



CBL Insurance Limited (In Liquidation)

Company Number: 27582

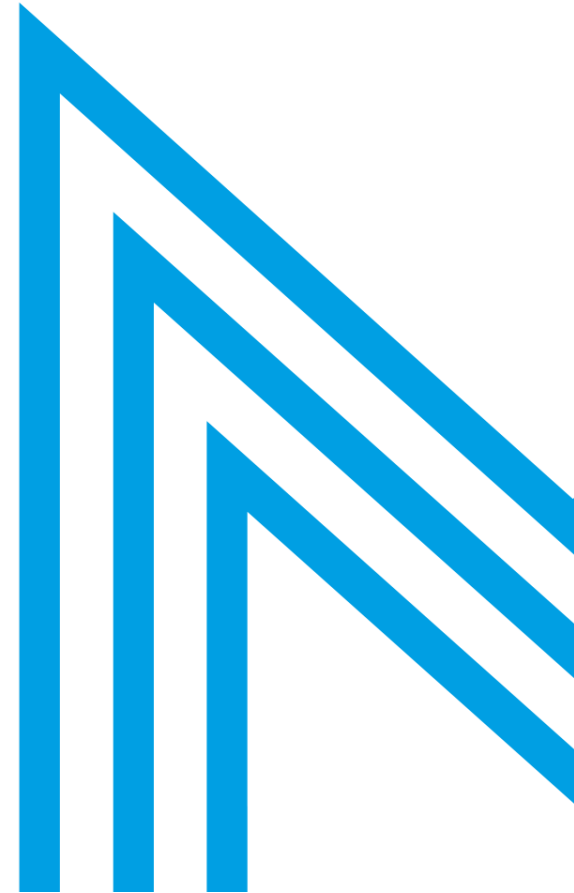
New Zealand Business Number: 9429040858852

Liquidators' six monthly statutory report
for the period 12 November 2024 to 11 May 2025

10 June 2025



McGrathNicol



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Appointment

- Pursuant to an application under section 246 of the Companies Act 1993 (**Companies Act**) by CBL Insurance Limited’s (**CBLI** or the **Company**) prudential supervisor, the Reserve Bank of New Zealand (**RBNZ**), the Company was placed into interim liquidation by an Order of the High Court dated 23 February 2018, pending the determination of the RBNZ’s liquidation application. Kare Johnstone and Andrew Grenfell were appointed joint and several interim liquidators.
- Following a number of adjournments, the RBNZ’s application to appoint liquidators to CBLI was heard in the Auckland High Court on 12 November 2018, which resulted in an Order by the High Court placing the Company into liquidation and the appointment of Kare Johnstone and Andrew Grenfell (**Liquidators**) as joint and several liquidators.
- A copy of the High Court Order dated 12 November 2018 and the Judgment of Justice Courtney were attached as Appendix 1 to our first report dated 17 December 2018 (**Liquidators’ First Report**). A copy of the Liquidators’ First Report, together with all subsequent statutory reports, are available at www.mcgrathnicol.com/creditors/cbl-insurance-limited.
- Kare Johnstone (registration number IP29) and Andrew Grenfell (registration number IP24) are Licensed Insolvency Practitioners pursuant to the Insolvency Practitioners Regulation Act 2019. Further information on the regulation of insolvency practitioners can be obtained from the Registrar of Companies.
- As members of the Restructuring Insolvency & Turnaround Association of New Zealand (**RITANZ**), the Liquidators are bound by the Code of Professional Conduct, a copy of which can be located on RITANZ’s website (www.ritanz.org.nz).

Disclaimer

- The purpose of this report is to report to CBLI’s creditors and its shareholder in accordance with section 255 of the Companies Act and covers the six month reporting period 12 November 2024 to 11 May 2025 (**Reporting Period**).
- This report has been prepared based on the information known to the Liquidators as at the date of this report. We reserve the right (but will be under no obligation) to review this report, and if we consider it necessary, to revise the report in light of any information existing at the date of this report that becomes known to us after that date. We have not independently verified the accuracy of information provided to us, nor have we conducted an audit in respect of the Company. We express no opinion on the reliability, accuracy, or completeness of information provided to us and upon which we have relied.

- The Liquidators do not accept responsibility or liability for any losses occasioned to any party as a result of the circulation, publication, reproduction, or use of this report.
- Certain numbers included in tables in the report have been rounded and therefore may not add exactly. Unless otherwise stated, all amounts are in New Zealand dollars.

