

World Marine & General Insurances Pty Limited
ACN 000 093 112
(In liquidation and subject to Schemes of Arrangement)

Scheme Administrators' final annual report to
creditors

30 June 2015



Contents

1	Introduction & background	3
1.1	Introduction.....	3
1.2	Background	3
2	Principal developments to report during the period	4
3	Scheme Payment percentage and closure	5
3.1	Ultimate Scheme Payment percentage	5
3.2	Payment of statutory interest	5
3.3	Termination of Scheme	5
4	Financial position	6
4.1	Estimated balance sheet at 30 June 2015.....	6
4.2	Receipts and payments to 30 June 2015.....	6
5	Responsibilities and contact details	7
5.1	Scheme Administrators	7
5.2	Creditor Enquiries in Australia.....	7
Appendix 1		8
	Updated Balance Sheet for WMG as at 30 June 2015	
Appendix 2		10
	Summary of the Scheme Administrators' receipts and payments from 30 May 2006 to 30 June 2015	



1 Introduction & background

1.1 Introduction

This is the final annual report to the Creditors of World Marine & General Insurances Pty Limited - in liquidation and subject to Schemes of Arrangement (“WMG”).

The report has been prepared in accordance with clause 43.2 of the Scheme of Arrangement, which became operative in Australia on 30 May 2006. Under the terms of the clause: “Within three months after each anniversary of the date, being either 31 December or 30 June, at the discretion of the Scheme Administrators, after The Australian Scheme becomes effective, the Scheme Administrators shall report to the Scheme Creditors on the progress of The Australian Scheme, including details of remuneration paid to the Office Holders, since the date of the last such report”. Accordingly this report has been prepared for the period to 30 June 2015. It also covers any significant events between that date and completion of the report.

An annual report has also been prepared by the Scheme Administrators of the UK Scheme of Arrangement for WMG. This will be published on the HIH website as a supplement to the Australian annual report for this company.

1.2 Background

HIH Insurance Limited and certain of its major subsidiaries were placed into Provisional Liquidation on 15 March 2001, and subsequently into liquidation on 27 August 2001. In total, eighty-two HIH Group companies in Australia have been placed into liquidation.

Summary details of the history of the group; its failure; and background information are available on the HIH website at www.hih.com.au. Extensive information on the failure of the group, including the final report of the HIH Royal Commission established by the Australian Federal Government, is available on the website www.hihroyalcom.gov.au.

Schemes of Arrangement for the eight licensed insurance companies in the HIH Group in Australia became effective on 30 May 2006, following approval by Creditors and the Court. Schemes of Arrangement for the UK branches of four of these companies became effective in the UK on 13 June 2006. Each of the Schemes has a Record Date (the date at which liabilities are measured) of 27 August 2001; and an estimation date of 31 May 2013 wherein all outstanding claims are valued.

The bar date for submission of Final Claims Forms by the Scheme Creditors against the eight licensed insurance companies in the HIH Group was set at midnight British Summer Time on 2 September 2013. Under the terms of the Schemes, no further claims will be accepted after this date.

The Scheme Administrators have determined all claims submitted in accordance with the WMG Scheme of Arrangements, and have paid in full all Established Scheme Creditor Claims, together with statutory interest at the prescribed rate. As the liabilities of WMG have been discharged in full, in accordance with the provisions of the Scheme, the WMG Australian Scheme was terminated with effect from 31 March 2015.



2 Principal developments to report during the period

The principal developments to report during the period were:

- + The Scheme Administrators realised and dealt with all of the assets of WMG.
- + All claims lodged against WMG were determined.
- + The Scheme Administrators have paid in full all Scheme Creditors with Established Scheme Claims, including statutory interest at the prescribed rate.
- + The WMG Australian Scheme was terminated with effect from 31 March 2015.
- + The completion of the WMG liquidation and resignation of the Liquidators is expected to occur in October 2015.



3 Scheme Payment percentage and closure

3.1 Ultimate Scheme Payment percentage

The Scheme Administrators have paid interim Scheme Payment percentages totalling 100 cents in the dollar to all creditors with Established Scheme Claims.

As such, all of the liabilities of WMG have been discharged in full.

3.2 Payment of statutory interest

Section 563B(2) of the Australian Corporations Act 2001 states that payment of statutory interest is to be postponed "*until all other debts and claims in the winding up have been satisfied....*".

Based on the Corporations Act, the prescribed rate of interest payable is 8% per annum.

All claims lodged against WMG have been determined and paid in full. The Scheme Administrators have also paid Scheme Creditors the statutory interest payable on their Established Scheme Claims.

3.3 Termination of Scheme

As the liabilities of WMG have been discharged in full, the WMG Australian Scheme was terminated with effect from 31 March 2015.



4 Financial position

4.1 Estimated balance sheet at 30 June 2015

Included as Appendix 3 to the Australian Explanatory Statement section of the Scheme of Arrangement documentation, which was sent to creditors prior to the creditors' meeting on 29 March 2006, were balance sheets for each of the Scheme companies at 25 September 2005. An updated balance sheet for WMG as at 30 June 2015 is included as Appendix 1 to this report.

