

05 August 2022

Joint Administrators' progress report for the period 11 December 2021 to 10 June 2022

Elite Insurance Company Limited – (in Administration)

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



Table of contents

Abbreviations and definitions	3
Key messages	6
Why we have sent you this report	6
How much Creditors may receive	6
Progress since our appointment and what is next	7
Run-off management	7
Compensation schemes	7
Portfolio updates	8
Key regulatory updates	9
Asset recoveries	9
Corporation tax, IPT and VAT	10
Stakeholder engagement	10
Other information	10
What we still need to do and next steps	11
Appendix A: Receipts and payments	13
Appendix B: Expenses	14
Appendix C: Remuneration update	15
Our hours and average rates	15
Our time charging policy and hourly rates	16
Our work in the Period	17
Our future work	19
Payments to associates	20
Disbursements	21
Our relationships	21
Legal and other professional firms	21
Appendix D: Other information	22

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

Abbreviations and definitions

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

Abbreviation or definition	Meaning
Accrued Liability	A liability agreed before the end of the validity of the relevant insurance policy
Administration	The Administration of Elite Insurance Company Limited
ATE	After the event insurance
Cedents/Reinsurance Creditors	Unsecured non-preferential creditors whose claims arise from being holders of policies of reinsurance issued by the Company
Company/Elite	Elite Insurance Company Limited (in Administration)
Court	The Supreme Court of Gibraltar
Creditors	Secured, Preferential and Unsecured creditors as a whole
DA ATE	Delegated authority – after the event insurance
Direct Insurance Creditors	Unsecured non-preferential creditors whose claims arise from being direct policyholders of the Company excluding Cedents
DO	A dommage ouvrage insurance policy taken out by French homeowners for building defects
EU	European Union
FCA	The UK Financial Conduct Authority
FGAO	Fonds de Garantie des Assurances Obligatoires de dommages (French compensation scheme fund for compulsory damage insurance)
FSICR	Financial Services (Insurance Companies) Regulations 2020
FSCS	UK Financial Services Compensation Scheme
GIA11	Gibraltar Insolvency Act 2011
GIR14	Gibraltar Insolvency Rules 2014
GFSC	Gibraltar Financial Services Commission
HMRC	UK HM Revenue and Customs
ICF	Irish Insurance Compensation Fund
IPT	Insurance Premium Tax
Joint Administrators/we/us/our	Edgar Lavarello of PricewaterhouseCoopers Limited Gibraltar and Dan Schwarzmann of PricewaterhouseCoopers LLP UK
Preferential Creditors	Creditors listed in section 2 of the Schedule GIR14, mainly relating to amounts due to employees, amounts deducted from employee remuneration, and amounts due to the Government of Gibraltar.
Period	11 December 2021 to 10 June 2022
Proposals	The Administrators' proposals for the Administration of Elite dated 9 February 2020
PwC	PricewaterhouseCoopers Limited Gibraltar and/or PricewaterhouseCoopers LLP UK
Quest	Quest Consulting (London) Limited (as Elite's run-off agent)
RB ATE	Rate Based – after the event insurance
RCD	A Responsabilité Civile Décennale insurance policy taken out by French property builders for building defects
SCA	Irish State Claims Agency
Secured Creditors	Creditors with security in respect of their debt

SDLT	Stamp Duty Land Tax
TRR	Temporary Run-Off Regime
Unsecured Creditors	Creditors who are neither Secured creditors nor Preferential creditors (including creditors by virtue of any insurance contract)
VAT	UK Value Added Tax

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

This report has not been prepared in contemplation of it being used, and it is not suitable to be used, to inform any investment decision in relation to the debt of or any financial investment in the Company.

Any estimated outcomes for Creditors included in this report are illustrative only and cannot be relied upon as guidance as to the actual outcome for Creditors.

Some reference is made in this report to occasions on which the Joint Administrators have consulted legal advisers. However, the Joint Administrators do not intend to waive any privilege that they have, or Elite has, in any legal advice.

Any persons choosing to rely on this report for any purpose or in any context other than under GIA11 and GIR14 do so at their own risk. To the fullest extent permitted by law, the Joint Administrators do not assume any liability in respect of this report to any such person.

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

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

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

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

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

Key messages

Why we have sent you this report

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

Creditors may wish to read this report in conjunction with our Proposals, which continue to be available on our website at: <https://www.pwc.co.uk/services/business-restructuring/administrations/elite-insurance/proposals.html>. The information in that report is not repeated here unless considered necessary or beneficial for the purposes of this update.

Earlier progress reports can be viewed on our website at:

<https://www.pwc.co.uk/services/business-restructuring/administrations/elite-insurance/progress-reports.html>.

