

Elite Insurance Company Limited (in Administration)

What are Proposals?

Under S80GIA11, the Administrators are required to prepare a report setting out their Proposals for the achievement of the statutory objectives of the Administration. As described in the Proposals, the Administrators are seeking to achieve a better result for the Creditors as a whole than would be likely if the Company were to enter liquidation without first being in Administration. The Proposals set out how the Administrators think they will be able to achieve this objective.

The Administrators are required to call a meeting of Creditors for the purpose of considering whether to approve the Proposals.

What will happen at the Creditors' meeting?

We'll assume that Creditors will already have read our Proposals. We will provide an update since the Proposals were drafted to give further information on certain parts of the Proposal if appropriate. The meeting will give Creditors an opportunity to put questions to us. The meeting will then consider and vote upon any modifications to our Proposals that individual Creditors might put forward, following which a vote will be taken upon the whole Proposals as modified.

We will also ask Creditors to decide whether they wish to form a Creditors' committee.

Who will attend the Creditors' meeting?

One of the Administrators or a person nominated by us in writing will chair the meeting and answer Creditors' questions (rule 281 GIR14). The Company directors don't have to attend unless we require them to (section 81(1) GIA11).

Do I have to attend the Creditors' meeting?

You don't have to attend the meeting. The law recognises that Creditors aren't always able to attend in person and allows you to ask a representative to attend as proxy and vote on your behalf. You won't prejudice your claim and entitlement to dividend if you don't attend or appoint a proxy.

How do I vote?

In order to vote at the meeting creditors will need to have submitted a statement of claim in writing to the Administrators no later than 12 noon CET on the business day prior to the meeting.

Votes will be counted by reference to the value of the Creditor's unsecured claim. Votes will include those taken in the room as well as votes cast by the chair of the meeting under proxies provided by absent Creditors.

Do I need to lodge a proxy?

Most Creditors will need to lodge a proxy to vote at the meeting, either because they are unable to attend the meeting in person, or because they are a company.

If the Creditor is a natural person, he or she may attend the meeting in person and vote on their own account.

If the Creditor is a company or other corporate body, they must appoint a representative, usually by completing a proxy form. The proxy form must be received by the Administrators by 12 noon CET on the business day prior to the meeting.

If a person is authorised under the Gibraltar Companies Act to represent a company at a meeting of Creditors, they must produce to the chair of the meeting a copy of the resolution from which they derive their authority (rule 301 GIR14). The copy of the resolution shall be under the seal of the company, or certified by the secretary or a director as a true copy. Such a person does not need to present a proxy form.

Who decides whether my claim ranks for voting purposes?

The chair has the power to accept or reject the whole or any part of your claim for the purpose of voting (rule 290(1) GIR14). If there's any doubt whether your claim should be admitted, we'll mark it as objected to and allow you to vote. If however, the objection is sustained, then your vote will be declared invalid (rule 290(4) GIR14). If your vote was critical to the outcome, this could change the decisions/resolutions that were passed and/or result in a further decision being required.

What happens if I disagree with the chair's decision on my claim?

You're entitled to appeal to the court for an order reversing the chair's decision on your claim provided you do so within 28 days of the decision date (rule 292(1) GIR14). The court only has power to make an order if it considers

that the circumstances giving rise to the appeal give rise to unfair prejudice or material irregularity. If the court reverses or varies the chair's decision, or votes are declared invalid, the court may order us to hold another meeting or make such other order as it thinks just (rule 291(5) GIR14).

You also have the right to appeal to the court if you believe that the Administrators are acting/have acted/propose to act in a way which unfairly prejudices your interests (section 94(1) GIA11).

We recommend that you seek legal advice about the merits of taking these steps in any particular circumstances.

How do I calculate my claim for voting purposes?

Votes are calculated according to the amount of a Creditor's claim as at the date on which the Company entered Administration, less any payments that have been made to them after that date in respect of their claim (rule 286(4)(c) GIR14).

A Secured Creditor may vote only in respect of the balance, if any, of his debt after deducting the value of his security interest as estimated by him (rule 288(1) GIR14).

Special rules apply to the claims of owners of goods under a hire purchase or chattel leasing agreement, or the seller of goods under a conditional sale agreement - see rule 289 GIR14.

What majorities are needed to approve decisions/resolutions?

A decision to approve the Proposals or any modification to them is made by Creditors if more than 50% in value of those voting vote for the decision (rule 287(1) GIR14).

What happens if I cannot yet quantify my claim with certainty?

You can vote in respect of a debt for an unliquidated amount or any debt whose value is not ascertained, if the chair agrees to put on the debt an estimated minimum value for voting purposes and admits the claim for that purpose (rule 286(5)GIR14).

What should I do if I wish to propose an amendment to the Proposals

If you wish to propose an amendment to the Proposals you should contact the Administrators as soon as possible prior to the Creditors' meeting providing details of your proposed amendment.

An amendment to the Proposals can only be passed by the Creditors if:

- (a) The Administrators consent to the amendment in writing (rule 82(2)(a) GIR14); or
- (b) The Creditors meeting is adjourned for sufficient time for the Administrators to provide all Creditors with at least 2 business days notice of the venue of the adjourned meeting and the amended Proposal to be considered at the adjourned meeting (rule 83 GIR14).

Am I bound by the Administrators' Proposal if they are approved?

Our Proposals, when approved by the Creditors, will dictate how the Company's affairs will be conducted in future. For this reason, it is important that Creditors properly consider our Proposals and decide whether and how they wish to vote.