

**IN THE SUPREME COURT OF GIBRALTAR**

2026/COMP/002

**IN THE MATTER OF ELITE INSURANCE COMPANY LIMITED (IN  
ADMINISTRATION)**

**-and-**

**IN THE MATTER OF THE COMPANIES ACT 2014**

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**ORDER**

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Wednesday the 27th day of May 2026

**BEFORE the Honourable Mr Justice Dudley, Chief Justice**

**UPON THE APPLICATION** of Elite Insurance Company Limited (in administration), a company incorporated in Gibraltar with registered number 91111, whose registered office is at 327 Main Street, Gibraltar GX11 1AA (the *Company*) to sanction a proposed scheme of arrangement pursuant to Part VIII of the Companies Act 2014 (the *Scheme*), pursuant to a Claim Form dated 22 January 2026 (the *Claim Form*)

**AND UPON HEARING** Tom Smith KC, Counsel for the Company instructed by Triay Lawyers Limited, solicitors for the Company

**AND UPON READING** the Claim Form, the Scheme and the evidence filed in these proceedings

**IT IS ORDERED AND DIRECTED THAT:**

1. The Court hereby sanctions the Scheme as set out in the Schedule hereto.
2. The Company or its solicitors shall deliver, as soon as reasonably practicable, a copy of this Order to the Registrar of Companies.

  
**Registrar**

## **SCHEDULE**

The Scheme

27 May 2026

**ELITE INSURANCE COMPANY LIMITED (IN ADMINISTRATION)**

**and**

***the Joint Administrators***

(as defined in this scheme of arrangement, acting as agents to Elite Insurance Company Limited (in administration) and without personal liability)

**and**

***the Scheme Creditors***

(as defined in this scheme of arrangement)

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**SCHEME OF ARRANGEMENT**  
pursuant to Part VIII of the Companies Act 2014

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**FRESHFIELDS**

## CONTENTS

CLAUSE	PAGE
PART 1 PRELIMINARY .....	2
PART 2 GENERAL PROVISIONS .....	12
PART 3 HOW TO MAKE CLAIMS IN THE SCHEME .....	16
PART 4 PAYMENTS TO SCHEME CREDITORS .....	27
PART 5 FSCS PROTECTED POLICIES .....	32
PART 6 THE SCHEME ADJUDICATOR .....	34
PART 7 THE SCHEME MANAGERS .....	35
PART 8 THE JOINT ADMINISTRATORS .....	37
PART 9 RESPONSIBILITY AND LIABILITY .....	38
PART 10 COMPLETION AND TERMINATION OF THE SCHEME .....	40
PART 11 GENERAL SCHEME PROVISIONS .....	42
Schedule 1 Estimation guidelines .....	45
Schedule 2 Supporting Evidence Appendix .....	53
Schedule 3 Claim Form .....	57

## CONTENTS

CLAUSE

PAGE

### PART 1

#### PRELIMINARY

#### 1. DEFINITIONS

- 1.1 In this document, unless the context otherwise requires or is otherwise expressly provided for, the following expressions mean the following things:

*Act* means the Companies Act 2014 of Gibraltar;

*Appointment Date* means 11 December 2019;

*Ascertained FSCS Protected Claim* means an FSCS Protected Claim after it has been determined by the Scheme Managers in accordance with Clause 5.1.2;

*Ascertained Scheme Claim* means a Scheme Claim after it has been agreed in accordance with Clause 3.6.12 or adjudicated in accordance with Clause 3.7, and after any Cross-Claims have been set-off under Clause 2.7.1;

*Base Rate* means the Bank of England base rate;

*Business Day* means any day (other than a Saturday, Sunday or public holiday in Gibraltar) on which banks are open for business in Gibraltar and London;

*Claim Form* means the claim form in substantially the same form as the example provided in Schedule 3, to be completed by Scheme Creditors (or their duly authorised agents) in accordance with Clause 3.5 detailing Scheme Liabilities against the Company;

*Claims Handling Agents* means Quest and any other entity appointed by the Company from time to time to carry out claims handling functions on the Company's behalf;

*Claims Submission Deadline* means 5pm (CET) on the first Business Day which is 180 days after the Effective Date;

*Company* means Elite Insurance Company Limited (in administration), a company registered in Gibraltar with company number 91111;

*Convening Order* means the order of the Court dated 13 March 2026 granting the Company permission to convene meetings of its creditors in connection with the Scheme;

*Court* means the Supreme Court of Gibraltar;

*Creditor Portal* means the portal available via the Website for Scheme Creditors to use in order to submit Voting and Proxy Forms, Claim Forms and Supporting Information regarding Scheme Claims;

**Creditors' Committee** means the committee of creditors established in April 2020 pursuant to the Company's administration.

**Cross-Claim** means any Liability of a Scheme Creditor to the Company which is now due or may fall due in the future;

**Cut-Off Claim** means a claim submitted to the FSCS by an FSCS Protected Creditor in respect of a Cut-Off Liability;

**Cut-Off Date** means:

- (a) 5pm CET on 31 December 2027; or
- (b) such later date as the Scheme Managers deem appropriate in conjunction with the FSCS, provided that the Scheme Managers give Scheme Creditors at least six months notice of such date by publishing a notice on the Website;

**Cut-Off Liability** means a Liability to an FSCS Protected Creditor that would have arisen had the Joint Administrators disclaimed the relevant FSCS Protected Policy on the Cut-Off Date;

**Disclaimer Damages Claim** means a claim representing any loss or damage sustained by the Scheme Creditor due to their Scheme Insurance Contract being disclaimed;

**Disclaimer Date** means the date on which a Scheme Insurance Contract was disclaimed;

**Disputed Scheme Claim** means any Scheme Claim or Cross-Claim referred to the Scheme Adjudicator under Clause 3.6.13;

**Effective Date** means the date on which the order of the Court sanctioning the Scheme is delivered to the Registrar of Companies in Gibraltar and the Scheme therefore becomes effective;

**Election to Defend Decision** means in relation to any Scheme Insurance Contract, a decision by the Company to provide a Scheme Creditor with, or to engage on behalf of a Scheme Creditor, a lawyer or other adviser to defend a claim made against that Scheme Creditor, notwithstanding the fact that the Scheme Insurance Contract may not give rise to an obligation to do so;

**Elective Defence Costs** in relation to any Election to Defend Decision, means the reasonable professional costs incurred by the lawyer or other adviser in defending the claim which the Company has paid or which have been agreed to be paid by the Company (including any disbursements and goods and services tax) in either case after the Appointment Date;

**Estimation Guidelines** means the estimation guidelines contained in Schedule 1;

**Euro** means the single currency of the European Union;

**Excluded Business** means any Liability of the Company in respect of a periodical payment order granted by the courts of England;

***Explanatory Statement*** means the statement dated 18 March 2026 explaining the effect of the Scheme to Scheme Creditors in compliance with section 297 of the Act;

***FSCS*** means the UK's Financial Services Compensation Scheme Limited (company number 03943048);

***FSCS Agreement*** means the commutation and servicing deed entered into between the Company, the Joint Administrators and the FSCS on 9 April 2024;

***FSCS Protected Claim*** means a claim submitted to the Company by an FSCS Protected Creditor in respect of an FSCS Protected Liability owed to that FSCS Protected Creditor;

***FSCS Protected Claims Handling Handbook*** means the UK claims handbook issued on 1 March 2022, and agreed by Quest, the Company and the FSCS, governing the agreement of policyholder claims against the Company, as amended from time to time;

***FSCS Protected Creditor*** means a legal person who is an "eligible claimant" within the meaning of Rule 7 of the Rules and claims to be a creditor of the Company in respect of an FSCS Protected Liability;

***FSCS Protected Liability*** means a Scheme Liability owed by the Company which is subject to FSCS protection in accordance with the Rules;

***FSCS Protected Policy*** means a Scheme Insurance Contract which has given rise to, or may give rise to, an FSCS Protected Liability in accordance with the Rules;

***Future Loss*** is the estimated value of a loss arising as a result of the disclaimer, not yet sustained by an Other Direct Insurance Creditor and has not yet been reported to the Company or discovered by the Company;

***GFSC*** means the Gibraltar Financial Services Commission and its successors from time to time as regulator of general insurance business in Gibraltar;

***IBNR Claim*** means a claim against the Company, in respect of a loss which has been incurred but not reported in respect of a Scheme Insurance Contract;

***Insolvency Act*** means the Insolvency Act 2011 of Gibraltar;

***Joint Administrators*** means Edgar Lavarello of PricewaterhouseCoopers Limited, 327 Main Street, Gibraltar and Dan Yoram Schwarzmann of PricewaterhouseCoopers LLP, 1 Embankment Place, London WC2N 6RH (each in their respective capacities as joint administrators of the Company);

***Liability*** means any liability of a person, whether it is present, future, prospective or contingent, whether its amount is fixed or undetermined, whether or not it involves the payment of money and whether it arises at common law, in equity or by statute, in Gibraltar or in any other jurisdiction, or in any other manner whatsoever, but excluding:

(a) any liability which is barred by statute or is otherwise unenforceable; or

(b) a liability under a contract or Scheme Insurance Contract that is void;

**Net Ascertained Scheme Claim** means an Ascertained Scheme Claim following, where applicable, making the deductions set out in Clause 3.12;

**Net Statement** means a statement sent to a Scheme Creditor detailing their Net Ascertained Scheme Claim in accordance with Clause 3.6.10;

**Notified Outstanding Claim** means a claim against the Company in respect of a loss or liability which has been reported to or discovered by the Company prior to the Disclaimer Date of the relevant Scheme Insurance Contract but not agreed by the Company before submission as a Scheme Claim;

**Offer Letter** means a letter of acceptance, aittance, email offer or any other offer document which has been received by a creditor from Elite or Claims Handling Agent;

**Original Policy End Date** means the date on which a Scheme Claimant's Scheme Insurance Contract was due to end prior to any disclaimer of the Scheme Claimant's Scheme Insurance Contract;

**Other Direct Insurance Creditor** means a person who is or claims to be a creditor of the Company in respect of an Other Direct Insurance Liability;

**Other Direct Insurance Liability** means any Scheme Liability owed by the Company other than an FSCS Protected Liability;

**Payable Scheme Claim** means the amount payable to a Scheme Claimant in respect of their Scheme Claim, calculated in accordance with Clause 4.1;

**Policy Start Date** means the start date of a Scheme Insurance Contract;

**Post** means delivery by standard post or airmail;

**Proceedings** means any process, action, step, or other legal proceeding (including, without limitation, any demand, arbitration, alternative dispute resolution, judicial review, adjudication, execution, seizure, distraint, forfeiture, re-entry, lien, enforcement of judgment, or enforcement of any security interest) in any jurisdiction;

**Property** means all forms of property, tangible and intangible, including money, goods, things in action, land and every description of property wherever situated and also obligations and every description of interest, whether present or future, vested or contingent arising out of, or incidental to, property;

**Quest** means Quest Consulting (London) Limited;

**Relevant Currency** means:

- (a) for the purposes of Scheme Claims submitted in Euro, Euro;
- (b) for the purposes of Scheme Claims submitted in Sterling, Sterling; and
- (c) for the purposes of other Scheme Claims in other lawful currencies, Sterling;

**Relevant State** means any state: (i) in which a payment or action under this Scheme is to be performed; or (ii) in which the Company, the Joint Administrators, the Scheme Manager, the relevant Scheme Creditor, or any other person whose cooperation is required (in the opinion of the Joint Administrators or the Company) to effect the Scheme is organised or operating;

**Remaining Policy Days** is the number of calendar days (as an absolute amount) between the Disclaimer Date and the Original Policy End Date;

**Removal Event** means (as relevant):

- (a) death;
- (b) becoming bankrupt or subject to a voluntary arrangement with its creditors;
- (c) being convicted of an indictable offence (other offences in relation to road traffic);
- (d) (in relation to the Scheme Officers) the resignation of its office by 60 (sixty) days' notice in writing sent by Post to the Scheme Managers;
- (e) becoming disqualified from acting as a director under the law of any jurisdiction to which he is subject including, without prejudice to the generality of the foregoing, the Company Directors Disqualification Act 1986;
- (f) (in relation to the Scheme Officers) subject to the prior approval of the creditors' committee, being removed for good cause by the Scheme Managers; or
- (g) otherwise becoming unable, in the opinion of the Company, to carry out their duties under this Scheme.