Company information

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| ▪ Company number: | 27582 |
| ▪ Date of incorporation: | 19 April 1973 |
| ▪ Previous trading address: | Level 8, CBL House, 51 Shortland Street, Auckland |
| ▪ Type of business: | Provision of insurance and reinsurance |
| ▪ Date ceased trading: | 23 February 2018 |
| ▪ Shareholder: | LBC Holdings New Zealand Limited (Subject to Deed of Company Arrangement) |
| ▪ Ultimate parent: | CBL Corporation Limited (In Liquidation) |
| ▪ Directors at date of liquidation: | Peter Alan Harris
Alistair Leighton Hutchison (now deceased) |
| ▪ Director resignations since the date of interim liquidation: | Sir John Wells
Ian Kelvin Marsh
Anthony Charles Russell Hannon
Norman Gerald Paul Donaldson |

Events leading to the appointment of liquidators

- The events leading to the appointment of liquidators are set out in the Liquidators’ First Report.

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Conduct of the liquidation during the Reporting Period

- The Liquidators have continued their efforts to reduce the Company's balance sheet risk and liabilities, where possible, to enhance recoveries to creditors, together with managing the adjudication of claims and continued run-off of policies and bonds.
- As reported previously, the Liquidators issued two voidable notices against one of CBLI's major ceding insurers, Alpha Insurance A/S (In Bankruptcy) (**Alpha**) in respect of payments made by CBLI in February 2018 totalling c.€25.4m. The cedant objected to the notices to set aside the transactions. A three day hearing took place in early November 2023 with the judgment being handed down on 8 April 2024 in favour of CBLI. Alpha subsequently lodged an appeal, and the matter is set down to be heard in the Court of Appeal on 16 October 2025.
- Alpha's Trustee continues to issue bordereaux on claims reinsured by CBLI. We are continuing to liaise with Alpha's Trustee to resolve differing views on the amounts eligible to be claimed in CBLI's liquidation, specifically in relation to premium receivables and commission.
- The Liquidators continued to liaise with their tax advisors regarding the application CBLI submitted under section 113 of the Tax Administration Act 1994 for a refund of income taxes paid. The application was made on the basis that the tax returns filed by CBLI prior to the liquidation contained material accounting errors and that substantially understated outstanding claims reserves were used to calculate (and pay) CBLI's income tax liability.
- The Liquidators continued with their realisation process in respect of a minority shareholding in an offshore entity, and as previously reported, this was subject to arbitration. The Liquidators obtained an independent valuation of the shares which was used in the first phase of the arbitration process held in April 2023. The arbitrators' panel adjourned the second phase of the arbitration on the basis that they wanted to obtain a valuation from an independent third party. This valuation was received, and was higher than the valuation obtained by CBLI. The arbitrators' panel granted the Liquidators' approval to amend CBLI's claim to the third party independent valuation. The second phase of the arbitration took place during this Reporting Period with the final award granted, in CBLI's favour, on 25 February 2025. The majority of the amount awarded by the arbitrators' panel, of US\$0.9 million, was only paid to the Liquidators on 21 May 2025, after the cash cut-off date for this report. The balance is still being sought from the offshore entity. The counterclaim against CBLI was rejected by the arbitrators' panel and is unable to be appealed.

- In addition, during the Reporting Period, the Liquidators have attended to the following:
 - Assessed and processed insurance claims (note while valid claims are being recorded, they are not yet being paid);
 - Management of a number of disputed major claims, including dealing with foreign entities, multiple jurisdictions and legal systems and courts;
 - Management of CBLI's claims and finance functions. CBLI currently has two employees undertaking claims management and financial reporting functions;
 - Issued formal notice as required under the Companies Act and Insurance (Prudential Supervision) Act 2010 (**IPSA**) to all known creditors and policyholders calling for all claims to be lodged with the Liquidators. Notice was also given to cedants, brokers and parties with open claims. Statutory public notices were published as required under the above legislation. Parties with future claims may provide up to date actuarial assessments or other suitable documentation to support any potential future claims.
 - Compliance with statutory obligations in relation to regulatory matters; and
 - Compliance with IPSA statutory requirements.

Receipts and payments

- A summary of receipts and payments for the Reporting Period is attached as Appendix 1.

Liquidators' remuneration

- Our remuneration is charged on an hourly basis at hourly rates approved by the High Court, subject to the power of the High Court to review the overall remuneration under section 284(1)(e) of the Companies Act.
- The Liquidators' remuneration received for the Reporting Period totalled \$307,117, exclusive of GST. All time and disbursements incurred and billed in the liquidation are reasonable and necessary.
- A detailed breakdown of the Liquidators' remuneration and disbursements for the Reporting Period is attached as Appendix 2.
- The qualifications and experience of staff at each level, were set out in the Liquidators' First Report. There have been no changes in this regard since the Liquidators' First Report.
- A schedule of the work undertaken during the Reporting Period is summarised in Appendix 3.

