

05 August 2020

# Joint Administrators' progress report from 11 December 2019 to 10 June 2020

Elite Insurance Company Limited – (in Administration)

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



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Further information on the Administration can be found at [www.pwc.co.uk/elite-insurance](http://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
<b>Administration</b>	The Administration of Elite Insurance Company Limited
<b>Joint Administrators/we/us/our</b>	Edgar Lavarello of PricewaterhouseCoopers Limited Gibraltar and Dan Schwarzmann of PricewaterhouseCoopers LLP
<b>Armour</b>	Armour Risk Management Limited (as Elite's run-off agent)
<b>Armour Group</b>	Armour Group Limited
<b>ATE</b>	After the event insurance product
<b>CBLI</b>	CBL Insurance Limited (in Liquidation)
<b>Cedents/Reinsurance Creditors</b>	Unsecured non-preferential creditors whose claims arise from being holders of policies of reinsurance issued by the Company
<b>Company/Elite</b>	Elite Insurance Company Limited (in Administration)
<b>Court</b>	The Supreme Court of Gibraltar
<b>Creditors</b>	Secured, Preferential and Unsecured Creditors as a whole
<b>DA ATE</b>	Delegated Authority - After the event insurance product
<b>Direct Insurance Creditors</b>	Unsecured non-preferential creditors whose claims arise from being direct policyholders of the Company excluding Cedents
<b>DO</b>	A Dommage Ouvrage insurance policy taken out by French homeowners for building defects
<b>EY</b>	Ernst & Young LLP
<b>FSICR</b>	Financial Services (Insurance Companies) Regulations 2020
<b>FSCS</b>	UK Financial Services Compensation Scheme
<b>GAP</b>	Guaranteed Asset Protection
<b>GIA11</b>	Gibraltar Insolvency Act 2011
<b>GIR14</b>	Gibraltar Insolvency Rules 2014
<b>GFSC</b>	Gibraltar Financial Services Commission
<b>Gunnary</b>	Gunnary Limited as 100% shareholder of Elite.
<b>HMRC</b>	HM Revenue and Customs
<b>IPT</b>	Insurance Premium Tax
<b>Liquidation</b>	Compulsory Liquidation and / or Creditors' Voluntary Liquidation
<b>Preferential Creditors</b>	Creditors listed in section 2 of the Schedule GIR14, mainly relating to amounts due to employees or deducted from employee remuneration
<b>Period</b>	This report relates to the Period 11 December 2019 to 10 June 2020

<b>Proposals</b>	The Administrators' proposals for the Administration of Elite dated 9 February 2020
<b>PwC</b>	PricewaterhouseCoopers LLP and/or PricewaterhouseCoopers Limited Gibraltar
<b>RB ATE</b>	Rate Based - After the event insurance product
<b>Secured Creditor</b>	A creditor with security in respect of their debt
<b>SIP</b>	Statement of Insolvency Practice. SIPs are issued to insolvency practitioners under procedures agreed between the insolvency regulatory authorities. SIPs set out principles and key compliance standards with which insolvency practitioners are required to comply
<b>SIP 2</b>	Statement of Insolvency Practice 2: Investigations by office holders in administrations and insolvent liquidations
<b>SIP 9</b>	Statement of Insolvency Practice 9: Payments to insolvency office holders and their associates
<b>SIP 13</b>	Statement of Insolvency Practice 13: Disposal of assets to connected parties in an insolvency process
<b>SoA</b>	Statement of Affairs
<b>Unsecured Creditors</b>	Creditors who are neither secured nor preferential (includes creditors by virtue of any insurance contract)
<b>VAT</b>	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 or Elite has in any legal advice.

Any persons choosing to rely on the Progress 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 Progress 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, which can be found at [www.pwc.co.uk/elite-insurance](http://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 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 0001 IPA). 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 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. 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 statement on the [www.pwc.co.uk](http://www.pwc.co.uk) website or by contacting the Joint Administrators.

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 Financial Conduct Authority for designated investment business.

# Key messages

## Why have we sent you this report?

The Company was placed into Administration on 11 December 2019 and Edgar Lavarello and Dan Schwarzmann were appointed as Joint Administrators by the Court in accordance with GIA11 and GIR14.

We are writing to update you on the progress of the administration of the Company in the first six months following our appointment on 11 December 2019.

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

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

UK and other: [Elite-insurance.uk@armourrisk.com](mailto:Elite-insurance.uk@armourrisk.com) or +44 (0)207 129 8147

France: [Elite-insurance.fr@armourrisk.com](mailto:Elite-insurance.fr@armourrisk.com) or +44 (0)207 129 8661

Italy: [Elite-insurance.it@armourrisk.com](mailto:Elite-insurance.it@armourrisk.com) or +44 (0)207 129 8663

Or write to: Elite Insurance Company Limited (in Administration), c/o Armour Risk Management Limited, 20 Old Broad Street, London, EC2N 1DP, United Kingdom.

## 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. Elite is a complex case and it is early in the Administration. Consequently, there are still a number of material uncertainties which may cause the current assumptions underpinning the conclusions 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. If you believe you are a Secured Creditor, please contact the Administrators immediately.

### 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. If there are any Preferential Creditors, we would expect them to recover their claims in full.

### Unsecured creditors

Direct Insurance Creditors rank ahead of all other Unsecured Creditors except Preferential Creditors by virtue of FSICR.

The ultimate outcome for Unsecured creditors will depend on a number of variable factors where considerable uncertainty currently exists. Our strategy for the Administration will seek to reduce this uncertainty 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.

# Circumstances leading to our appointment and initial activity

## Background

Creditors are reminded that we provided detailed information on the background to the Company, the circumstances leading to our Appointment and our proposed strategy for the Administration in our Proposals. This document is available on the Company Website - [www.pwc.co.uk/elite-insurance](http://www.pwc.co.uk/elite-insurance). For completeness a summary of the circumstances leading to our appointment is provided below.

