

Western Pacific Insurance Limited (in Liquidation)

Report to Creditors dated 10 February 2020



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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 required 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 Adele Hicks on 04 474 8500 or adele.hicks@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 was being disputed by a potential claimant. We confirm we have now reached a settlement with the final claimant and we intend to make the final distribution of reinsurance funds on hand in the first quarter of 2020.

Reinsurance

We confirm all recoverable reinsurance monies have been collected.

Distribution

We have made distributions of reinsurance funds on hand on 23 February 2017, 29 June 2017 and 29 November 2017. We intend to make the final distribution in late February 2020.

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 c. \$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 January 2020:

| | \$ |
|--------------------------------|----------------|
| Bank Fees | 33 |
| Computer Costs and Photocopier | 110 |
| Legal Fees | 2,572 |
| Liquidators fees (reinsurance) | 7,111 |
| Liquidators Fees (other) | 1,221 |
| Storage Costs | 198 |
| Claim Settlement | 140,000 |
| Total | 151,245 |

Other Matters

Contact details

For any enquiries please call Adele Hicks on the details below.

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 by the end of quarter 2 2020.

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 Adele Hicks on 04 474 8500 or adele.hicks@nz.gt.com.

Dated: 10 February 2020

A handwritten signature in blue ink, appearing to read 'Ruscoe', with a horizontal line underneath.

David Ruscoe
Liquidator



Grant Thornton

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