

Western Pacific Insurance Limited (in Liquidation)

Report to Creditors dated 20 August 2019



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Introduction

On 1 April 2011, the Shareholders by Special Resolution appointed David Ian Ruscoe and Simon John Thorn, of Grant Thornton New Zealand Limited, as Joint and Several Liquidators of Western Pacific Insurance Limited (“the Company”).

Simon Thorn vacated the position of Liquidator on 26 June 2013 and was replaced by Richard Grant Simpson.

Richard Simpson vacated the position of Liquidator on 17 December 2018 and was replaced by Malcolm Russell Moore.

Reporting

In addition to our six monthly statutory reports we are also to provide bi-monthly reports to creditors and policyholders in accordance with the Order of the Court dated 14 June 2012. The Order of the Court requires the reports to contain details of the work completed, costs and expenses in relation to the realisation of reinsurance proceeds.

Copies of all reports in respect of this liquidation are available from our website:
<http://www.grantthornton.co.nz/western-pacific-insurance/index.html>.

Claims office

The claims office is now closed. Please contact please contact Tom Aspin on 04 495 1739 or tom.aspin@nz.gt.com or David Ruscoe on David.Ruscoe@nz.gt.com for any queries.

Address: C/- Grant Thornton, PO Box 10712, Wellington 6143.

Canterbury Policy Holders

Claims assessment

As detailed previously, below is a summary of the status of the accepted claims.

Type of claim	September 2010 Earthquake		February 2011 Earthquake		Total both events	
	No. of claims	Value (\$) (excl. GST)	No. of claims	Value (\$) (excl. GST)	No. of claims	Value (\$) (excl. GST)
Accepted/ closed claims	98	23,243,792	117	41,965,796	215	65,209,588

As reported in our previous report, one claim is being disputed by the client whilst settlement was offered by us the claimant declined this and legal action has been initiated. The litigation is being defended to ensure all CPH's are treated equally and until this issue is resolved we are unable to make a final distribution.

We understand the claimant has now settled its claim with EQC and we have asked the Courts to expedite this matter to resolve this as soon as possible to allow the remaining payments to occur.

Reinsurance

We confirm all recoverable reinsurance monies will have been collected.

Distribution

We have made distributions of reinsurance funds on hand on 23 February 2017, 29 June 2017, 29 November 2017, we anticipate making a final distribution once the above legal action is determined.

The following table provides details of the distributions to date:

Earthquake	Sep-10		Feb-11	
	Value (\$) (incl. GST)	% of tot. loss	Value (\$) (incl. GST)	% of tot. loss
Distribution 23.02.2017 (amount incl. GST)	9,171,742	35%	9,529,612	20%
Second distribution 29.06.17 (amount incl. GST)	8,385,593	32%	6,704,450	14%
Third distribution 29.11.17 (amount incl GST)	1,572,299	6%	1,436,668	3%

On the basis of the reinsurance monies received and the costs estimated to be incurred, we estimate CPH will further receive the following percentages of their losses, following receipt of GST refunds relating to the distributions.

Earthquake	Sep-10	Feb-11
	%	%
Further percentage estimated you will receive	Up to 1.5%	Up to 1%

The level of pay-out for each earthquake is different because of the different level of re-insurance held by Western Pacific and because of the higher value of claims for the February earthquake.

Secured Creditors

The following is a summary of the assessed claims in the liquidation in relation to the CPH, before the initial distribution made in February.

	Claims value (\$) (excl. GST)	GST (\$)	Claim value (\$) (incl. GST)
September 2010 earthquake	22,786,937	3,418,041	26,204,978
February 2011 earthquake	41,642,548	6,246,382	47,888,930
Total estimated claims	\$64,429,485	\$9,664,423	\$74,093,908

Please note that the estimated claims detailed above differ from the previous page due to the ability to include certain costs some \$780,000 of the loss assessments in the claim to reinsurers.

Unsecured Creditors

The following is a summary of the total unsecured creditor's claims received at the date of this report:

	\$
Policy holders (Non CPH)	6,719,992
Trade Creditors	884,732
IRD	125,898
Employees	67,956
Broker commissions	1,000
Total estimated unsecured claims	7,799,578

We note that the shortfall from claims by the CPH will be classified as unsecured creditors. We estimated this additional amount to be in the range of \$37 million.

There will be a distribution of funds held by the Public Trust, these funds total \$500,000 and are held as a deposit as is required by the Insurance Companies' Deposits Act 1953. Distribution of these funds are limited to policy holders only, this will include the extent of the shortfall of CPH reinsurance funds. It is expected that distribution of Public Trust funds will amount to less than a 1% recovery.

Following the above payments, we expect there to be a small distribution to all unsecured creditors of less than one cent in the dollar. As mentioned above, CPH are entitled to claim as unsecured creditors to the extent of their shortfall from the reinsurance funds.

Costs incurred

The following is a summary of costs incurred during the two months ended 31 July 2019:

	\$
Bank Fees	28
Computer Costs and Photocopier	110
Legal Fees	11,612
Liquidators fees (reinsurance)	6,429
Liquidators Fees (other)	1,245
Storage Costs	198
Total	11,809

Other Matters

Contact details

For any enquiries please call Tom Aspin on 04 495 1739 or tom.aspin@nz.gt.com for any queries.

Further information

Further information including correspondence to date and documents relating to our application for Court directions are available on our website www.grantthornton.co.nz.

Disclaimer

The statements and opinions expressed in this report have been made in good faith, and on the basis that all information that we have relied upon is true and accurate in all material respects. In preparing this report we have relied upon, and have not necessarily independently verified, the information and explanations provided to us and we express no opinion as to the accuracy or completeness of that information, other than to note that our investigations are ongoing.

The contents of this report are based on the information available to us at the date of this report. If we become aware of any additional information not known to us at the date of this report, we reserve the right, but shall not be obliged to, review or update this report.

Concluding the Liquidation

We estimate that the liquidation will be completed within 6 months of the legal case being determined.

The liquidators will provide further updates to creditors when sufficient information becomes available. Should you have any queries in relation to any matter raised in this report please contact us on westernpac@nz.gt.com or call Tom Aspin on 04 495 1739 or tom.aspin@nz.gt.com.

Dated: 20 August 2019



David Ruscoe
Liquidator



Grant Thornton

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