4.2 Receipts and payments to 30 June 2015

A summary of the Scheme Administrators' receipts and payments from the commencement of the Scheme on 30 May 2006 to 30 June 2015 is set out in Appendix 2 to this report.

Since the last annual report dated 30 June 2014, the following remuneration was approved and paid to the Scheme Administrators in their role as Office Holders:

- + \$12,737.00 for the period from 1 March 2014 to 23 May 2014, was approved by the WMG Scheme Creditors' Committee; and
- + \$128,638.50 for the period from 24 May 2014 to completion of the Scheme was approved by the Court.

In July 2015, the Liquidators distributed \$15.0 million of surplus funds to HIH Casualty & General Insurance Ltd, the parent company of WMG, in preparation for the finalisation of the administration. The funds remaining in WMG after settling all liquidation expenses will also be distributed to HIH C&G, immediately prior to its deregistration.



5 Responsibilities and contact details

5.1 Scheme Administrators

The Australian Scheme Administrators and Liquidators are Tony McGrath and Chris Honey, partners of McGrathNicol, based in Sydney. The completion of the liquidation is expected to take place in October 2015. The English Scheme Administrators of WMG are Michael Walker and Barry Gale, partner and director respectively of KPMG LLP based in London. The English Scheme of Arrangement will terminate in September 2015 and the English Provisional Liquidation is expected to terminate in October 2015.

5.2 Creditor Enquiries in Australia

Scheme Creditors with enquiries in relation to the Scheme or Scheme Payments should call the HIH Help Desk on +6 (0) 2 9650 5777. Written scheme queries should be directed to the Scheme Administrators at the following address: McGrathNicol, GPO Box 9986, Sydney, NSW 2001 or to the HIH Help Desk at enquiries@hih.com.au.

Yours faithfully

For World Marine & General Insurances Pty Limited – in liquidation and subject to a Scheme of Arrangement

Tony McGrath
Scheme Administrator

Chris Honey
Scheme Administrator



Appendix 1

Updated balance sheet for WMG as at 30 June 2015



World Marine and General Insurance Pty Limited - (In Liquidation and subject to Schemes of Arrangement)

All values in AUD

	RATA as at 30 June 2015 \$'000	RATA as at 30 June 2014 \$'000
Assets not specifically charged		
Cash		
Cash on hand	0	0
Cash at bank	17,124	7,154
	<u>17,124</u>	<u>7,154</u>
Receivables		
Amounts owing by related bodies corporate to be distributed in specie to parent	215	4,992
	<u>215</u>	<u>4,992</u>
Investments		
Short term deposits	0	12,850
ADD back: Dividends Paid	23,409	19,527
ADD back: Statutory Interest Paid	5,747	0
	<u>29,156</u>	<u>32,377</u>
TOTAL ASSETS	<u>46,494</u>	<u>44,524</u>
Unsecured creditors		
Accounts payable		
Trade Creditors	(257)	(257)
Goods and services tax	(42)	(55)
Sundry creditors - ARS - ESC at Estimation Date	(12)	(12)
	<u>(311)</u>	<u>(324)</u>
Provisions		
Other - Statutory Interest	(5,747)	0
	<u>(5,747)</u>	<u>0</u>
ACCs - ESC at Estimation Date	(20,511)	(19,684)
ACCs - Additional Notified Claims (FCF not finalised - Not Accepted)	0	(282)
Commutations - ESC Verified	(12)	(12)
Outstanding claims	<u>(20,523)</u>	<u>(19,978)</u>
Other liabilities		
Other creditors and accruals	0	(276)
Amounts owing to related bodies corporate	(2,575)	(2,575)
	<u>(2,575)</u>	<u>(2,851)</u>
TOTAL LIABILITIES	<u>(29,156)</u>	<u>(23,153)</u>
NET ASSETS - Surplus Capital to be paid to Parent Company	<u>17,338</u>	<u>21,371</u>



Appendix 2

Summary of the Scheme Administrators' receipts and payments from 30 May 2006 to 30 June 2015



World Marine & General Insurances Pty Limited (In Liquidation and subject to Schemes of Arrangement)

Receipts and Payments Account 1 July 2014 to 30 June 2015

	\$	\$
Opening balance at 1 July 2014		17,474,686.98
Receipts		
Scheme Payment received	5,967,535.65	
Repatriation of funds from UK Scheme Administrator	966,889.32	
Foreign exchange movements	540,671.82	
Interest on cash and deposits	530,993.57	
Reinsurance recoveries	52,684.04	
Unrealised gain/loss on investment portfolio	18,272.76	
GST refund from ATO	7,891.78	
	<hr/>	
Total receipts		8,084,938.94
Payments		
Statutory interest to creditors	(5,746,741.72)	
Scheme Payments to creditors	(3,142,645.72)	
Scheme Administrators' fees	(141,375.50)	
Central expense paid to C&G	(46,393.12)	
Professional fees	(34,131.25)	
GST paid	(18,018.33)	
Other payments	(9,104.90)	
Liquidators' fees	(5,310.00)	
Computer costs	(4,354.81)	
IT charges	(4,276.17)	
	<hr/>	
Total payments		(9,152,351.52)
Balance at 30 June 2015		<hr/> 16,407,274.40 <hr/>