



16 April 2015

Market Information  
NZX Limited  
Level 2, NZX Centre  
11 Cable Street  
Wellington  
New Zealand

Company Announcements Office  
Australian Securities Exchange Limited  
Exchange Centre  
Level 6, 20 Bridge Street  
Sydney NSW 2000  
Australia

### **TOWER strengthens Canterbury reinsurance; plans capital buy back for June quarter**

TOWER Limited (NZX/ASX: TWR) advises it has now settled and closed 93% (by volume) of all claims related to the Canterbury earthquake events, and remains on track for 95% claims completion by the end of 2015.

TOWER notes developments within the industry regarding the pace and cost of the remaining rebuild and the increased provisioning of some industry peers. Despite TOWER's industry leading claims resolution, risks continue in regard to increasing costs and time delays.

Chief Executive Officer David Hancock said the company had taken the opportunity through its reinsurance programme to increase the level of cover in relation to the remaining Canterbury rebuild.

"We have secured an additional \$50 million in cover at attractive rates for adverse developments associated with the key February 2011 earthquake event.

"This additional cover limits exposure and maintains financial flexibility should circumstances change, further underpinning strong solvency."

TOWER will retain exposure to the first \$30 million in costs above current reserves. However, on the next \$50 million in costs TOWER will bear only 12.5%, or up to \$6.25 million, with the balance covered by reinsurance for the seven year term of the agreement.

"TOWER has successfully utilised strong global relationships and improving reinsurance markets to efficiently manage risk. We will continue to take advantage of these opportunities for the benefit of shareholders, where prudent to do so.

"We will also continue to look to invest in the growth of general insurance and return excess capital to shareholders wherever possible," Mr Hancock said.

### **Capital management programme continues in June quarter**

TOWER continues to hold significant capital above the current solvency minimum required by the Reserve Bank of New Zealand and its own long-term solvency policy. At the end of FY2014, the company held at least \$135 million in solvency above these requirements.

Subject to final approvals and shareholder notifications, TOWER expects the next stage of its capital management programme, an on market share buy back of up to \$34 million, to commence following the Company's half-year results announcement on Tuesday 26 May.

A full overview of TOWER's risk management approach and capital position will be available at the half-year results presentation.

**ENDS**



David Hancock  
Chief Executive Officer  
TOWER Limited  
ARBN 088 481 234 Incorporated in New Zealand

**For further information, please contact:**

Tracey Palmer  
Head of Corporate Communications  
Mobile: +64 21 837 860  
Email: [tracey.palmer@tower.co.nz](mailto:tracey.palmer@tower.co.nz)