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In the Interim Liquidation of CBL Insurance Ltd
Notice to creditors

On 1 August 2018 Kare Johnstone and Andrew Grenfell, the interim liquidators of CBL Insurance Ltd (CBLI), applied to the High Court at Auckland for directions, as set out in summarised form below:

1. Subject to paragraph 2 below, directing the interim liquidators, acting on behalf of CBLI, to execute and enter into a commutation transaction with Elite Insurance Company Limited (Elite) (the Transaction);
2. Directing that the order in 1 does not take effect until, and is conditional on, the interim liquidators obtaining a binding ruling to their satisfaction from the Commissioner for Inland Revenue with respect to the tax consequences of the Transaction (the Binding Ruling);
3. Declaring that, subject to the Binding Ruling being obtained to the interim liquidators' satisfaction, it is in the interests of the creditors of CBLI as a whole that the commutation transaction with Elite proceeds;
4. Confirming that the interim liquidators have the authority and the power as interim liquidators to enter into the Transaction on behalf of CBLI;
5. Confirming that it is a proper use of the powers of the interim liquidators and is consistent with their duties to enter into the Transaction;
6. Confirming that the Interim Liquidators will not incur any personal liability in relation to or arising from the Transaction;
7. That there be no publication of confidential information submitted to the Court in relation to the application; and
8. Preventing any searches of the Court file except by application on not less than 3 days' notice to the applicants and the other parties served with the application.

The terms of the Transaction are confidential but in broad terms provide for the commutation of all reinsurance liabilities which CBLI owes to Elite in return for a payment of cash and other assets by CBLI. The interim liquidators have received actuarial advice that the Transaction, subject to the outcome of the satisfactory Binding Ruling, will improve the financial position of CBLI in respect of the remaining creditors (i.e. other than Elite).

The parties who have been or will be served with the application pursuant to orders by the High Court are the Reserve Bank of New Zealand, CBL Insurance Limited (in interim liquidation), Elite Insurance Company Ltd, LBC Holdings New Zealand Ltd (in voluntary administration), Alpha Insurance A/S (in bankruptcy), CBL Insurance Europe DAC (under administration) and Seguros Sura. S.A. de C.V.

The application is scheduled to be heard in the High Court on 30-31 August 2018.

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