

7 August 2023

Joint Administrators' progress report for the period 11 December 2022 to 10 June 2023

Elite Insurance Company Limited – (in Administration)

The Supreme Court of Gibraltar
Case No. 2019/COMP/002



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Further information about the Administration can be found at www.pwc.co.uk/elite-insurance

Abbreviations and definitions

The following table shows the abbreviations and insolvency terms that may be used in this report:

Abbreviation or definition	Meaning
Accrued Liability	A liability agreed before the end of the validity of the relevant insurance policy
Administration	The Administration of Elite Insurance Company Limited
ATE	After the event insurance
Cedents	Unsecured non-preferential creditors whose claims arise from being holders of policies of reinsurance issued by the Company
Company/Elite	Elite Insurance Company Limited (in Administration)
Company Website	www.pwc.co.uk/elite-insurance
Court	The Supreme Court of Gibraltar
Creditors	Secured, Preferential and Unsecured creditors as a whole
DA ATE	Delegated authority - after the event insurance
Direct Insurance Creditors	Unsecured non-preferential creditors whose claims arise from being direct policyholders of the Company excluding Cedents
DO	A dommage ouvrage insurance policy taken out by French homeowners for building defects
EU	European Union
FCA	The UK Financial Conduct Authority
FGAO	Fonds de Garantie des Assurances Obligatoires de dommages (French compensation scheme fund for compulsory damage insurance)
FSICR	Financial Services (Insurance Companies) Regulations 2020
FSCS	UK Financial Services Compensation Scheme
GAF	Greek Auxiliary Fund
GFSC	Gibraltar Financial Services Commission
GIA11	Gibraltar Insolvency Act 2011
GIR14	Gibraltar Insolvency Rules 2014
ICF	Irish Insurance Compensation Fund
IPT	Insurance Premium Tax
Joint Administrators /we / us / our / Firm	Edgar Lavarello of PricewaterhouseCoopers Limited Gibraltar and Dan Schwarzmann of PricewaterhouseCoopers LLP UK
Period	11 December 2022 to 10 June 2023
Preferential Creditors	Creditors listed in section 2 of the Schedule GIR14, mainly relating to amounts due to employees, amounts deducted from employee remuneration, and amounts due to the Government of Gibraltar.
Proposals	The Administrators' proposals for the Administration of Elite dated 9 February 2020
PwC	PricewaterhouseCoopers Limited Gibraltar and/or PricewaterhouseCoopers LLP UK
Quest	Quest Consulting (London) Limited (as Elite's run-off agent)
RB ATE	Rate Based - after the event insurance
RCD	A Responsabilité Civile Décennale insurance policy taken out by French property builders for building defects
SCA	Irish State Claims Agency
Secured Creditors	Creditors with security in respect of their debt
Unsecured Creditors	Creditors who are neither Secured creditors nor Preferential creditors (including creditors by virtue of any insurance contract)
VAT	UK Value Added Tax

This report has been prepared by Edgar Lavarello and Dan Schwarzmann as Joint Administrators of the Company, solely to comply with their statutory duty to report to Creditors under GIA11 and GIR14 on the Administration, and for no other purpose. It is not suitable to be relied upon by any other person, or for any other purpose, or in any other context.

This report has not been prepared in contemplation of it being used, and it is not suitable to be used, to inform any investment decision in relation to the debt of or any financial investment in the Company. Any estimated outcomes for Creditors included in this report are illustrative only and cannot be relied upon as guidance as to the actual outcome for Creditors.

Some reference is made in this report to occasions on which the Joint Administrators have consulted legal advisers. However, the Joint Administrators do not intend to waive any privilege that they have, or Elite has, in any legal advice. Any persons choosing to rely on this report for any purpose or in any context other than under GIA11 and GIR14 do so at their own risk. To the fullest extent permitted by law, the Joint Administrators do not assume any liability in respect of this report to any such person.

Please note you should read this report in conjunction with the Joint Administrators' Proposals issued to the Company's Creditors and previous Joint Administrators' progress reports, which can be found at www.pwc.co.uk/elite-insurance. Unless stated otherwise, all amounts in this report and appendices are stated net of VAT.

Edgar Lavarello of PricewaterhouseCoopers Limited Gibraltar and Dan Schwarzmann of PricewaterhouseCoopers LLP UK have been appointed as Joint Administrators by the Supreme Court in Gibraltar to manage the affairs, business and property of the Company. The Joint Administrators act as agents of the Company only and without personal liability. Edgar Lavarello is authorised to act as an insolvency practitioner by the GFSC in Gibraltar (IP Licence Number FSC 0892 FSA). Dan Schwarzmann is authorised to act as an insolvency practitioner by the Institute of Chartered Accountants in England and Wales in England (IP Licence number 8912). The Joint Administrators are bound by the Insolvency Code of Ethics which can be found at: <https://www.gov.uk/government/publications/insolvency-practitioner-code-of-ethics>

The Company is authorised and regulated by the GFSC. Registered office: c/o PricewaterhouseCoopers Limited, 327 Main St, GX11 1AA, Gibraltar. The Joint Administrators may act as controllers of personal data as defined by UK Data Protection law and/or any applicable Gibraltar or other data protection laws (as applicable), depending upon the specific processing activities undertaken. PwC may act as a data processor on the instructions of the Joint Administrators. Personal data will be kept secure and processed only for matters relating to the Joint Administrators' appointment. Further details are available in the privacy statements on the www.pwc.co.uk and <https://www.pwc.gi/privacy.html> websites or by contacting the Joint Administrators.