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

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

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

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

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

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

How much Creditors may receive

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

Secured Creditors

We are not aware of any Secured Creditors.

Preferential Creditors

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

Unsecured Creditors

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

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

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

Progress since our appointment and what is next

This section deals with the key activities we have undertaken since our last report and what is next in the Administration.

Run-off management

Operations

Following their appointment as Elite's run-off manager in the previous period, Quest continued as the initial point of contact for the vast majority of Elite's claims handling. We also re-engaged with ACS Solutions, to continue dealing with French construction claims for a number of specific coverholders.

During the Period, in excess of 1,000 insurance claims were adjusted and closed, with an adjusted value of approximately £500,000 including fees as well as indemnity amounts. We continue to oversee Elite's complaints processes now administered by Quest, only dealing directly with customer complaints where necessary. During the Period, 24 new complaints were received, and 26 complaints were resolved.

Compensation schemes

The latest status in respect of compensation eligibility for policyholders is summarised below:

France

We continued to liaise with the FGAO to understand the impact of new legislation passed by the French parliament on 30 December 2021 providing retrospective compensation from the FGAO for DO policies in effect on or after 1 July 2018. As previously reported, the Joint Administrators disclaimed all French construction insurance policies provided by Elite in accordance with GIA11 with effect from (and including) 15 September 2020.

The FGAO have confirmed that beneficiaries of DO policies in effect on or after 1 July 2018 whose claims arose before 15 September 2020 policy may retrospectively benefit from the compensation scheme. Accordingly, the Joint Administrators will shortly be contacting policyholders whose claims were agreed by Elite before 15 September 2020 to progress their claims for agreement and payment by the FGAO. However, the Joint Administrators continue to liaise with the FGAO in respect of Creditors whose claims arose, but were not agreed, before the policies were disclaimed on 15 September 2020. Further updates will be provided in due course.

All other DO beneficiaries are entitled to bring a disclaimer damages claim against Elite. Claimants are required to mitigate their losses and should continue to seek to progress their claims with their RCD insurer in the first instance.

Greece

Quest has been corresponding with the Greek Auxiliary Fund, who provide compensation to injured parties in respect of bodily injury and/or material damage caused fully or partially by Elite's eligible motor policyholders. A payment process is being drafted and submissions are expected to begin in the second half of 2022, although the timing of any payments remains uncertain.

Ireland

We continue to liaise with the SCA regarding potential eligibility for compensation for Elite's Irish direct non-life policyholders. Any compensation payment made for eligible claims by the ICF is capped at 65% of the claim value or €825,000, whichever is lower. During the period the SCA concluded that Elite does not qualify to apply for payments to be made from the ICF. We are seeking to clarify with the SCA the reasons behind this decision and will communicate with those Irish policyholders who have outstanding claims thereafter.

UK

The FSCS continue to meet Elite's liability to eligible claimants for protected claims. Further details on FSCS protection can be found on the FSCS' website at [fscs.org.uk/what-we-cover/insurance](https://www.fscs.org.uk/what-we-cover/insurance) or in our previous reports.

During the Period, the FSCS paid £6.1m in respect of 159 eligible claims. This brings the total paid to £19.2m in respect of 3,665 eligible claims.

Portfolio updates

France

As previously reported, all French construction insurance policies were 'disclaimed', in other words, terminated, by the Joint Administrators in accordance with GIA11 with effect from (and including) 15 September 2020.

The Joint Administrators are working with the FGAO to facilitate payments for policyholders whose claims were agreed by Elite before 15 September 2020. Under GIA11, all policyholders and any other person whose rights are affected by the disclaimer can submit a claim in Elite's Administration for any loss or damage they suffered as a consequence of the disclaimer. The Joint Administrators continue to manage enquiries related to the French construction book in addition to claims submitted prior to 15 September 2020.

Further information can be found on our website at: <https://www.pwc.co.uk/services/business-restructuring/administrations/elite-insurance/latest-news-and-update/important-information-for-french-construction-policyholders.html>

UK

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

Building Guarantee

The Joint Administrators continued to progress their claim against the coverholder on this book. The claim is subject to a directions timetable to trial. The parties have, however, agreed to explore Alternative Dispute Resolution.

A recovery of £50k was received in the Period following the successful defence of a strike-out application made by the coverholder.

Stamp Duty Land Tax

During the Period, work commenced with the FSCS to understand the validity of Elite's SDLT policies. The FSCS confirmed that claims made under policies issued in relation to a SDLT mitigation planning insurance scheme are not eligible for FSCS protection. That is primarily because the FSCS has found these policies to be contrary to public policy and therefore void on the basis that the policies were "an integral and critical constituent component of schemes deliberately designed to facilitate tax avoidance". As such, the policies are unenforceable and no claims can be advanced under them.