- Elite was established in Gibraltar in 2004 to offer insurance products in both the commercial and retail markets across Europe.
- The Company was a specialist in ATE legal expense insurance and also issued a wide range of policy covers including French construction, Italian and Spanish surety bonds, Greek, Irish and UK motor, UK and Irish professional indemnity and UK warranty policies. A significant proportion of the insurance business underwritten by Elite was reinsured by CBLI.
- Elite was authorised to carry out business in Belgium, France, Germany, Greece, Ireland, Italy, Luxembourg, Malta, Netherlands, Norway, Portugal, Romania, Spain, Jersey and the UK. An initial review suggested that the Company had approximately 931,000 policyholders across these countries. The accuracy of this data is uncertain and is subject to ongoing validation checks.
- On 4 July 2017, due to regulatory concerns Elite ceased to be authorised to enter into new, or to renew existing, contracts of insurance and entered into run-off. As part of Elite entering into run-off, it was required to produce a run-off plan, which it delivered to the GFSC on 18 July 2017 supported by declarations of solvency sworn by Elite's then directors.
- In parallel with the run-off plan, Elite's shareholders conducted a sale process with a view to selling the business. Following the conclusion of the sale process, Elite was acquired by Gunnary as part of an investor group led by Armour Group in January 2018. Armour, an affiliate of Armour Group, took over operational management of Elite's run-off as part of the change of control.
- Shortly after the acquisition, in February 2018, Elite's major reinsurer, CBLI, entered provisional liquidation before entering compulsory liquidation in November 2018. This event contributed to Elite being in breach of its minimum capital requirements. In January 2019, following ongoing liaison with the GFSC, Elite proposed to implement a solvent scheme of arrangement and obtained approval to move forward with the proposal from the Court. During 2019 the directors commissioned a further independent actuarial reserve review by EY and continued to closely review Elite's insurance assets.
- As a result of the reserve review and other adjustments to the balance sheet, the board concluded that the Company did not have sufficient assets to meet its liabilities and was insolvent on a balance sheet basis. The directors made an application to place the Company into Administration and this was approved by the Court on 11 December 2019 with Edgar Lavarello and Dan Schwarzmann appointed as Joint Administrators.

## Initial activity

Immediately on our appointment, we secured and took control of the Company's business and assets, which included the following steps:

- Retaining Armour to ensure that the conduct of the run-off remains orderly with minimal disruption to creditors.

- Securing the cash and investments of Elite held in various jurisdictions.
- Liaising with key brokers, intermediaries, agents and coverholders who had placed business with Elite and who managed policyholders' claims in various countries.
- Liaising with relevant regulatory authorities.
- Commencing a strategy of identifying and realising outstanding premium and claims recoveries due to Elite.
- Engaging with the FSCS to discuss any potential compensation available to UK policyholders.
- Interacting with the relevant authorities and confirming that there were no relevant applicable compensation schemes available for French and Italian policyholders.
- Conducting an analysis of possible policyholder protection for the Company's policyholders in other European jurisdictions.
- Establishing a website for communication to policyholders and stakeholders and advertising notice of the Administration in the press in relevant jurisdictions.
- Commencing an initial review of Elite's insurance portfolios to consider potential strategic options.



# Progress since our appointment and what is next

This section of the document deals with the key activities we have undertaken since our appointment and what is next in the Administration.

## Elite's insurance products

Based on our review of the Company's available records, it appears that Elite has approximately 931,000 policyholders across a number of European countries, as summarised below. A very significant proportion of Elite's business was written via coverholders meaning that in many cases the Company's records do not include complete policyholder details. As a result, the accuracy of the data available to the Company is uncertain and is subject to ongoing validation checks through our interaction with Elite's coverholders, intermediaries and agents.

### United Kingdom

There are approximately 860,000 policyholders, mostly related to ATE insurance policies placed via delegated authorities, construction related policies, motor, professional indemnity and other warranty type products produced via a series of coverholders. Additionally, there is a small portfolio of large rate based ATE policies, which relate to complex litigation cases.

### France

Further to the Joint Administrators' initial review of the French Business, a comprehensive analysis was undertaken which highlighted that there are approximately 60,000 policyholders which are mostly latent defect construction insurance policies that have a ten-year exposure Period. The French business was dominated by two coverholders that are now themselves in liquidation. This has contributed to the lack of complete and accurate policyholder information in this jurisdiction.

### Italy

There are approximately 10,000 policyholders most of which have been issued with bonds, municipality public liability or professional indemnity policies.

Our Proposals noted that some Italian bonds may not constitute insurance contracts. We have now substantially concluded our review of the Italian bond business. Based on the contracts that have been reviewed to date we believe that Italian bonds will be classified as insurance contracts and such bondholders will be treated as insurance creditors for the purposes of the ranking of claims and any future distributions.

### Other jurisdictions

There are approximately 1,000 policyholders across Belgium, Germany, Greece, Ireland, Luxembourg, Malta, Netherlands, Norway, Portugal, Romania, Spain and Jersey who were issued bonds, motor or construction insurance policies.

All policyholders should consider their position carefully and take appropriate advice before seeking to exercise any rights of cancellation that they might have.

## Compensation schemes

As mentioned above and covered in detail in our Proposals one of our key initial activities was to establish if any compensation schemes would be triggered by Elite's insolvency in relevant jurisdictions. The latest status in respect of compensation eligibility is summarised below:

## United Kingdom

Following the Joint Administrators' interactions with the FSCS, the FSCS are expecting to protect most UK policyholders meeting their eligibility rules.

The FSCS will meet Elite's liability for claims in full, with no limit (subject to policy terms where they are applicable), for UK compulsory insurance in the instances of third party motor and employers' liability. The FSCS will also cover Elite's liability in respect of solicitors' professional indemnity claims at 100% without limit (subject to policy terms).

For all other insurance, with certain exceptions, cover will be at 90% of Elite's liability. It is a condition of receiving compensation that the FSCS takes an assignment of the policyholder's rights against Elite. Where applicable, policyholders will have to bear the 10% not covered by the FSCS as well as any excess under the policy.

The FSCS is geared towards protecting policyholders who are private individuals, small businesses or partnerships. Generally, firms with an annual turnover of more than £1m will not be eligible; neither will policyholders who are themselves authorised financial services firms. However, for general contracts of insurance that are compulsory, usually all firms are eligible, regardless of size or authorisation status. Further details can be found on the FSCS website at [fscs.org.uk/what-we-cover/insurance](https://fscs.org.uk/what-we-cover/insurance).