PricewaterhouseCoopers Limited is a private limited company registered in Gibraltar with registered number 94799. The registered office of PricewaterhouseCoopers Limited is 327 Main Street, Gibraltar, GX11 1AA. PricewaterhouseCoopers Limited is authorised and regulated by the Gibraltar Financial Services Commission as an audit firm.

PricewaterhouseCoopers LLP UK is a limited liability partnership registered in England with registered number OC303525. The registered office of PricewaterhouseCoopers LLP UK is 1 Embankment Place, London WC2N 6RH. PricewaterhouseCoopers LLP UK is authorised and regulated by the FCA for designated investment business.

Key messages

Why we have sent you this report

This is the seventh progress report by the Joint Administrators of the Company.

Creditors may wish to read this report in conjunction with our Proposals, which continue to be available on the Company Website. The information in that report or previous progress reports is not repeated here unless considered necessary or beneficial for the purposes of this update.

Earlier progress reports can be viewed on the Company Website.

This report provides an update on the work the Joint Administrators have undertaken, and the progress made since their appointment, with particular focus on the progress made in the Period.

If you have any questions regarding your insurance policy, please use the following contact details:

UK and other: Elite-insurance.uk@quest-group.co.uk or +44 (0) 207 129 8147

France: Elite-insurance.fr@quest-group.com or +44 (0) 207 129 8661

Italy: Elite-insurance.it@quest-group.com or +44 (0) 207 129 8663

Or write to: Elite Insurance Company Limited (in Administration), c/o Quest Consulting, 4th Floor, 52-54 Gracechurch Street, London, EC3V 0EH.

How much Creditors may receive

This is a brief summary of the possible outcome for Creditors of the Company based on what we currently know. As Elite is a complex case, there are still a number of material uncertainties which may cause the current assumptions underpinning the estimates in this document to change. Please read the rest of this document and seek further specific advice where needed.

Secured Creditors

We are not aware of any Secured Creditors.

Preferential Creditors

On the basis that Elite did not have any direct employees at the time of our appointment we do not expect any Preferential Creditors to arise in respect of former employees.

Unsecured Creditors

Creditors are reminded that Direct Insurance Creditors rank ahead of all other Unsecured Creditors except Preferential and Secured Creditors by virtue of FSICR. Please note that any agreed damages claims relating to policies of direct insurance disclaimed by the Joint Administrators are classed as Direct Insurance Creditors.

The Joint Administrators remain unable to give a meaningful estimate of the likely outcome for Direct Insurance Creditors. As we outlined in our previous reports, the ultimate outcome will depend on a number of variable factors where considerable uncertainty exists. Our strategy for the Administration seeks to reduce this uncertainty, and maximise the return to Creditors at the earliest possible stage, but based on our current view of Elite's financial position, Direct Insurance Creditors are highly unlikely to receive 100 pence in the pound, unless appropriately covered by a relevant compensation scheme. As a consequence, other Unsecured Creditors should not expect a dividend. All Creditors should seek to mitigate their losses as much as possible.

As the Administration develops, we will provide Creditors with updates on future distribution prospects.

Progress since we last reported

This section deals with the key activities we have undertaken since our last report.

Run-off management

Operations

Quest remains the initial point of contact for the vast majority of Creditors. Elite and Quest agreed an extension to the agreement under which Quest acts as Elite's Run-off Manager for at least a further two years. ACS Solutions, a specialist outsourcer, continues to deal with French construction claims under policies which were written by a number of specific coverholders.

During the Period, in excess of 2,100 insurance claims were adjusted and closed, with an adjusted value of approximately £12.1m including fees as well as indemnity amounts. We continue to oversee the complaints processes administered by Quest, only dealing directly with customer complaints where necessary. During the Period, 18 new complaints were received and 12 complaints were resolved.

Portfolio updates

The latest status in respect of Elite's books of business and compensation for eligible policyholders is summarised below.

France

As previously reported, all French construction insurance policies were 'disclaimed', in other words, terminated, by the Joint Administrators in accordance with GIA11 with effect from (and including) 15 September 2020. The FGAO previously confirmed that beneficiaries of DO policies in effect on or after 1 July 2018 whose claims arose before 15 September 2020 policy will retroactively benefit from the compensation scheme. Further information in respect of the disclaimer can be found on the Company Website.

The Joint Administrators have continued contacting policyholders whose claims were agreed by Elite before 15 September 2020 to progress their claims for payment by the FGAO. The FGAO provides compensation at 90% for eligible claims brought under the mandatory guarantee of DO policies for damage suffered while the insurance policy was in effect. During the Period, the FGAO paid €128k in respect of 19 eligible claims. This brings the total paid to €134k in respect of 20 eligible claims.

The Joint Administrators continue to liaise with the FGAO in respect of Creditors whose claims arose, but were not agreed, before the policies were disclaimed on 15 September 2020.

DO beneficiaries not eligible for FGAO compensation are entitled to bring a claim against Elite for damages arising as a result of the disclaimer. Claimants are required to mitigate their losses and should continue to seek to progress their claims with their RCD insurer in the first instance.

Greece

Quest continues to liaise with the GAF, who provide compensation to injured parties in respect of bodily injury and/or material damage caused fully or partially by Elite's eligible motor policyholders. During the period, five eligible claims totalling €44k were submitted to the GAF for payment. The GAF has not yet confirmed when payments will be made to the beneficiaries. A second submission is expected to be completed in Q3 2023.