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Creditors' claims

- The Liquidators obtained an actuarial valuation of the outstanding claims reserves for all of CBLI's books of business as at 31 December 2021. The valuation was in line with earlier valuations and supported that CBLI's reserving was significantly inadequate prior to interim liquidators being appointed by the High Court in February 2018.
- The likely final return to creditors is impacted by claims still before the courts in foreign jurisdictions and long-tail insurance policies covering exposures that could take a further four years to materialise or for CBLI to come off risk.
- The Liquidators made a formal call for claims in New Zealand and the relevant overseas jurisdictions at the end of January 2025. The formal notice stated that creditors and policyholders had to make their claims, and to establish any priority that their claims may have, by 30 April 2025. The notice also stated that if a creditor did not make its claim on or before 30 April 2025 then, pursuant to the Companies Act 1993 Liquidation Regulations 1994, the Liquidators may exclude the creditor from the benefit of any distribution made to creditors before the creditor has made its claim. These claims are now being adjudicated by the Liquidators.
- The Liquidators followed up creditors that had not filed a claim by 30 April 2025. Claims received after this date should still be lodged with the Liquidators.
- Claims under policies that were received during the liquidation (prior to the formal notice calling for claims was issued in late January 2025) were reviewed and either accepted (but not paid) or declined by the Liquidators with these decisions being communicated to claimants.
- Given Alpha has appealed the favourable High Court decision on voidable payments made by CBLI prior to the liquidation, we are currently assessing the impact and timing this may have on the distribution to creditors.
- The potential total distribution to creditors in the liquidation is likely to be, as previously advised, in the range of 45 to 55 cents in the dollar. This estimate is subject to an updated actuarial valuation which has been sought from CBLI's Appointed Actuary.
- Given the number of matters before several offshore courts, the complexities in respect of various claims across multiple foreign jurisdictions and the long-tail nature of claims, the Liquidators intend to, once all claims have been adjudicated, obtain directions from the High Court before making an interim distribution to creditors. Sufficient funds will be retained to meet contingent creditors.
- A copy of the directions application setting out the timeline and process will be made available to all creditors (on both the CBLI and McGrathNicol websites) once it has been filed at the High Court.

Proposals for completing the liquidation

- Given the ongoing level of uncertainty remaining in respect of the outcome of a number of significant claims and contingent long-tail insurance outstanding claims liabilities, combined with various legal proceedings in progress, it is not practicable to estimate the date of the completion of the liquidation at this stage.

Further information

- If you have any information that you consider would lead to realisations for the benefit of creditors, please set it out in writing, attaching copies of all documentary evidence, and send it to the Liquidators. Please note that the Liquidators may only act on written information as telephone, or other conversations may be regarded as hearsay by the High Court.

Contact details

- The Liquidators can be contacted at:
 - PO Box 106-733, Auckland 1143; or
 - Level 17, 41 Shortland Street, Auckland.
- Telephone enquiries should be directed to Helen Gair, direct dial +64 (09) 926 5111.

Dated: 10 June 2025



Kare Johnstone
Liquidator



Andrew Grenfell
Liquidator

Appendix 1

Summary of receipts and payments for the Reporting Period (GST inclusive)

Summary of receipts and payments for the period 12 November 2024 to 11 May 2025 (GST inclusive)								
(in thousands)	AUD	EUR	GBP	NOK	SGD	USD	NZD	Total NZD
Cash held 11 November 2024 brought forward	484	210	56	284	-	99	156,610	
Receipts								
GST refunds	-	-	-	-	-	-	53	
Interest received	5	1	1	-	-	1	4,789	
Recoveries	-	-	-	-	2	-	-	
Funds transferred from foreign bank accounts	-	-	-	-	-	-	2	
Total receipts	5	1	1	-	2	1	4,845	
Payments								
Actuarial fees	-	-	-	-	-	-	(135)	
Claims expenses	(3)	(1)	-	(32)	-	(45)	(15)	
Liquidators' fees	-	-	-	-	-	-	(353)	
Liquidators' disbursements	-	-	-	-	-	-	(14)	
Legal fees and disbursements	-	-	-	-	-	-	(12)	
Operating and occupancy expenses	-	-	-	-	-	-	(61)	
Salaries	-	-	-	-	-	-	(205)	
Tax advisory fees	-	-	-	-	-	-	(6)	
Funds transferred to NZ bank account	-	-	-	-	(2)	-	-	
Total payments	(3)	(1)	-	(32)	(2)	(45)	(802)	
Cash held as at 11 May 2025 in foreign currency	486	210	57	252	-	55	160,653	
Conversion rate	1.0842	1.8950	2.2416	0.1631	1.3035	1.6880	1.0000	
Cash held as at 11 May 2025 in NZ dollars	526	397	127	41	-	93	160,653	161,837

Note: Amounts displayed above may not add exactly to the total shown due to rounding.

