



# Liquidators' Six Monthly Report on the State of Affairs of

**Western Pacific Insurance Limited (In Liquidation)**

27 October 2011

Company Number: 1222877

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# Introduction

David Ian Ruscoe and Simon John Thorn, of Grant Thornton New Zealand, were appointed jointly and severally as Liquidators of Western Pacific Insurance Limited (in Liquidation) ("the Company") on 1 April 2011 at 4:00 pm by special resolution of the Shareholders.

We set out below our second report on the state of the affairs of the above named Company as required by section 255 of the Companies Act 1993.

# Restrictions

All information contained in this report is provided in accordance with Section 257 of the Companies Act 1993.

The statements and opinions expressed herein have been made in good faith, and on the basis that all information relied upon by us is true and accurate in all material respects, and not misleading by reason of omission or otherwise.

We have not independently verified the accuracy of the information provided to us, and have not conducted any form of audit in respect of the company. We express no opinion on the reliability, accuracy or completeness of the information provided to us and upon which we have relied. Whilst all care and attention has been taken in compiling this report, we do not accept any liability whatsoever arising from this report.

The statements and opinions expressed in this report are based on information available and assumptions made as at the date of this report. It is possible that actual outcomes may be significantly different from those disclosed in this report.

We reserve the right, but will be under no obligation, to review or amend our report, as additional information becomes available.

In addition the following should be noted:

- Certain values included in tables in this report have been rounded and therefore may not add exactly.
- All amounts are stated in New Zealand dollars.

# Conduct of the liquidation in the preceding six months

## Reporting

In addition to our first statutory report dated 7 April 2011, we have provided further reports to creditors/policyholders dated 7 June 2011 and 26 August 2011.

Copies of all reports in respect of this liquidation are available from the Grant Thornton New Zealand website, <http://www.grantthornton.co.nz/Western-pacific-insurance/index.html>.

## Conduct of liquidation

Since our last statutory report dated 7 April 2011, we have undertaken the following:

- Cancelled all insurance policies, effective 21 April 2011
- Closed the Queenstown office and sold excess plant and equipment
- Continued to operate the claims department from leased premises in Auckland
- Reviewed claims received in respect of the Canterbury earthquakes
- Reviewed & sought advice on numerous litigation matters involving the company
- Obtained funding for and paid the critical first instalments of reinsurance premiums for the 2011 Reinsurance treaties
- Applied for directions from the High Court on how to distribute reinsurance premiums to creditors
- Investigated the value of the company's overseas investments
- Continued recovery efforts to realise the significant unremitted premiums held by brokers

## Statement of Realisation and Distribution

Attached as Appendix A is a statement of realisation and distribution showing the receipts and payments for the period ending 30 September 2011.

### **Asset Realisation**

To date we have realised excess plant and equipment from the Queenstown and Auckland offices through tender and public auction.

We have collected \$52,846 of the company's debtors. The balance of remaining debtors to be collected is \$1,404,729. Recovery action is ongoing in respect of the balance of outstanding debtors.

The other likely realisation is proceeds from reinsurance in respect of the claims resulting from the Canterbury earthquakes on 4 September 2010 and 22 February 2011. It is estimated that around \$34m may be recoverable from the company's reinsurance arrangements covering these events.

### **Secured Creditors**

A deduction from the Company bank account of \$4,739 has been made by the Bank of New Zealand Limited to satisfy obligations of their personal property security registration.

We are unaware of any other secured claims other than security (plant and equipment) that is being used by the Liquidators in the Auckland claims office.

### **Preferential Creditors**

Inland Revenue has a preferential claim of \$87,559.

Amounts' owing to employees at our appointment was \$117,932. At the date of the preparation of this report, this amount has not been reviewed by the liquidators.

It is unknown at this stage what distribution will be available for preferential creditors. Any such distribution will be dependant on recovery of outstanding debtors and the directions of the High Court.

### **Unsecured Creditors.**

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

Estimated insurance claims	\$	61,529,787
Trade creditors	\$	1,108,482
Unexpired premiums	\$	807,599
Broker commission	\$	10,967
Total estimated unsecured claims	\$	63,456,835

# Proposals for completing the liquidation

It is not likely the liquidation will be completed in the next six months as there is considerable work to be done in assessing and agreeing insurance claims in respect of the Canterbury earthquakes and recovering proceeds from reinsurance in respect of such claims.

## **Court Directions**

As previously reported, we are in the process of seeking directions from the High Court as to how reinsurance proceeds should be distributed to creditors.

We have applied to the High Court for directions on whether the proceeds of any reinsurance is property of the company available for all creditors or whether in fact it is charged in favour of those policyholders with claims in the events that give rise to the reinsurance, the Canterbury earthquakes on 4 September 2010 and 22 February 2011. This matter is scheduled to be heard on 3 November 2011.

## **Investigation**

An investigation into the affairs of the company will be undertaken to determine if there are possible recoveries in respect to voidable transactions and whether the company traded recklessly.

## **Likelihood of Dividend to Unsecured Creditors**

It is not possible at this stage to estimate whether any dividend will be available for creditors. The Court directions regarding who is entitled to the proceeds from reinsurance and recovery of unremitted premiums from brokers will determine what funds are available for distribution to creditors.

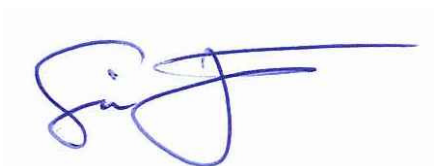
## **Concluding the Liquidation**

At this stage it is not practicable to estimate a completion date for the liquidation.

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](mailto:westernpac@nz.gt.com) or refer to the Grant Thornton website.

**Dated:** 27 October 2011

**For and on behalf of Western Pacific Insurance Limited (In Liquidation)**

A handwritten signature in blue ink, appearing to be 'Simon Thorn', with a long horizontal stroke extending to the right.

Simon Thorn  
**Joint Liquidator**



## Appendix A– Statement of realisation & distribution

### Western Pacific Insurance Limited (In Liquidation) Statement of Realisation & Distribution For the period 1 April to 30 September 2011

	\$	\$
<b>Receipts (excluding GST where applicable)</b>		
Funds on hand at appointment	246,918	
Collection of debtors	52,846	
Interest received	14,697	
Liquidator's funding for reinsurance premiums	346,403	
Insurance premiums received post appointment	10,877	
Proceeds from claims settled	23,915	
Reinsurance proceeds	257,255	
Sale of assets	28,785	
Total receipts	981,696	981,696
<b>Payments (excluding GST where applicable)</b>		
Bank fees	314	
Consultants Fees	17,000	
Distribution to secured creditor (BNZ)	4,739	
Insurance consultants fees	24,761	
Liquidator's insurance	3,596	
Legal fees and disbursements	12,578	
Liquidators fees and disbursements	3,657	
Reinsurance premiums	430,173	
Sale of asset expenses	2,499	
Trade creditors	165,331	
Valuation fees	6,283	
Total payments	670,931	670,931
<b>Net receipts/payments for the period</b>	<b>310,765</b>	
<b>Represented by:</b>		
Cash at bank	369,535	
GST	(58,769)	
<b>Total funds on hand</b>	<b>310,765</b>	