Ireland

The SCA continues to conclude that Elite does not qualify for eligible claim payments to be made from the ICF. Further correspondence has been exchanged with the SCA regarding their reasons for their conclusion and we remain in dialogue.

Policyholders should continue to submit claims against Elite in the usual way.

Italy

Policyholders should continue to submit claims against Elite in the usual way.

Spain

Claims notifications received by Elite's Spanish branch remain under review as we await details to facilitate the handling of these claims. Since the end of the Period, it has been determined that there are no records available for recovery from one of the two coverholders and therefore the Joint Administrators are solely dependent on the claimants to provide complete supporting evidence in respect of such claims.

UK

Claims continue to be agreed as they arise, with the FSCS providing compensation to eligible claimants at 90%, or 100% for compulsory insurance products, of the claim value. Further information on eligibility can be found on the FSCS website at [fscs.org.uk/making-a-claim/claims-process/eligibility-rules](https://www.fscs.org.uk/making-a-claim/claims-process/eligibility-rules).

During the Period, the FSCS paid £1.2m in respect of 44 eligible claims. This brings the total net balance paid by the FSCS to approximately £21.4m in respect of 3,317 claims. The Joint Administrators continue to liaise with the FSCS as appropriate in the interest of all protected creditors.

Building Guarantee

As previously reported, the litigation against the coverholder of this book has been concluded. Elite continues to pursue its claim against the Coverholder's Appointed Representative in relation to this matter.

Asset recoveries

Commutation

During the Period, the Joint Administrators considered a proposed agreement in respect of certain assets subject to the commutation. Following further assessment and negotiation, an agreement was reached resulting in the recovery of further funds due to Elite.

Additional consideration under the commutation may still be receivable by Elite and any developments will be reported in future progress reports.

Reinsurance

We continued to liaise with reinsurers and reinsurance brokers regarding a number of reinsurance arrangements to ensure the ongoing processing and collection of recoveries. We also continued discussions with a number of reinsurers to assess their appetite for seeking early finality in relation to the commutation of certain reinsurance arrangements. These efforts led to total recoveries in the Period of £262k.

DA ATE disclaimer and RB ATE recoveries

As previously reported, the Joint Administrators disclaimed Elite's ATE business with effect from 11 December 2020 with the exception of two ATE policies.

Following the settlement of one of the two retained policies, Elite and the reinsurer involved in the matter continue to pursue the premium due to Elite.

The second retained RB ATE policy, where Elite has novated its exposure but retains a right to a share of any future premium continues to be monitored. In mid-2022, the High Court ruled in the insured's favour. Furthermore, the case was appealed and the appeal went in the insured's favour a second time. The defendants sought permission to appeal to the Supreme Court in England and we continue to liaise with the insurance brokers to keep abreast of developments.

General recoveries

Elite continued to pursue recoveries within European jurisdictions, resulting in recoveries of €49k from the French business, €45k from the Italian business and £88k from the UK business in the Period. This brings total claims recoveries to over €2.7m and £780k to date.

The Joint Administrators continued efforts to recover funds held in a French bank account on trust for Elite. The liquidator of the former coverholder has disputed the demand made for a return of the funds and applied to the French Courts for their release in March 2023. Elite successfully defended the demand. Subsequently, the liquidator appealed the decision and is required to file their arguments by September 2023. It is currently anticipated that a determination of the appeal is likely to be heard in the first half of 2024.

We continue to pursue a number of other potential asset recoveries in various jurisdictions and will provide updates in future progress reports.

Treasury management

At the end of the Period, the Company held funds of £34.8m, €5.2m and NZ\$1.7k with the majority of funds invested in money market deposits. The remaining balances are held in current accounts with Barclays Bank and HSBC to cover ongoing operating costs and business activities.

We continue to monitor rates to ensure that the funds are invested to maximise interest earned whilst remaining in line with the Firm's treasury management policies covering such matters as counterparty credit risk and diversification. During the Period, interest of £653k was received.

Corporation tax, IPT and VAT

The Joint Administrators continued to liaise with Quest to obtain relevant information required to manage the Company's tax affairs in respect of the pre and post appointment liabilities in all jurisdictions including Gibraltar, Italy and Spain.

We continue to review and submit corporate and IPT tax returns to ensure compliance in all jurisdictions, including associated approval and processing of any resulting tax liability payments. As part of our tax compliance work, we have submitted the post-appointment IPT returns in the UK and post-appointment corporation tax returns in Italy and Spain.

As previously reported, the Joint Administrators' tax advisers have completed high-level analysis with respect to the tax implications of the closure of the branches and the winding down of the Company's affairs. Closure processes for some jurisdictions have been agreed and implementation is in progress. Further information is included in the Closure section below.

We continue to monitor post-appointment activities in all jurisdictions to ensure that the Company is compliant with the EU mandatory disclosure regime.

Stakeholder engagement

The Joint Administrators continue to keep key stakeholders apprised of progress made in a timely manner and encourage creditors to monitor the Company Website for updates.

Regulatory engagement

The Company remains authorised and regulated to the extent needed for the purposes of the Administration and as such must comply with various regulatory requirements. We continue to engage with the GFSC and cooperate with other regulators as appropriate on the progress of the Administration and regulatory reporting matters that arise.

Italy

As required by the Istituto per la Vigilanza sulle Assicurazioni (Italian insurance regulator), an annual report providing updates on Elite's Italian claims and the progress of the Administration was successfully completed before the 31 March 2023 deadline.

Creditors' Committee

The fees sub-committee met on 2 March 2023 where a review of 2022 was undertaken along with the costs for the period 1 July to 31 December. An update on the key focus areas for 2023 was also provided alongside a budget for the same period.