**Replacement Cover Claim** means the value of the Future Loss estimated using the cost of replacement cover;

**Representative** means a person determined to be a representative in accordance with Clause 2.8.1;

**Return of Premium Claim** means the value of the Future Loss calculated on the basis of a return of premium;

**Rules** means the UK Prudential Regulation Authority's Policyholder Protection Rules;

**Sanctions** means any economic or financial sanctions or trade embargoes affecting a person or activity administered or enforced by a Sanctions Authority from time to time;

**Sanctions Authority** means the Sanctions authority of any Relevant State or any other governmental body in the United Kingdom, European Union (including any member state of the European Union) or any other Relevant State or supra-

national body with responsibility for implementing or administering economic sanctions or trade restrictions;

**Scheme** means this scheme of arrangement in its present form or with or subject to any modification, addition or condition approved or imposed by the Court and agreed by the Company or made in accordance with Clause 11.2;

**Scheme Adjudicator** means the person appointed under PART 6;

**Scheme Claim** means the information submitted on a Claim Form by an Other Direct Insurance Creditor in accordance with Clause 3.5;

**Scheme Claimant** means a Scheme Creditor who has submitted a Scheme Claim;

**Scheme Costs** means all costs which, in the Joint Administrators' reasonable view, represent:

- (a) the costs of designing, negotiating, implementing and administering the Scheme, including the remuneration and expenses and indemnification of the Scheme Officers as agreed with the Company; and
- (b) the Wind-Down Costs;

**Scheme Creditor** means a person who:

- (a) is or claims to be a creditor of the Company in respect of a Scheme Liability; or
- (b) is deemed to be such a person under Clause 2.8.1;

**Scheme Funds** means the amount of cash held by the Company which, in the reasonable opinion of the Company, is available for distribution at the relevant time for payment to Scheme Creditors in respect of their Payable Scheme Claims, but deducting:

- (a) any funds received by the Company from FSCS from time to time pursuant to the FSCS Agreement; and
- (b) an amount that the Scheme Managers shall estimate representing a proper provision for any future distributions, Scheme Costs and any other Liability of the Company;

**Scheme Insurance Contract** means any contract or policy of direct insurance, of any kind, entered into by or on behalf of the Company or in relation to which the Company has a Scheme Liability, except any contract or policy related to Excluded Business;

**Scheme Liability** means a Liability owed by the Company (before the application of any set-off, Cross-Claim, deduction, escrow, trust or security interest) that would constitute a "direct insurance claim" under and in accordance with Regulations 243(1) and 250 of the Financial Services (Insurance Companies) Regulations 2020 (Gibraltar), other than a Liability relating to Excluded Business, and either:

- (a) has arisen as at the Effective Date; or
- (b) may arise after the Effective Date as a result of an obligation incurred before Effective Date;

***Scheme Managers*** means the persons appointed under PART 7;

***Scheme Meetings*** means the meetings of Other Direct Insurance Creditors and FSCS Protected Creditors convened pursuant to section 296 of the Act to consider the Scheme;

***Scheme Officers*** means the Scheme Managers and the Scheme Adjudicator and includes any person who is employed by such persons or to whom functions under the Scheme are delegated by such a person;

***Scheme Publications*** means the publications set out in the Convening Order;

***Sterling*** means the lawful currency from time to time of Gibraltar;

***Subsequent Appointee*** means any subsequent or additional administrator, liquidator or other insolvency office holder appointed from time to time in respect of the Company;

***Supporting Information*** means all information and documentation required to be submitted with a Claim Form by a Scheme Creditor to the Scheme Managers in accordance with the guidance notes accompanying such Claim Form or Schedule 2 of this Scheme;

***Suspended Scheme Claim*** means a Scheme Claim designated as such by the Scheme Managers under Clause 2.3;

***Suspended Scheme Claim Continuation Date*** means the earlier of:

- (a) the date on which the outcome of the Proceedings is determined; or
- (b) the first Business Day 12 months (or such longer period agreed in accordance with Clause 2.3.5) after the designation of the Scheme Claim as a Suspended Scheme Claim;

***Top Up Payment*** means an amount payable to a Scheme Claimant in respect of their Scheme Claim, calculated in accordance with Clause 4.7;

***Total Policy Days*** means the number of calendar days (as an absolute amount) between the Policy Start Date and the Original Policy End Date;

***Total Premium Amount*** means an amount equal to the value of the total premium paid to the Company for the Scheme Insurance Contract;

***Unclaimed Payment*** means any payment not successfully received by a Scheme Claimant within the timeframes specified in Clause 4.8 following a payment attempt by the Company, in respect of which the Company is deemed to have discharged its obligations;

***Unearned Premium*** means the value of premium paid for the portion of the policy that the policyholder has not benefited from due to the disclaimer;

**Unpaid Agreed Claim** means a claim by an Other Direct Insurance Creditor that has been agreed by or on behalf of the Company prior to submission as a Scheme Claim;

**Voting and Proxy Form** means the form submitted by Scheme Creditors to the Company to indicate their vote in respect of the Scheme. Scheme Creditors may also indicate whether they wish to appoint a proxy (if applicable) using this form;

**Website** means <https://www.pwc.co.uk/elite-insurance>; and

**Wind-Down Costs** means all fees and expenses estimated by the Joint Administrators to be required to wind down the Company (including running the Company) following the completion and termination of the Scheme.

## 1.2 Interpretation

In this Scheme, unless the context otherwise requires or otherwise expressly provides for:

- 1.2.1 references to parts, clauses, sub-clauses and schedules are references to the parts, clauses, sub-clauses and schedules respectively of the Scheme;
- 1.2.2 references to a “person” include references to an individual, firm, partnership, company, corporation, unincorporated body of persons or any state or state agency;
- 1.2.3 references to a statute or a statutory provision include the same as subsequently modified, amended or re-enacted from time to time;
- 1.2.4 the singular includes the plural and vice versa and words importing one gender shall include all genders;
- 1.2.5 headings to parts, clauses, sub-clauses and schedules are for ease of reference only and shall not affect the interpretation of the Scheme;
- 1.2.6 references to a period of days shall include Saturdays, Sundays and public holidays and where the final day falls on a Saturday, Sunday or public holiday, the next Business Day after such date; and
- 1.2.7 references to time shall be to Gibraltar time (CET/CEST, as appropriate).

## 1.3 Background

- 1.3.1 The Company was incorporated and registered in Gibraltar on 19 April 2004 as a private company limited by shares (under company registration number 91111).
- 1.3.2 The Company had been authorised by the GFSC and was therefore an “Authorised Person” within the meaning of that term as defined in the Financial Services Commission Act 2007, until the withdrawal of such authorisation on 1 February 2019.

- 1.3.3 The Company wrote different types of insurance business in several countries across Europe, including via coverholders who wrote insurance policies on the Company's behalf.
- 1.3.4 The Company ceased issuing new insurance policies and entered solvent run-off in July 2017.
- 1.3.5 In January 2018, the Company was acquired by Gunnary Limited as part of an investor group led by Armour Group Limited.
- 1.3.6 Shortly after Gunnary Limited's acquisition, CBL Insurance Limited, the Company's major reinsurer, entered provisional liquidation which contributed to the Company being in breach of its minimum capital requirements.
- 1.3.7 During 2019, the directors of the Company commissioned an independent actuarial reserve review and concluded that the Company did not have sufficient assets to meet its liabilities and was insolvent on a balance sheet basis.
- 1.3.8 On 11 December 2019, the Company entered into administration in Gibraltar, and the Court appointed Edgar Lavarello of PricewaterhouseCoopers Limited Gibraltar and Dan Schwarzmann of the UK firm of PricewaterhouseCoopers LLP as the Joint Administrators of the Company.
- 1.3.9 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).
- 1.3.10 Since their appointment, the Joint Administrators' work has included:
  - (a) assessing the Company's exposures as a result of the business written;
  - (b) ensuring claims are agreed efficiently and at an appropriate value and, where available, presented for payment to the relevant compensation authority;
  - (c) taking steps to create more value for the Company's estate and increase the amount of assets that might be available for distribution to the Company's creditors;
  - (d) considering the possible options for efficiently distributing the Company's assets to its creditors;
  - (e) designing and preparing the Scheme;
  - (f) engaging with the Creditors' Committee; and
  - (g) engaging with the Company's regulators.
- 1.3.11 Details on the progress of the administration have been sent to creditors and are available on the Website.
- 1.3.12 The arrangements contained in this Scheme are being proposed to Scheme Creditors as an alternative to the liquidation of the Company in the near term. After the Scheme has been implemented and payments made, it is intended that the Company will then enter into liquidation.

#### **1.4 The purpose of the Scheme**

- 1.4.1 The Scheme is being proposed for the purposes of bringing closure to the Company's affairs following the commencement of administration proceedings on 11 December 2019 because of its insolvency.
- 1.4.2 The primary objective of the Scheme is to achieve a better return for Scheme Creditors as a whole than would be likely if the Company were wound up without implementing this Scheme or if it were to run its business off indefinitely until the Company's resources were exhausted in full. If this Scheme is implemented, it will:
- (a) allow for an earlier distribution of money from the Company;
  - (b) allow Scheme Creditors to submit estimates of the value of their Scheme Claims by reference to the terms of the Estimation Guidelines contained in the Scheme;
  - (c) provide for the submission, valuation, assessment and adjudication of claims against the Company in a way that is efficient and fair as between the Scheme Creditors;
  - (d) allow the Company to pay a dividend to Other Direct Insurance Creditors on their Ascertained Scheme Claim as soon as possible and if further distributions are possible prior to the completion of the Scheme;
  - (e) facilitate arrangements pursuant to which FSCS pays compensation in respect of FSCS Protected Claims during the term of the Scheme and thereafter once the Scheme has completed or terminated and the Company is in a wind-down process; and
  - (f) avoid additional costs involved in keeping the Company's insolvency process open.
- 1.4.3 The Scheme will achieve the purpose set out in Clause 1.4 by compromising the Scheme Liabilities and distributing the Company's funds to Scheme Creditors in a fair and proportionate manner.

#### **1.5 Parties other than the Company and Scheme Creditors**

- 1.5.1 Colin Czapiewski has given and not withdrawn his consent to act as the Scheme Adjudicator from the Effective Date.
- 1.5.2 Edgar Lavarello of PricewaterhouseCoopers Limited, 327 Main St, Gibraltar GX11 1AA, Gibraltar, Dan Yoram Schwarzmann of PricewaterhouseCoopers LLP, 1 Embankment Place, London WC2N 6RH and James Cameron of PricewaterhouseCoopers LLP, 7 More London Riverside, SE1 2RT have given and not withdrawn their consent to act as the Scheme Managers from the Effective Date.

## PART 2

### GENERAL PROVISIONS

#### 2.

##### 2.1 Application of the Scheme

2.1.1 The Scheme shall apply to all Scheme Liabilities and shall bind all Scheme Creditors.

2.1.2 The Scheme shall not apply to any Excluded Business and shall not affect the rights of any of the Company's creditors in respect of Excluded Business.

##### 2.2 Stay of Proceedings

2.2.1 Subject to Clause 2.3.1, Scheme Creditors are not permitted to commence or continue any Proceedings against the Company, in any jurisdiction, to establish the existence or amount of a Scheme Liability, except:

- (a) with the consent of the Scheme Managers; or
- (b) if Proceedings are brought by the Company and the subject matter of those Proceedings is the same transaction or occurrence which is the subject of the Scheme Liability.

2.2.2 The Scheme does not prevent the Company from instituting or continuing any Proceedings against a Scheme Creditor.

2.2.3 For limitation purposes, time will stand still in respect of Scheme Liabilities from the date upon which the Scheme becomes effective.

2.2.4 No order, judgment, decision or award obtained by a Scheme Creditor in breach of Clause 2.2.1 or the moratorium imposed by sections 65 and 66 of the Insolvency Act shall give rise to an Ascertained Scheme Claim. The Scheme Creditor shall not seek to rely on such an order, judgment, decision or award to evidence a Scheme Claim and shall have no right to enforce the order, judgment, decision or award.

##### 2.3 Suspended Scheme Claims

2.3.1 Where the Scheme Managers consider, in their absolute discretion, that it would be in the interests of the efficient operation of the Scheme for Proceedings underway at the Effective Date to be allowed to continue or Proceedings to be commenced in respect of a particular Scheme Liability, they may suspend the operation of Clause 2.2 and Clauses 3.6.1 to 3.6.14 in respect of any Scheme Claim related to that Scheme Liability for up to 12 months, such a Scheme Claim becoming a Suspended Scheme Claim. The Scheme Managers shall, as soon as reasonably practicable, send a notice by email or Post to the Scheme Creditor, informing them that their Scheme Claim has become a Suspended Scheme Claim. The notice shall include the Company's agreement to be bound by the outcome of the Proceedings including any appeals.

- 2.3.2 On the Suspended Scheme Claim Continuation Date, the Scheme Managers shall, as soon as reasonably practicable, send a notice by email or Post to the Scheme Creditor, informing them that their Scheme Claim is no longer a Suspended Scheme Claim.
- 2.3.3 If the Suspended Scheme Claim Continuation Date falls after the Claims Submission Deadline, then, in respect of that Scheme Claim, all subsequent dates on which deadlines or time limits expire under PART 3 and PART 4 of the Scheme shall be deferred, relative to the Claims Submission Deadline, by the number of days between the Claims Submission Deadline and the Suspended Scheme Claim Continuation Date.
- 2.3.4 Nothing in this Clause 2.3 affects the operation of Clauses 3.2 to 3.3.
- 2.3.5 In any particular case, the Scheme Managers may, to the extent reasonable and appropriate (in their sole discretion), extend the period of twelve months referred to in Clause 2.3.1, by notice to the affected Scheme Creditor.

## **2.4 Enforcement of Scheme Claims**

Scheme Creditors are not permitted to commence any Proceedings against the Company, the Joint Administrators or any Scheme Officer in any jurisdiction, to enforce payment of a Payable Scheme Claim, Ascertained Scheme Claim or any other Scheme Liability or any part of it, except that a Scheme Claimant may commence Proceedings against the Company where the Company has failed to pay a Payable Scheme Claim in breach of PART 4.

