

Liquidators' six-monthly report on the State of Affairs of

Western Pacific Insurance Limited (in Liquidation)

Company Number: 1222877

1 May 2020



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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.

Simon John 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.

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

Restrictions

All information contained in this report is provided in accordance with Section 255 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

Sealed Orders and reporting

Following the Judgement of Simon France J on 9 December 2011, we received the Order of the Court dated 14 June 2012 ("Court Order"). The Court Order confirms the reinsurance monies payable to the Company and/or the liquidators are charged to the Canterbury Policy Holders ("CPH").

In addition to our six monthly statutory reports, the Court Order also includes a requirement for the Liquidators to provide bi-monthly reports to creditors and policyholders. These reports must include details of the work completed and costs and expenses incurred in relation to the realisation of the reinsurance proceeds. As such, below is a summary of costs incurred during the two months ended 31 March 2020.

	\$
Loss adjustors and engineers	-
Bank Fees	55
Computer Costs and Photocopier	110
Storage Costs	213
Legal fees (reinsurance)	708
Liquidators fees (non-earthquake)	2,866
Liquidators fees (reinsurance)	28,400
Total	32,352

Copies of all reports in respect of this liquidation are available from our website:

<https://www.grantthornton.co.nz/western-pacific-insurance-limited/>.

Statement of Realisation and Distribution

Attached as an appendix is a statement of realisation and distribution showing the receipts and payments for the six-month period ending 31 March 2020, along with a summary of cash movements since our appointment.

Asset Realisations

Claim Assessments

As reported in our previous report, one final claim was being disputed by a claimant. This dispute has now been settled.

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

The table above provides a summary of the accepted claims. The figures include claims which were finalised prior to liquidation and loss assessment costs incurred, against which reinsurance monies can be recovered.

Distribution

The Liquidators have made four distributions in respect of reinsurance funds. The following provides details of the distributions:

Distribution date	Earthquake	Sep-10	Feb-11
		Value (\$) (incl. GST)	Value (\$) (incl. GST)
23.01.17	Distribution (amount incl. GST)	9,171,742	9,529,612
	Distribution (% of total loss)	35%	19.90%
29.06.17	Distribution (amount incl. GST)	8,385,593	6,704,450
	Distribution (% of total loss)	32%	14%
29.11.17	Distribution (amount incl. GST)	1,572,299	1,436,668
	Distribution (% of total loss)	6%	3%
28.02.20	Distribution (amount incl. GST)	207,200	640,000
	Distribution (% of total loss)	0.79%	1.34%
		19,336,834	18,310,730
		73.79%	38.24%

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.

The reinsurance proceeds have now been distributed in full and there will be no further distributions from reinsurance proceeds.

Creditors

Secured Creditors

As detailed on page 4, the Court Order confirms the reinsurance monies payable to the Company and/or the Liquidators are charged to the CPH.

The following is a summary of the assessed claims in the liquidation in relation to the CPH.

	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 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 the reinsurers.

Following the final payment of the reinsurance funds there was a shortfall of \$36,398,170 to the CPH which is now classified as unsecured creditors.

Preferential Creditors

Employees' preferential claims of \$45,653 were paid out of money not charged to the CPH in March 2016.

The Inland Revenue Department advised of a preferential claim of \$87,559. This was paid in October 2017.

Unsecured Creditors

The following is a summary of the total unsecured creditors' claims accepted:

	\$
Total accepted non-CPH unsecured creditor claims	7,687,096
CPH Shortfall	36,398,170
Total Unsecured Creditors	44,084,266

There will also 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 and 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, there will be a small distribution to all unsecured creditors of less than one cent in the dollar. We will provide payment details and identify and address verification within the next month.

Proposals for completing the liquidation

Canterbury Policy Holders

The loss assessment work has been completed and we have made the fourth and final distribution out of reinsurance proceeds on hand.

Likelihood of Dividend to Unsecured Creditors

There will be a small distribution to all unsecured creditors of less than one cent in the dollar. We will provide payment details and identify and address verification within the next month.

Concluding the Liquidation

The Liquidators are now able to proceed with the final payments of the Public Trust funds and the dividend to unsecured creditors. We will be writing to all creditors who are entitled to receive payment from the Public Trust funds and all unsecured creditors shortly to notify them of their dividend, requesting payment details and identity and address verification.

Once these final payments have been made, the liquidation can be concluded.

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 at westernpac@nz.gt.com or refer to the Grant Thornton website.

Dated: 1 May 2020



David Ruscoe
Liquidator

Appendix A – Statement of Realisation and Distribution

	For the 6 month period ending 31 March 2020 \$	For the combined period from 11 April 2011 to 31 March 2020 \$
Opening funds on hand	1,320,188	246,918
Receipts (excluding GST where applicable)		
Interest received	46	229,890
Collection of debtors	-	546,769
Insurance premiums received post appointment	-	10,877
Reinsurance proceeds (net of premiums due)	-	38,577,604
Sale of assets (net of expenses)	-	26,634
Proceeds from claims settled	-	24,398
Liquidator's funding for reinsurance premiums	-	346,403
Sundry receipts	-	8,826
GST on receipts	123,217	129,341
GST refund received	-	5,470,321
Total receipts	123,263	45,371,064
Payments (excluding GST where applicable)		
Claims office costs:	938	1,039,157
ACC	-	2,073
Cleaning	-	9,162
Computer costs and photocopier	330	103,106
Heating, light and power	-	9,364
Merchant fees	-	388
Relocation	-	10,016
Rent	-	121,550
Security	-	4,681
Staff expenses	-	57
Stationery	-	1,570
Storage costs	608	11,730
Sundry office expenditure	-	2,608
Telephone & internet	-	27,834
Wages and employee entitlements	-	735,019
Claim assessment payments:	-	1,019,970
Repayment of Liquidator's funding for reinsurance premiums:	-	346,403
Other costs incurred:		
Reinsurance premiums paid directly	-	430,173
Bank fees	128	2,617
Claim Settlement	140,000	140,000
Consultant fees	-	41,761
Professional Services Other	-	53,452
Public Trust Fees	-	3,469
Debt collection costs	-	2,924
Interveners costs	-	81,742
Liquidator's insurance	-	31,977
Legal fees - Canterbury Policy Holders	5,153	194,165
Legal and advisory fees	-	706,160
Liquidators fees	47,603	2,661,717
Distribution to preferential creditor ¹	87,260	132,913
Distribution to secured creditor	-	4,739
Distribution to CPHs	737,655	32,813,002
Refund of premiums received post liquidation	-	3,453
GST on payments	116,391	5,599,866
Total Payments	1,135,128	45,309,658
Net receipts/payments for the period	(1,011,865)	61,406
Closing funds on hand	308,323	308,323

1. Preferential Creditor payment (made in 2017) was refunded back to us in error and was repaid to them during the period ended 31 March 2020



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