In addition to formal meetings, we continue to engage as appropriate with members of the Creditors' Committee to discuss key issues. The next Creditors' Committee meeting is expected to be held in the second half of 2023.

We are grateful to the members of the Creditors' Committee for their continued engagement and support.

Closure

Exit mechanism

The purpose of the Administration is to achieve a better result for the Company's creditors as a whole than would be likely if the Company were wound up (without first being in administration). During the period, the Joint Administrators have been considering the appropriate exit mechanism to maximise the returns to Creditors at the earliest possible stage and believe a scheme of arrangement would be the best mechanism to achieve the purpose of the Administration.

Further details will be shared with creditors when it is available.

Branch closures

The steps necessary to close the branch in Spain were completed on 21 February 2023. This was notified to the Spanish Tax Authority on 21 March 2023 by submission of Form 036. We are progressing with completion of the required closing financial submissions.

We continue with the legal, tax and regulatory process to complete the closure of the Elite branch in Italy. We are undertaking an analysis with respect to the tax implications of the closure.

Other information

Communications

The Joint Administrators continue to use the Company Website as a means of delivering updates to policyholders and Creditors. Unless you advise us that you wish to receive communications by post, the Company Website will be used as the main method of communication during the Administration. Due to the large number of European policyholders, key parts of the Company Website are available in French and Italian and we continue to translate key documents into these languages.

The Company Website is regularly updated with relevant communications, press releases and frequently asked questions. During the Period we received 2,138 Company Website visits. We continue to respond to queries raised by policyholders and other stakeholders via our dedicated helplines or by email.

Directors' conduct and investigations

During the Period, the Joint Administrators continued discussions and fact finding to understand the events leading up to the Company's Administration and any other significant information which relates to them. Please note that we will not be able to publish our findings and work in this area, but we have complied with our duties in accordance with GIA11.

This is part of our normal work and does not necessarily imply any criticism of the directors' actions.

Our receipts and payments account

An account of receipts and payments in the Administration for the Period can be seen in Appendix A.

We consider that all payments which have been made as an expense of the Administration are appropriate and proportionate to the size and complexity of the Administration.

Administration expenses

In Appendix B we set out a statement of the expenses we have incurred during the Period. The statement excludes any potential tax liabilities that we may need to pay as an Administration expense in due course, as amounts due will depend on the position at the end of the tax accounting periods in each jurisdiction.

Our fees

An update on our remuneration which covers our fees, disbursements and other related matters in this case is provided in Appendix C. The Joint Administrators continue to draw fees in accordance with the approved fee resolutions.

What we still need to do and next steps

The Administration of the Company is complex given the wide range of portfolios it underwrote and territories it operated in. Our focus over the next six months will be:

- Ensuring policyholder claims are dealt with appropriately;
- Pursuing asset and other recoveries of the Company; and
- Developing the proposed scheme of arrangement so that Creditors' claims can be agreed and paid as quickly as possible. When the scheme of arrangement documentation is finalised with the relevant stakeholders and available we will share this with Creditors by post or email, where available, and by publication on the Company Website.

The next report to creditors will be circulated to Creditors in approximately six months time. If you have any questions, please get in touch by email at uk_elite@pwc.com

Yours faithfully



For and on behalf of the Company
Edgar Lavarello
Joint Administrator

Edgar Lavarello of PricewaterhouseCoopers Limited Gibraltar and Dan Schwarzmann of PricewaterhouseCoopers LLP (together the "Administrators") have been appointed as joint administrators by the Supreme Court in Gibraltar to manage the affairs, business and property of Elite Insurance Company Limited (the "Company"). The Administrators act as agents of the Company only and without personal liability. Edgar Lavarello is authorised to act as an insolvency practitioner by the Gibraltar Financial Services Commission in Gibraltar (IP Licence Number FSC 0892 FSA). Dan Schwarzmann is authorised to act as an insolvency practitioner by the Institute of Chartered Accountants in England and Wales in England (IP Licence number 8912). They are bound by the Insolvency Code of Ethics which can be found at: <https://www.gov.uk/government/publications/insolvency-practitioner-code-of-ethics>

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Appendix A: Receipts and payments

