



IMPORTANT INFORMATION FOR POLICYHOLDERS, BROKERS, INTERMEDIARIES, AGENTS AND COVERHOLDERS IN RELATION TO ELITE INSURANCE LIMITED - IN ADMINISTRATION.

11 December 2019

Dear Sir or Madam,

Elite - In Administration (“Elite” or “the Company”)

We are writing to confirm that we, Edgar Lavarello and Dan Schwarzmann, were appointed Joint Administrators of Elite by the Supreme Court of Gibraltar on 11 December 2019 under Sections 45(a) and 59(2) of the Insolvency Act 2011 (the “**Administrators**”).

This letter is being sent to policyholders who have lodged a claim with the Company, that has yet to be agreed, or have an agreed unpaid claim, in both instances where the Company has address details. This letter is also being sent to all brokers, intermediaries, agents and coverholders who have placed business with Elite. Brokers, intermediaries, agents and coverholders are requested to send this letter to all their clients who have or may have claims against Elite.

Background

Elite was established in Gibraltar in 2004 to offer insurance products in both the commercial and retail markets across Europe. Elite was authorised to carry out business in Belgium, France, Germany, Greece, Ireland, Luxembourg, Malta, Netherlands, Norway, Portugal, Romania, Spain and the UK. Elite was also authorised to carry out business on a branch basis in France, Italy, Spain and the UK.

The Company was a specialist in after-the-event legal expense insurance and also had a wide range of policy covers including French construction, Italian and Spanish surety bonds, Greek, Irish and UK motor and UK professional indemnity, pet and warranty policies. A significant majority of the insurance business underwritten by Elite was reinsured by CBL Insurance Limited (“CBL”).

On 4 July 2017, Elite ceased to be authorised to enter into new contracts of insurance or renew existing contracts of insurance. In January 2018, Armour Group Limited (“Armour”), a specialist run-off provider, acquired Elite.

In November 2018, CBL entered liquidation and this matter, together with continued reserve deterioration experienced in a number of business lines as well as issues with the collection of some of the assets base, has led to the Company becoming balance sheet insolvent.

Administration

Pursuant to the Gibraltar Insolvency Act 2011 (the “Act”), the Administration of Elite has the effect of passing management and control of the company to independent insolvency practitioners. The Administrators must perform their functions with the objective of:

- a) rescuing the company as a going concern; or

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- 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); or
- c) realising the company's assets to pay a dividend to secured or preferential creditors.

The making of an Administration Order imposes a moratorium and restricts the rights of creditors in a number of ways, for example, the right to start or continue legal proceedings against the Company.

Early steps

Following our appointment as Administrators we have:

- a) retained Armour to ensure that the conduct of the run-off remains orderly with minimal disruption to creditors;
- b) secured the cash assets and investments of Elite and brought them under our control; and
- c) interacted with the Financial Services Compensation Scheme ("FSCS") in the UK to discuss any compensation available to UK policyholders and commenced analysis of possible policyholder protection for the Company's policyholders in other European jurisdictions.

Insurance contracts

As per Section 158(1) of the Financial Services (Insurance Companies) (Solvency II Directive), the Administrators have not established the effects of the Administration on any of the insurance contracts as this will depend on their terms. Policyholders should accordingly take their own advice in this regard. Furthermore, the Administrators have not taken any step to terminate, or sought to alter the terms of, any of the insurance contracts. Creditors should note that there is at present no time limit to lodge a claim for the purpose of any distribution in the Administration. Policyholders should continue to lodge claims in the usual manner and comply with the appropriate contractual terms of their insurance contracts.

Reinsurance contracts

The Administrators have not taken any steps, to terminate, or sought to alter the terms of, any reinsurance contracts.

Preferential and secured creditors

The Administrators are also not aware of any preferential or secured creditors. Please contact the Administrators if you believe you have a claim which is preferential or secured.

Claims agreement

In general the process for agreeing claims should continue in the same manner as prior to our appointment. As such, please would policyholders, brokers, intermediaries, agents and coverholders continue to send correspondence on individual claims or other matters to the offices of Elite at the address listed at the end of this letter.

Amounts due to creditors



Please send a copy of the enclosed statement of claim showing the amount due to you as at 11 December 2019 to Armour at the address listed at the end of this letter. This will help to ensure that your claim is reflected in the Statement of Affairs, which the Directors are required to prepare.

At this time it is not possible to predict the proportion of each policyholder's agreed claims that will ultimately be paid by the Company.

Compensation schemes

Following the Administrators interactions with the FSCS, the FSCS are expecting to protect most UK policyholders, subject to their eligibility rules. For UK Compulsory insurance, for example third party motor and employers' liability, the FSCS will meet Elite's liability for claims in full with no limit. 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. Policyholders will have to bear the 10% not covered by the FSCS as well as any excess under the policy.

FSCS compensation is applicable to policyholders who are private individuals or 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.

The Administrators cannot confirm at this stage the compensation available, if any, to non-UK policyholders. Investigations are ongoing in respect of policyholder protection for the Company's policyholders in other European jurisdictions, particularly France, Italy, Spain and Greece where a significant proportion of policyholders are located. Policyholders should take their own advice in this regard.

Brokers and agents

From the date of our appointment as the Administrators, all authority for brokers, intermediaries, agents and coverholders to account on a net basis with Elite is withdrawn. All accounting involving Elite should now 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 as soon as possible.

Reporting to creditors

Under Section 80(1) of the Act we are required as soon as reasonably practicable and, in any event within 60 days of the date of our appointment as Administrators, to issue to all known creditors a copy of our proposals for achieving the purposes of the Administration. These will be accompanied by a notice convening a meeting of creditors or, depending upon the circumstances, an explanation as to why no such meeting is required. You will receive notification of any creditors' meeting, together with a copy of our proposals in due course, on our website at pwc.co.uk/elite-insurance.



Directors' conduct

Under the insolvency legislation, the Administrators have a duty to consider the conduct of those who have been Directors of the Company at any time within the three years preceding our appointment. Our duty extends to consider whether any action should be taken against the Directors or others for the recovery of, or contribution to, the Company's assets. If there is anything that you feel we should be aware of, please contact us using the details below. Please note, this is part of our usual procedures and does not imply any criticism of the directors' conduct.

Further queries and correspondence

We will use our website, pwc.co.uk/elite-insurance, as a means of delivering urgent updates to policyholders and creditors. Unless you advise us otherwise, this will then be used as the main method of communication during the Administration. If you have any further queries please contact one of the below:

UK & Other: Elite-insurance.uk@armourrisk.com
France: Elite-insurance.fr@armourrisk.com
Italy: Elite-insurance.it@armourrisk.com

UK & Other +44 (0)207 129 8147
France +44 (0)207 129 8661
Italy +44 (0)207 129 8663

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

Correspondence or queries for the Joint Administrators should be sent to:

uk_elite@pwc.com



Yours faithfully
For and on behalf of

Two handwritten signatures in black ink. The first signature is a cursive 'E' followed by a long horizontal line. The second signature is a more complex cursive scribble.

Edgar Lavarello and Dan Schwarzmann
Joint Administrators
Acting as agents of the Company and without personal liability

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 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).

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.