The Joint Administrators are of the view that the public policy considerations identified by the FSCS would also prevent any claims under these policies from being successfully advanced against Elite. Accordingly, the Joint Administrators will decline any claims made under these policies. However, as a result of there being no cover provided under the policy, policyholders are entitled to a full return of the premium received by Elite in respect of these policies. Policyholders may therefore submit a claim for reimbursement of that premium and will be invited to do so in due course. The FSCS has confirmed that it will not compensate claims for return of premium.

Further information about this matter is available on the Administration website. [pwc.co.uk/services/business-restructuring/administrations/elite-insurance/latest-news-and-update/update-for-sdlit-policyholders.html](https://www.pwc.co.uk/services/business-restructuring/administrations/elite-insurance/latest-news-and-update/update-for-sdlit-policyholders.html).

Belgium

The Joint Administrators identified two "on risk" insurance policies in Belgium under which Elite was the insurer. These were both property completion guarantees held by a single policyholder.

During the Period, the Joint Administrators considered the options available for dealing with the two long-term policies and concluded that disclaiming them was the most appropriate course of action. The Joint Administrators exercised their power to disclaim these policies in accordance with GIA11 with effect from (and including) 20 April 2022. Policyholders and any other person whose rights are affected by the disclaimer can submit a claim in Elite's Administration for any loss or damage they suffered as a consequence of the disclaimer.

The Joint Administrators are not aware of any other insurance policies in Belgium that remain on risk.

Ireland

As outlined above, we continue to liaise with the SCA to understand whether compensation may be available for Irish direct non-life policyholders. The current strategy is to run-off the existing policies and policyholders should continue to submit claims against Elite in the usual way.

Italy

As previously reported, the Joint Administrators recovered some policyholder data and have been working to obtain further records from the main coverholder, Olimpia Agency S.P.A. These records have now been collected and we are in the process of setting up an inventory in order to determine which documents are required to pursue potential recoveries.

Claims activity for the surety bonds business and other Italian books remained relatively low and in line with expectations during the Period. The Joint Administrators currently anticipate continuing to run-off the Italian portfolio until an exit from the Administration is proposed and policyholders should continue to submit claims against Elite in the usual way.

Spain

Claims activity has remained relatively low and in line with expectations during the Period. The Joint Administrators currently anticipate continuing to run-off the Spanish portfolio until an exit from the Administration is proposed and policyholders should continue to submit claims against Elite in the usual way.

Claims notifications received for Elite's Spanish branch remain under review as we await responses from issuing coverholders. The Joint Administrators are seeking to recover Elite's records from one of these coverholders to facilitate the handling of these claims.

Key regulatory updates

Ireland

As previously reported, in accordance with the requirements in Ireland, the Joint Administrators are required by 31 July 2022 to submit an annual TRR Reporting Form to the Central Bank of Ireland as at 31 March 2022.

Italy

The Joint Administrators are required to submit to the Istituto per la Vigilanza sulle Assicurazioni an annual report illustrating their run-off plan and any updates. This submission was made before the 31 March 2022 deadline.

Treasury management

At the end of the Period the Company held funds of £36.7m, €5.7m and NZ\$1.7k with the majority of funds invested in money market deposits. The remaining balances are held in current accounts with Barclays Bank and HSBC to cover ongoing operating costs and business activities. We continue to monitor rates to ensure that the funds are invested to maximise interest earned whilst remaining in line with our treasury management policies covering such matters as counterparty credit risk and diversification.

Asset recoveries

Recoveries and Commutations

We have continued work to understand the likely value and potential recoverability of certain assets related to the commutation with Elite's major reinsurer. Additional consideration under the commutation may become due and any developments will be reported in future progress reports.

Reinsurance

We continued to liaise with reinsurance brokers in relation to a number of reinsurance arrangements to ensure the ongoing processing and collection of recoveries, and we continued discussions with a number of reinsurers to assess their appetite for seeking early finality in relation to the commutation of certain reinsurance arrangements. These efforts led to total recoveries in the Period of £779k. During the Period, a large solicitors' PI claim settled for £2.8m with reinsurance recoveries over 50% of the claim value being pursued.

DA ATE disclaimer and RB ATE recoveries

As previously reported, the Joint Administrators disclaimed Elite's ATE business with effect from 11 December 2020 apart from two rate-based policies. During the Period, the underlying litigation relating to one of these policies settled which is expected to lead to a recovery by Elite. Discussions are being held with the policyholder to recover the premium payable to Elite.

We continue to monitor progress on a further RB policy currently being assessed in court for quantum, where Elite has novated its exposure but retains a right to a share of any future premium.

