



26 February 2018

McGrathNicol

McGrathNicol Limited

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CBL Insurance Limited (In Interim Liquidation)

Circular to policyholders and holders of surety and financial risk bonds

On 23 February 2018 Kare Johnstone and Andrew Grenfell, Partners in McGrathNicol, were appointed Interim Liquidators of CBL Insurance Ltd ("CBLI") by order of the High Court of New Zealand at 5.50pm.

As a result, policyholders and holders of 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.

At this time, based on preliminary financial information, policyholders and holders of surety and financial risk bonds should be aware that there may be insufficient funds available to meet in full any claims made under policies and bonds issued by CBLI.

Direct insurance policyholders

This advice applies to holders of direct insurance policies underwritten by CBLI including, but not limited to, Professional Indemnity insurance, Public Liability insurance, and Employees and Officers policies.

CBLI is not currently in a position to make any further claim payments to those policyholders with open claims made under direct insurance policies held by them. Policyholders should take appropriate measures to minimise any potential losses. Any costs incurred by claimants which may normally be claimable under these policies and for which the policies may be liable to respond, will rank as an unsecured creditor claim in the event CBLI is unable to pay its debts in full and is placed in liquidation.

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 their claim while the company remains in Interim Liquidation.

As is the position with open claims, any costs incurred by claimants which may normally be claimable under their policies and for which the policies may be liable, will be entitled to rank as unsecured creditor claims should CBLI go into liquidation.

Holders of surety and financial risk bonds

This advice applies to holders of surety and financial risk bonds underwritten by CBLI including, but not limited to, Travel Bonds, Fuel Bonds and Property Bonds.

As stated above, at this stage it is uncertain whether CBLI will be in a position to meet in full its liabilities in respect of all calls that may be made on security bonds issued by it.

In association
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Holders of such bonds are therefore advised that they should take their own professional advice as to the value of the bonds issued by CBLI in order to determine whether they require the lodgement of additional or replacement bonds by the counterparty.

Yours sincerely
CBL Insurance Limited (In Interim Liquidation)

A handwritten signature in blue ink, appearing to read 'KJH' followed by a long horizontal stroke.

Kare Johnstone
Interim Liquidator