## **2.5 Effect of Proceedings prohibited by Clauses 2.2.1 and 2.4**

- 2.5.1 If a Scheme Creditor obtains any money, Property or advantage at the expense of the Company in breach of Clauses 2.2.1 or 2.4, its gross value shall be treated as an advance payment from the Scheme and deducted from their Payable Scheme Claim.
- 2.5.2 For the purpose of Clause 2.5.1, the value of any amount obtained shall be the gross value as conclusively determined by the Scheme Managers, acting in good faith, and may include, without limitation, such amount as it considers appropriate by way of interest; or costs, charges or expenses incurred by the Company as a consequence of the Proceedings.
- 2.5.3 To the extent that the gross value exceeds the value of the Payable Scheme Claim the Scheme Creditor would otherwise have, the Scheme Creditor shall hold the excess on trust for the Company and shall immediately pay it to the Company without set-off, deduction, retention, abatement or counterclaim. Interest will accrue on the excess, from the date on which the value is obtained by the Scheme Creditor, at a rate of two per cent above Base Rate.

## **2.6 No Interest**

The Company shall make no payment under the Scheme for interest in respect of a Scheme Claim save for any interest which is a valid part of a Scheme Liability.

## **2.7 Set-Off**

- 2.7.1 Where, before the Effective Date, there have been mutual credits, mutual debts or other mutual dealings between the Company and any Scheme Claimant such that there is a Cross-Claim, the Scheme Claim of the Scheme Claimant shall have deducted from it any such Cross-Claim in set-off.
- 2.7.2 Only the balance (if any) due from the Company to the Scheme Claimant following the deduction of any such Cross-Claim shall constitute that Scheme Claimant's Ascertained Scheme Claim.
- 2.7.3 Nothing in this Clause 2.7 is intended to have the effect of disapplying or varying the insolvency set-off regime contained at sections 135 and 136 of the Insolvency Act.
- 2.7.4 For the avoidance of doubt, any Scheme Claim which has been assigned to a Scheme Creditor after the Appointment Date may not be applied in extinguishing or reducing any Liability of that Scheme Creditor to the Company.
- 2.7.5 Nothing in the Scheme shall prejudice the Company's right to enforce a Cross-Claim and collect any amount due in respect of that Cross-Claim.

## **2.8 Representatives**

- 2.8.1 The Scheme Managers may, in their absolute discretion, determine managing general agents, the managers of underwriting pools, the holders of line slips or binding authorities, legal advisers, insurance brokers, coverholders or any similar representative body to be a Representative.
- 2.8.2 Unless notified to the contrary by the Scheme Creditor, the Scheme Managers may, in their absolute discretion:
- (a) treat a Representative as fully authorised to represent the Scheme Creditor concerned for all purposes in connection with the Scheme;
  - (b) treat a Representative and each person for whom they are the Representative as if they were a single Scheme Creditor or, as the case may be, debtor in place of their principal or principals; and
  - (c) address any notifications or other communications under the Scheme to the Representative.
- 2.8.3 The Scheme Managers shall accept from the Representative any payment owed to the Company by the principal(s) of the Representative and may make any payment owed to the principal(s) under the Scheme to the Representative. Such payments by the Company shall discharge the Company from any further obligation in respect of the Scheme Liability as though it had been paid to the Scheme Creditor. Neither the Scheme Managers, the Joint Administrators nor the Company shall have any liability to a Scheme Creditor arising from the operation of this Clause 2.8.3.

**2.9 No release**

Notwithstanding Clauses 2.2.1 and 2.4, this Scheme shall not be construed as resulting in any release, extinguishment, modification, compromise or waiver of any Liability owed by the Company except insofar as this Scheme requires the submission of Scheme Claims by the Claims Submission Deadline and provides for the discharge and satisfaction of Payable Scheme Claims and Top Up Payments in Clauses 4.5.4 and 4.7.3.

**2.10 No recourse**

Except as provided for by the Scheme, Scheme Creditors shall have no recourse to the Company's assets in respect of any Scheme Liability and the Company shall have no obligation to make any payments to any Scheme Creditors in respect of any Scheme Liability.

## PART 3

### HOW TO MAKE CLAIMS IN THE SCHEME

#### 3.

##### 3.1 Effective Date

All Scheme Claims shall be valued as at the Effective Date, except as provided for in Clause 3.6.5.

##### 3.2 Notice of Effective Date

3.2.1 The Scheme will become effective on the date the court order sanctioning the Scheme is delivered to the Gibraltar Register of Companies.

3.2.2 The Company shall as soon as practicable after the Effective Date send to each person it believes to be a Scheme Creditor for whom the Company has contact details a notice informing that person of:

- (a) the Effective Date; and
- (b) the Claims Submission Deadline.

3.2.3 All such notices will be sent in the following ways:

- (a) as soon as practicable, and not more than two weeks after the Effective Date, by email or Post where an email address is not available to each person who the Company believes may be a Scheme Creditor, but only where the Joint Administrators consider that the contact information that the Company holds for such Scheme Creditor is reasonably likely to be current;
- (b) as soon as practicable, and not more than two weeks, after the Effective Date, by email or Post where an email address is not available to each coverholder or insurance broker (or their respective successor(s)) who the Company knows to have been responsible for placing insurance business which is covered by the Scheme;
- (c) as soon as practicable, and not more than one week after the Effective Date, by notice on the Website; and
- (d) as soon as practicable after the Effective Date, publish in the Scheme Publications, an advertisement:
  - (i) requiring any person believing itself to be a Scheme Creditor who has not received a notice of Effective Date to contact the Company;
  - (ii) informing Scheme Creditors of where and how they can obtain a Claim Form;

- (iii) requiring Scheme Creditors to complete and return a Claim Form to the Company on or before the Claims Submission Deadline; and
- (iv) notifying Scheme Creditors of where and to whom any queries on the Scheme or its operation may be addressed.

### **3.3 Submission of claims**

- 3.3.1 All Other Direct Insurance Creditors must submit Scheme Claims to the Company in order to become Scheme Claimants. Claim Forms must be received by the Company by the Claims Submission Deadline except where either Clause 3.3.3 or 3.3.5 applies.
- 3.3.2 Other Direct Insurance Creditors shall submit their Claim Form via the Creditor Portal where possible (or alternatively by Post or by email) and provide the Scheme Managers with complete and accurate bank account details. Failure to do so will result in the Other Direct Insurance Creditor not being entitled to any payment from the Company.
- 3.3.3 Nothing in this Clause 3.3 or Clause 3.4 shall require FSCS Protected Creditors to submit Scheme Claims in respect of FSCS Protected Liabilities or Cut-Off Liabilities. The submission and determination of FSCS Protected Liabilities and Cut-Off Liabilities shall be governed by PART 5 of this Scheme.
- 3.3.4 Details of Scheme Liabilities provided to the Company for the purposes of the Scheme Meetings, the amount in respect of which the Scheme Creditor votes at the Scheme Meetings and any adjudication or decision relating to the value of the Scheme Creditor's claim for those purposes shall not be binding on anyone other than for the purposes of voting at the Scheme Meetings.
- 3.3.5 Any Other Direct Insurance Creditor who submits a valid Voting and Proxy Form and does not subsequently submit a separate Claim Form will have their Voting and Proxy Form deemed to be a validly submitted Claim Form on the Effective Date which will then be determined in accordance with Clause 3.5 (unless such Other Direct Insurance Creditor has opted out of having their Voting and Proxy Form treated as a Claim Form when submitting their Voting and Proxy Form).
- 3.3.6 Other Direct Insurance Creditors must provide complete and accurate details of their bank account or they will not be entitled to any payment from the Company.

### **3.4 Failure to submit a Claim Form**

- 3.4.1 All Other Direct Insurance Creditors' Claim Forms must be received on or before the Claims Submission Deadline which shall be 5pm (CET) on the first Business Day falling 180 days from the Effective Date.
- 3.4.2 Any Scheme Liabilities not submitted as a Scheme Claim in accordance with this PART 3 will not give rise to a Payable Scheme Claim and that Scheme Creditor shall have no further rights against the Company in respect of that Scheme Liability.

### 3.5 Claim Forms

- 3.5.1 Each Other Direct Insurance Creditor (save for any Other Direct Insurance Creditor who submitted a Voting and Proxy Form and does not wish to amend their Scheme Claim) will be requested to complete a Claim Form with details of:
- (a) Scheme Liabilities, escrow or trusts in respect of each Scheme Insurance Contract; and
  - (b) Cross-Claims.
- 3.5.2 Other Direct Insurance Creditors will be requested to submit their Scheme Claims using the Claims Portal available on the Website. If an Other Direct Insurance Creditor elects to complete a hard copy Claim Form, they must ensure that it arrives with the Company on or before the Claims Submission Deadline.
- 3.5.3 Other Direct Insurance Creditors may download a blank, hard copy Claim Form from the Website. Other Direct Insurance Creditors may request a hard copy Claim Form to be posted to them at any point between the Effective Date and the date 30 days prior to the Claims Submission Deadline. Within three Business Days following receipt of such request, the Company shall send a blank, hard copy Claim Form to the relevant Other Direct Insurance Creditor.
- 3.5.4 The Company shall not be required to send blank Claim Forms to FSCS Protected Creditors.
- 3.5.5 The Claim Form should be completed in accordance with the instructions accompanying it or as available on the Website.
- 3.5.6 Without prejudice to the power of the Scheme Managers to request further information, Scheme Creditors shall provide with their Claim Form such Supporting Information as they consider sufficient to justify their Scheme Claim.
- 3.5.7 Other Direct Insurance Creditors who have an Unpaid Agreed Claim must submit a Claim Form but are only required to provide a copy of their Offer Letter as Supporting Information.
- 3.5.8 Scheme Claimants shall also submit to the Scheme Managers on request such additional information as is reasonably required, in the Scheme Managers' opinion, for the Company to recover Property from other parties, including its reinsurers and RCD (*Responsabilité Civile Décennale*) insurers.
- 3.5.9 Scheme Claimants may submit a revised Claim Form and/or any revised relevant Supporting Information in respect of a Scheme Claim at any time up to the Claims Submission Deadline. Any Claim Form or information submitted in accordance with this Clause 3.5.9 and received before or on the Claims Submission Deadline will thereafter supersede the information contained in the relevant Voting and Proxy Form or preceding Claim Form to the extent that there is a conflict.
- 3.5.10 After the Claims Submission Deadline, Scheme Creditors are not entitled to make or revise a Scheme Claim or provide further information (unless requested

to do so by the Scheme Managers, the Claims Handling Agent or the Scheme Adjudicator). Any Supporting Information received after the Claims Submission Deadline (unless requested) shall be ignored. Notwithstanding the provisions of this Clause 3.5.10, the Company may, at its absolute discretion, elect to take such Supporting Information into account for any purpose.

### **3.6 Determination of Scheme Claims**

3.6.1 The Scheme Managers shall examine each Claim Form returned to them in accordance with Clause 3.5. Scheme Claims may consist of Unpaid Agreed Claims, Notified Outstanding Claims and Disclaimer Damages Claims.

3.6.2 The Liability (if any) owed by the Company to a Scheme Creditor shall be the aggregate value of that Scheme Creditor's Ascertained Scheme Claim (if any) as established in accordance with the Scheme.

3.6.3 The Company will not be bound by, or prepared to follow, any settlement made between the Scheme Creditor and another insurer or reinsurer if it believes that settlement to be unreasonable.

3.6.4 As part of the process of determining a Scheme Creditors Ascertained Scheme Claim, the Scheme Managers shall apply the principles set out in the Estimation Guidelines. Such examination shall include (without limitation) consideration of whether:

- (a) details of Scheme Insurance Contracts are correct and adequately supported by any documentation submitted with the Claim Form;
- (b) details of estimates of Scheme Claims are accurate and reasonable;
- (c) there is any Cross-Claim to which Clause 2.7.1 does or may apply; and
- (d) there is any other deduction to which Clause 3.12 does or may apply.

The Estimation Guidelines form part of the terms of the Scheme. Unless there is a good reason to depart from them in the reasonable opinion of the Scheme Managers, all Scheme Claims shall be valued based on the Estimation Guidelines.

3.6.5 If there is any significant change in the value of a Scheme Claim between the Effective Date and the Claims Submission Deadline, this may be taken into account by the Scheme Managers and Scheme Adjudicator in their absolute discretion when agreeing or adjudicating on the value of the Scheme Claim.

3.6.6 Up to the Claims Submission Deadline, the Scheme Managers may from time to time give notice to the Scheme Claimant specifying further information or evidence they reasonably require to assist them in agreeing the Scheme Claim and/or Cross-Claims. Scheme Claimants shall provide information or evidence required under this Clause 3.6.6 by the later of:

- (a) the Claims Submission Deadline; or
- (b) within 30 days after any such notice is sent by the Scheme Managers,

failing which the Scheme Managers shall be entitled to determine the Scheme Claim based on the information available to them. Scheme Claimants shall submit any such information or evidence in accordance with instructions given, and in the form prescribed, by the Company.