ATE recoveries to date total c.£2.5m.

Subrogated claims and claims fund recoveries

Elite continued to pursue recoveries within European jurisdictions, resulting in recoveries of €155k from the French business, €143k from the Italian business and £137k from the UK business in the Period. This brings total claims recoveries to £691k and €2.6m to date.

During the Period, the Joint Administrators have also sought to recover funds held in an overseas bank account in the name of Elite. A demand has been issued to the liquidator of the former coverholder after legal advice supported Elite's rights to the balance held.

General recoveries

The Joint Administrators resolved a complex Italian tax matter which enabled recovery of €247k which had been held on account by Elite's former Italian fiscal agent. We continue to pursue a number of other potential asset recoveries in various jurisdictions and will provide updates in future progress reports.

Corporation tax, IPT and VAT

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

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

We have undertaken high-level analysis with respect to the tax implications of the closure of the branches and the winding down of the Company's affairs.

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

Stakeholder engagement

The Joint Administrators have ensured that key stakeholders have been apprised of progress made in a timely manner.

Regulatory engagement

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

Creditors' Committee

The Creditors' Committee met on 15 June 2022 during which an update was provided on general key case matters, exit plans and potential third party claims. The fees sub-committee met on 1 June 2022 during which costs for the period 1 January to 30 April 2022 were reviewed, and an update on the key focus areas for the remainder of 2022 was provided.

In addition to formal meetings, we continue to engage informally with the Creditors' Committee to discuss key issues and the progress of the Administration.

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

Other information

Communications

The Joint Administrators continue to use the website [pwc.co.uk/elite-insurance](https://www.pwc.co.uk/elite-insurance) as a means of delivering updates to policyholders and Creditors. Unless you advise us that you wish to receive communications by post, the website will be used as the main method of communication during the Administration. Due to the large number of European policyholders, key parts of the website are available in French and Italian and we continue to translate key documents into these languages.

We have regularly updated the Company website with relevant communications, press releases and frequently asked questions. During the Period we received c.2,900 website visits. We continue to respond to queries raised by policyholders and other stakeholders via our dedicated helplines or by email.

Directors' conduct and investigations

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

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

Our receipts and payments account

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

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

Administration expenses

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

Our fees

An update on our remuneration which covers our fees, disbursements and other related matters in this case is provided in Appendix C.

As previously reported, on 23 October 2020 the Creditors' Committee approved the following resolutions in accordance with section 464(1)(a) of GIA11, taking into consideration the principles set out in section 466 of GIA11 authorising the Joint Administrators to draw remuneration as follows:

- At the end of each month, approval to draw 75% of the post-Administration fees incurred for which fees have not already been drawn. 25% of these fees shall be deferred, subject to the point below; and
- After the declaration of a first distribution, approval to discuss with the Creditors' Committee the value of the work the Joint Administrators and their team have achieved, in order to establish whether all or a proportion of the deferred fees can be released. Please note, after the declaration date of the first distribution any unreleased fees may be released by the Creditors' Committee at any time.

Fees incurred since the start of the Administration total £14.3m. This includes deferred fees, at hourly rates agreed with the committee for Elite – which represent a discount on normal PwC rates, but incorporates a £0.3m write-off. This includes £1.7m of fees for the Period.

During the Period, fees of £1.6m were billed and paid covering 11 October 2021 to 31 March 2022 at 75% of Elite rates. Fees of £397k representing 75% of Elite rates, covering 1 April 2022 to 31 May 2022 were billed shortly after the Period ended.

Deferred fees for the Period in line with the resolutions dated 23 October 2020, total £428k. This brings the total deferred fees since the start of the Administration to £3.6m.

What we still need to do and next steps

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

- Ensuring policyholder claims are dealt with appropriately;
- Vigorously pursuing asset and other recoveries of the Company; and
- Considering the most appropriate exit mechanism from Administration with a view to maximising the return to Creditors at the earliest possible stage taking into account any tax or further costs implications.

We expect to send our next report to Creditors in about six months. If you have any questions, please get in touch by email at uk_elite@pwc.com

Yours faithfully



For and on behalf of the Company
Edgar Lavarello
Joint Administrator

Edgar Lavarello of PricewaterhouseCoopers Limited Gibraltar and Dan Schwarzmann of PricewaterhouseCoopers LLP (together the "Administrators") have been appointed as joint administrators by the Supreme Court in Gibraltar to manage the affairs, business and property of Elite Insurance Company Limited (the "Company"). The Administrators act as agents of the Company only and without personal liability.

