



Liquidators' Six Monthly Report on the State of Affairs of

Western Pacific Insurance Limited (In Liquidation)

21 April 2016

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.

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

We set out below our 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 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.

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 between 1 February 2016 and 31 March 2016.

	\$
Loss adjustors and engineers	28,173
Claim office costs	22,373
Legal fees (non-earthquake)	0
Legal fees (reinsurance)	5,654
Liquidators fees (non-earthquake)	10,297
Liquidators fees (reinsurance)	59,301
Preferential Creditor distribution	25,506
Total	\$151,304

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

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 2016 along with a summary of cash movements since our appointment.

Asset Realisations

Claim Assessment

We continue to work closely with loss adjusters to progress the claims. We regularly meet and follow up with the loss adjusters and engineers as part of our ongoing procedures to monitor their progress.

To date 192 out of 205 known open claims assessments have been completed by the loss adjusters leaving 13 to complete.

Distributions to Canterbury policy holders will occur after all earthquake claims have been quantified and agreed with insureds and funds are received from reinsurers.

This table provides a summary of the status of the claims as it currently stands:

Note	Sept 2010 Earthquake		Feb 2011 Earthquake		Total claims	
	Number of claims No.	Value \$	Number of claims No.	Value \$	Number of claims No.	Value \$
1 Claims assessed and accepted	32	\$11.55m	40	\$20.43m	72	\$31.98m
2 Assessed Claims	49	\$10.38m *	71	\$17.13m *	120	\$27.51m *
3 Claims Partially Assessed	7	\$0.92m *	6	\$5.61m *	13	\$6.53m *
4 Closed	9	-	-	-	9	-
	97	\$22.85m *	117	\$43.17m *	214	\$66.02m

* Estimated values. We expect that the quantum of claims may increase as assessments are completed.

Note:

- 1) Claims have been fully assessed and insured parties have formally accepted the quantified loss.
- 2) Claims have been fully assessed; however insured parties are yet to formally accept the quantified loss.
- 3) Part of this claim is yet to be fully quantified by loss adjusters.
- 4) Losses of these claims have been quantified as NIL or the claims have been withdrawn prior to liquidation.

In our last report to creditors and policy holders dated 19 February 2016, our estimate for the completion of the loss assessments was the end of February 2016. Although the majority of the claims have been finalised within this timeframe, there remains a small number of claims with the loss adjusters. Our current estimate for the completion of the loss assessments of the earthquake claims is by 30 April 2016.

The following is an estimate of the reinsurance recovery as at 31 March 2016.

	\$	\$
Total reinsurance proceeds available - estimated	35,660,046	
Less outstanding reinsurance premiums - estimated	(1,725,890)	
Total net reinsurance recoveries - estimated		33,934,156
Less:		
Total received by liquidators as at 31 March 2016 (net of outstanding premiums)		(5,425,173)
Total reinsurance recoveries yet to be received – estimated (subject to costs)		\$28,508,933

As at 31 March 2016 we have received \$5.425 million from the reinsurers after allowing for premiums paid and deducted by the reinsurers. We continue to liaise with seven reinsurers and provide further information in regards to the assessed claims and expected recoveries.

However, this is subject to the reinsurers accepting the claims lodged and remitting proceeds to us. We expect to complete recovery of the reinsurance proceeds during 2016.

We note in our report to creditors and policyholders dated 19 February 2016 we had indicated we had received \$5.855 million from reinsurers, this amount is gross of premiums paid and deducted by reinsurers. The net amount received is in fact \$5.425 million.

Debtor recoveries

During the last six months we have continued with our legal proceedings to collect the Company's debtors, relating to unremitted premiums held by various brokers. During the last six months, \$46,392 was recovered from the brokers. Claims have been served on the relevant brokers and we are continuing with the court process in the coming months. Any funds realised from this process will be for the benefit of preferential and unsecured creditors, including any shortfall from earthquake claims.

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 Canterbury Policy Holders.

The estimated claims in relation to the Canterbury Policy Holders are \$66.02 million as set out on the previous page.

Preferential Creditors

We previously reported that \$117,932 was owing to employees as at our appointment - of this, the amount of \$45,653 related to preferential claims. We paid employees' preferential claims out of money not charged to the Canterbury Policy Holders with the tax deductions being paid to the IRD in April 2016 after the current reporting period.

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

Unsecured Creditors

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

	\$
Estimated insurance claims (non-earthquake)	15,632,227
Trade creditors	1,110,086
Unexpired premiums	874,364
Broker commissions	10,967
Total estimated unsecured claims	\$17,627,644

It is noted the estimated insurance claims include all claims other than those in respect of the Canterbury Earthquakes on 4 September 2010 and 22 February 2011 which we have noted above.

We have previously requested that all unsecured creditors complete a claim form and return it to this office to enable you to claim in the liquidation.

We note that the shortfall from secured claims currently estimated at \$32.09m will also be classified as unsecured.

If you have not already done so, you are required to complete and return the enclosed claim form and documentation supporting your claim by no later than **Monday, 16 May 2016** to:

Grant Thornton New Zealand Limited
PO Box 2099
Christchurch 8140

Or by email to: Frances.Holmes@nz.gt.com

Proposals for completing the liquidation

We expect that the loss assessment work will be completed on all notified earthquake claims by the end of April 2016. Recovering proceeds from reinsurance in respect of such claims is ongoing and we expect this to be completed in 2016.