- 3.6.7 At any time following the Claims Submission Deadline, the Scheme Managers may from time to time give notice to the Scheme Claimant, by email or Post (at the Scheme Managers' discretion), requesting further information or evidence reasonably required to assist them in agreeing the Scheme Claim and/or Cross-Claims, and the Scheme Claimant shall provide any information or evidence requested within 30 days after any such notice is sent by the Scheme Managers, failing which the Scheme Managers shall be entitled to determine the Scheme Claim as they see fit on the basis of the information available to them. Scheme Claimants shall submit any such information or evidence in accordance with instructions given, and in the form prescribed, by the Scheme Managers.
- 3.6.8 From the Claims Submission Deadline, if the Scheme Managers do not agree with the Scheme Claim and/or Cross-Claims, or do not consider the Supporting Information to be adequate, they shall notify the Scheme Claimant of that fact and their reasons, by email or Post, and shall request any further information or evidence that would assist them in agreeing the Scheme Claim and/or Cross-Claims. Within 30 days of the date of such notice the Scheme Claimant shall provide that further information or evidence to the Scheme Managers. In the event that the Scheme Claimant does not submit its response and/or the requested further information the Scheme Managers shall be entitled to determine the Scheme Claim as it sees fit on the basis of the information available to them. If the Scheme Managers then agree with the Scheme Claim and Cross-Claims, Clause 3.6.9 shall apply. If the Scheme Managers do not agree with the Scheme Claim and/or Cross-Claims, Clause 3.6.10 shall apply.
- 3.6.9 If the Scheme Managers agree with the Scheme Claim and Cross-Claims, they shall notify the Scheme Claimant of their agreement, by email or Post (at the Company's discretion) by sending a Net Statement, within 28 days after reaching agreement.
- 3.6.10 If the Scheme Managers do not agree (or only partially agree) with the Scheme Claim and/or Cross-Claims, they shall notify the Scheme Claimant of their Scheme Claim's rejection (or partial rejection), by email or Post (at the Scheme Managers' discretion), by sending a Net Statement, within 28 days after reaching their decision.
- 3.6.11 A Net Statement shall set out the Company's valuation of:
- (a) the Scheme Claimant's Ascertained Scheme Claims, consisting of:
    - (i) the Liabilities owed by the Company to the Scheme Creditor in respect of their Scheme Claim (including, if relevant, whether the whole or any part of the amounts claimed by the Scheme Claimant have been rejected);
    - (ii) the Cross-Claims owed by the Scheme Creditor to the Company which are eligible for set-off under Clause 2.7;

- (b) any deduction to be applied to the Ascertained Scheme Claim in accordance with Clauses 3.12;
- (c) the value of the Scheme Claim which the Company is willing to agree and admit as a Net Ascertained Scheme Claim; and
- (d) if known by the Company at the time, any Elective Defence Costs incurred and referable to the Scheme Claimant which shall be deducted from the Scheme Claimant's Payable Scheme Claim in accordance with Clause 3.11.

3.6.12 If, within 28 days of receipt of a Net Statement, the relevant Scheme Claimant:

- (a) confirms to the Company in writing that it agrees with all of the values specified in the Net Statement; or
- (b) does not reply to the Net Statement,

then the Scheme Creditor's Net Ascertained Scheme Claim in the Scheme shall be the amount specified by the Company in that Scheme Claimant's Net Statement.

3.6.13 If, within 28 days of receipt of a Net Statement, the Scheme Creditor gives notice to the Company that it disputes any value contained in the Net Statement, the Scheme Claim and Cross-Claims (if applicable) shall become a Disputed Scheme Claim and the Company shall refer the Disputed Scheme Claim to the Scheme Adjudicator as soon as reasonably practicable.

3.6.14 Without prejudice to Clause 3.6.13, the Company may refer any matter to the Scheme Adjudicator if at any time the Company believes that it will be impossible or impracticable to reach agreement with a Scheme Claimant in respect of a Scheme Claim.

3.6.15 For the avoidance of doubt, pursuant to Clause 3.7.10 the Scheme Adjudicator may, in their absolute discretion, direct a Scheme Creditor to pay the remuneration (including the Scheme Adjudicator's own remuneration calculated on a time costs basis) and other costs incurred by them in respect of their Disputed Scheme Claim.

3.6.16 Where a referral is made to the Scheme Adjudicator, the Company shall notify the Scheme Claimant, in writing, by email or Post:

- (a) that the Scheme Claim and Cross-Claims (if any) have become a Disputed Scheme Claim;
- (b) that the dispute between the Company and the Scheme Claimant regarding the Scheme Claim and/or Cross-Claims will be determined by the Scheme Adjudicator in accordance with the adjudication procedure in Clause 3.7; and
- (c) the reasons for such a referral.

3.6.17 Nothing in this Clause 3.6 shall require the Company to examine Scheme Claims in respect of FSCS Protected Liabilities. Where a Scheme Claim

includes details of FSCS Protected Liabilities, the Company shall disregard those elements of the Scheme Claim that relate to FSCS Protected Liabilities and will be dealt with in accordance with PART 5 of this Scheme.

3.6.18 The amount in respect of which any Scheme Creditor votes at a Scheme Meeting and/or any determination by the chair of the Scheme Meeting or Independent Vote Assessor of that amount or decision on discrepancies between the information provided by Scheme Creditors prior to the holding of a Scheme Meeting and the Company's records for (in either case) the purposes of voting at a Scheme Meeting shall not be binding on the Company, the Scheme Creditors, the Scheme Managers and/or the Scheme Adjudicator for any purposes other than voting.

3.6.19 Further, each Scheme Creditor agrees to and shall be bound by the Scheme and its operation including without limitation the requirement to submit and estimate Scheme Claims in accordance with the Estimation Guidelines and the process by which such Scheme Claims will be estimated under the Scheme or determined by the Scheme Adjudicator as the case may be.

### **3.7 Adjudication of Disputed Scheme Claims**

3.7.1 If the Company and the Scheme Creditor agree in writing, any dispute or other issue requiring determination in relation to a Scheme Claim shall be referred to the Scheme Adjudicator.

3.7.2 When referring any Disputed Scheme Claim to the Scheme Adjudicator under Clause 3.6.13 or 3.6.14, the Company shall provide to the Scheme Adjudicator:

- (a) a copy of the Claim Form (as amended or revised and together with all attachments thereto and supporting evidence provided); and
- (b) a copy of any notice, statement or correspondence, under this PART 3, sent or received by the Company in connection with the Scheme Claim and Cross-Claims.

3.7.3 The Scheme Adjudicator shall have access to all of the Company's relevant records and information in the possession or under the control of the Company or the Scheme Managers that they consider the Scheme Adjudicator need to determine the Disputed Scheme Claim.

3.7.4 When a Disputed Scheme Claim is referred to the Scheme Adjudicator:

- (a) the Scheme Adjudicator shall consider the papers and documents before them within four weeks of receipt of the information referred to in Clause 3.7.3. If necessary, they shall, within that period, send a notice to the person concerned stating that they require:
  - (i) further documents, data or information from the Scheme Claimant, the Scheme Managers or the Company, in which case the recipient shall comply within two weeks of receipt of the request (or such other longer period as is specified by the Scheme Adjudicator in such notice); and/or

- (ii) the Company and the Scheme Claimant (or its duly authorised Representative) to address them on particular matters, in which case the Company (or their duly authorised Representative) and the Scheme Claimant (or its duly authorised Representative) shall appear before the Scheme Adjudicator, at the time and place (either virtually or in person) the Scheme Adjudicator prescribes;
  - (b) if the Scheme Adjudicator requires any person to appear before them, the Scheme Adjudicator shall be entitled to prescribe such procedures or provisions as they deem appropriate to assist them to reach their decision;
  - (c) the Scheme Adjudicator may call for such evidence (including expert evidence), documents, data and information as they may require to assist them to reach their decision;
  - (d) the Scheme Adjudicator has discretion to consult with such advisers, including actuaries, legal advisers and other experts, as they deem appropriate to assist them to reach their decision;
  - (e) if the Company or Scheme Claimant fail to comply with a notice under Clause 3.7.4(a) within two weeks or such other period as specified in the notice, the Scheme Adjudicator shall be entitled to make their determination on the basis of the other information available to them; and
  - (f) the Scheme Adjudicator shall act as an expert and not as an arbitrator.
- 3.7.5 The parties to a dispute can themselves request a meeting with the Scheme Adjudicator. The Scheme Adjudicator may, at their absolute discretion, grant a request for such a meeting but shall have no obligation to grant such a request.
- 3.7.6 Within two months of the Disputed Scheme Claim being referred to them, the Scheme Adjudicator shall notify the Company and Scheme Claimant of their determination of the Disputed Scheme Claim, in writing, by email or Post. This determination becomes an Ascertained Scheme Claim on the date the notice is sent except in circumstances where the Scheme Adjudicator does not agree that a valid Scheme Claim has been made.
- 3.7.7 Any notice given by the Scheme Adjudicator under Clause 3.7.6 shall be a final and binding determination of the Disputed Scheme Claim, to the extent the law permits, and the Scheme Claimant, Scheme Managers, the Joint Administrators and the Company shall have no right of appeal or review, or any right to commence any Proceedings, in respect of either the Scheme Adjudicator's determination or the procedure the Scheme Adjudicator employed.
- 3.7.8 Any remuneration (including the Scheme Adjudicator's own remuneration calculated on a time costs basis), costs, charges and expenses incurred by the Scheme Adjudicator in respect of a Disputed Scheme Claim including the fees and expenses of any advisers or expert consulted by them pursuant to Clause 3.7.4, shall be paid by the Scheme Claimant or the Company in accordance with the directions of the Scheme Adjudicator.

- 3.7.9 If, under Clause 3.7.8, the Scheme Adjudicator directs that the Company shall make any payment, the Company shall make that payment forthwith, out of the Property of the Company as a Scheme Cost.
- 3.7.10 If, under Clause 3.7.8, the Scheme Adjudicator directs that the Scheme Creditor shall make any payment, the amount of that payment shall be deducted from that Scheme Creditor's Payable Scheme Claim prior to payment. If the amount of the payment exceeds the Payable Scheme Claim, the Scheme Creditor shall pay the excess to the Scheme Adjudicator within two weeks of the direction under Clause 3.7.6, failing which the Scheme Managers shall cause the same to be paid from the Company's Property as a Scheme Cost so that the Scheme Adjudicator shall be reimbursed in full.
- 3.7.11 Any costs, charges and expenses incurred by the relevant Scheme Creditor shall be borne by the Scheme Creditor. The amount of the Scheme Creditor's share of any amounts in accordance with Clause 3.7.10 which are not paid by the Scheme Creditor to the Scheme Adjudicator may be pursued by the Company.

### **3.8 Variation of time limits**

3.8.1 Where it is in the interests of Scheme Creditors or the efficient operation of the Scheme, the Company may, at its absolute discretion, by:

- (a) publishing a notice in relevant Scheme Publications;
- (b) publishing a notice on the Website; or
- (c) giving individual notice to the relevant party,

extend any of the time limits in this PART 3, other than the limits in 3.7 and the Claims Submission Deadline, whether for any one or more or all Scheme Creditors.

3.8.2 Where the Company is satisfied that, due to exceptional circumstances outside the control of a Scheme Creditor, that Scheme Creditor has failed to comply with any time limit, other than the Claims Submission Deadline, the Company may, in their absolute discretion, extend that time limit for that Scheme Creditor, without notice.

3.8.3 Where it is in the interests of Scheme Creditors or the efficient operation of the Scheme, the Scheme Adjudicator may in their absolute discretion, by giving individual notice to the relevant party (or parties, as the case may be), extend any of the time limits in Clause 3.7.

### **3.9 Scheme Claimants to provide assistance**

Each Scheme Claimant shall provide to the Company, Scheme Managers, Scheme Adjudicator and Claims Handling Agents all reasonable assistance required in connection with the Scheme and in connection with the recovery of any Property or the enforcement of obligations owed to the Company. In particular, the Company may require the following information from a Scheme Claimant:

- (a) full details of how and when a Scheme Claim arose, of the Scheme Insurance Contract under which the Scheme Claim arose and full details of the quantum of the Scheme Claim if reasonably calculable; and
- (b) clear and complete copies of all contracts, orders, judgments, decisions, awards and closings which are relevant to the Scheme Claim, and all other items required to be provided to the Company under the terms of the Scheme Insurance Contract between the Company and the Scheme Claimant, together with such other Supporting Information and documentation as the Company reasonably require.

### **3.10 Company and Scheme Managers to assist Scheme Creditors**

The Company and Scheme Managers shall provide Scheme Creditors with all reasonable assistance required by any of them in connection with the Scheme. Such assistance shall include the provision until, at least, the Claims Submission Deadline of a dedicated telephone helpline and email assistance to Scheme Creditors.