Edgar Lavarello is authorised to act as an insolvency practitioner by the Gibraltar Financial Services Commission in Gibraltar (IP Licence Number FSC 0892 FSA). Dan Schwarzmann is authorised to act as an insolvency practitioner by the Institute of Chartered Accountants in England and Wales in England (IP Licence number 8912). They are bound by the Insolvency Code of Ethics which can be found at: <https://www.gov.uk/government/publications/insolvency-practitioner-code-of-ethics>

The Company is authorised and regulated by the Gibraltar Financial Services Commission. Registered office: c/o PricewaterhouseCoopers Limited, 327 Main St, GX11 1AA, Gibraltar. The Administrators may act as Data Controllers of personal data as defined by the General Data Protection Regulation 2016/679 and any applicable English and Gibraltar data protection laws (as applicable), depending upon the specific processing activities undertaken. PricewaterhouseCoopers LLP and PricewaterhouseCoopers Limited Gibraltar may act as a data processor on the instructions of the Administrators. Personal data will be kept secure and processed only for matters relating to the Administrators' appointment. Further details are available in the privacy statement on the pwc.co.uk website or by contacting the Administrators.

Appendix A: Receipts and payments

	As at 10 June 2022			As at 10 June 2022 Total GBP equivalent	Movements from 11 December 2021 to 10 June 2022 (GBP Equivalent)	As at 10 December 2021 (GBP equivalent) RESTATEd at 10 June 2022 exchange rate	As at 10 December 2021 GBP equivalent
	GBP	EUR	NZD				
Receipts (uncharged)							
Cash at bank	12,237,028	5,612,089	0	17,025,500	0	17,025,500	17,032,456
Claim recoveries	690,043	1,710,301	0	2,149,344	377,941	1,771,403	1,773,172*
Interest	78,984	0	1,736	79,879	46,977	32,902	32,899
Investments and Shares	979,711	17,375	0	994,536	0	994,536	994,557
Gross Premium — ATE Premium	2,461,113	826,975	0	3,166,723	2,234	3,164,489	3,165,514*
Sundry Debts and Refunds	65,988	5,000	0	70,254	50,000	20,254	20,260
Tax/Insurance/Other refunds	0	390,583	0	333,262	210,342	122,920	123,099
Insurance recoveries	833,806	15,174	0	846,753	12,947	833,806	833,806
Reinsurance recoveries	39,726,808	76,328	0	39,791,934	779,097	39,012,837	39,012,932
Receipts total	57,073,481	8,653,825	1,736	64,458,185	1,479,538	62,978,647	62,988,695
Payments							
Office holders' fees	10,250,131	0	0	10,250,131	1,589,028	8,661,103	8,661,103
Office holders' expenses	8,483	0	0	8,483	3,427	5,056	5,056
Pre-administration Office holder's fees	282,910	0	0	282,910	0	282,910	282,910
Pre-administration Office holder's expenses	2,225	0	0	2,225	0	2,225	2,225
Run-off services	3,005,561	0	0	3,005,561	319,353	2,686,208	2,686,208
Claims handling expenses	560,572	1,164,526	0	1,554,195	213,833	1,340,362	1,341,567
Professional fees	44,685	226,617	0	238,044	38,053	199,991	200,219
Printing, stationery and postage	191,440	21,925	0	210,147	8,268	201,879	201,902
Legal fees and expenses	4,778,134	1,104,114	0	5,720,210	699,812	5,020,398	5,021,575
Statutory advertising	65,419	0	0	65,419	0	65,419	65,419
Taxation costs	283,206	391,374	0	617,143	1,463	615,680	616,165
Irrecoverable VAT	827,333	11,201	0	836,890	62,272	774,618	774,635
Bank charges	24,200	7,857	0	30,904	719	30,184	30,192
Storage costs	4,968	8,202	0	11,966	7,864	4,102	4,102
Payments total	20,329,267	2,935,816	0	22,834,228	2,944,093	19,890,135	19,893,278
NET POSITION	36,744,214	5,718,009	1,736	41,623,957	-1,464,555	43,088,512	43,095,417

*A recovery has been re-categorised since the previous report.

Made up as follows	GBP	EUR	NZD	As at 10 June 2022 Total GBP equivalent	Exchange rates – (Bank of England)
Barclays UK	198,862	5,718,009	1,736	5,078,604	10 June 2022 £1 to Eur 1.1720
HSBC UK (interest bearing)	6,184			6,184	10 December 2021 £1 to Eur 1.1703
Money Market Deposits (interest bearing)	36,539,169			36,539,169	10 June 2022 £1 to NZD 1.9397
	36,744,214	5,718,009	1,736	41,623,957	10 December 2021 £1 to NZD 1.9669

Appendix B: Expenses

The following table provides details of our expenses. Expenses are amounts properly payable by us as Joint Administrators from the estate and includes our fees but excludes distributions to Creditors. The table also excludes future potential tax liabilities that we may need to pay as an Administration expense because amounts becoming due will depend on the position at the end of the tax accounting period. The table should be read in conjunction with the receipts and payments account at Appendix A, which shows expenses actually paid during the Period and the total paid to date.