Notes	As at 10 June 2023				As at 10 June 2023 Total (GBP equivalent)	Movements from 11 December 2022 to 10 June 2023 (GBP equivalent)	As at 10 December 2022	As at 10 December 2022
	GBP	EUR	NZD	(GBP equivalent) RESTATED at 10 June 2023 exchange rate			(GBP equivalent)	
Receipts (uncharged)								
Cash at bank	12,237,028	5,612,089	0	0	17,035,736	0	17,035,736	17,048,490
Claim recoveries	780,024	2,711,882	0	0	3,098,863	168,364	2,930,499	2,936,448
Interest	993,225	32,646	1,739	0	1,021,987	653,006	368,980	369,039
Investments & Shares	979,711	17,375	0	0	994,567	0	994,567	994,607
Gross Premium - ATE Premium	2,469,656	4,845	0	0	2,473,799	4,416	2,469,384	2,469,395
Sundry debts & refunds	15,988	10,000	0	0	24,538	-45,725	70,263	70,274
Tax / Insurance / Other Refunds	0	0	0	0	0	-333,974	333,974	334,861
Insurance recoveries	1,321,933	107,846	0	0	1,414,148	490,879	923,269	923,507
Reinsurance recoveries	42,169,099	76,328	0	0	42,234,365	261,540	41,972,824	41,972,998
Receipts total	60,966,664	8,573,011	1,739	0	68,298,003	1,198,506	67,099,496	67,119,619
Payments								
Office holder's fees	13,294,654	0	0	0	13,294,654	2,402,751	10,891,903	10,891,903
Office holder's expenses	9,304	0	0	0	9,304	821	8,483	8,483
Pre-administration Office Holder's fees	282,910	0	0	0	282,910	0	282,910	282,910
Pre-administration Office Holder's expenses	2,225	0	0	0	2,225	0	2,225	2,225
Run-off services	3,907,142	0	0	0	3,907,142	381,795	3,525,348	3,525,348
Claims handling expenses	641,689	1,472,670	0	0	1,900,919	138,530	1,762,389	1,765,456
Professional fees	74,117	379,077	0	0	398,252	86,978	311,274	311,942
Printing, stationery & postage	202,438	25,439	0	0	224,190	5,334	218,856	218,913
Legal fees & expenses	6,370,656	1,378,838	0	0	7,549,654	876,720	6,672,934	6,675,631
Statutory advertising	65,419	0	0	0	65,419	0	65,419	65,419
Taxation costs	283,658	3,123	0	0	286,328	-332,049	618,377	619,268
Irrecoverable VAT	954,229	11,201	0	0	963,806	39,897	923,909	923,934
Bank charges	24,215	9,791	0	0	32,587	976	31,611	31,631
Storage costs	6,928	64,529	0	0	62,104	13,689	48,415	48,528
Payments total	26,119,584	3,344,668	0	0	28,979,494	3,615,442	25,364,053	25,371,591
NET POSITION	34,847,080	5,228,343	1,739	0	39,318,509	-2,416,936	41,735,444	41,748,028

Made up as follows	GBP	EUR	NZD	As at 10 June 2023 Total GBP equivalent	Exchange rates - (Bank of England)
Barclays UK	443,967	207,857	1,739	622,545	10 June 2023 £1 to EUR 1.1695
HSBC UK (interest bearing)	6,358			6,358	10 December 2022 £1 to EUR 1.1664
Money Market Deposits (interest bearing)	34,396,755	5,020,486		38,689,604	10 June 2023 £1 to NZD 2.0522
	34,847,080	5,228,343	1,739	39,318,509	10 December 2022 £1 to NZD 1.9187

Footnotes

Receipts

1	Sundry debts & refunds and Insurance recoveries	A reclassification journal has been posted between the two categories, net nil impact.
2	Tax / Insurance / Other Refunds	A reclassification journal has been posted, net nil impact.

Payments:

2	Taxation costs	A reclassification journal has been posted, net nil impact.
3	Legal fees & expenses	The 10 December 2022 brought forward balance has been updated to reflect the cash in transit over the reporting period.

Appendix B: Expenses

The following table provides details of our expenses. Expenses are amounts properly payable by us as Joint Administrators from the estate and includes our fees but excludes distributions to Creditors. The table also excludes future potential tax liabilities that we may need to pay as an Administration expense because amounts becoming due will depend on the position at the end of the tax accounting period.

The table should be read in conjunction with the receipts and payments account at Appendix A, which shows expenses actually paid during the Period and the total paid to date.

Nature of expenses	GBP	EUR
	Incurred in the Period (£)	Incurred in the Period (€)
Bank charges	15	1,016
Claims handling expenses	26,296	129,331
Irrecoverable VAT	39,897	0
Legal fees and expenses	646,196	117,372
Office holders' disbursements	3,021	0
Office holders' fees	2,402,751*	0
Printing, stationery and postage	5,088	288
Professional fees	13,922	89,380
Run-off services	268,795	0
Storage Costs	897	14,978
Taxation costs	102	2,130
Total expenses	3,406,980	354,495

*This represents 100% of fees.

Appendix C: Remuneration update

On 23 October 2020 the Creditors' Committee approved resolutions authorising the Joint Administrators to draw remuneration as detailed in previous reports. During the Period, fees of £2.4m were billed and paid covering 1 July 2022 to 30 April 2023. Fees billed for the period 1 July 2022 to 31 December 2022 were paid at 75% and fees billed from 1 January 2023 onwards at 67% of Elite rates. This reflects an additional proportion of deferred fees for work performed in 2023 which may be released at a later date, at the Creditors' Committee's discretion.

Deferred fees accrued in the Period total £945k. This brings the total deferred fees incurred since the start of the Administration to £4.8m.

Our hours and average rates

Fees incurred since the start of the Administration total £18.4m (including deferred fees), at hourly rates agreed with the fees sub-committee, which represent a discount on normal PwC rates, but incorporates fees written off and not billed totalling £359k (£36.1k in the period).

The time cost charges incurred in the Period total £2.2m. This is 3,702 hours at an average hourly rate of £596.

The table below shows a breakdown of this.