### **3.11 Elections to Defend and Elective Defence Costs**

- 3.11.1 The Company, its agents or the Joint Administrators have agreed with certain Scheme Creditors and may from time to time agree with certain Scheme Creditors to make an Election to Defend Decision in relation to a Scheme Insurance Contract and to pay the associated Elective Defence Costs.
- 3.11.2 Subject to Clause 3.11.3, where the Company has agreed to pay Elective Defence Costs the Company may deduct any Elective Defence Costs from a Scheme Claimant's Payable Scheme Claim (and any Top Up Payment).
- 3.11.3 If a Scheme Claimant provides notice that it disputes the deduction of Elective Defence Costs under Clause 3.11.2, the Company will pay any future Payable Scheme Claim and Top Up Payments without deduction of such Elective Defence Costs (unless, in the reasonable opinion of the Company, the Scheme Claimant had previously agreed to such deduction).
- 3.11.4 The Elective Defence Costs to be deducted from the Scheme Claimant's Payable Scheme Claim (and any Top Up Payment) shall be reduced by any amounts received from third parties on account of such Elective Defence Costs.
- 3.11.5 Where the total amount of the Elective Defence Costs exceeds the value of the Payable Scheme Claim (and any Top Up Payment), such excess will not be recoverable by the Company from the Scheme Claimant.
- 3.11.6 Notwithstanding the fact that the Company has made an Election to Defend Decision and the Company has paid or agreed to pay the Elective Defence Costs, the Company may from time to time decide, subject to the terms of the relevant Scheme Insurance Contract, to revoke such Election to Defend Decision. Subject to that, if the Company decides to revoke an Election to Defend Decision:
  - (a) unless the Company otherwise decides, the Company will not be responsible for the costs involved in defending the claim which are

incurred after its decision to revoke the Election to Defend Decision and any such costs incurred by the Scheme Creditor in defending the claim after such a revocation has been notified to that Scheme Creditor in accordance with this Clause 3.11.6 will not constitute a Scheme Liability (save insofar as provided for under the relevant Scheme Insurance Contract);

- (b) the Company will remain liable to the lawyer or other adviser for the Elective Defence Costs incurred before the decision to revoke the Election to Defend Decision is taken by the Company and the legal adviser or other adviser is sent written notice by the Company of the termination of their instructions; and
- (c) the Company will notify (in writing) the Scheme Creditor affected as soon as practicable of its decision to revoke the Election to Defend Decision and will notify the Scheme Creditor of the effect of such decision.

### **3.12 Deductions from the Ascertained Scheme Claim**

3.12.1 The Company may deduct from a Scheme Claimant's Ascertained Scheme Claim(s) any amounts held by the Company for the relevant Scheme Claimant in escrow or on trust.

3.12.2 If the amounts to be deducted from the Ascertained Scheme Claim are expressed in a currency other than that in which the relevant Payable Scheme Claim will be paid in accordance with Clause 4.4, then the Scheme Managers shall convert the deductible sums into the currency in which the Payable Scheme Claim will be paid at the market exchange rate applicable on the Effective Date.

## **PART 4**

### **PAYMENTS TO SCHEME CREDITORS**

#### **4.**

##### **4.1 Calculation of Payable Scheme Claims**

4.1.1 As soon as reasonably practicable after the Claims Submission Deadline, the Company shall determine whether, in its reasonable opinion, all Net Ascertained Scheme Claims can be paid in full by the Company from its Scheme Funds.

4.1.2 Following determination and, if necessary, adjudication of all Scheme Claims in accordance with Clauses 3.6 and 3.7, for each Net Ascertained Scheme Claim, the Payable Scheme Claim shall be determined as follows:

- (a) if the Scheme Funds are sufficient to pay all Net Ascertained Scheme Claims in full, subject to Clause 4.1.3, the Payable Scheme Claim in respect of a Net Ascertained Scheme Claim shall be the amount of the Net Ascertained Scheme Claim;
- (b) if the Scheme Funds are insufficient to pay all Net Ascertained Scheme Claims in full, subject to Clause 4.1.3, the Payable Scheme Claim in respect of a Net Ascertained Scheme Claim shall be a percentage of the Net Ascertained Scheme Claim calculated as:
  - (i) the Net Ascertained Scheme Claim divided by the aggregate amount of all Net Ascertained Scheme Claims;
  - (ii) multiplied by the Scheme Funds.

4.1.3 The Company may deduct from all Payable Scheme Claims:

- (a) all reasonable costs and expenses incurred in paying such Payable Scheme Claim to the relevant Scheme Claimant;
- (b) any sums obtained from Proceedings under Clause 2.5.1;
- (c) any Elective Defence Costs to be deducted in accordance with Clause 3.11; and
- (d) any amounts directed to be deducted by the Scheme Adjudicator in accordance with Clause 3.7.10.

##### **4.2 Scheme Funds available for distribution**

4.2.1 The Company shall from time to time review the Property and Liabilities of the Company to determine the amount of Scheme Funds which, in the opinion of the Scheme Managers, should be made available at that time for payment to Scheme Creditors in respect of their Net Ascertained Scheme Claims.

4.2.2 In determining this amount of Scheme Funds, the Company shall make proper provision for the payment of any other Liabilities of the Company, including

Scheme Costs and Wind-Down Costs which the Joint Administrators, the Company or the Scheme Managers consider are prudent and appropriate to make.

#### **4.3 Payment of Payable Scheme Claims**

4.3.1 As soon as reasonably practicable after the Company has determined the amount of the Scheme Funds and once all Scheme Claims have been determined by the Company in accordance with Clause 3.6 or adjudicated by the Scheme Adjudicator in accordance with Clause 3.7, the Company shall pay Payable Scheme Claims (following any deduction in accordance with Clauses 4.1.3 and 4.5.2) to the relevant Scheme Claimants.

4.3.2 Any Scheme Claimant who is entitled to receive a Payable Scheme Claim may elect to have their Payable Scheme Claim donated in full (not part only) to charity (such charity to be selected by the Scheme Managers in conjunction with the Creditors' Committee).

#### **4.4 Currency of Payment**

Scheme Creditors will be paid their Payable Scheme Claim in either Sterling or Euro (each being a Relevant Currency). If the Scheme Claimant's Payable Scheme Claim is denominated in Sterling, it will be paid in Sterling. If a Payable Scheme Claim is denominated in Euro, it will be paid in Euro.

#### **4.5 Method of Payment**

4.5.1 All payments by the Company to a Scheme Claimant shall be made, at the absolute discretion of the Company, either:

- (a) where the Scheme Claimant has designated a bank account in writing or via their Claim Form, by electronic transfer to that bank account;
- (b) by cheque in favour of the Scheme Claimant, or such other person as the Scheme Claimant requests in writing, sent by Post to that person;
- (c) where a broker has provided evidence in writing of their authority to act on behalf of a Scheme Claimant, and no notice to the contrary has been received from the Scheme Claimant, then by electronic transfer to that broker, provided such broker has passed all checks requested by the Company; or
- (d) by any other appropriate method determined by the Company.

4.5.2 The Scheme Claimant shall bear all risk of payment under Clause 4.5.1 and, at the discretion of the Company, may be required to bear any costs incurred by way of deduction from its Payable Scheme Claim.

4.5.3 The Company will not be required to make any payments to Scheme Creditors until the Company is satisfied that making such payment is not prohibited by an applicable law or regulation in accordance with Clause 4.10.

4.5.4 Subject to Clause 4.6, a Payable Scheme Claim shall be deemed paid on the date that the cheque is posted or electronic transfer instruction given pursuant to Clause 4.5.1. The acceptance of the cheque by the drawee bank, or credit of the amount of the electronic transfer into the designated bank account, shall be good discharge and satisfaction of the Payable Scheme Claim and the Company will have no further Liability for such Payable Scheme Claim.

#### 4.6 **Assignments**

If a Scheme Creditor gives notice in writing to the Company, Scheme Manager or Claims Handling Agent that it has assigned its entitlement to another person, the Company shall, subject to the Scheme Creditor providing evidence satisfactory to the Company or the Scheme Manager of the lawful assignment, make such payment to that other person accordingly and payment to such person shall constitute a good discharge of the Company and the Scheme Manager. Any such notice must specify the name and address of the person to whom payment is to be made.

#### 4.7 **Further distributions to Scheme Claimants**

4.7.1 The Company may from time to time (in their sole discretion) pay one or more Top Up Payments to all Other Direct Insurance Creditors with Net Ascertained Scheme Claims, if there are any Scheme Funds available at the relevant time, and provided the Company consider that it is reasonable to do so. Each Top Up Payment shall be calculated as follows:

- (a) if the Scheme Funds at the time proposed to make the Top Up Payment are sufficient to pay all Net Ascertained Scheme Claims in full (less any amounts already paid in respect of Payable Scheme Claims), the Top Up Payment in respect of a Net Ascertained Scheme Claim shall be the amount of the Net Ascertained Scheme Claim (less any amount(s) already paid to the relevant Scheme Claimant in respect of their Payable Scheme Claim);
- (b) if the Scheme Funds at the time proposed to make the Top Up Payment are insufficient to pay all Net Ascertained Scheme Claims in full (less any amounts already paid in respect of Payable Scheme Claims), the Top Up Payment in respect of a Net Ascertained Scheme Claim shall be:
  - (i) the Net Ascertained Scheme Claim (less any amount(s) already paid to the relevant Scheme Claimant in respect of their Payable Scheme Claim) divided by the aggregate amount of all Net Ascertained Scheme Claims (less any amounts already paid in respect of Payable Scheme Claims);
  - (ii) multiplied by the Scheme Funds at the time proposed to make the Top Up Payment.

All Top Up Payments by the Company to a Scheme Claimant shall be made, at the absolute discretion of the Company, in accordance with Clause 4.5.1.

- 4.7.2 The Scheme Claimant shall bear all risk of payment under Clause 4.5.2 and, at the discretion of the Company, may be required to bear any costs incurred by way of deduction from its Top Up Payment(s).
- 4.7.3 Subject to Clause 4.6, a Top Up Payment shall be deemed paid on the date that the cheque is posted or electronic transfer instruction given. The acceptance of the cheque by the drawee bank, or credit of the amount of the electronic transfer into the designated bank account, shall be good discharge and satisfaction of the Top Up Payment and the Company will have no further Liability for such Top Up Payment.
- 4.7.4 The Company may deduct from all Top Up Payments all reasonable costs and expenses incurred in paying such Top Up Payment to the relevant Scheme Claimant.
- 4.7.5 Any Scheme Claimant who is entitled to receive a Top Up Payment may elect to have their Top Up Payment donated in full (not part only) to charity (such charity to be selected by the Scheme Managers in conjunction with the Creditors' Committee).

#### **4.8 Unclaimed Payments**

- 4.8.1 If an electronic transfer made under Clause 4.5.1(a) is unsuccessful through no fault of the Company or the Company's bank (including where a transfer cannot be made because the Scheme Claimant has not provided sufficient information in respect of any 'know your customer' or anti-money laundering checks initiated by the Company), the Company will make reasonable efforts to bring this to the attention of the Scheme Claimant.
- 4.8.2 The Scheme Claimant will have two months from the date of the payment attempt made under Clause 4.8.1 to provide the Company with correct and up to date bank details and/or any information requested in respect of any 'know your customer' or anti-money laundering checks initiated by the Company (as applicable). Within 14 days of receiving such details and/or information, the Company shall re-attempt the electronic transfer or payment. The Scheme Creditor may be required to bear the costs associated with the repayment in accordance with Clause 4.5.2.
- 4.8.3 If, on the second attempt, the electronic transfer or payment is unsuccessful, or if the Scheme Claimant does not provide correct and up to date bank details and/or information within the timeframe specified in Clause 4.8.2, the Company will be deemed to have discharged its obligations to the Scheme Claimant in respect of that payment.
- 4.8.4 Unless the Scheme Managers decide otherwise, the relevant sum shall not be used to make any further payment in respect of other Payable Scheme Claims or Top Up Payments (as applicable) and shall accrue to the Company and be added to the Company's Property available for subsequent distribution to Scheme Creditors or if the Company decides (in consultation with the Creditors' Committee) that there is no subsequent distribution, shall be paid to a charity chosen by the Company (in consultation with the Creditors' Committee).

4.8.5 If a cheque sent under Clause 4.5.1(b) has not been presented for payment within four months of the date of issue, the Company will make reasonable efforts to bring this to the attention of the Scheme Claimant, but failure to present the cheque for payment within six months of the original date of issue will be deemed to be a discharge of the Company's obligations to the Scheme Claimant in respect of that payment. The amount represented by the unbanked cheque shall accrue to the Company and be added to the Company's Property available for subsequent distribution to Scheme Creditors or if the Company decides (in consultation with the Creditors' Committee) that there is no subsequent distribution, shall be paid to a charity chosen by the Company (in consultation with the Creditors' Committee).

4.8.6 The Company may at its discretion cancel and reissue a cheque if notified promptly by the Scheme Creditor (and in any case within the period of six months from the issue of the first cheque) that the cheque is lost or missing. The Scheme Creditor may be required to bear the costs associated with the reissue in accordance with Clause 4.5.2.

#### 4.9 **Variation of Time Limits**

Where it is in the interests of creditors or the efficient operation of the Scheme, the Company may, by:

- (a) publishing a notice in the relevant Scheme Publications;
- (b) publishing a notice on the Website; or
- (c) giving individual notice to the relevant party,

extend any of the time limits in this PART 4.

#### 4.10 **Sanctions and illegality**

The Company, Scheme Managers, Joint Administrators and Scheme Adjudicator shall not be required to perform any obligation of the Scheme if, in their reasonable opinion, performance of that obligation would be likely to breach any Sanction or any other law or regulation applicable in any Relevant State.

## **PART 5**

### **FSCS PROTECTED POLICIES**

#### **5.**

##### **5.1 FSCS Protected Liabilities**

5.1.1 Until the Cut-Off Date, FSCS Protected Creditors may submit claims in respect of FSCS Protected Liabilities to the Claims Handling Agents in the ordinary course. Neither FSCS Protected Creditors nor the Company or the Scheme Managers shall be bound by the provisions of PART 3 or PART 4 of this Scheme in the submission, assessment and payment of FSCS Protected Liabilities.