Appendix 2

Liquidators' remuneration and disbursements for the Reporting Period (GST exclusive)

Charged on an hourly basis at the hourly rates approved by the High Court on 30 March 2021

Liquidators’ remuneration for the period 12 November 2024 to 11 May 2025 (GST exclusive)													
	\$/hour	Asset realisation/transfer		Creditors/policyholders		Investigations		Operational		Reporting		Total	
Position	(excl GST)	Hours	\$'000	Hours	\$'000	Hours	\$'000	Hours	\$'000	Hours	\$'000	Hours	\$'000
Partners	645	3.6	2.3	123.7	79.8	6.8	4.4	27.3	17.6	0.9	0.6	162.3	104.7
Directors	550	0.7	0.4	163.8	90.1	-	-	34.9	19.2	6.8	3.7	206.2	113.4
Senior Managers	485	3.4	1.6	63.5	30.8	-	-	32.0	15.5	22.8	11.1	121.7	59.0
Assistant Manager	375	-	-	0.7	0.3	-	-	-	-	-	-	0.7	0.3
Insolvency Assistant	295	-	-	76.1	22.4	-	-	24.7	7.3	-	-	100.8	29.7
Total (GST exclusive)		7.7	4.4	427.8	223.4	6.8	4.4	118.9	59.6	30.5	15.4	591.7	307.1

Note: Amounts displayed above may not add exactly to the total shown due to rounding.

Liquidators' disbursements for the period 12 November 2024 to 11 May 2025	
\$'000	Total
Office service charge	11.8
Public notices and relations	0.5
International couriers	0.1
Total (GST exclusive)	12.4

The Liquidators declare that all disbursements were necessary and proper.

Appendix 3

Summary of work performed in relation to the Liquidators' remuneration for the Reporting Period

Summary of work performed			
Task area	General description	Task area	General description
Asset realisation / Transfers	<ul style="list-style-type: none"> ▪ Ongoing liaison with one of the largest ceding insurers to reconcile the premium receivables and complex claims position. ▪ Continued the High Court process to set aside the payments totalling c.€25.4m made by CBLI to Alpha in February 2018. ▪ Attending to various matters relevant to the second phase of the arbitration process in respect of the realisation process of shares in an offshore entity. ▪ Ongoing assessment of de-risking strategies across various books of business. 	Investigations	<ul style="list-style-type: none"> ▪ Monitoring ongoing litigation in New Zealand and overseas jurisdictions. ▪ Continuing to pursue voidable transactions made by the Company in the period leading up to the RBNZ's liquidation application.
Creditors / Policyholders	<ul style="list-style-type: none"> ▪ Managing the claims assessment and processes to record and approve claims for liquidation purposes. ▪ Ongoing liaison with brokers and various parties holding offshore reinsurance collateral funds. ▪ Monitoring claims administration outsourced to external claims managers in Norway and Sweden. ▪ Overseeing and managing progress on complex legal proceedings in Philippines, Romania and Mexico. ▪ Managing complex high value claims in multiple jurisdictions. ▪ Recovery action under Deposit Power bond. ▪ Review reconciliations and attending to matters arising from claims bordereaux and regular correspondence therein. ▪ Investigating the history and transactions in respect of various claims and bonds. ▪ Made a formal call for all known and contingent creditors and policyholders to file an unsecured claim form, with supporting documentation to verify their claim. ▪ Liaising with CBLI's Appointed Actuary in relation to the provision of an updated valuation for the purposes of making a distribution to creditors. ▪ Continued to liaise with counsel to determine the best approach to enable distributions to be made to creditors, noting the longtail nature of many of CBLI's policies/exposures. 	Operational	<ul style="list-style-type: none"> ▪ Undertaking the treasury function for the Company including operational payments, payroll and funds investment. ▪ Attendance to both pre and post appointment tax (corporate tax, PAYE, GST) matters, including pursuing a potential tax recovery. ▪ Attending to employee and occupancy matters. ▪ Ongoing review and monitoring of IT and record retention requirements. ▪ Keeping the CBLI website up to date and dealing with claims and communications that are received.
		Reporting / Statutory	<ul style="list-style-type: none"> ▪ Attendance to all IPSA licence and statutory reporting requirements, including but not limited to the preparation of monthly management accounts, six monthly financial report, and half yearly activities report on progress of the liquidation. ▪ Complying with statutory obligations in relation to regulatory matters. ▪ Complying with the reporting/filing requirements of the Inland Revenue. ▪ Preparation and issuing of statutory reports to creditors and the shareholder. ▪ Liaising with the Appointed Actuary on various reporting matters.