	Partner	Director	Senior Manager	Manager	Senior Associate	Associate/ Other	Period Total			Total from 11 December 2019 to 10 June 2023	
							Hours	Total Cost (£)	Average hourly rate (£)	Hours	Total Cost (£)
Accounting & Treasury	1,320	-	30,530	22,772	58,611	48,236	386	161,469	418	2,745	1,048,710
Assets	18,865	8,304	60,292	-	16,463	-	147	103,924	706	5,331	2,732,175
Claims	83,050	41,298	339,806	20,536	114,628	6,108	886	605,426	684	4,030	2,394,848
Closure Procedures	38,441	97,499	234,228	13,013	151,840	10,448	815	545,469	596	1,197	741,370
Creditors	-	449	13,620	184	3,951	3,457	52	21,662	415	1,751	599,227
Run-off management	490	9,742	16,732	-	11,215	-	58	38,179	662	7,278	3,913,569
Statutory & compliance	21,810	17,026	122,565	3,595	48,400	72,657	576	286,053	496	4,406	2,165,083
Strategy & planning	22,990	26,441	76,735	5,961	39,314	15,729	307	187,170	609	5,015	2,901,378
Tax & VAT	28,197	212,324	132,038	16,335	48,963	22,212	375	259,309	690	3,445	2,270,107
Total for the Period	215,163	212,323	1,026,545	82,396	493,385	178,847	3,702	2,208,661	596	35,198	18,766,467
Fees incurred and written off								(36,112)			(359,260)
Total fees*								2,172,549			18,407,207

*These represent 100% of fees.

Our time charging policy and hourly rates

We and our team charge our time for the work we need to do in the Administration. We delegate tasks to suitable grades of staff, taking into account their experience and any specialist knowledge that is needed, and we supervise them properly to maximise the cost effectiveness of the work done. Anything complex or important matters of exceptional responsibility are handled by our senior staff or us.

All of our staff who work on the Administration (including our cashiers) charge time directly to the case and are included in any analysis of time charged. Each grade of staff has an hourly charge out rate which is reviewed from time to time. Work carried out by our support and secretarial staff is charged separately and is not included in the hourly rates charged by partners or other staff members. Time is charged in six minute units in the UK and 15 minute units in Gibraltar. We do not charge general or overhead costs.

In common with many professional firms, our scale rates increased to cover inflationary cost increases. All increases are subject to agreement by the fee sub-committee. Updated hourly rates were agreed with the fee sub-committee with effect from 1 July 2022 until 31 December 2023 with a 3% inflationary increase effective from 1 July 2023.

We set out below the maximum charge-out rates per hour for the grades of our staff. The Joint Administrators' core team is made up of both UK and Gibraltar staff. Where the Joint Administrators draw on the expertise of specialists within the firm such as actuarial and tax experts, bespoke rates apply.

From 1 July 2022 to 30 June 2023*			
Grade	Rate - UK, £/hour	Rate - Gibraltar, £/hour	UK Bespoke Rate, £/hour (maximum)
Partner	980	875	1,687
Director	898	700	1,487
Senior Manager	706	484	1,137
Manager	613	385	882
Senior Associate	495	220	639
Associate	307	110	319
Other	149	n/a	189

From 1 July 2023*			
Grade	Rate - UK, £/hour	Rate - Gibraltar, £/hour	UK Bespoke Rate, £/hour (maximum)
Partner	980	902	1,737
Director	915	721	1,531
Senior Manager	728	498	1,172
Manager	631	397	908
Senior Associate	510	227	658
Associate	316	113	329
Other	153	n/a	195

*These are our agreed rates at 100%, with a minimum 25% remaining at the discretion of the Committee in line with approved resolutions.

Our work in the Period

Whilst this is not an exhaustive list, in the following table we provide more detail on the key areas of work:

Area of work	Work undertaken	Why the work was necessary	What, if any, financial benefit the work provided to Creditors OR whether it was required by statute
Accounting and Treasury	<ul style="list-style-type: none"> Processing all incoming funds via the Administrators' accounting system in order to ensure consistency of coding and clarity of reporting. Preparing and updating cash flow reporting. Processing payments, including review and approval by senior case staff. Producing and reviewing monthly bank reconciliations. Cash management using multiple bank accounts and money market deposits. 	To manage the Company's bank accounts	<p>Ensures proper management of the funds held</p> <p>Maximise interest received and minimise interest paid commensurate with appropriate risk tolerances</p>
Assets	<ul style="list-style-type: none"> Pursuing recoveries including reinsurance recoveries, premiums, claims funds and other assets. Investigating the position and potential outcome of recovery from debtors in insolvency procedures. Negotiating with debtors. Conclusion of the position of assets pending assignment subject to the major commutation. Continued discussions and fact finding to understand the events leading up to the Company's Administration in an attempt to pursue any potential recoveries. 	To ensure returns to the Creditors are maximised	Realise funds for the benefit of Creditors
Claims	<ul style="list-style-type: none"> Leading negotiations for a number of large value claims. Ensuring claims are agreed efficiently and at an appropriate value. Progression of French DO claims that were agreed by Elite before the policies were disclaimed on 15 September 2020 for payment by the FGAO. Continued dialogue with the FGAO in respect of Creditors whose DO claims arose, but were not agreed, before the policies were disclaimed. Completed review of further policyholder data received from a major Italian coverholder. Continued dialogue with the GAF in respect of Greek policies eligible for compensation payments. Dealing with complaints escalated to the Joint Administrators. Re-negotiation and execution of French claims handling contracts with ACS. Negotiation and ongoing review/updates to supplier contracts. 	To ensure returns to the Creditors are maximised	Maximising funds for the benefit of Creditors