Nature of expenses	GBP	EUR
	Incurring in the Period (£)	Incurring in the Period (€)
Run-off services	104,270	0
Claims handling expenses	44,074	159,138
Professional fees	1,539	63,520
Printing, stationery and postage	5,400	3,362
Legal fees and expenses	579,834	188,791
Statutory advertising	0	0
Taxation costs	1,463	0
Bank charges	65	836
Office holders' fees	1,712,539*	0
Office holders' disbursements	6,002	0
Storage Costs	723	2,202
Irrecoverable VAT	64,207	0
Total expenses	2,520,116	417,849

*This represents 100% of fees.

Appendix C: Remuneration update

On 23 October 2020 the Creditors' Committee approved resolutions authorising the Joint Administrators to draw remuneration on the basis mentioned earlier in the report.

Our hours and average rates

The time cost charges incurred in the Period total £1.7m. This is 3,252 hours at an average hourly rate of £515.

The table below shows a breakdown of this.

	Period Total								Total from 11 December 2019 to 10 June 2022		
	Partner	Director	Senior Manager	Manager	Senior Associate	Associate/ Other	Offshore Professionals	Hours	Total Cost (£)	Hours	Total Cost (£)
Accounting & Treasury	-	637	8,261	15,221	26,702	13,366	14,637	260	78,824	2,057	752,432
Assets	887	4,104	67,097	-	6,695	4,192	-	143	82,975	5,085	2,559,322
Claims	-	29,917	269,188	78,867	104,228	34,160	5,013	967	521,373	2,081	1,126,397
Closure Procedures	-	26,735	35,429	-	1,615	-	-	90	63,779	179	121,009
Creditors	6,763	6,047	1,155	16,169	4,783	1,504	14,615	156	51,036	1,614	539,713
Reporting	-	13,537	94,300	7,185	33,908	18,725	223	318	167,878	615	321,598
Run-off management	-	32,937	69,912	25,820	63,087	1,555	-	410	193,311	7,071	3,787,419
Statutory & compliance	2,188	10,185	109	20,901	723	106	-	77	34,212	2,832	1,362,616
Strategy & planning	46,228	45,120	153,697	20,659	54,731	24,634	-	554	345,069	4,083	2,368,776
Tax & VAT	10,988	22,443	75,563	45,346	9,454	976	9,312	276	174,082	2,641	1,704,070
Total for the Period	67,054	191,662	774,711	230,168	305,926	99,218	43,800	3,251	1,712,539	28,258	14,643,352
Average hourly rate (£)	1,062	806	671	529	379	262	219	-	515		541
Fees incurred and written off from a prior period											313,948
Total fees*											14,329,404

*These represent 100% of fees.

Our time charging policy and hourly rates

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

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

In common with many professional firms, our scale rates may rise to cover inflationary cost increases. All increases will be subject to agreement by the Creditors' Committee.

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

From 1 July 2021*			
Grade	Rate – UK, £/hour	Rate – Gibraltar, £/hour	UK Bespoke Rate, £/hour (maximum)
Partner	994	796	1,613
Director	874	637	1,393
Senior Manager	661	440	1,369
Manager	574	350	822
Senior Associate	475	212	610
Associate	295	106	324
Other	153	N/a	180
Offshore professionals	223	N/a	223

*These are our agreed rates at 100%, with 25% remaining at the discretion of the Committee as mentioned above in the report.

