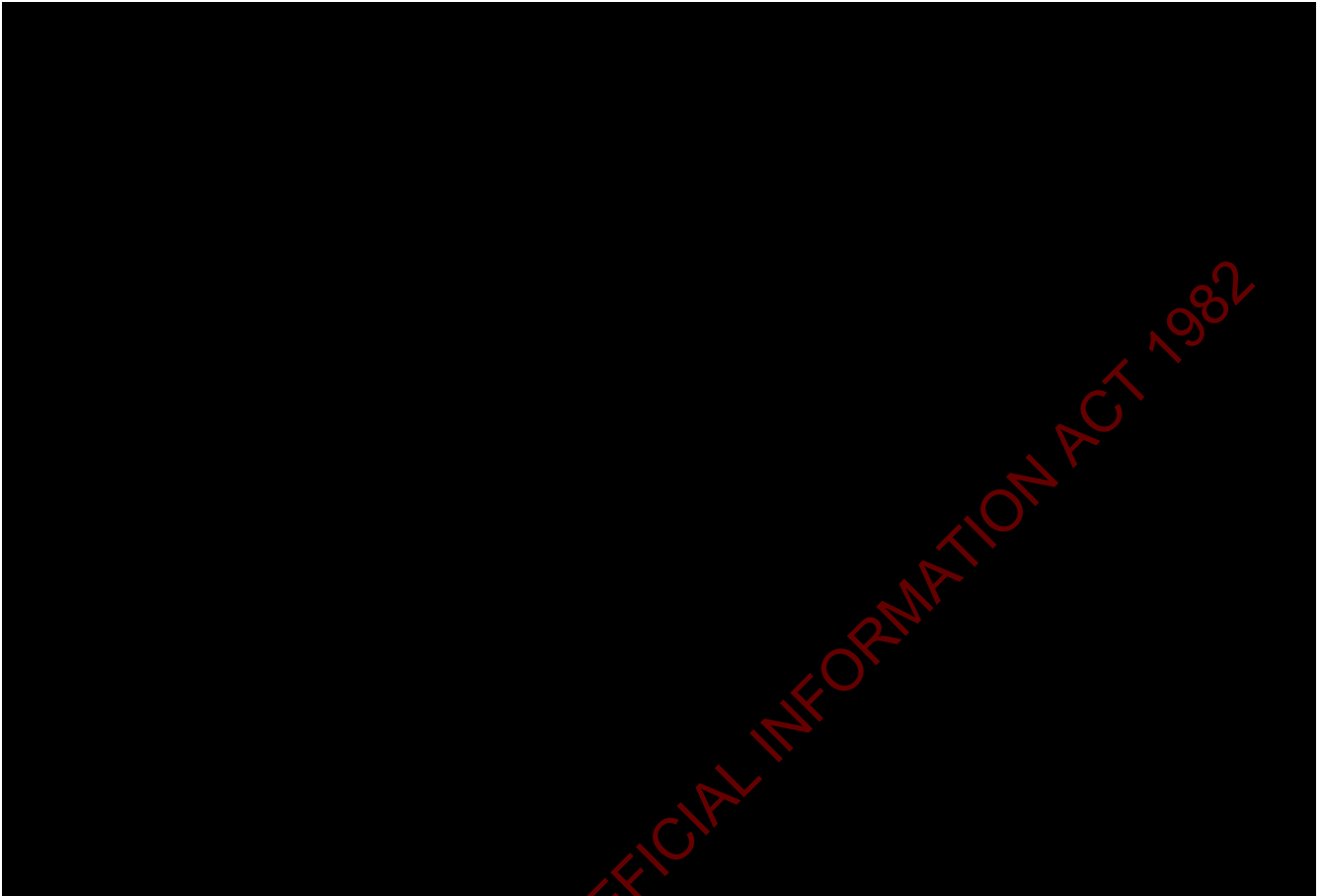


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A Valuation Process



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B Assumptions for Minor Events

Cover Type	Minor Events			Minor Events			Minor Events		
	Ultimate No of Claims	Average Size \$000	Total Cost \$m	Ultimate No of Claims	Average Size \$000	Total Cost \$m	Ultimate No of Claims	Average Size \$000	Total Cost \$m
Over Cap Out of Scope	[REDACTED]								
Lost Rent									
Temp Accom									
Contents									
Vehicles Other									
Total	[REDACTED]								
Cover Type	Cat 97			Cat 97			Cat 97		
	Ultimate No of Claims	Average Size \$000	Total Cost \$m	Ultimate No of Claims	Average Size \$000	Total Cost \$m	Ultimate No of Claims	Average Size \$000	Total Cost \$m
Over Cap Out of Scope	[REDACTED]								
Lost Rent									
Temp Accom									
Contents									
Vehicles Other									
Total	[REDACTED]								
Cover Type	Cat 99			Cat 99			Cat 99		
	Ultimate No of Claims	Average Size \$000	Total Cost \$m	Ultimate No of Claims	Average Size \$000	Total Cost \$m	Ultimate No of Claims	Average Size \$000	Total Cost \$m
Over Cap Out of Scope	[REDACTED]								
Lost Rent									
Temp Accom									
Contents									
Vehicles Other									
Total	[REDACTED]								
Cover Type	Cat 103			Cat 103			Cat 103		
	Ultimate No of Claims	Average Size \$000	Total Cost \$m	Ultimate No of Claims	Average Size \$000	Total Cost \$m	Ultimate No of Claims	Average Size \$000	Total Cost \$m
Over Cap Out of Scope	[REDACTED]								
Lost Rent									
Temp Accom									
Contents									
Vehicles Other									
Total	[REDACTED]								
Cover Type	Cat 107			Cat 107			Cat 107		
	Ultimate No of Claims	Average Size \$000	Total Cost \$m	Ultimate No of Claims	Average Size \$000	Total Cost \$m	Ultimate No of Claims	Average Size \$000	Total Cost \$m
Over Cap Out of Scope	[REDACTED]								
Lost Rent									
Temp Accom									
Contents									
Vehicles Other									
Total	[REDACTED]								