The Joint Administrators have worked closely with the FSCS in determining policyholder eligibility and with the FSCS and Armour in implementing a process whereby agreed eligible claims are submitted to the FSCS for settlement. During the Period, the FSCS made payments to 190 eligible UK policyholders totalling c.£6.9m.

## France

We can confirm that there is no compensation protection available to Elite's French policyholders. As there is no compensation scheme available, French holders of DO policies are encouraged to consider taking their claims to the responsible contractor(s) or the contractors' insurers as this may enable them to achieve settlement of their claims far earlier and in full.

## Italy

The Joint Administrators have liaised with the relevant authorities and can confirm that there is no relevant compensation protection available to Elite's Italian policyholders. Policyholders should seek their own advice in this regard.

## Ireland

The Joint Administrators have corresponded directly with the State Claims Agency (which reports into the Central Bank of Ireland) regarding potential eligibility to their compensation fund for Elite's Irish policyholders and continue to explore this possibility.

## Greece

The Joint Administrators note that a compensation fund is available for Greek policyholders. We have had initial discussions with the third party claims administrator in Greece and continue conversations regarding the applicability of the Greek motor compensation fund.

## Other jurisdictions

Investigations are ongoing in respect of policyholder protection for the Company's policyholders in other European countries but at the present time the Joint Administrators do not expect any further compensation schemes to be available to Elite's policyholders.

## Brokers and agents

As outlined in the Proposals, from the date of appointment all authority for brokers, intermediaries, agents and coverholders to account on a net basis with Elite was withdrawn. All accounting involving Elite should be on a principal to principal basis. There should be no netting off of sums of any nature collected on behalf of Elite against payments due from Elite to any other policyholders or any other creditors of any nature with whom brokers, intermediaries, agents and coverholders do business, whether in respect of claims, premiums, expenses or otherwise. Accordingly, brokers,

intermediaries, agents and coverholders who have collected reinsurance or other amounts on behalf of the Company, including premiums, should remit these to us in full immediately.

## Run-off Management

### Operations

Following our appointment, we worked closely with Armour staff to understand the operating position of Elite and how this would be impacted by the Administration. We examined the existing policies and procedures in place and implemented new working processes and protocols to ensure that any disruption to business as usual, in particular claims agreement, was minimised.

Armour remains the initial point of contact for the vast majority of Elite's claims handling. A specialist outsourcer, ACS Solutions, is being retained to continue to deal with French construction claims through a number of specific coverholders. The Joint Administrators have worked closely with Armour's claims team regarding claim strategies and providing technical insolvency guidance on claims issues. During the Period, in excess of 2,500 insurance claims were adjusted and closed, representing a value of approximately £7.2m and €2m (including fees as well as indemnity amounts).

We have also worked closely with Armour, providing guidance to coverholders regarding the process for communicating with policyholders in respect of the implications of the Administration. We have overseen Elite's complaints processes administered by Armour and implemented appropriate escalation procedures to deal with customer complaints. Approximately 90 complaints were closed during the Period.

Following our appointment as Joint Administrators, a number of Elite's suppliers ceased providing their services. As a result, we have had to manage various supplier arrangements, in particular regarding the provision of legal services to ensure where required, that Elite retains continuity of service or puts in place arrangements to protect creditors' interests.

### Strategic review of Elite's business

During the Period, we have worked with Armour and our legal advisers to review a number of Elite's most significant portfolios in order to begin to investigate the most appropriate strategy for managing the run-off of each book of business.

#### French Business

The French construction insurance contracts are the largest element of Elite's portfolio, representing approximately 70% of Elite's total reserves.

There were over 10,000 open claims in the French construction business when Elite entered Administration. The underlying business has an exposure of up to 10 years, so it is likely to receive large volumes of claims until 2027 and incur significant claims handling costs.

During the Period, the Joint Administrators have been investigating various options for the French construction portfolio, although none of these are options under which policyholders' claims would be likely to be paid in full or paid in the near future. The Joint Administrators expect to conclude their review in the near future and will notify policyholders of any relevant information in due course.

As previously mentioned, French policyholders are not entitled to compensation under the French compensation scheme. However, there are alternative sources of recovery available to some policyholders, particularly DO policyholders, who may be able to obtain compensation from other solvent insurers rather than waiting for a distribution from the Company. The Joint Administrators encourage policyholders to fully investigate such options in order to seek settlement of their claims at an earlier stage and potentially in full.

## **UK ATE Business**

### *Delegated Authority ATE*

Elite's DA ATE portfolio features over 200 firms of solicitors who placed large volumes of individual ATE policies, notably for road traffic accident legal cases and noise induced hearing loss cases.

During the Period the Joint Administrators have explored the possibility of transferring the book to another insurer but concluded that a transfer is not feasible.

Given the significant asset value reported in the directors' SoA, the Joint Administrators have commenced a contact exercise in order to ascertain where premiums have been collected by delegated authority firms but not passed on to Elite. This exercise, which is ongoing, will also establish with more certainty the number of open cases in order to decide on the most appropriate strategy for the book.

The Joint Administrators are engaging with delegated authority firms regarding claims that have been submitted under DA ATE policies and are liaising with the FSCS to confirm the eligibility of these claims for FSCS protection on a case by case basis.

### *Rate Based ATE*

Elite's RB ATE portfolio consisted of just over 60 on-cover policies covering both individuals and corporates. These were either written directly or via intermediaries with solicitors acting for the policyholders. The underlying litigation involved in these cases is often complex and the Joint Administrators have been required to undertake a case by case analysis to fully evaluate all potential options.

During the Period, the Joint Administrators' commenced investigations including into the potential sale and transfer of the whole book, or of certain individual policies to other insurers. These investigations will be concluded before deciding on the most appropriate strategy for the book of business.

Additionally, where certain cases have experienced unsuccessful outcomes resulting in claims during the Period, policyholder protection eligibility has been reviewed with the FSCS, resulting in settlement of a number of claims to individual policyholders.