Our work in the Period

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

Area of work	Work undertaken	Why the work was necessary	What, if any, financial benefit the work provided to Creditors OR whether it was required by statute
Accounting and Treasury	<ul style="list-style-type: none"> Processing all incoming funds via the Administrators' accounting system in order to ensure consistency of coding and clarity of reporting. Preparing and updating cash flow reporting. Processing payments, including review and approval by senior case staff. Producing and reviewing monthly bank reconciliations. Cash management using multiple bank accounts and money market deposits. 	To manage the Company's bank accounts	<p>Ensures proper management of the funds held</p> <p>Maximise interest received and minimise interest paid commensurate with appropriate risk tolerances</p>
Assets	<ul style="list-style-type: none"> Pursuing recoveries including reinsurance recoveries, premiums, claims funds and other assets. Investigating the position and potential outcome of recovery from debtors in insolvency procedures. Negotiating with debtors. Reviewing the position of assets pending assignment subject to the major commutation. 	To ensure returns to the Creditors are maximised	Realise funds for the benefit of Creditors
Claims	<ul style="list-style-type: none"> Leading negotiations for a number of large value claims. Ensuring claims are agreed efficiently and at an appropriate value. Dialogue with the FGAO regarding availability of compensation to beneficiaries of DO policies. Liaison with the FSCS and updating our website regarding the position with SDLT policies. Disclaimer of remaining two policies identified as being on-risk in Belgium. Further work to recover policyholder data from a major Italian coverholder. Dealing with complaints escalated to the Joint Administrators. 	To ensure returns to the Creditors are maximised	Maximising funds for the benefit of Creditors
Closure	<ul style="list-style-type: none"> Meetings with legal, actuarial and tax advisors, and key stakeholders to consider implications of different strategic and exit options from Administration. 		
Creditors	<ul style="list-style-type: none"> Liaising with Creditors and policyholders in various European jurisdictions regarding individual queries. Providing timely website updates. 	To keep the Creditors informed	Work done in anticipation of returning funds to Creditors
Reporting	<ul style="list-style-type: none"> Preparing for and attending meetings with the Creditors' Committee and the Fees subcommittee. 		

	<ul style="list-style-type: none"> • Preparing and issuing all statutory documents, notices and reports as required. • Liaising with the relevant regulators and third-party stakeholders, including the Creditors' Committee and observers. 		
Run-off management supervision	<ul style="list-style-type: none"> • Regular meetings with Quest to discuss key issues, budgets, operational matters. • Monitoring and providing feedback on performance and management information supplied. • Regular meetings and discussions with members of the Quest claims handling team. • Review and agree costs and budget including supporting evidence. provided by the Run-off Manager. • Agreement of updated claims handling protocols with Quest • Re-negotiation and execution of French claims handling contracts with ACS. 	To ensure claimants are treated fairly and in line with best practice	Ensuring service levels are maintained for Elite policyholders
Statutory and compliance	<ul style="list-style-type: none"> • Officeholder oversight. • Reviewing Company books and records. • Managing internal case, filing and accounting systems. • Maintaining our records, preparing file notes, filing relevant letters, emails and supporting documentation. • Compliance activities such as Anti Money Laundering checks, sanctions screening and information handling protocol. 	To comply with statutory obligations	Required by statute / regulation
Strategy and planning	<ul style="list-style-type: none"> • Refining strategy and progress toward the objectives of the Administration, an indicative timeline, and key milestones. • Evaluating strategic options to be implemented in order to achieve the objectives of the Administration. • Discussions with third-parties to assess the Company's affairs including the events and circumstances leading up to the Company's administration. • Conducting case reviews every six months. 	To ensure case progression and monitor costs	Ensures orderly progression of case and cost management
Tax and VAT	<ul style="list-style-type: none"> • Ongoing work to understand post appointment liabilities in various jurisdictions. • Ongoing work with several specialists to best understand the tax residency of the Company. • Continued investigation into potential tax related recoveries in different European jurisdictions. • Ongoing consideration of tax compliance matters in all territories the Company operated in. • Submission of various tax returns in the UK and Italy. 	To comply with statutory obligations	Required by statute and ensures the appropriate payment of corporation and other taxes, for the benefit of Creditors

Our future work

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

Area of work	Our Future work	What, if any, financial benefit the work provided to Creditors OR whether it is required by statute
Accounting and treasury	<ul style="list-style-type: none"> • Bank reconciliations. • Cash management. • Currency hedging analysis. • Accounting for payments and receipts into the case bank accounts. • Processing payments. • Dealing with unbanked dividend cheques. 	Ensures proper management of the funds held
Assets	<ul style="list-style-type: none"> • Managing the remaining two active cases under the RB ATE and DA ATE businesses. • Analysing Company records and pursuing recoveries including reinsurance recoveries, premiums, claims funds and other assets. • Corresponding with reinsurance debtors regarding settlements following case by case cost benefit analysis. • Resolving the position on assets pending assignment subject to the major commutation. 	Realise funds for the benefit of Creditors
Claims	<ul style="list-style-type: none"> • Ensuring claims are agreed efficiently and at an appropriate value. • Reviewing and responding to referrals from Quest claims handlers and approving actions with respect to large value, litigated claims or claims recoveries from third-parties. • Continuing to negotiate large value claims. • Ongoing management of claims following the disclaimers of various books of business. • Reviewing payments and supporting evidence in relation to FSCS eligible policyholders. • Liaising with the FGAO regarding compensation for Elite's French DO policyholders. • Progressing work to confirm availability of compensation for Elite's Irish policyholders. • Submission of claims from eligible Greek policyholders to the Greek Auxiliary Fund. • Overseeing complaints handling. • Adjudication of claims. 	Maximising funds for the benefit of Creditors
Closure	<ul style="list-style-type: none"> • Preparation for and implementation of a plan for exit from Administration. • Establish and implement an effective claims handling and valuation system. • Liaise with the Gibraltar Court and GFSC to ensure compliance during exiting an Administration. • Obtaining clearances for closure. • Closure procedures. • Winding down the Company's affairs generally. 	Required by statute, ensures all administration matters have been dealt with
Creditors	<ul style="list-style-type: none"> • Liaising with Creditors. • Responding to queries from Direct Insurance Creditors. • Maintaining an estimated outcome statement. • Preparation and payment of dividends. 	Work done in anticipation of returning funds to Creditors