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

Cover Type	Cat 111			Cat 111			Cat 111		
	Ultimate No of Claims	Average Size \$000	Total Cost \$m	Ultimate No of Claims	Average Size \$000	Total Cost \$m	Ultimate No of Claims	Average Size \$000	Total Cost \$m
Over Cap Out of Scope									
Lost Rent									
Temp Accom									
Contents									
Vehicles Other									
Total									

Cover Type	Cat 114			Cat 114			Cat 114		
	Ultimate No of Claims	Average Size \$000	Total Cost \$m	Ultimate No of Claims	Average Size \$000	Total Cost \$m	Ultimate No of Claims	Average Size \$000	Total Cost \$m
Over Cap Out of Scope									
Lost Rent									
Temp Accom									
Contents									
Vehicles Other									
Total									

Cover Type	Cat 117			Cat 117			Cat 117		
	Ultimate No of Claims	Average Size \$000	Total Cost \$m	Ultimate No of Claims	Average Size \$000	Total Cost \$m	Ultimate No of Claims	Average Size \$000	Total Cost \$m
Over Cap Out of Scope									
Lost Rent									
Temp Accom									
Contents									
Vehicles Other									
Total									

Cover Type	Cat 122			Cat 122			Cat 122		
	Ultimate No of Claims	Average Size \$000	Total Cost \$m	Ultimate No of Claims	Average Size \$000	Total Cost \$m	Ultimate No of Claims	Average Size \$000	Total Cost \$m
Over Cap Out of Scope									
Lost Rent									
Temp Accom									
Contents									
Vehicles Other									
Total									

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C Other Assumptions

			Payment Pattern					
			Financial year					
			FY12	FY13	FY14	FY15	FY16	FY17
4 Sept 1 Darfield	Over EQC Cap	Gross Amount	16%	52%	14%	8%	8%	2%
		EQC Recovery	16%	52%	14%	8%	8%	2%
		Out of Scope	17%	53%	30%	0%	0%	0%
		Lost Rent	20%	80%	0%	0%	0%	0%
		Temp Accom	14%	57%	21%	7%	0%	0%
		Contents	43%	57%	0%	0%	0%	0%
		Vehicles	100%	0%	0%	0%	0%	0%
	Other	17%	53%	30%	0%	0%	0%	
22 Feb 11 Lyttleton	Over EQC Cap	Gross Amount	13%	46%	18%	10%	10%	2%
		EQC Recovery	13%	46%	18%	10%	10%	2%
		Out of Scope	12%	61%	27%	0%	0%	0%
		Lost Rent	14%	86%	0%	0%	0%	0%
		Temp Accom	14%	57%	21%	7%	0%	0%
		Contents	32%	59%	10%	0%	0%	0%
		Vehicles	83%	17%	0%	0%	0%	0%
	Other	14%	50%	36%	0%	0%	0%	
13 June Sumner	Over EQC Cap	Gross Amount	13%	46%	18%	10%	10%	2%
		EQC Recovery	13%	46%	18%	10%	10%	2%
		Out of Scope	12%	61%	27%	0%	0%	0%
		Lost Rent	14%	86%	0%	0%	0%	0%
		Temp Accom	14%	57%	21%	7%	0%	0%
		Contents	32%	59%	10%	0%	0%	0%
		Vehicles	83%	17%	0%	0%	0%	0%
	Other	14%	50%	36%	0%	0%	0%	
Minor Events	Over EQC Cap	Gross Amount	13%	46%	18%	10%	10%	2%
		EQC Recovery	13%	46%	18%	10%	10%	2%
		Out of Scope	12%	61%	27%	0%	0%	0%
		Lost Rent	14%	86%	0%	0%	0%	0%
		Temp Accom	14%	57%	21%	7%	0%	0%
		Contents	32%	59%	10%	0%	0%	0%
		Vehicles	83%	17%	0%	0%	0%	0%
	Other	14%	50%	36%	0%	0%	0%	

Note: Payment pattern for FY12 is only for the remaining months of the year to June

CHE %	5.25%
Risk Margin %	14.20%



		Inflation					
		Financial year					
		FY12	FY13	FY14	FY15	FY16	FY17
Over EQC Cap	Gross Amount	[REDACTED]					
	EQC Recovery						
Out of Scope							
Lost Rent							
Temp Accom							
Contents							
Vehicles							
Other							

Balance date	Discount Rate					
	Financial year					
	FY12	FY13	FY14	FY15	FY16	FY17
05 Apr 2012	[REDACTED]					
31 Oct 2011						
30 Jun 2011						
07 Apr 2011						

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

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