## **UK Motor and GAP portfolio**

The Joint Administrators have worked closely with a significant coverholder and the FSCS to establish an appropriate strategy for the portfolio in respect of a block of policies which are largely expected to expire in 2020. After investigating the cost of replacement cover and costs associated with cancellation and return of premium, it was decided that the portfolio should be run-off to expiry with the FSCS expected to cover the vast majority of claims. Consequently, Armour with the Joint Administrators' oversight has continued to liaise with the coverholder to submit eligible claims to the FSCS for payment.

## **Other portfolios**

The Joint Administrators have commenced a review of a number of other Elite portfolios. We have worked closely with Armour to begin to evaluate options, and prepare strategic plans for Elite's Italian, Spanish, UK Building Guarantee and UK Insurance Backed Guarantee portfolios. We will continue to update policyholders in respect of any relevant developments through our website or direct or coverholder notification as appropriate.

## **Infrastructure**

During the Period the Joint Administrators formalised Armour's ongoing role as run-off manager through a Run-off Management Agreement. The agreement deals with Armour's remuneration, provides termination rights for the Joint Administrators, establishes key reporting requirements for Armour and provides for monitoring of service levels and performance against agreed key performance indicators.

A budget and a cash flow model for the expected duration of the Administration have also been prepared. Receipts and Payments processing has been managed efficiently, with appropriate sanctions review processes in place. Bank reconciliations are performed on a monthly basis for both the remaining pre-administration accounts (in Gibraltar) and post-administration accounts.

During the Period we also liaised with fiscal representatives in a number of European jurisdictions to identify local regulatory and compliance requirements.

## **Asset recoveries**

### **Reinsurance**

Prior to the Joint Administrator's appointment Elite had agreed a commutation with a major reinsurer. The commutation had not formally completed when Elite entered Administration and during the Period, the Administrators reviewed and considered it in detail in order to determine if it was in creditors' interests to proceed. We discussed the commutation with Elite's Creditors' Committee which supported our conclusion to proceed.

Initial consideration under the commutation of c.£31m was received by Elite after the period on 9 July 2020. Further consideration may be receivable by Elite and any developments will be reported in future progress reports.

The Joint Administrators have engaged with Armour to discuss potential recovery strategies and understand past collection initiatives from reinsurers. This included a detailed review of issues and engaging with brokers where necessary, to gather relevant background information. We have also continued to monitor substantial claims to assess recoverability, which resulted in successful recovery of c.£3.4m in relation to a large motor claim.

Additionally, one of Elite's largest reinsurance debtors was proactively pursued for a recovery. Due to the complex nature of the recovery, resolution of this matter is ongoing but is expected to result in a recovery of c.£700k later in the year.

### **ATE - Delegated Authority and Rate Based recoveries**

During the Period, £8k was collected from solicitors' firms in respect of successful DA ATE cases where premiums had been collected by the solicitors. Following discussions with a broker with a significant delegated authority relationship with Elite, a further £275k (including IPT) was received by Elite outside the period on 2 July 2020.

In relation to RB ATE, the Joint Administrators recovered £628k. A further contingent sum of £1.5m will become payable to Elite if a specific case is successful, while Elite is no longer on risk in relation to that case. Elite is also negotiating a transfer of its exposure under a policy written on a coinsurance basis to the co insurer, with Elite to retain an entitlement to a £250k share of any future premium. Elite continued to negotiate the premium on another successful case, resulting in funds received outside the Period of £340k.

### **Other recoveries**

#### **Recovery of a third-party loan**

The Joint Administrators entered into a settlement agreement with an underwriting partner to resolve a number of claims, with the net result being the return of a capital investment made by Elite of c.£833k.

#### **Premium recoveries**

During the Period, €92k was recovered from a broker who had been retaining premium connected with the Spanish business.

#### **Claims recoveries**

In the course of managing the Elite claims portfolio, potential subrogated or contribution recoveries have been identified. The Joint Administrators have worked closely with Armour regarding the approach and actions to be taken in respect of these outstanding asset recoveries. During the Period, c.£55k was obtained from UK claims recoveries. Elite has also pursued recoveries within its European jurisdictions and has recovered c.€95k from the French business and c.€107k in respect of the Italian business.

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

## Treasury management

The Joint Administrators secured all cash held by the Company in pre-appointment bank accounts and have subsequently transferred the majority of this to new post-appointment bank accounts.

The Joint Administrators have secured over 50 pre-appointment bank accounts and worked with a number of banks and custodians to ensure cash and investments were frozen upon Administration, minimising loss or risk to Creditors. Approximately £7.5m and €11m in cash was secured and £1m was liquidated in respect of a bond portfolio. Wherever possible, these funds are currently being held in interest bearing accounts.

## Policyholder Communications

The Joint Administrators have ensured that key stakeholders, including policyholders and Creditors have been apprised of the progress made in the months following our appointment in a timely manner, by issuing a number of communications and updates on the Company website.

In particular, we issued our Proposals and held a virtual meeting of the Company's Creditors to provide an update, an opportunity to discuss the Joint Administrators' Proposals and to vote on resolutions tabled at the meeting. Our website has been regularly updated with press releases and frequently asked questions. We have had 11,000 website visits, of which there have been c.5,000 unique user visits.

We have responded to policyholder queries on a multitude of subjects. This included:

- c.3,400 inbound phone calls via our dedicated helplines; and
- over 1,100 emails from policyholders and other stakeholders.

## Corporation Tax and VAT

The Joint Administrators are considering all tax issues in relation to the Company and its branches. To aid our understanding, we held conversations with various fiscal representatives in each jurisdiction.

During the Period, the Joint Administrators liaised with Armour to obtain relevant information required to deal with the Company's tax affairs and understand the pre and post appointment liabilities in various jurisdictions. These jurisdictions include the UK, Gibraltar, France, Spain and Italy.

Furthermore, the Joint Administrators notified the tax authorities in each jurisdiction of their appointment and are working with several specialists to best understand VAT residency and corporation tax residency of the Company. We also continue to liaise with third party suppliers to determine tax residency status for the purposes of invoicing.