5.1.2 Any FSCS Protected Liability submitted to the Claims Handling Agents in accordance with Clause 5.1.1 shall constitute an FSCS Protected Claim and, once determined by the Company in accordance with the FSCS Protected Claims Handling Handbook, shall become an Ascertained FSCS Protected Claim in the agreed amount.

5.1.3 FSCS Protected Creditors are not entitled to receive any payment from the Scheme Funds in respect of their FSCS Protected Claim(s). Valid FSCS Protected Claims will be forwarded by the Company or Claims Handling Agents once agreed to the FSCS for payment in accordance with the Rules.

5.1.4 For the avoidance of doubt, nothing in this Clause 5.1 shall affect any claim that an FSCS Protected Creditor may have against the FSCS in respect of their FSCS Protected Liability or payment of their Ascertained FSCS Protected Claim.

5.1.5 FSCS Protected Creditors are not entitled to receive any payment in respect of any FSCS Protected Liability which has not been submitted to the Claims Handling Agent in accordance with Clause 5.1.1 before the Cut-Off Date.

##### **5.2 Notice of Cut-Off Date**

No later than one month before the Cut-Off Date the Company shall give notice to FSCS Protected Creditors of the Cut-Off Date in the following ways:

- (a) by email or Post (in the Joint Administrators' sole discretion) to each person who the Company believes may be an FSCS Protected Creditor;
- (b) by email or Post (in the Joint Administrators' sole discretion) to each coverholder (or its successor) who the Company knows to have been responsible for placing insurance business which may give rise to FSCS Protected Liabilities;
- (c) by notice in the Scheme Publications based in the UK ; and
- (d) by notice on the Website.

### **5.3 Crystallisation of the FSCS Protected Policies**

- 5.3.1 With effect on and from the Cut-Off Date, the FSCS Protected Policies shall be treated as though they have been disclaimed by the Joint Administrators on the Cut-Off Date, and FSCS Protected Creditors will be entitled to submit claims in respect of Cut-Off Liabilities to the FSCS. Neither FSCS Protected Creditors nor the Company or the Scheme Managers shall be bound by the provisions of PART 3 or PART 4 of this Scheme in the submission, assessment and payment of Cut-Off Liabilities.
- 5.3.2 Any Cut-Off Liability submitted to the FSCS in accordance with Clause 5.3.1 no later than six months after the Cut-Off Date shall constitute a Cut-Off Claim and shall be subject to the Rules. For the avoidance of doubt, any Cut-Off Liability submitted to the FSCS after six months may not be paid by FSCS.
- 5.3.3 Neither the Company nor the FSCS shall have any liability in respect of Cut-Off Liabilities which are not Cut-Off Claims.
- 5.3.4 FSCS Protected Creditors are not entitled to receive any payment from the Scheme Funds in respect of their Cut-Off Claim(s).
- 5.3.5 For the avoidance of doubt, nothing in this Clause 5.3 shall affect any rights that a FSCS Protected Creditor may have against the FSCS in respect of their Cut-Off Claim.

## PART 6

### THE SCHEME ADJUDICATOR

#### 6.

##### 6.1 **The Scheme Adjudicator**

6.1.1 The Scheme Adjudicator shall have the powers, rights and duties conferred upon them by the Scheme.

6.1.2 The Scheme Adjudicator shall initially be Colin Czapiewski. The Company shall have the power to appoint a suitably qualified successor.

6.1.3 The Company shall enter into an agreement with the Scheme Adjudicator with respect to their remuneration and expenses.

##### 6.2 **Powers, role and duties of Scheme Adjudicator**

The Scheme Adjudicator shall be responsible for the adjudication and the final determination of Disputed Scheme Claims. The Scheme Adjudicator shall act independently from the Company and in good faith and with due care and diligence in the interests of Scheme Creditors as a whole.

##### 6.3 **Vacation of office**

6.3.1 The Scheme Adjudicator shall vacate office if a Removal Event occurs in respect of them.

6.3.2 Where a vacancy arises, by death, resignation or otherwise, in the office of Scheme Adjudicator the Company shall forthwith fill the vacancy.

## PART 7

### THE SCHEME MANAGERS

#### 7.

##### 7.1 The Scheme Managers

7.1.1 The Scheme Managers shall have responsibility for and the power to manage and conduct the affairs of the Company within the Scheme.

7.1.2 The Scheme Managers shall initially be Edgar Lavarello of PricewaterhouseCoopers Limited, 327 Main St, Gibraltar, GX11 1AA, Gibraltar, Dan Yoram Schwarzmann of PricewaterhouseCoopers LLP, 1 Embankment Place, London, WC2N 6RH and James Cameron of PricewaterhouseCoopers LLP, 7 More London Riverside, London, SE1 2RT. The Company shall have the power to appoint any successor.

7.1.3 In exercising their powers and carrying out their duties under the Scheme, the Scheme Managers shall act as agent of the Company without personal liability.

##### 7.2 Powers of the Scheme Managers

The Scheme Managers shall (jointly and individually) have the powers specifically conferred on them by the Scheme, including:

- (a) to have full access to and power to disclose to third parties:
  - (i) all such information as they may from time to time require on the affairs of the Company that relate to the Scheme Insurance Contracts, Cross-Claims or the operation of the Scheme; and
  - (ii) all books, papers, documents and other information, in any format, in the possession or under the control of the Company that relate to the Scheme Insurance Contracts, Cross-Claims or the operation of the Scheme;
- (b) to consult with the Company's Creditors' Committee in relation to the progress of the Scheme where appropriate;
- (c) to apply, or cause the Company to apply, to the Court for directions in relation to the Scheme;
- (d) to delegate to or employ any person (including, but not limited to, the Claims Handling Agents) as they see fit for the carrying out of their powers, rights, duties and functions under the Scheme;
- (e) on behalf of the Company, to negotiate, compromise, waive or settle Scheme Claims or Cross-Claims, in accordance with the provisions of the Scheme and in particular (without limitation) to agree with reinsurers and Scheme Creditors the payment of commuted sums;

- (f) to do all acts and to execute in the name and on behalf of the Company any deed, receipt or other document necessary for or incidental to the full and proper implementation of the Scheme;
- (g) to make any payment that is necessary for or incidental to the performance of the Scheme Managers' or the Company's functions, including the payment of any fees or expenses payable by the Company to the Scheme Managers; and
- (h) to exercise any other powers necessary for or incidental to the full and proper implementation of the Scheme.

### **7.3 Vacancy**

- 7.3.1 Any person appointed as a Scheme Manager under this Part shall vacate office if a Removal Event occurs in respect of them.
- 7.3.2 Where sufficient vacancies arise in the office of the Scheme Manager such that there are no Scheme Managers remaining, the Company shall forthwith fill the vacancy with a person or persons having the requisite qualifications, who is/are duly qualified, in the reasonable opinion of the Company, to discharge the functions of the Scheme Manager(s) under the Scheme.
- 7.3.3 Pending appointment of a replacement Scheme Manager in accordance with Clause 7.3.2, the functions of the Scheme Managers under the Scheme shall be exercised by the Company.

## **PART 8**

### **THE JOINT ADMINISTRATORS**

#### **8.**

##### **8.1 Powers and duties of the Joint Administrators**

8.1.1 The powers of the Joint Administrators shall remain as before the Effective Date of the Scheme and the Joint Administrators shall exercise all their statutory powers, rights, duties and functions in relation to the Company.

8.1.2 Without prejudice to the generality of Clause 8.1.1, the Joint Administrators shall continue to be responsible for the collection and realisation of the Company's assets (including but not limited to reinsurance recoveries) as part of the run-off of the Company's business, in accordance with their existing statutory rights and duties.

##### **8.2 Exclusion of Joint Administrators' Liability**

8.2.1 Neither the Joint Administrators nor their firms, partners, employees, advisers, representatives and agents (including, for the avoidance of doubt, the Scheme Managers) shall incur any personal liability whatsoever in respect of any of the obligations undertaken by the Company or in respect of any failure on the part of the Company to observe, perform or comply with any such obligations or under or in relation to any associated arrangements or negotiations or under any document or assurance made pursuant to this Scheme.

8.2.2 Any right of the Joint Administrators under this Scheme shall also be for the benefit of, and shall be exercisable by, any Subsequent Appointee and so that, as regards any Subsequent Appointee, the relevant clause shall apply mutatis mutandis so that references to the Joint Administrators shall be treated as references to such Subsequent Appointee.

8.2.3 The provisions of this Clause 8.2 shall continue for the benefit of the Joint Administrators and any Subsequent Appointee, notwithstanding the fact that the Joint Administrators or any Subsequent Appointee may from time to time cease to act as office holder in respect of the Company.

8.2.4 Nothing in this Scheme and/or ancillary documents in connection with the obligations set out hereunder shall operate to restrict or affect in any way any right of any of the Joint Administrators to cease to act as the administrators of the Company.

## **PART 9**

### **RESPONSIBILITY AND LIABILITY**

#### **9.**

##### **9.1 Responsibility of Scheme Officers**

The Scheme Officers shall act in good faith with reasonable skill and care in the interests of Scheme Creditors as a whole and shall exercise their powers, duties and functions under the Scheme with a view to ensuring that the Scheme is implemented in accordance with its terms.

##### **9.2 Liability of Scheme Officers**

9.2.1 Subject to Clause 9.2.3, Scheme Creditors shall not be entitled to challenge the validity of any act done or omitted to be done in good faith and with reasonable skill and care by the Scheme Officers, the Company, the Company's Creditors' Committee or the FSCS in pursuance of the provisions of the Scheme or the exercise or performance by them in good faith and with reasonable skill and care of any power, duty or function conferred upon them for the purpose of the Scheme. This Clause 9.2 shall not apply to the activities of the FSCS in connection with the conduct of the run-off of FSCS Protected Claims under PART 5.

9.2.2 Subject to Clause 9.2.3, a Scheme Officer shall not be liable for any loss resulting from any act they do or omit to do, unless any such loss is attributable to their own wilful neglect, breach of statutory duty, breach of trust, fraud or dishonesty.

9.2.3 Nothing in this Clause 9.2 shall prevent or preclude the Scheme Adjudicator from being liable for negligence in connection with the discharge of its functions under this Scheme.

##### **9.3 Indemnity**

9.3.1 The Scheme Officers shall be entitled to an indemnity out of the Property of the Company against:

(a) all Proceedings brought or made against them in respect of any act done or omitted to be done in relation to the Company by them in good faith, without negligence, breach of duty, breach of trust, fraud or dishonesty in the course of performing their duties and functions under the Scheme; and

(b) all costs, charges, expenses and liabilities properly incurred by each of them in the course of performing their duties and functions under the Scheme.

9.3.2 In addition to the general provisions of Clause 9.3.1, the Scheme Officers shall be entitled to an indemnity out of the Property of the Company:

- (a) against any liability incurred by them in defending any Proceedings, whether civil or criminal, in respect of any wilful neglect, breach of statutory duty, breach of trust, fraud or dishonesty relating to the operation of the Scheme, where:
  - (i) judgment is given in their favour; or
  - (ii) where they are acquitted; and
- (b) in connection with any application in any such Proceedings where relief is granted to them by a court from liability for wilful neglect, breach of statutory duty, breach of trust, fraud or dishonesty relating to the operation of the Scheme.
- (c) For the purposes of any indemnity in the Scheme, references to the Joint Administrators, Scheme Managers, Scheme Adjudicator, the Creditors' Committee and the FSCS shall, where the context so permits, include their present and future firm or firms, fellow members, partners and employees, and any legal entity or partnership of which they are a member, partner, officer or employee and the partners, fellow members, shareholders, officers and employees of such entity or partnership.

#### 9.4 **Insurance**

The Company may:

- (a) purchase and maintain for the Scheme Officers insurance against any liability for which the Company would be obliged to indemnify them in accordance with Clause 9.3.1; and
- (b) pay costs incurred by the Scheme Officers or the Joint Administrators in defending Proceedings of the nature described in Clause 9.3.2, provided that that person gives the Company an undertaking to reimburse it (with interest) at the conclusion of those Proceedings, where that person is not entitled to an indemnity under Clause 9.3.2.

## PART 10

### COMPLETION AND TERMINATION OF THE SCHEME

#### 10.

##### 10.1 Scheme Completion

If the Scheme Managers resolve that all Scheme Claims and Cross-Claims have been determined and all Payable Scheme Claims have been paid in full, the Scheme Managers shall cause a notice to be published on the Website within three Business Days stating that the Scheme has been completed.

##### 10.2 Scheme Termination

###### 10.2.1 The Scheme shall terminate upon:

- (a) the Company issuing the notice in accordance with Clause 10.1 and the Scheme Managers, in consultation with the Creditors' Committee, determining it is in the interest of Scheme Creditors for the Scheme to terminate; or
- (b) if, in the Scheme Managers' opinion, the Scheme is not reasonably capable of being completed on its terms, the Scheme Managers may resolve that the Scheme be terminated.

###### 10.2.2 If Clause 10.2.1(a) or 10.2.1(b) applies, the Company shall issue a notice within three Business Days on the Website stating that the Scheme has been terminated at the date of the notice.

