



22 August 2014

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

### **Progress on Canterbury rebuild releases \$30 million**

#### **New systems delivering customer service and cost benefits**

TOWER Limited (NZE/ASX: TWR) advises that the Reserve Bank of New Zealand (RBNZ) has completed its annual solvency review and yesterday confirmed a \$30 million reduction in the funds required to be held by TOWER as part of its additional Minimum Solvency Margin (MSM) requirement.

TOWER Chief Executive Officer David Hancock said the \$30 million released from the MSM reflected TOWER's solid progress in settling Canterbury claims and would be added to the company's already strong capital position.

The RBNZ has required TOWER to hold \$80 million in MSM while the Canterbury rebuild completes, with this now reducing to \$50 million. The RBNZ said the reassessment of the solvency margin takes into account an updated view of the underlying risks associated with the Canterbury earthquake claims for TOWER, acknowledging the progress that has been made to date. It has undertaken to review the solvency margin at least annually.

"We're pleased that our efforts in resolving claims have been recognised and this capital will be released. We will continue to keep the RBNZ informed on the progress of our programme of work in Canterbury," said Mr Hancock.

Mr Hancock said that the management of risk and capital remains a key element of TOWER's strategy to grow shareholder returns. TOWER will provide a capital update to the market when it releases its full year results in November 2014.

TOWER is also pursuing shareholder returns by growing its general insurance business, supported by the three pillars of staff engagement, customer satisfaction and financial performance.

In this regard, Mr Hancock said TOWER was on track to achieve approximately \$4 million of annual cost savings and improved customer service through launching its upgraded client platform. The upgrade is a key initiative to rationalise systems, better utilise technology to lower costs and enhance service delivery.



New customer accounts are now being initiated on the upgraded platform and more than half of existing customers will be migrated to the new platform as their policies renew.

Mr Hancock said TOWER was pleased the next phase of the migration programme has been delivered, ahead of commitments to the market over the past 12 months.

**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)