The Joint Administrators continue to review and submit tax returns to ensure compliance, including associated processing and approval of associated tax liability payments, and exploring potential Italian tax recoveries on payments made on account pre administration.

## Stakeholder engagement

### Regulatory engagement

The Company remains an authorised and regulated insurance company 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

In the Administrators' Proposals we asked Creditors to decide if they wished to elect a Creditors' Committee. The primary purpose of a Creditors' Committee is to assist the Joint Administrators in fulfilling their duties. The Joint Administrators will take into account the views of the Creditors' Committee in respect of major strategic decisions for the progress of the Administration.

On 3 April 2020 the Creditors of the Company approved the Administrators' Proposals including the establishment of a Creditors' Committee. Following consultation with all nominated parties, four were confirmed as Formal Members.

Formal Members of the Creditor's Committee are:

- Car Care Plan Limited
- FSCS
- Hannover Re (Ireland) DAC
- Renaissance Re Europe AG

In addition to the Formal Members listed above, the following parties requested to be observers of the Creditors' Committee:

- First Ireland
- Marley Risk Consultants
- St Augustine PLY Limited

We met with the Creditors' Committee on 22 May 2020 and continue to speak with them to discuss key issues.

### **Directors' conduct and investigations**

As we said in our Proposals, one of our duties is to look at the actions of anybody who has been a director of the Company in the period before our appointment.

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 and SIP2. Nothing further has come to our attention during the Period to suggest that we need to do anything further to comply with our duties in this respect.

We also have to decide whether any action should be taken against anyone to recover or contribute to the Company's assets. If you think there is something we should know about and you haven't yet told us, please complete the relevant section of the Statement of Claim Form, which can be found on the website; <https://www.pwc.co.uk/services/business-restructuring/administrations/elite-insurance/suppliers.html>. This is part of our normal work and doesn't necessarily imply any criticism of the directors' actions.

### **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.

## **Other Information**

### **Approval of our Proposals**

On 9 February 2020 we issued to Creditors our Proposals for achieving the purpose of the Administration. We said in the Proposals that the outcome for Creditors will depend significantly on how the purpose of the Administration is achieved and it is highly unlikely that Direct Insurance Creditors will receive 100 pence in the pound. Consequently, we think the Company has insufficient assets to allow for a distribution to other Unsecured creditors. Creditors approved the Proposals without modification at a meeting on 3 April 2020.

## Our receipts and payments account

We set out in Appendix A an account of our receipts and payments in the Administration for the Period.

## Administration expenses

We set out in Appendix B a statement of the expenses we've incurred up to 10 June 2020. 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 period.

## Our fees

We set out in Appendix C an update on our remuneration which covers our fees, disbursements and other related matters in this case.

Please note that we have not yet sought approval from the Creditor's Committee for the basis of our pre-appointment and post-appointment remuneration.

Our remuneration and Category 2 disbursements are to be fixed and approved by the Creditors' Committee under section 464(1)(a) of GIA11 taking into consideration the principles set out in section 466 of GIA11 and shall be payable from time to time.

## Pre-administration costs

You can find in Appendix D information about the approval of the unpaid pre-Administration costs previously detailed in our Proposals.

## Connected party transactions

We have a duty under SIP13 to disclose any disposal of assets in the Administration to a director or other connected party, regardless of the nature or value of the assets concerned. We are not aware that any such transactions and none are expected in the future.

## What we still need to do

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 and where compensation schemes exist are paid promptly
- Vigorously pursuing recoveries and other assets of the Company
- Completing our strategic review of each of the Company's major books of business and where appropriate implementing strategies that will benefit Creditors as a whole
- Considering the most appropriate exit mechanism from Administration with a view to maximising the return to Creditors at the earliest possible stage.



## Next steps

We are currently considering the best strategy for extending or ending the Administration, taking into account any tax or further costs implications of doing so.

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](mailto:uk_elite@pwc.com)

Yours faithfully



For and on behalf of the Company  
Edgar Lavarello  
Joint Administrator

**Edgar Lavarello and Dan Schwarzmann** have been appointed as Joint Administrators of Elite Insurance Company Limited to manage its affairs, business and property as agents and act without personal liability. Edgar Lavarello is authorised to act as an insolvency practitioner by the GFSC in Gibraltar (IP Licence Number FSC 0001 IPA). 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 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. 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 statement on the [www.pwc.co.uk](http://www.pwc.co.uk) website or by contacting the Joint Administrators.

# Appendix A: Receipts and payments

	From 11 December 2019 to 10 June 2020 (£)	From 11 December 2019 to 10 June 2020 (€)
	GBP	EUR
<b>Funds in Barclays bank account</b>		
<i>Receipts</i>		
Cash at bank	200,000	112,089
Claim recoveries	19,511	216,079
Funds from legal client account	2,418	
Overpayments/returns	150	
Interest	661	
Investments & Shares	979,711	17,375
Gross Premium Written - ATE Premium	236,628	
Gross Premium Written - European Schemes		1,891
Insurance recoveries	33,750	
Reinsurance recoveries - UK	3,413,255	
Reinsurance recoveries - Italy		76,328
<b>Total receipts</b>	<b>4,886,084</b>	<b>423,761</b>
<i>Payments</i>		
Translation costs	(12,146)	-
Run-off services	(672,188)	-
Claims handling expenses	(106,279)	(1,950)
Professional fees	(1,000)	-
Printing, stationery & postage	(64,275)	(5,610)
Legal fees and expenses	(1,299,597)	(187,005)
Insurance premium tax	(7,858)	-

	From 11 December 2019 to 10 June 2020 (£)	From 11 December 2019 to 10 June 2020 (€)
Statutory advertising	(51,747)	-
Taxation costs	-	(516)
Irrecoverable VAT	(266,826)	(1,158)
Bank charges	(150)	(361)
Total payments	(2,482,065)	(196,600)
<b>Net realisations - Barclays</b>	<b>2,404,019</b>	<b>227,161</b>
<b>Funds in NatWest Gibraltar bank accounts</b>		
<i>Receipts</i>		
Cash at bank	7,484,875	10,775,816
Premium	41,186	
Recovery	390	73,443
Claims returned	279	
Interest	6,038	(17,851)
	<b>7,532,768</b>	<b>10,831,407</b>
<i>Payments</i>		
Bank transfer	(200,000)	
Bank charges	(124)	(3,252)
	<b>(200,124)</b>	<b>(3,252)</b>
<b>Net realisations - NatWest</b>	<b>7,332,643</b>	<b>10,828,155</b>
<b>Total funds held</b>	<b>9,736,662</b>	<b>11,055,316</b>
<b>Made up as follows</b>		
Barclays UK	2,404,019	227,161
NatWest Gibraltar	7,332,643	10,828,155
	<b>9,736,662</b>	<b>11,055,316</b>