Canterbury Policy Holders

We have previously requested that policyholders provide any and all information they may hold to substantiate the insurance claims made in respect of the Canterbury earthquakes on 4 September 2010 and 22 February 2011.

If further information has become available in relation to the earthquake claims, please contact the claims office on (09) 365 1642 or claims@westernpacins.com.

Claims Assessment

As outlined above, loss adjustment is progressing and it is expected to be complete the end of April 2016 on all claims notified.

Likelihood of Dividend to Unsecured Creditors

It is not possible at this stage to determine whether any dividend will be available for ordinary unsecured creditors, however based on the information available, it appears unlikely. The recovery of unremitted premiums from brokers and/or any other source identified by the liquidators will determine what funds are available for distribution to creditors.

Concluding the Liquidation

We estimate that the liquidation will be completed in 2016. This is dependent on the reinsurance recovery work being completed in line with current expectations.

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 refer to the Grant Thornton website.

Dated: 21 April 2016



David Ruscoe
Liquidator

Appendix – Statement of realisation & distribution

	Notes	For the 6 month	For the combined
		period ending 31 March 2016	period from 1 April 2011 to 31 March 2016
		\$	\$
Opening funds on hand		858,472	246,918
Receipts (excluding GST where applicable)			
Interest received		8,745	121,281
Collection of debtors		46,392	478,755
Insurance premiums received post appointment		-	10,877
Reinsurance proceeds (net of premiums due)		1,996,333	5,855,396
Sale of assets (net of expenses)		-	26,286
Proceeds from claims settled		-	24,398
Liquidator's funding for reinsurance premiums		-	346,403
Sundry receipts		452	7,012
GST on receipts		81,368	86,565
GST refund received		-	399,579
Total receipts		2,133,290	7,356,552
Payments (excluding GST where applicable)			
Claim office costs:		66,203	938,055
Claim assessment costs:		429,911	834,540
Repayment of Liquidator's funding for reinsurance premiums:		-	346,403
Other costs incurred:			
Reinsurance premiums paid directly			430,173
Bank fees		160	1,415
Consultant fees		-	41,761
Professional Services Other		17,646	28,842
Public Trust Fees		-	3,469
Debt collection costs		-	2,924
Liquidator's insurance		2,506	27,171
Legal fees - Canterbury Policy Holders		23,930	127,166
Legal and advisory fees		1,974	622,949
Liquidators fees		158,996	1,494,508
Distribution to preferential creditors		25,506	25,506
Distribution to secured creditor		-	4,739
Refund of premiums received post liquidation		-	3,453
GST on payments		110,932	516,399
Total Payments		837,764	5,449,471
Net receipts/payments for the period		1,295,526	1,907,081
Closing funds on hand		2,153,998	2,153,998
Represented by*			
Funds charged to Canterbury Policy Holder			1,754,991
Funds charged to other creditors			391,052
Funds received post appointment to be refunded			7,955
Total funds on hand			2,153,998

* split is an approximation based on information currently available



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WESTERN PACIFIC INSURANCE LIMITED (IN LIQUIDATION) - UNSECURED CREDITOR'S CLAIM

Name and postal address of creditor in full: Telephone Number: My Reference (if applicable) is:	<p>*Any personal information collected is for the purpose of administering the liquidation in accordance with the Companies Act 1993.</p> <p>The information will be used and retained by the liquidator and will be released to other parties only with your authorisation or in compliance with the Privacy Act 1993.</p> <p>Under Section 304(1) any claim by an unsecured creditor must be in the prescribed form and must –</p> <p>Contain full particulars of the claim; and</p> <p>Identify any documents that evidence or substantiate the claim.</p> <p>You may have access to and request correction of any personal information.</p> <p>* (Not applicable, if creditor is not an individual within the meaning of the Privacy Act 1993)</p>
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I _____ *[If claim is made on behalf of creditor, specify relationship to creditor and authority]* claim that the company was at the date it was put into receivership indebted to the above named creditor for the sum of: \$
[Amount in words and figures]:

Either: I hold no security for the amount claimed; or
 I am surrendering my security and I am claiming as an unsecured creditor
[Omit whichever does not apply]

Full particulars of the claim are set out, and any supporting documents that substantiate the claim, are identified on the reverse of this form.
N.B. Copies of the documentation supporting this claim should be attached to this form and forwarded to the Liquidator in terms of section 304(2) of the Companies Act 1993.

Signed:	Date: / /
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WARNING
 It is an offence under Section 304(6) of the Companies Act 1993 to –
Make or authorise the making of, a claim that is false or misleading in a material particular knowing it to be false or misleading; or
Omit, or authorise the omission from a claim of any matter knowing that the omission makes the claim false or misleading in a material particular.

Received (Date Stamp)	Reserved for Office Use:		
	<u>Claim rejected for payment:</u>	Signed:	Date: / /
	<u>Claim admitted for payment:</u>		
	Preferential Claim for: \$	Ordinary Claim for: \$	Deferred Claim for: \$
	Signed Liquidator:		Dated: / /
	Note: If the decision to admit or reject a claim is amended the Liquidation Regulations 1994 requires that it be recorded in writing		



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PARTICULARS OF CLAIM

Date	Details of Claim and Identification of Documents that Evidence or Substantiate the Claim	Amount \$
	<p>If applicable, less Retention of Title for Goods supplied by creditor to the company</p> <p><i>[Describe goods]</i></p> <p>If applicable, less debts owed by creditor to the company</p> <p><i>[Describe debts]</i></p>	

If applicable, please record here your GST Registration number:

and total GST included in your claim: \$