
FAI Traders Insurance Company Pty Limited
ACN 000 177 177
(In Liquidation and subject to a Scheme of Arrangement)

Scheme Administrators' Final Annual Report to Creditors

30 June 2016



McGrathNicol

Contents

1	Introduction & Background.....	2
1.1	Introduction.....	2
1.2	Background.....	2
2	Principal Developments To Report During The Period.....	2
3	Scheme Payment Percentages and Closure.....	3
3.1	Ultimate Scheme Payment Percentages.....	3
3.2	Termination of Scheme.....	3
4	Receipts and Payments to 30 June 2016.....	3
5	Responsibilities and Contact Details.....	3
5.1	Scheme Administrators.....	3
5.2	Creditor Enquiries in Australia.....	3
	Appendix 1.....	4

1 Introduction & Background

1.1 Introduction

This is the final annual report to the Creditors of FAI Traders Insurance Company Pty Limited - in liquidation and subject to a Scheme of Arrangement ("FAI Traders").

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 2016. It also covers any significant events between that date and completion of the report.

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. The HIH Royal Commission established by the Australian Federal Government has also prepared an extensive report on the failure of the group.

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 Scheme Administrators have determined all claims submitted in accordance with the FAI Traders Scheme of Arrangement, and paid the final Scheme Payments to Scheme Creditors with Established Scheme Claims on 12 August 2015. In accordance with clause 63.1 of the Scheme of Arrangement, the Scheme terminates twelve months after the final Scheme Payment is made. Accordingly, the FAI Traders Scheme terminated with effect from 12 August 2016.

2 Principal Developments To Report During The Period

The principal developments to report during the period were:

- The final Scheme Payment Percentages were paid to Scheme Creditors on 12 August 2015.
- The FAI Traders Scheme terminated on 12 August 2016.

3 Scheme Payment Percentages and Closure

3.1 Ultimate Scheme Payment Percentages

The Scheme Administrators have on 12 August 2015 paid the final Scheme Payment to all Scheme Creditors with Established Scheme Claims.

The total Scheme Payment Percentages paid to the creditors of FAI Traders are as follows:

Creditors with insurance liabilities in Australia	Creditors with insurance liabilities outside of Australia	Creditors with non-insurance liabilities in Australia	All other creditors worldwide
22.57%	n/a	22.52%	n/a

It should be noted that all creditors of FAI Traders are considered to be creditors with liabilities in Australia.

3.2 Termination of Scheme

The FAI Traders Scheme terminated with effect from 12 August 2016.

4 Receipts and Payments to 30 June 2016

A summary of the Scheme Administrators' receipts and payments from the commencement of the Scheme on 30 May 2006 to 30 June 2016 is set out in Appendix 1 to this report.

As previously reported, at the final meeting of creditors held on 7 July 2015, the FAI Traders' creditors approved \$50,540 for the Scheme Administrators' remuneration for the period from 27 September 2014 to completion of the Scheme, and this amount was paid during the year to 30 June 2016.

5 Responsibilities and Contact Details

5.1 Scheme Administrators

The Australian Scheme Administrator is Tony McGrath, partner of McGrathNicol based in Sydney. Chris Honey resigned as the Australian Scheme Administrator on 10 May 2016.

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 FAI Traders Insurance Company Pty Limited – in liquidation and subject to a Scheme of Arrangement



Tony McGrath
Scheme Administrator

Appendix 1

Summary of the Scheme Administrators' receipts and payments from 30 May 2006 to 30 June 2016

	\$	\$
Opening balance at 1 July 2015		2,416,349
Receipts		
Scheme Payments Received	275,064	
Interest	8,058	
GST Refund from ATO	<u>5,637</u>	
Total receipts		288,759
Payments		
Scheme Payments	(2,610,752)	
Scheme Administrators Fees	(50,540)	
Central Expense Reimbursement to HIH C&G	(5,873)	
GST	(5,795)	
Liquidators Fees	(5,057)	
Professional Fees	(2,408)	
Other Sundry Payments	<u>(395)</u>	
Total payments		(2,680,820)
Balance at 30 June 2016		<u>24,289</u>