



March 2018

**CBL Insurance Limited (In Interim Liquidation) (“CBLI” or “the Company”)**

**Questions and answers for all policyholders, including insured/reinsured parties and bondholders**

**1. Who is CBL Insurance Limited (“CBLI”) and what has happened?**

**Answer:** CBLI is an insurance company registered in New Zealand, which had a licence to write business in New Zealand and also write business in other countries. On 23 February 2018 Kare Johnstone and Andrew Grenfell, Partners of McGrathNicol, were appointed Interim Liquidators of CBLI by Order of the Auckland High Court of New Zealand on the application of the New Zealand Regulator, the Reserve Bank of New Zealand.

**2. What are the effects of this appointment?**

**Answer:** As a result of the interim liquidation, insured parties and beneficiaries under policies and surety and financial risk bonds are urged to obtain advice from their insurance brokers or other professional advisors to determine whether they need to purchase new insurance cover or secure additional or replacement bonds.

The Interim Liquidators are currently investigating the business and financial affairs of CBLI with the ultimate objective of ensuring the best outcome for policyholders and creditors. CBLI has ceased to write new business. In addition, CBLI is not currently in a position to make any claim payments to any policyholders and beneficiaries with a claim under their insurance policy or bond. Insured parties and beneficiaries should take appropriate measures to minimise their losses. Any costs incurred by policyholders, which may normally be claimable under their policies and for which the policies may be liable to respond, will rank as an unsecured creditor claim should CBLI not be able to pay its debts in full and the Company is placed into liquidation. In the event CBLI comes out of interim liquidation and control of the Company reverts to the Directors, the Company will be responsible for the settlement of claims in the normal course of business.

**3. Is my insurance policy valid?**

**Answer:** During the interim liquidation, CBLI continues to operate such that existing policies continue to remain in force under the terms of the policy, or until such time that the policy may be cancelled. However, the Interim Liquidators are not in a position to pay to insured parties or beneficiaries any claims under policies or surety bonds during the period of the interim liquidation. As noted above, any claims that have been accepted by CBLI will rank as an unsecured creditor should CBLI not be able to pay its debts in full and the Company is placed into liquidation. In the event CBLI comes out of interim liquidation and control of the Company reverts to the Directors the Company will be responsible for the settlement of claims in the normal course of business.



**4. I have used a property bond purchased from Deposit Power to purchase a property. What effect does the interim liquidation have on the validity of the property bond?**

**Answer:** The property bond remains in force and valid notwithstanding the appointment of interim liquidators. However, in the event of a claim being made by a beneficiary of a bond, CBLI is currently unable to pay any claims pursuant to the bond.

If claims are accepted and agreed they will be registered as an unsecured creditor of CBLI to receive any distributions which may be paid by a liquidator should the Company ultimately be placed into liquidation.

If the interim liquidation ends and control of the Company reverts to the Directors, the Company will be responsible for the settlement of claims in the normal course of business.

Beneficiaries of bonds and sureties should take their own professional advice on whether they need to seek additional or replacement bonds.

**5. I have an outstanding claim, what should I do?**

**Answer:** All claims should continue to be submitted to CBLI or its appointed claims handling agent in the normal way. Insured parties and beneficiaries should take appropriate measures to minimise their losses. Any costs incurred by claimants which would normally be claimable under these policies, will rank as an unsecured creditor claim should CBLI not be able to pay its debts in full and the Company is placed into liquidation. In the event CBLI comes out of interim liquidation and control of the Company reverts to the Directors, the Company will be responsible for the settlement of claims in the normal course of business. Claimants should continue to keep CBLI apprised of all developments in respect of their claims.

New claimants should continue to notify CBLI to ensure that their claims are registered. New notifications will continue to be assessed, but no claim payments can be made by CBLI in respect of claims while the Company remains in interim liquidation.

As is the position with open claims, any costs incurred by claimants which would normally be claimable under their policies, will be entitled to rank as unsecured creditors should CBLI be placed into liquidation.

**6. I have just received a renewal notice, can I renew this policy?**

**Answer:** No. The Interim Liquidators are not processing or writing new business or accepting renewals or endorsements.



**7. Will my claim still be paid?**

**Answer:** CBLI continues to operate such that existing policies and surety bonds remain in force. The Interim Liquidators are not in a position to make payments to creditors or policyholders. Agreed claims will be registered as unsecured creditors of CBLI to receive distributions from the liquidator if a liquidator is ultimately appointed to the Company.

If the interim liquidation ends and control of the Company reverts to its Directors, the Company will be responsible for the settlement of claims in the normal course of business.

**8. How do I tell if I am insured by CBLI?**

**Answer:** Policyholders can check the name of the insurer on their policy documentation. Any existing CBLI policyholders who have concerns about their policy should obtain advice from their insurance broker or other professional advisors.

**9. Can I cancel my policy?**

**Answer:** That will depend on the terms and conditions of individual policies. Policyholders should contact CBLI directly, or their broker (if the policy was bought through a broker). The Interim Liquidators are not in a position to refund premiums. Any agreed claims for premium refunds will be recorded as an unsecured creditor of CBLI (see response to 7 above) in the event the Company is placed into liquidation.

**10. I need to make an adjustment of my policy (e.g. want to increase limit or have moved house), can I still do this?**

**Answer:** No. The Interim Liquidators are not in a position to process policy endorsements. Any existing CBLI policyholders who have concerns about their policy should contact CBLI directly, or their broker (if the policy was bought through a broker) or other professional advisors.

**11. For policies that are paid by monthly instalments, how long is my policy still in force; does the next instalment count as new business?**

**Answer:** Payment of monthly instalments does not necessarily constitute monthly renewal. The duration period of the policy can be found in the policy documentation.

Existing CBLI policyholders who have concerns about their policy should contact CBLI directly, or their broker (if the policy was bought through a broker) or other professional advisors to determine whether they need to purchase new insurance cover or secure additional replacement bonds.



**12. What is my situation if CBLI is placed into liquidation?**

**Answer:** The Interim Liquidators are investigating the financial affairs of the Company in order to ensure the best outcome for all stakeholders.

If the Company is placed into liquidation, the eligible and accepted claims of creditors, including policyholders and bondholders, will rank as unsecured creditors and participate in any distributions declared by the liquidator. An application before the High Court of New Zealand to consider the appointment of a liquidator is scheduled to be heard on 27 April 2018. An update will be provided once the outcome of the hearing has been determined.

Should you have any queries in respect of your policy you should contact your broker or professional advisor in the first instance. If your query relates to a claim you should contact CBLI direct on [helpline@cblinsurance.com](mailto:helpline@cblinsurance.com).