	<ul style="list-style-type: none"> Finalising the claims audit for the period June 2021 to September 2022, resulting in a green rating. 		
Closure	<ul style="list-style-type: none"> Meetings with legal, actuarial and tax advisors, Quest and key stakeholders to consider implications of different strategic and exit options from Administration. Preparation and legal drafting of documentation for a possible scheme of arrangement. Liaison with non-UK compensation schemes in relation to the possible protections available in an exit solution. Liaison with the FSCS in relation to the possible protections available for suitable UK policyholders and developing the agreed strategy with them. Development of the agreed strategy with the FSCS for UK protected policyholders. Formal closure of the Spanish branch. Ongoing engagement in respect of the closure of the Italian branch. Maintaining an estimated outcome statement. 	To ensure claimants are treated fairly and in line with best practice	Required by statute, ensures all Administration matters have been dealt with
Creditors	<ul style="list-style-type: none"> Liaising with Creditors and policyholders in various European jurisdictions regarding individual queries. Providing timely Company Website updates. 	To keep the Creditors informed	Work done in anticipation of returning funds to Creditors
Run-off management supervision	<ul style="list-style-type: none"> Regular meetings with Quest to discuss key issues, budgets, operational matters. Monitoring and providing feedback on performance and management information supplied. Regular meetings and discussions with members of the Quest claims handling team. Review and agree costs and budget including supporting evidence provided by the Run-off Manager. Negotiation and extension of the Run-off Management Agreement with Quest for a further two year period. 	To ensure claimants are treated fairly and in line with best practice	Ensuring service levels are maintained for Elite policyholders
Statutory and compliance	<ul style="list-style-type: none"> Officeholder oversight. Conducting case reviews every six months. Reviewing Company books and records. Managing internal case, filing and accounting systems. Maintaining our records, preparing file notes, filing relevant letters, emails and supporting documentation. Compliance activities such as Anti Money Laundering checks, sanctions screening and information handling protocol. Preparing for and attending meetings with the fee sub-committee. Preparing and issuing all statutory documents, notices and reports as required. 	To comply with statutory obligations	Required by statute / regulation

	<ul style="list-style-type: none"> • Liaising with the relevant regulators and third-party stakeholders, including the Creditors' Committee and observers. 		
Strategy and planning	<ul style="list-style-type: none"> • Refining strategy and progress toward the objectives of the Administration, an indicative timeline, and key milestones. • Evaluating strategic options to be implemented in order to achieve the objectives of the Administration. • Discussions with third-parties to assess the Company's affairs including the events and circumstances leading up to the Company's administration. • Reviewing documentation and correspondence to determine whether there are any actions against any third parties. 	To ensure case progression and monitor costs	Ensures orderly progression of case and cost management
Tax and VAT	<ul style="list-style-type: none"> • Ongoing work to understand post appointment liabilities in various jurisdictions. • Further investigation into potential tax related recoveries in different European jurisdictions. • Ongoing consideration of tax compliance matters in all territories the Company operated in. • Submission of various tax returns in the UK, Spain and Italy. • Specialist assistance as required in respect of the closure of the Spanish and Italian branches. 	To comply with statutory obligations	Required by statute and ensures the appropriate payment of corporation and other taxes, for the benefit of Creditors

Our future work

We still need to do the following work to achieve the purpose of the Administration.

Area of work	Our Future work	What, if any, financial benefit the work provided to Creditors OR whether it is required by statute
Accounting and treasury	<ul style="list-style-type: none"> • Bank reconciliations. • Cash management. • Currency hedging analysis. • Requesting bank account and other creditor details. • Accounting for payments and receipts into the case bank accounts. • Processing payments. • Dealing with unbanked dividend cheques. 	Ensures proper management of the funds held
Assets	<ul style="list-style-type: none"> • Managing the remaining two active cases under the RB ATE and DA ATE businesses. • Analysing Company records and pursuing recoveries including reinsurance recoveries, premiums, claims funds and other assets. • Corresponding with reinsurance debtors and Quest regarding settlements following case by case cost benefit analysis. • Engage with the CBLI Liquidator in relation to recovery of deferred consideration subject to the Commutation. 	Realise funds for the benefit of Creditors
Claims	<ul style="list-style-type: none"> • Ensuring claims are agreed efficiently and at an appropriate value. 	Maximising funds for the benefit of Creditors

	<ul style="list-style-type: none"> • Reviewing and responding to referrals from Quest/ACS claims handlers and approving actions with respect to large value, litigated claims or claims recoveries from third-parties. • Continuing to negotiate large value claims. • Ongoing management of claims following the disclaimers of various books of business. • Reviewing payments and supporting evidence in relation to FSCS eligible policyholders. • Liaising with the FGAO regarding compensation for Elite's French DO policyholders and ongoing submission of Accrued Liabilities for payment. • Ongoing correspondence with the SCA regarding the reasons for their decision that Elite does not qualify to apply for payments to be made from the ICF. • Ongoing submission of claims from eligible Greek policyholders to the GAF. • Overseeing complaints handling. • Adjudication of claims. • Manage all supplier contracts. • Regular claims audits to be undertaken. 	
Closure	<ul style="list-style-type: none"> • Ongoing implementation of the plan and timeline for an exit from Administration including all the appropriate communications with creditors. • Finalise and implement the agreed strategy with the FSCS for UK protected policyholders. • Establish and implement an effective claims handling and valuation system. • Liaise with the Gibraltar Court and GFSC to ensure compliance during exiting an Administration. • Obtaining clearances for closure. • Closure procedures. • Winding down the Company's affairs generally. 	Required by statute, ensures all Administration matters have been dealt with
Creditors	<ul style="list-style-type: none"> • Liaising with Creditors. • Responding to queries from Direct Insurance Creditors. • Maintaining an estimated outcome statement. • Preparation and payment of dividends. 	Work done in anticipation of returning funds to Creditors
Run-off management supervision	<ul style="list-style-type: none"> • Monitoring Quest performance against budget. • Quarterly meetings to discuss performance and Management Information. • Maintain operating protocols. • Negotiation of a further run-off management agreement and other claims handling agreements ahead of their expiries. 	Ensuring service levels are maintained for Elite policyholders
Statutory and compliance	<ul style="list-style-type: none"> • Complying with statutory filing requirements. • Preparing and circulating six monthly progress reports to Creditors. • Ongoing regular communications with the Creditors' Committee and fees sub-committee. • Ongoing communications with key stakeholders. 	Required by statute / regulation
Strategy and planning	<ul style="list-style-type: none"> • Continue to investigate suitable strategies for the remaining books of business. • Ongoing contract negotiations with suppliers in several jurisdictions. • Conclude an assessment of the Company's affairs including the events and circumstances leading up to the Company's Administration and determine whether any further actions are required. 	Ensures orderly progression of case and cost management
Tax and VAT	<ul style="list-style-type: none"> • Completing tax returns. • Obtaining tax clearance from the appropriate tax authorities. • Pursuing tax recoveries. 	Required by statute and ensures the appropriate payment of corporation and other taxes, for the benefit of Creditors