Reporting	<ul style="list-style-type: none"> • Preparing and circulating six monthly progress reports to Creditors. • Ongoing regular communications with the Creditors' Committee and Fees sub-committee. • Ongoing communications with key stakeholders. 	Required by statute / regulation
Run-off management supervision	<ul style="list-style-type: none"> • Monitoring Quest performance against budget. • Quarterly meetings to discuss performance and Management Information. • Maintain operating protocols. • Negotiation of a further run-off management agreement and other claims handling agreements ahead of their expiries. 	Ensuring service levels are maintained for Elite policyholders
Statutory and compliance	<ul style="list-style-type: none"> • Complying with statutory filing requirements. 	Required by statute / regulation
Strategy and planning	<ul style="list-style-type: none"> • Continue to investigate suitable strategies for the remaining books of business. • Complete our Investigations into possible exit mechanisms from the Administration. • Effect agreed exit plans. • Ongoing contract negotiations with suppliers in several jurisdictions. • Continuing correspondence with various third parties to assess the Company's affairs including the events and circumstances leading up to the Company's administration and determine whether any further actions are required. 	Ensures orderly progression of case and cost management
Tax and VAT	<ul style="list-style-type: none"> • Completing tax returns. • Obtaining tax clearance from HMRC/the appropriate tax authorities. • Pursuing tax recoveries. 	Required by statute and ensures the appropriate payment of corporation and other taxes, for the benefit of Creditors

Payments to associates

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

Service provided	Name of firm / organisation	Jurisdiction	Basis of fees	Amount incurred (€)
Legal and Professional Services	PwC Legal SARL	Luxembourg	Time costs and disbursements	1,217
Professional Services	PricewaterhouseCoopers Advisory SpA	Italy	Time costs and disbursements	39,013
Tax and Regulatory	Landwell — PricewaterhouseCoopers Tax & Legal Services, S.L.	Spain	Time costs and disbursements	12,256

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

Disbursements

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

Disbursements totalling £6,002 were incurred in the Period relating to the below categories.

Category	Amount incurred (£)
Travel expenses	266
Archiving costs	872
Advertising costs	4,356
Postage & other	508
Total	6,002

Our relationships

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

Legal and other professional firms

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

Service provided	Name of firm / organisation	Reason selected	Basis of fees
<ul style="list-style-type: none">Legal services, including:<ul style="list-style-type: none">Assistance when dealing with and concluding claimsCosts incurred when recovering money in relation to claims	<ul style="list-style-type: none">A and L GoodbodyBerrymans Lace Mawer LLPBryan Cave Leighton Paisner LLPClifford Chance LLPCMS Adonnino Ascoli & Cavasola ScamoniDa Ros AssociatesFreshfields Bruckhaus Deringer LLPGeoffrey BarthelemyHassans International Law Firm LimitedJean-Baptiste MeyrierKennedys Law LLPKiejman & MarembertMaitre Melina PedrolettiTriay LawyersStudio Legale Avv. Michele TavazziSCP L. Poulet-OdentUnalome Legal Sarl	<ul style="list-style-type: none">Industry knowledgeInsolvency expertiseJurisdictional expertise	<ul style="list-style-type: none">Time costs and disbursements
<ul style="list-style-type: none">Agent/Claims handling	<ul style="list-style-type: none">ACS SolutionsAll Risks Underwriting AgencyMarley Risk ConsultantsQuest Consulting (London) LimitedWoodgate and Clark Limited	<ul style="list-style-type: none">Policyholder knowledgeClaims handling experience	<ul style="list-style-type: none">Time costs and disbursements

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

Appendix D: Other information

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



© 2022 PricewaterhouseCoopers LLP. All rights reserved. 'PwC' refers to PricewaterhouseCoopers Limited Gibraltar and/or PricewaterhouseCoopers LLP UK, and may sometimes refer to the PwC network. Each member firm is a separate legal entity. Please see www.pwc.com/structure for further details.