###### 10.2.3 Following a notice under Clause 10.2.1(a), the provisions of the Scheme, other than those referred to in Clause 10.2.3, shall be of no further effect, save that:

- (a) any payments already made to Scheme Creditors under the Scheme shall be unaffected by the termination of the Scheme insofar as this is permitted by the law;
- (b) all Payable Scheme Claims less any amounts paid by way of a dividend shall continue to be debts of the Company save that they shall be reduced to the extent that a Scheme Claimant has obtained judgment for any sum in Proceedings brought in accordance with Clauses 2.2.1 or 2.4;
- (c) if the notice under Clause 10.2.1(a) is given after the Claims Submission Deadline, Other Direct Insurance Liabilities which have not been submitted to the Company as Scheme Claims shall not be debts of the Company; and
- (d) the Company shall remain liable in respect of any FSCS Protected Liabilities and (if applicable) any Cut-Off Liabilities, but no FSCS Protected Creditor shall have any right to any payment from the Company in respect of any FSCS Protected Liabilities or (if applicable) any Cut-Off Liabilities.

10.2.4 The provisions of Clauses 1, 2.9, 2.10, 11.3, 11.4, and 11.5, and PART 7 and PART 8 shall survive the termination of the Scheme and any winding up or dissolution of the Company.

## **PART 11**

### **GENERAL SCHEME PROVISIONS**

#### **11.**

##### **11.1 Effective Date**

The Scheme shall become effective on the Effective Date.

##### **11.2 Modification of the Scheme**

11.2.1 The Company may, at any Court hearing to sanction the Scheme, consent on behalf of the Scheme Creditors to any modification of, or addition to, the Scheme or any terms or conditions that would not directly or indirectly have a materially adverse effect on the interests of any Scheme Creditor under the Scheme.

11.2.2 Subject to Clause 11.2.4 below, the Company shall have the power at any time after the Effective Date, if they consider it expedient to do so, to modify any provision of this Scheme, provided that, in the Company's reasonable opinion such modifications do not materially alter the effect or economic substance of the Scheme after consultation with the Creditors' Committee and without reference to the Scheme Creditors.

11.2.3 The Company shall inform the Scheme Creditors of any modifications made in accordance with Clause 11.2.2 by publishing a notice on the Website, and such modifications shall be binding on the Scheme Creditors, the Company, the Scheme Adjudicator and the Scheme Managers as of the date of such notice, and the Scheme shall be modified accordingly.

11.2.4 The Company must seek the approval of the Court to any modification of the Scheme which, in the Company's reasonable opinion, materially alters the effect or economic substance of the Scheme. Any modifications approved by the Court shall be binding on the Scheme Creditors, the Company, the Scheme Adjudicator and the Scheme Managers as of the date ordered by the Court and the Scheme shall be modified accordingly.

11.2.5 The Company shall inform the Scheme Creditors of any modifications made in accordance with Clause 11.2.4 by publishing a notice on the Website.

##### **11.3 Notices**

11.3.1 Without prejudice to Clause 11.4, any notice or other written communication to be given under or in relation to this Scheme shall be given in writing and shall be deemed to have been duly given if it is (i) delivered by hand or sent by Post or (ii) sent electronically, to:

- (a) in the case of the Company, the Joint Administrators or the Scheme Managers by email to [uk\\_elite2@pwc.com](mailto:uk_elite2@pwc.com) or at such other address as the Company may notify to Scheme Creditors for the purpose of this Clause 11.3.1;

- (b) in the case of the Claims Handling Agents by email to elite-insurance.scheme@quest-group.co.uk or at such other address as the Scheme Managers may notify to Scheme Creditors for the purpose of this Clause 11.3.1;
- (c) in the case of the Scheme Adjudicator, to the email address specified by the Scheme Adjudicator in correspondence with the relevant party; and
- (d) in the case of a Scheme Creditor or a broker, its last known address or email address according to the Scheme Managers.

11.3.2 Any notice or other written communication to be given under the Scheme shall be deemed to have been served on the earliest of:

- (a) if delivered by hand, the first Business Day following delivery;
- (b) if sent by Post, the second Business Day after posting if the recipient is in the country of dispatch, otherwise the seventh Business Day after posting;
- (c) if sent electronically, in accordance with Clause 11.4.4; or
- (d) the Business Day on which the notice or communication is actually received by the recipient.

11.3.3 In proving receipt, it shall be sufficient proof, in the case of a notice sent by Post, that the envelope was properly stamped, addressed and placed in the Post.

11.3.4 The accidental omission to send any notice, written communication or other document in accordance with this Clause 11.3 or the non-receipt of any such notice by any Scheme Creditor shall not affect the provisions of this Scheme.

#### 11.4 **Electronic communications**

11.4.1 Notwithstanding anything to the contrary in the Scheme (including any requirement that notices or information be sent by Post), information concerning Scheme Claims (including any Claim Form or relevant accompanying information, but not including copies of any relevant supporting documentation which was not originally produced in electronic form) and any other communication required to be or capable of being given or sent hereunder may, at the option of the Scheme Creditor, be given or sent by the Company, Scheme Adjudicator, Scheme Managers or relevant Scheme Creditor in electronic form to the address specified for that purpose by that Scheme Creditor or the Company, Scheme Managers or Scheme Adjudicator, including by way of a notification to such address that the relevant information has been posted on the Website.

11.4.2 Notwithstanding anything contrary in the Scheme, notices given in accordance with the terms of the Scheme may be given in electronic form.

11.4.3 Where any communication is sent to the Company in electronic form:

- (a) a hard copy of any electronic mail must be sent to the Company if so requested;

- (b) receipt by the Scheme Creditor of an automated acknowledgement shall constitute conclusive proof that the electronic mail was sent in accordance with Clause 11.4.1; and
- (c) the electronic mail shall not be deemed to have been received unless it is received in the Company's mail box and the Company is able to open and print it and any attachments and, if requested, unless a hard copy is received in accordance with Clause 11.4.3(a).

11.4.4 Subject to Clause 11.4.3(c), notice given, or information provided, in electronic form shall be deemed to have been received on the first Business Day beginning after the expiration of 48 hours after the time it was sent by the sender, provided that the same shall have been sent to the number or address specified for that purpose by the relevant Scheme Creditor or the Company, Scheme Managers or Scheme Adjudicator;

11.4.5 Proof that a notice contained in electronic form was sent in accordance with Clause 11.3.1 and this Clause 11.4 shall be conclusive evidence that the notice was given.

#### **11.5 Governing Law and Jurisdiction**

The Scheme shall be governed by, and construed in accordance with, the laws of Gibraltar and, subject to the provisions of Clauses 2.2, 2.3 and 3.7, the Court shall have exclusive jurisdiction to hear and determine any suit, action or proceeding and to settle any dispute which may arise out of any Scheme Liability, the Explanatory Statement or any provision of the Scheme, or out of any action taken or omitted to be taken under the Scheme or in connection with the administration of the Scheme, and, for such purposes, the Scheme Creditors irrevocably submit to the jurisdiction of the Court. Nothing in this Clause 11.5, shall affect the validity of any agreement between the Company and a Scheme Creditor as to the law applicable to any contract of insurance.

Dated 27 May 2026

**Schedule 1**  
**Estimation guidelines**

- 1. INTRODUCTION**
- 2. VALUATION METHODOLOGY FOR OTHER DIRECT INSURANCE CREDITORS**
  - I. UNPAID AGREED CLAIMS**
  - II. NOTIFIED OUTSTANDING CLAIMS**
  - III. DISCLAIMER DAMAGES CLAIMS**
    - a) VALUE OF FUTURE LOSS**
      - REPLACEMENT COVER**
      - RETURN OF PREMIUM**
      - IBNR ESTIMATE**

## **1. INTRODUCTION**

- 1.1 The Estimation Guidelines are intended to make the valuation process, which the Company will follow in valuing Scheme Claims, as transparent as possible to Other Direct Insurance Creditors. The Estimation Guidelines describe the approach that the Company will expect Other Direct Insurance Creditors to follow in valuing their Scheme Claims. Under the terms of the Scheme, the Estimation Guidelines will be applied by the Company when seeking to assess the estimated value of those claims.

Other Direct Insurance Creditors should read this Appendix in its entirety.

- 1.2 FSCS Protected Creditors should only submit a claim for voting purposes. They are not required to submit a Scheme Claim and should continue to submit claims arising under their FSCS Protected Policies in the ordinary course until the Cut-Off Date. The submission and determination of FSCS Protected Liabilities and Cut-Off Liabilities shall be governed by PART 5 of the Scheme.
- 1.3 The Estimation Guidelines are designed to be of assistance to Other Direct Insurance Creditors in developing their estimations of their Scheme Claims by setting out estimation techniques that are generally accepted within the insurance market.
- 1.4 Other Direct Insurance Creditors are not, however, prevented from using other approaches where appropriate and provided that such approaches are well supported and assumptions used can be reasonably justified by the Other Direct Insurance Creditor. If the Company considers that such techniques can be justified, then those techniques may be used in valuing the relevant Scheme Claims of the Other Direct Insurance Creditor concerned.
- 1.5 If the Company is unable to reach agreement with an Other Direct Insurance Creditor for any element of their Scheme Claim, the Company will refer the Disputed Scheme Claim to the Scheme Adjudicator for determination by them in accordance with the provisions of the Scheme.
- 1.6 All Other Direct Insurance Creditors' policies have been disclaimed. Any Other Direct Insurance Creditor submitting a Claim Form for damages arising from the disclaimer of the policy is required to take reasonable steps to mitigate their losses sustained as a result of the disclaimer. For example, by taking reasonable steps to obtain comparable replacement insurance cover for the remaining period of the contract of insurance which has been disclaimed.
- 1.7 The scope and application of the Estimation Guidelines and the required evidence to support a claim differ according to the type of insurance contract and Scheme Claim being made. The supporting evidence that Scheme Creditors should provide in support of their estimates of Scheme Claims is set out in Schedule 2.
- 1.8 The Company will not, unless legally obliged to do so, be bound by, or obliged to follow, any settlement made between a Scheme Creditor and another insurer or third party.

- 1.8.1 If, at any stage of the claims agreement process, an Other Direct Insurance Creditor has any queries relating to the application or potential application of the Estimation Guidelines to its claim, it should contact the Company's Claims Handling Agent using the below contact details for further guidance.

Email: [Elite-insurance.scheme@quest-group.co.uk](mailto:Elite-insurance.scheme@quest-group.co.uk)

Post: Elite Insurance SoA, c/o Quest Consulting, 52 – 54 Gracechurch Street, London EC3V 0EH, UK

Telephone:

English Helpline: 0800 327 7278

Non-UK Helpline: +33 8 05 98 54 71

Website: [www.pwc.co.uk/elite-insurance](http://www.pwc.co.uk/elite-insurance)

- 1.9 Other Direct Insurance Creditors may also wish to consult appropriate professional advisers in understanding these guidelines and valuing their Scheme Claim against the Company.

## 2. VALUATION METHODOLOGY FOR OTHER DIRECT INSURANCE CREDITORS

- 2.1 An Other Direct Insurance Creditor's claim against the Company may consist of one or more of the following claim elements, subject to appropriate steps being taken by a creditor in mitigating its losses:

- (a) ***Unpaid Agreed Claim***, which is a claim that has been agreed by or on behalf of the Company prior to submission as a Scheme Claim but which has not been paid by the Company or where a residual amount remains unpaid following payment by a compensation scheme and where subrogation does not exist.

Other Direct Insurance Creditors with an Unpaid Agreed Claim need to submit a Claim Form to the Company but are only required to provide a copy of their Offer Letter as Supporting Information, unless the creditor wishes to change the value of the Scheme Claim, submit a new Scheme Claim, or otherwise wishes to share additional Supporting Information. In accordance with section 3.6, the Scheme Managers may, at any time, request further information or evidence reasonably required to assist them.

- (b) ***Notified Outstanding Claim***, which is a claim against the Company in respect of a loss or liability which has been reported to or discovered by the Company prior to the Disclaimer Date of the relevant Scheme Insurance Contract but not agreed by the Company before submission as a Scheme Claim.

Other Direct Insurance Creditors with a Notified Outstanding Claim must submit a Claim Form with details of the amount of any estimated claim which was notified to the Company before the Disclaimer Date

but which has not become an Unpaid Agreed Claim. Other Direct Insurance Creditors must provide supporting evidence of their Notified Outstanding Claim.

- (c) ***Disclaimer Damages Claim***, which is a claim representing the actual or estimated value of any loss sustained by the policyholder due to their policy being disclaimed.

A Disclaimer Damages Claim is expected to be valued based on a ***Future Loss***, which is the estimated value of a loss arising as a result of the disclaimer. This loss may not yet have been sustained by an Other Direct Insurance Creditor and has not yet been reported to the Company or discovered by the Company.

Further details of the estimation methodologies for a Future Loss are provided in paragraph 2.2 below.

Where new claims have been notified or discovered after the Disclaimer Date, this will be classified as a Future Loss.

## 2.2 Future Loss

2.2.1 The value of the loss to an Other Direct Insurance Creditor as a result of their policy being disclaimed should be estimated using one of the following estimation methodologies:

- (a) **Replacement cover** - the cost of comparable replacement cover for the remaining period of the contract of insurance which has been disclaimed;
- (b) **Return of premium** - an estimate of a prorated return of premium based on the unexpired portion of any policy; or
- (c) **IBNR estimate** - an estimate of an incurred but not reported (“IBNR”) claim in relation to the policy disclaimed.