# Appendix B: Expenses

The following table provides details of our expenses. Expenses are amounts properly payable by us as Administrators from the estate and includes our fees but excludes distributions to Creditors. The table also excludes any 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 to 10 June 2020 (£)	Incurring to 10 June 2020 (€)
Translation costs	12,146	
Run-off services	939,922	4,150
Professional fees	1,000	
Printing, stationery & postage	64,275	7,365
Legal fees and expenses	1,382,237	270,861
Insurance premium tax	7,858	
Statutory advertising	51,747	
Taxation costs		16,126
Bank charges	150	361
Office holders' fees	4,384,335	
Office holders' disbursements*	12,909	
Pre-administration costs*	392,700	
<b>Total expenses</b>	<b>7,249,278</b>	<b>298,862</b>

\*Whilst other costs are split into those incurred in the UK or in Europe, Office holders' fees, disbursements and pre-administration costs are costs incurred on the case as a whole so have not been split.

# Appendix C: Remuneration update

We have not yet taken any steps to request that the basis of our fees be fixed, we intend to request the approval of our fees from the Creditors Committee in due course.

## Our hours and average rates

The time cost charges incurred in the Period total £4.4m. This is 8,152 hours at an average hourly rate of £537.82.

The table below shows a breakdown of this.

	Cost(s) by Grade (£)						Grand Total	
	Partner	Director	Senior Manager	Manager	Senior Associate/ Associate	Hours other	Hours	Total Cost (£)
Accounting & Treasury	6,130	13,300	108,728	50,512	41,411	48,347	633	268,428
Assets	28,885	336,395	370,051	61,865	302,088	14,738	2,134	1,114,022
Creditors	5,460	26,437	18,917	112,633	14,151	76,623	626	254,221
Run-off management supervision	40,735	160,485	390,343	374,841	178,709	16,988	2,081	1,162,101
Statutory & Compliance	16,708	52,523	93,949	220,564	49,569	30,684	953	463,997
Strategy & Planning	100,700	361,600	71,554	114,030	3,735	17,835	1,000	669,454
Tax & VAT	82,510	14,000	174,486	70,283	100,506	10,327	725	452,112
<b>Totals</b>	<b>281,128</b>	<b>964,740</b>	<b>1,228,028</b>	<b>1,004,728</b>	<b>690,169</b>	<b>215,542</b>	<b>8,152</b>	<b>4,384,335</b>
Average hourly rate (£)*	1,020	813	643	503	355	257		

## 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.

Work carried out by our cashiers, support and secretarial staff is charged for separately and isn't included in the hourly rates charged by partners or other staff members. Each grade of staff has an hourly charge out rate which is reviewed from time to time. Time is charged in six minute units in the UK and 15 minute units in Gibraltar. We don't charge general or overhead costs.

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. The rates for the core insolvency staff from these jurisdictions are shown below:

Grade	Rate - UK, £/hour	Rate - Gibraltar, £/hour	UK Bespoke Rate, £/hour
Partner	910	750	1,395
Director	800	600	1,275
Senior Manager	605	415	1,290
Manager	525	330	775
Senior Associate	435	200	380
Associate	270	100	285
Other	140	N/a	265

Where the Joint Administrators draw on the expertise of specialists within the firm such as actuarial and tax experts, bespoke rates apply.

In common with many professional firms, our scale rates may rise to cover annual inflationary cost increases.

## 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
<b>Strategy &amp; planning</b>	<ul style="list-style-type: none"> <li>Agreeing terms of business with Armour to complete the run-off, including weekly meetings to discuss key issues, budget, operational matters and to provide feedback on service performance.</li> <li>Internal meetings to determine the optimum strategy in order to achieve the objectives of the Administration, an indicative outline timeline for the Administration, identifying key milestones.</li> </ul>	To ensure case progression and monitor costs	Ensures orderly progression of case and cost management
<b>Run-off Management supervision</b>	<ul style="list-style-type: none"> <li>Establishing eligibility and agreeing UK claims handling protocol and compensation payment processes with both Armour and the FSCS.</li> <li>Detailed review of RB ATE cases and claims adjustment, to appropriately handle ongoing claims.</li> <li>Undertaking review of DA ATE claims submitted, requesting documents to support submissions and addressing any associated queries or issues.</li> <li>Providing approval to Armour, following cost-benefit assessment, for instruction of third party service providers.</li> </ul>	To ensure returns to the creditors are maximised	Maximising funds for the benefit of creditors
<b>Creditors</b>	<ul style="list-style-type: none"> <li>Liaising with Armour to obtain listings of the Company's creditors.</li> <li>Liaising with creditors and policyholder queries and providing website updates.</li> </ul>	To keep the creditors informed	Work done in anticipation of returning funds to creditors

