

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

Western Pacific Insurance Limited (in Liquidation)

Company Number: 1222877

6 April 2021



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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 (“the Act”).

## Restrictions

This report has been prepared by us in accordance with and for the purpose of section 255 of the Act. This report is not intended for general circulation, nor is it to be reproduced or used for any purpose without the liquidators’ written permission in each specific instance.

The Liquidators, their employees and agents do not assume any responsibility or liability for any losses occasioned to any party for any reason including as a result of the circulation, publication, reproduction or use of this report contrary to the provisions of this paragraph.

The Liquidators reserve the right (but will be under no obligation) to review this report and, if considered necessary, to revise the report in light on any information existing at the date of this report which becomes known to them after that date.

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.

In addition, the following should be noted:

- Certain values included in tables in this report have been rounded and therefore may not add exactly; and
- 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. As the reinsurance funds have been paid in full as of 28 February 2020 to Canterbury Policy Holders, we are only reporting on a 6 monthly basis as required under the Act.

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 2021, along with a summary of cash movements since our appointment.

## Asset Realisations

### Claim Assessments

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.

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

## 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	9,577,786
	Distribution (% of total loss)	35%	20%
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%
		<b>19,336,834</b>	<b>18,358,904</b>
		<b>73.79%</b>	<b>38.34%</b>

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
<b>Total claims</b>	<b>\$64,429,485</b>	<b>\$9,664,423</b>	<b>\$74,093,908</b>

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	7,704,659
CPH Shortfall	36,398,170
<b>Total Unsecured Creditors</b>	<b>44,102,829</b>

The final distribution of funds held by the Public Trust was made on 31 March 2021. These funds totalled \$500,000 and were held as a deposit as is required by the Insurance Companies' Deposits Act 1953. Distribution of funds was limited to policy holders only and included the extent of the shortfall of CPH reinsurance funds.

Also during the period a distribution to unsecured creditors from the remaining monies held by the Company was made on 31 March 2021 and amounts to a recovery of 0.55%.

# Proposals for completing the liquidation

## Concluding the Liquidation

We have the final GST returns to file and payment to make to Treasury of \$30,255 in respect of funds that cannot be paid out to companies that have been struck off the NZ Companies Register. Following this, we will complete the liquidation and issue the final report.

Should you have any queries in relation to any matter raised in this report please contact us at [westernpac@nz.gt.com](mailto:westernpac@nz.gt.com) or refer to the Grant Thornton website.

Dated: 6 April 2021



David Ruscoe  
Liquidator

# Appendix A – Statement of Realisation and Distribution

	For the 6 month period ending 31 March 2021 \$	For the combined period from 1 April 2011 to 31 March 2021 \$
<b>Opening funds on hand</b>	<b>281,218</b>	<b>246,918</b>
<b>Receipts (excluding GST where applicable)</b>		
Interest received	6	231,905
Collection of debtors	-	546,769
Insurance premiums received post appointment	-	10,877
Reinsurance proceeds (net of premiums due)	-	38,577,604
Public Trust	500,000	500,000
Sale of assets (net of expenses)	-	26,634
Proceeds from claims settled	-	24,398
Liquidator's funding for reinsurance premiums	-	346,403
Sundry receipts	-	8,834
GST on receipts	-	146,592
GST refund received	87,790	5,558,111
<b>Total receipts</b>	<b>587,796</b>	<b>45,978,128</b>
<b>Payments (excluding GST where applicable)</b>		
<b>Claims office costs:</b>	<b>852</b>	<b>1,040,979</b>
ACC	-	2,073
Cleaning	-	9,162
Computer costs and photocopier	110	103,546
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	742	13,112
Sundry office expenditure	-	2,608
Telephone & internet	-	27,834
Wages and employee entitlements	-	735,019
<b>Claim assessment payments:</b>	<b>-</b>	<b>1,019,970</b>
<b>Repayment of Liquidator's funding for reinsurance premiums:</b>		<b>346,403</b>
<b>Other costs incurred:</b>		
Reinsurance premiums paid directly	-	430,173
Bank fees	208	2,924
Claim Settlement	-	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	-	194,165
Legal and advisory fees	-	715,680
Liquidators fees	34,160	2,718,557
Distribution to preferential creditor	-	133,212
Distribution to secured creditor	-	4,739
Distribution to unsecured creditors	696,430	696,430
Distribution to CPHs	38	32,812,746
Refund of premiums received post liquidation	-	3,453
GST on payments	93,486	5,706,451
<b>Total Payments</b>	<b>825,173</b>	<b>46,181,205</b>
<b>Net receipts/payments for the period</b>	<b>(237,377) -</b>	<b>203,077</b>
<b>Closing funds on hand</b>	<b>43,841</b>	<b>43,841</b>





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