These estimation methodologies are explained in more detail below.

### 2.2.2 Replacement cover

- (a) The value of a Future Loss may be estimated using the cost of replacement cover (a “**Replacement Cover Claim**”). The estimate of a Replacement Cover Claim will be equal to the premium payable for a comparable policy, relating only to the remaining period of the Scheme Insurance Contract which has been disclaimed, with an alternative insurance company.
- (b) For a Replacement Cover Claim to be accepted by the Company, Other Direct Insurance Creditors must provide at least one insurance quote or a replacement policy schedule in respect of a policy that is as close as possible to the original policy provided by the Company. Key criteria for likeness include:
- original term of policy;

- remaining term of policy;
- sum insured;
- property, content or service at risk; and
- policy wordings, including, in particular, the heads of damage and any policy limits or exclusions.

This will be considered and evaluated by the Company accordingly.

### 2.2.3 Return of premium

(a) For an Other Direct Insurance Creditor’s Scheme Insurance Contract which has been disclaimed prior to the date on which the policy had been due to end (the “**Original Policy End Date**”), the value of the Future Loss may be calculated on the basis of a return of premium (a “**Return of Premium Claim**”). The value of a Return of Premium Claim is equal to the value of premium paid for the portion of the policy that the policyholder has not benefited from due to the disclaimer (the “**Unearned Premium**”). The relevant time period to calculate this portion of the policy is from the date at which the policy was disclaimed (“**Disclaimer Date**”) to the Original Policy End Date. For each policy the estimation process may involve the following steps:

- The policy information for any policy with an Original Policy End Date after the Disclaimer Date should be collated by the relevant Other Direct Insurance Creditor. This includes, but is not limited to, the Policy Start Date, the Original Policy End Date and the value of original premium paid. Where the exact Policy Start Date, Original Policy End Date or premium information is not available, a reasonable and justifiable estimate may be presented to the Company for consideration.
- A return of premium calculation should be used to estimate the amount of Unearned Premium as at the Disclaimer Date. This should be calculated by:

- $$\text{Total Premium Amount} \times \frac{\text{Remaining Policy Days}}{\text{Total Policy Days}}$$

Where

**Total Premium Amount** is equal to the value of the total premium paid to the Company for the Scheme Insurance Contract

**Remaining Policy Days** is the number of calendar days (as an absolute amount) between the Disclaimer Date and the Original Policy End Date; and

**Total Policy Days** is the number of calendar days (as an absolute amount) between the Policy Start Date and the Original Policy End Date.

For example: the original premium paid for a 1 year (365 day) policy started 1 January was £100. The Original Policy End Date is 31 December. The Disclaimer Date is 30 June. The return of premium should be calculated as:

$$£100 \times \frac{184}{365} = £50.41$$

Note: Where insurance policies are perpetual, meaning that there is no end to the period of cover, Other Direct Insurance Creditors will be required to make a reasonable assumption about the end date of the policy. Assumptions will be considered by the Company on a case-by-case basis.

- (b) If making a Return of Premium Claim, Other Direct Insurance Creditors must provide supporting evidence to support their claim. Where relevant, this includes, but is not limited to, underlying data, return of premium calculation and selected assumptions as well as proof that the original premium value was paid and information on the policy duration.

#### 2.2.4 IBNR Claim estimate

- (a) The value of a Future Loss may be estimated on the basis of an estimate of loss which has been incurred under the Scheme Insurance Contract but has not been reported to the Company or discovered by the Company. IBNR Claims aim to capture losses which may reasonably be expected to be (or have been) suffered by the policyholder, but which have either not yet been reported to the Company or have not yet been discovered.

All claims that have not been notified to the Company, including all potential future claims that may reasonably expect to occur in the period between the Scheme Effective Date and the Original Policy End Date, if any, should be considered in the IBNR estimate. Claimants are required to have taken sufficient steps to mitigate such potential future claims and, when making an IBNR Claim, should demonstrate those steps taken and why an IBNR Claim is still appropriate.

- (b) The approach the Company considers should be taken under the Scheme in respect of estimating an IBNR Claim is to apply a “frequency and severity” method as explained below.

A frequency and severity method requires an Other Direct Insurance Creditor to estimate the total number of claims anticipated to be incurred under their Scheme Insurance Contract and make a best estimate for the future liabilities (including costs) in line with policy terms and conditions that apply to each claim. This can be estimated for each relevant insurance policy held by the Other Direct Insurance Creditor prior to the disclaimer to establish the total estimate of all its IBNR Claims against the Company.

The final estimate of an IBNR Claim excludes Unpaid Agreed Claims and Notified Outstanding Claims which are considered separately

above. It should include claims that have been notified or discovered after the Scheme Effective Date.

An IBNR Claim may include any adjustments to a Notified Outstanding Claim to the extent that any estimate of a claim included as a Notified Outstanding Claim may prove to be inadequate or excessive.

- (c) The following steps should be applied in respect of each relevant policy held by the Other Direct Insurance Creditor:

Estimate the total number of claims that the Other Direct Insurance Creditor may reasonably expect to incur before the Original Policy End Date and that are expected to be covered by the Scheme Insurance Contract but have not yet been notified to the Company.

Estimate the claim amount for each such claim. Other Direct Insurance Creditors should refer to previous claims experience to support the selected claim amount estimates, for example Unpaid Agreed Claims where available and relevant.

Apply any relevant policy terms to the expected claims, such as policy limits or exclusions.

The sum of the estimated claim amounts will constitute the Other Direct Insurance Creditor's total IBNR Claim.

Apply any relevant discounting for the present value of money.

- (d) Any IBNR Claim should be valued as a "best estimate", meaning that it is not intended to be either optimistic or conservative and is intended to represent the most likely outcome of the range of possible outcomes.

#### 2.2.5 **Alternative approaches**

- (a) If an Other Direct Insurance Creditor has evidence that it has sustained a loss as a result of the disclaimer of its policy for which it has no current claims experience, it may under certain circumstances be appropriate to use information which is not based on past claims history to support such a claim. A suitable methodology is likely to involve elements from industry comparisons, trend lines or demographic studies. Other methods, provided that the rationale and basis for the assumptions are clearly explained, might also be suitable.
- (b) The approach taken will need to draw from the information available to the Other Direct Insurance Creditor. The Other Direct Insurance Creditor should consider what information and supporting evidence it can gather and thus what approach should be developed which maximises its ability to provide backing information and justification for the assumptions used.
- (c) In all scenarios, consideration needs to be given to the likelihood of claims actually emerging to the extent indicated by the Other Direct Insurance Creditor's methodology. The final claim will need to be adjusted to take this factor into account, all of which will need to be

explained and documented in full via the supporting evidence submitted alongside their Claim Form.

### **2.3 Adjustments**

In order for the Other Direct Insurance Creditor to complete its Claim Form, the Other Direct Insurance Creditor should initially estimate its Scheme Claim as at the Scheme Effective Date and then adjust these estimates to allow for:

- any Notified Outstanding Claim which has changed value since its original submission;
- any amounts due to the Company that act to offset the Other Direct Insurance Creditor's Scheme Claim, for example, defence fees, unpaid premium; and
- any new information received by the Other Direct Insurance Creditor after the Scheme Effective Date.

The value of the Other Direct Insurance Creditor's claim after these adjustments, if any, should be the value that is included on that Other Direct Insurance Creditor's Claim Form.

If the estimated value of a Notified Outstanding Claim has changed since the original submission to the Company and ahead of the Claims Submission Deadline, then this change must be supported with supporting evidence. This must be presented with the Other Direct Insurance Creditor's Claim Form. Supporting evidence includes, but is not limited to, underlying data, methodology and selected assumptions. The Notified Outstanding Claim amount will then be valued by the Company based on the merits of the claim submission.

After the Claims Submission Deadline, Other Direct Insurance Creditors are not entitled to make or revise a Scheme Claim and any Supporting Information received after the Claims Submission Deadline (unless requested by the Company) will only be considered at the Company's discretion.

### **2.4 Supporting evidence**

The supporting evidence that Other Direct Insurance Creditors should provide in support of their estimates of Scheme Claims is set out at Schedule 2 and can also be found on the Website.

## **Schedule 2**

### **Supporting Evidence Appendix**

#### **Introduction**

This Schedule 2 sets out the level of supporting evidence that should be supplied by a Scheme Creditor in support of the different approaches used for estimating Scheme Claims as described in Schedule 1.

Where the Scheme Creditor adopts techniques other than those set out in Schedule 1 full supporting evidence should be provided, including full descriptions of the techniques adopted and the assumptions made, including supporting data to justify each of the assumptions made.

#### **Supporting Documents Required for Claim Adjustment:**

##### **Unpaid Agreed Claims**

All creditors with Unpaid Agreed Claims should provide a copy of their Offer Letter or any other such evidence which supports the claim as being agreed by Elite.

##### **For all creditors with claims, except Unpaid Agreed Claims you must provide:**

- Short summary of your Claim/Loss/Future Loss
- Signed Elite Policy Schedule
- Elite Policy Wording and/or Terms and Conditions
- Proof of Identity (Passport/Driving Licence/National Identity Card)
- Proof of Claim Payment if already discharged (Bank Statement, Receipt etc)
- Supporting Documents explicitly evidencing your Claim/Loss/Future Loss (e.g. Return of Premium, Replacement Cover or IBNR Estimate).
- For all claims apart from Return of Premium and Replacement Cover Claims, proof of Claim Notification (if time limited)
- For all claims apart from Return of Premium and Replacement Cover Claims, any specific documents listed as required to make a claim under the Elite Policy Wording and/or Terms and Conditions

All the above documents should be provided in a legible state and in full.

##### **Examples of Supporting Documents for Replacement Cover:**

- Replacement cover quotation including premium payable and policy wording.
- Comparison to original Elite policy including but not restricted to:
  - Remaining term
  - Sum insured value
  - Property, content or service at risk

- Policy wordings including head of damage and exclusions
- Details of any other noted differences between the original Elite policy and the replacement cover.

**Examples of Supporting Documents for Return of Premium:**

- Original policy document or evidence of Policy Start Date, policy end date and value of original premium paid (if not provided in the Signed Elite Policy Schedule).
- For perpetual policies, provide assumptions and justification made with regards to the end date of the policy.
- Evidence of any changes in risk type or previous claim history.
- Calculation of Return of Premium, including details of methodology and assumptions used. For example, inputs into the formula provided in Paragraph 2.2.3 of the Estimation Guidelines.

**Examples of Supporting Documents for IBNR Estimate:**

- Methodology, assumptions and underlying calculations of the IBNR estimate, including but not restricted to:
  - Estimate for total future number of claims expected and justification. Detail whether each individual claim is an Unpaid Agreed Claim, Notified Outstanding Claim or future IBNR Claim.
  - Estimate for the total future amount for each claim expected and justification.
  - Application of policy terms to the claims (e.g. policy limits or exclusions).
  - Historical data and or external data used to support the assumptions selected.
  - Any other key assumptions, for example inflation.
  - Where alternative methods to those prescribed in Estimation Guidelines have been used, in addition to the above, please provide a description of why alternative methods were adopted and an overview of the method used.
  - Evidence of actions taken to mitigate future loss (as required under a Disclaimer Damages Claim).

**Examples of Supporting Documents for Building Guarantee/Construction Lines:**

- Proof of Ownership (Title Deeds etc)
- Expert Report and/or other Professional Report
- Quotations and Invoices for any undertaken works

- Construction Details including Opening of Construction Site Declaration, Works Acceptance Report etc.
- Details as to the contractors/workers involved in the works
- Photographs
- Quotations (at least two) and Invoices for rectification works

**Examples of Supporting Documents for Property & Casualty Lines:**

- Proof of Ownership
- Police Report
- Expert Report and/or other Professional Report
- Photographs

**Examples of Supporting Documents for Liability and Professional Indemnity Lines:**

- Letter of Claim and other Pre-Action Protocol Correspondence
- Expert Report and/or other Professional Report
- Legal Proceedings Documentation (Particulars of Claim, Defence, Judgments, Appeals etc)
- Settlement Agreements/Consent Orders

**Examples of Supporting Documents for Insurance Backed Guarantee Lines:**

- Suppliers/Installers Contract and Guarantee
- Installation Details (including technical drawings, specifications, surveys etc)
- Proof of Payment of the Original Installation
- Expert Report and/or other Professional Report
- Quotations (at least two) for any proposed works

**Examples of Supporting Documents for Bond/Surety Lines:**

- Legal Proceedings Documentation (Particulars of Claim, Defence, Judgments, Appeals etc)
- Settlement Agreements/Consent Orders

**Examples of Supporting Documents for Motor Lines:**

- Legal Proceedings Documentation (Particulars of Claim, Defence, Judgments, Appeals etc)
- Police Report
- Expert Report and/or other Professional Report.

**Examples of Supporting Documents for ATE/BTE Lines:**

- Legal Proceedings Documentation (Particulars of Claim, Defence, Judgments, Appeals etc)
- Expert Report and/or other Professional Report
- Disbursement Invoices

**Schedule 3  
Claim Form**