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
	<ul style="list-style-type: none"> <li>Setting up the initial meeting of creditors including preparation in advance of the meeting.</li> <li>Receiving nominations and enquiries from creditors and their representatives with regard to the establishment of a Creditors' Committee.</li> <li>Liaising with Creditors' Committee member representatives and observers.</li> </ul>		
<b>Assets</b>	<ul style="list-style-type: none"> <li>Assessing a commutation with a major reinsurer.</li> <li>Analysing Company records and pursuing recoveries including reinsurance recoveries, premiums, claims funds and other assets.</li> <li>Investigating the position and potential outcome of recovery from debtors in insolvency procedures.</li> <li>Managing the process for potential sale/transfer of both the RB ATE and DA ATE businesses.</li> <li>Negotiating with debtors.</li> </ul>	To ensure returns to the creditors are maximised	Realises funds for the benefit of creditors
<b>Accounting &amp; Treasury</b>	<ul style="list-style-type: none"> <li>Reviewing balances held in pre-Administration accounts to ensure compliance with the PwC UK cash management policy.</li> <li>Reviewing the investment portfolio and reaching the decision to realise the investments into cash.</li> <li>Preparing and updating cash flow reporting as we gain visibility on receipts and payments.</li> <li>Processing payments, including review and approval by senior case staff.</li> <li>Producing and reviewing monthly bank reconciliations.</li> </ul>	To manage the Company's bank accounts	Ensures proper management of the funds held
<b>Statutory &amp; Compliance</b>	<ul style="list-style-type: none"> <li>Officeholder oversight.</li> <li>Reviewing Company books and records.</li> <li>Setting up internal case, filing and accounting systems.</li> <li>Preparing proposals for achieving the purpose of the Administration including requesting a SoA from the Company's Directors and notifying them of insolvency legislation.</li> <li>Maintaining our records, preparing file notes, filing relevant emails and supporting documentation on the filing system.</li> <li>Preparing and issuing all statutory documents, notices and reports required.</li> <li>Regular team calls/meetings required to agree objectives and assess progress.</li> <li>Compliance activities such as Anti Money Laundering checks, sanction</li> </ul>	To comply with statutory obligations	Required by statute / regulation

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
	screening and information handling protocol.		
<b>Tax &amp; VAT</b>	<ul style="list-style-type: none"> <li>• Working with several specialists to best understand VAT residency and corporation tax residency of the Company.</li> <li>• Exploring the potential of Italian tax recoveries on payments made on account.</li> <li>• Consideration of tax compliance matters in all territories the Company operated in.</li> </ul>	To comply with statutory obligations and pay tax which maximises realisations to creditors	Required by statute and ensures the appropriate payment of corporation tax, 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
<b>Strategy &amp; Planning</b>	<ul style="list-style-type: none"> <li>Monitoring Armour performance vs budget.</li> <li>Quarterly meetings to discuss performance and Management Information.</li> <li>Discussing and planning in respect of the ATE book of business strategy including liaising with brokers and solicitors who hold delegated authority.</li> <li>Managing the process for potential sale/transfer of both the RB ATE and DA ATE businesses.</li> <li>Discuss proposed strategies on other books of business as well as to discuss possible exit mechanisms.</li> <li>Further work to be completed on suppliers and contracts.</li> </ul>	Ensures orderly progression of case and cost management
<b>Run-off Management Supervision</b>	<ul style="list-style-type: none"> <li>Reviewing payments and supporting evidence in relation to FSCS eligible policyholders.</li> <li>Continuing to negotiate large value claims.</li> <li>Reviewing and responding to referrals from Armour claims handlers and approving actions with respect to large value, litigated claims or claims recoveries from third parties.</li> <li>Adjudication of claims.</li> <li>Detailed review of RB ATE cases and claims adjustment.</li> <li>Continuing to explore potential eligibility to compensation fund for Elite's Irish policyholders.</li> </ul>	Maximising funds for the benefit of creditors
<b>Creditors</b>	<ul style="list-style-type: none"> <li>Liaising with creditors.</li> <li>Responding to queries from Direct Insurance creditors.</li> <li>Agreeing Direct Insurance creditor claims.</li> <li>Payment to Direct Insurance creditors.</li> </ul>	Work done in anticipation of returning funds to creditors
<b>Assets</b>	<ul style="list-style-type: none"> <li>Analysing Company records and pursuing recoveries including reinsurance recoveries, premiums, claims funds and other assets.</li> <li>Corresponding with reinsurance debtors regarding settlements following case by case cost benefit analysis.</li> </ul>	Realises funds for the benefit of creditors
<b>Accounting &amp; Treasury</b>	<ul style="list-style-type: none"> <li>Bank reconciliations.</li> <li>Currency hedging analysis.</li> <li>Accounting for payments and receipts into the case bank accounts.</li> <li>Processing payments.</li> <li>Closure of bank accounts.</li> <li>Dealing with unbanked dividend cheques.</li> </ul>	Ensures proper management of the funds held
<b>Statutory &amp; Compliance</b>	<ul style="list-style-type: none"> <li>Preparing and submitting six monthly progress reports to creditors.</li> <li>Complying with statutory filing requirements.</li> <li>Preparing and circulating the final report.</li> </ul>	Required by statute / regulation
<b>Tax &amp; VAT</b>	<ul style="list-style-type: none"> <li>Completing tax returns.</li> <li>Obtaining HMRC clearance.</li> </ul>	Required by statute and ensures the appropriate payment of corporation tax, for the benefit of creditors

<b>Closure</b>	<ul style="list-style-type: none"> <li>• Obtaining clearances for closure.</li> <li>• Closure procedures.</li> <li>• Winding down the Company's affairs generally.</li> </ul>	Required by statute, ensures all administration matters have been dealt with
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## Payments to associates

We have not made any payments to associates in the Period covered by this report.

## Disbursements

We are not required to seek approval to draw expenses or disbursements unless they are for shared or allocated services provided by our own firm, including room hire, document storage, photocopying and communication facilities. These types of expenses are called "Category 2" disbursements and they must be directly incurred on the case, subject to a reasonable method of calculation and allocation and approved by the same party who approves our fees.

Category 1 disbursements comprise payments to third parties, for example in relation to travel costs, statutory advertising and insolvency office holder's insurance.

Our expenses policy allows for all properly incurred expenses to be recharged to the Administration but has not yet been approved.

Category 1 disbursements totalling £12,909 were incurred during the period. There were no Category 2 disbursements incurred.