Payments to associates

We have instructed the following professionals on this case due to their jurisdictional tax and regulatory expertise and for efficiency purposes. The amounts shown were incurred in the Period.

Service provided	Name of firm / organisation	Jurisdiction	Basis of fees	Amount incurred
Professional Services	PricewaterhouseCoopers Advisory SpA	Italy	Time costs and disbursements	€23,199
Tax and Regulatory	PricewaterhouseCoopers Tax & Legal Services, S.L.	Spain	Time costs and disbursements	€32,629
Professional Services	PwC Legal UK	UK	Time costs and disbursements	£3,724

As required with all third-party professionals, submission of time costs analyses and narrative, or a schedule of realisations achieved dependent on their fee basis, is supplied in support of invoices rendered. All invoices are reviewed before being approved for payment. We are satisfied that the level of costs is appropriate.

Disbursements

Disbursements are costs paid by the Joint Administrators and may include an element of shared or allocated costs.

Disbursements totalling £3,020 were incurred in the Period relating to the below categories.

Category	Amount incurred (£)
Travel expenses	1,467
Archiving costs	1,013
Postage & other	541
Total	3,021

Our relationships

Other than as previously disclosed, we have no business or personal relationships with the parties who approve our fees or who provide services to the Administration where the relationship could give rise to a conflict of interest.

Legal and other professional firms

In addition to the associates previously mentioned, we have instructed the following professionals on this case:

Service provided	Name of firm / organisation	Reason selected	Basis of fees
<ul style="list-style-type: none"> • Legal services, including: <ul style="list-style-type: none"> ○ Assistance when dealing with and concluding claims ○ Costs incurred when recovering money in relation to claims 	<ul style="list-style-type: none"> • A and L Goodbody • Ayache Salama • Bryan Cave Leighton Paisner LLP • Clifford Chance LLP • Clyde & Co Claims LLP • CMS Adonnino Ascoli & Cavasola Scamoni • Da Ros Associes • DWF Rousaud Costas Duran Abogados • Ellul & Co. Limited • Freshfields Bruckhaus Deringer LLP • Jean-Baptiste Meyrier • Kennedys Law LLP • Kiejman & Marembert • SCP L. Poulet-Odent 	<ul style="list-style-type: none"> • Industry knowledge • Insolvency expertise • Jurisdictional expertise 	<ul style="list-style-type: none"> • Time costs and disbursements

	<ul style="list-style-type: none"> • Studio Legale Avv. Michele Tavazzi • Unalome Legal Sarl • Triay Lawyers Limited 		
<hr/>			
<ul style="list-style-type: none"> • Agent/Claims handling 	<ul style="list-style-type: none"> • ACS Solutions • Crawford & Company Legal Services Ltd • Marley Risk Consultants • Quest Consulting (London) Limited • Woodgate and Clark Limited 	<ul style="list-style-type: none"> • Policyholder knowledge • Claims handling experience 	<ul style="list-style-type: none"> • Time costs and disbursements

We require all third party professionals to submit time costs analyses and narrative or a schedule of realisations achieved, dependent on their fee basis, in support of invoices rendered. All invoices are reviewed before being approved for payment. We are satisfied that the level of legal and professional costs is appropriate.

Appendix D: Other information

Court details for the Administration:	The Supreme Court of Gibraltar Case number: 2019/COMP/002
Full and trading name:	Elite Insurance Company Limited
Registered number:	91111
Registered address:	327 Main Street, GX11 1AA, Gibraltar
Date of the Administration appointment:	11 December 2019
Joint Administrators' names and addresses:	Edgar Charles Andrew Lavarello of PricewaterhouseCoopers Limited Gibraltar, 327 Main Street, Gibraltar and Dan Yoram Schwarzmann of PricewaterhouseCoopers LLP UK, 1 Embankment Place, London, WC2N 6RH UK
Company Website:	www.pwc.co.uk/elite-insurance
Objective being pursued by the Joint Administrators:	Objective b — achieving a better result for the company's Creditors as a whole than would be likely if the company were wound up (without first being in administration)
Division of the Joint Administrators' responsibilities:	In relation to the powers set out in schedule 1 of GIA11, during the period for which the Administration is in force, any function to be exercised by the persons appointed to act as Administrators may be done by any or all of the persons appointed or any of the persons for the time being holding that office
Regulation (EU) 2015/848 of the European Parliament and of the Council of 20 May 2015 on Insolvency Proceedings (recast):	The EC Insolvency Regulation does not apply



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