## Our relationships

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

We've instructed the following professionals on this case:

Service provided	Name of firm / organisation	Reason selected	Basis of fees
<b>Legal services, including:</b> <ul style="list-style-type: none"> <li>Assistance when dealing with and concluding claims</li> <li>Costs incurred when recovering money from claims</li> </ul>	<ul style="list-style-type: none"> <li>Ayache Salama</li> <li>Clyde and Co US LLP</li> <li>Cassel Avocats</li> <li>Freshfields Bruckhaus Deringer LLP</li> <li>Triay Limited</li> <li>Hassans International Law</li> <li>Da Ros Associes</li> <li>Geoffrey Barthelemy</li> <li>Lexavoue Aiz En Proverance</li> <li>Raphaelae Deconstanza</li> <li>Sonia Lods</li> <li>Filip and Company Business Law</li> <li>A and L Goodbody</li> <li>Clamens Conseil</li> <li>Eymard Sablier Associes</li> <li>Jean-Baptiste Meyrier</li> <li>S.C.P. Christophe</li> <li>LEXAVOUE</li> <li>CMS Adonnino Ascoli &amp; Cavasola Scamoni</li> </ul>	<ul style="list-style-type: none"> <li>Industry knowledge</li> <li>Insolvency expertise</li> <li>Jurisdictional expertise</li> </ul>	Time costs and disbursements
<b>Agents</b> <ul style="list-style-type: none"> <li>Claims handling</li> </ul>	<ul style="list-style-type: none"> <li>Marley Risk Consultants</li> <li>Woodgate and Clark Limited</li> <li>ACS Solutions</li> </ul>	<ul style="list-style-type: none"> <li>Policyholder knowledge</li> <li>Claims handling experience</li> </ul>	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:

## Pre-administration costs

We have not yet taken steps to seek approval for payment of the unpaid pre-appointment costs detailed in our Proposals. The Joint Administrators' pre-Administration costs are to be fixed by the Creditors' Committee under section 464(1)(a) of the GIA11, taking into consideration the principles set out in section 466 of GIA11, and shall be payable together with any expenses incurred in connection therewith as also approved by the Creditors' Committee. The table below sets out the costs which were incurred prior to our appointment and were reported in our Proposals.

	Details of agreement	Paid amount (£)	Unpaid amount (£)	Nature of the payment
Our fees as Administrators-in-waiting	No formal agreement	None	282,910	See below
Expenses incurred by us as Administrators-in-waiting	No formal agreement	None	10	Companies House expenses
Legal fees and expenses incurred by the Company pre-Administration, subject to VAT	Formal engagement terms agreed	68,147	None	<b>Legal fees</b> <ul style="list-style-type: none"> <li>Freshfields Bruckhaus Deringer LLP</li> </ul>
		1,040		<b>Expenses</b> <ul style="list-style-type: none"> <li>TransPerfect</li> </ul>
Legal fees and expenses incurred by the Company pre-Administration, not subject to VAT	Formal engagement terms agreed	40,386	None	<b>Legal fees</b> <ul style="list-style-type: none"> <li>Triay Triay</li> <li>Hassans International Law</li> </ul>
<b>Total</b>		<b>109,573</b>	<b>282,920</b>	

## Details of the pre-Administration work undertaken by the Administrators-in-waiting

Classification of work function	Partner (£)	Director (£)	Senior Manager (£)	Manager (£)	Senior Associate (£)	Associate (£)	Total hours	Time cost (£)	Hourly rates (£)	Comments on work performed
Assets				1,555	1,138		7	2,293	328	<ul style="list-style-type: none"> <li>• Taking initial steps to prepare for securing the cash and investments of the Company immediately post appointment</li> </ul>
Comms		1,920	6,353	35,700	4,388		94	48,360	512	<ul style="list-style-type: none"> <li>• Reviewing policyholder and creditor data to understand the ability to issue notification letters</li> <li>• Drafting initial notification letters</li> <li>• Setting up the administration website</li> </ul>
Statutory and compliance	28,695	28,560	4,417	3,218	7,150	400	180	72,439	671	<ul style="list-style-type: none"> <li>• Undertaking necessary planning to ensure we are prepared to comply with all statutory duties post appointment</li> <li>• Formulating and preparing detailed plans and actions on relation to all anticipated day one and week one matters</li> </ul>
Strategy	33,783	42,720	35,211	12,390	325	125	179	124,554	696	<ul style="list-style-type: none"> <li>• Identifying, briefing and mobilising a suitable team of professionals to be ready upon appointment</li> <li>• Obtaining understanding of the classes of business to implement the appropriate strategies post appointment as soon as possible</li> </ul>
Third Parties	13,120	18,050		4,095			50	35,265	712	<ul style="list-style-type: none"> <li>• Liaison with third parties, including regulators and the compensation schemes</li> </ul>
<b>Grand Total</b>	<b>75,598</b>	<b>91,250</b>	<b>45,980</b>	<b>56,558</b>	<b>13,000</b>	<b>525</b>	<b>438</b>	<b>282,910</b>	<b>646</b>	

# Appendix E: Other information

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<b>Court details for the Administration:</b>	The Supreme Court of Gibraltar Case number: 2019/COMP/002
<b>Full and Trading name:</b>	Elite Insurance Company Limited
<b>Registered number:</b>	91111
<b>Registered address:</b>	Suite 23, Portland House, Glacis Road, Gibraltar
<b>Company directors:</b>	Brad Scott Huntington John Caldicott Williams
<b>Company secretary:</b>	Fiduciary Management Limited
<b>Shareholdings:</b>	Issued share capital 2,600,000 Ordinary shares of £1 each 100% owned by Gunnary Limited
<b>Date of the Administration appointment:</b>	11 December 2019
<b>Joint Administrators' names and addresses:</b>	Edgar Charles Andrew Lavarello of PricewaterhouseCoopers Limited, 327 Main Street, Gibraltar and Dan Yoram Schwarzmann of PricewaterhouseCoopers LLP, 1 Embankment Place, London, WC2N 6RH
<b>Appointer's/applicant's name and address:</b>	The directors of the Company c/o Suite 23, Portland House, Glacis Road, Gibraltar
<b>Website:</b>	<a href="http://www.pwc.co.uk/elite-insurance">www.pwc.co.uk/elite-insurance</a>
<b>Objective being pursued by the Joint Administrators:</b>	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)
<b>Division of the Joint Administrators' responsibilities:</b>	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
<b>Regulation (EU) 2015/848 of the European Parliament and of the Council of 20 May 2015 on Insolvency Proceedings (recast) :</b>	The EC Insolvency Regulation does not apply

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