

6 August 2024

Joint Administrators' progress report for the period 11 December 2023 to 10 June 2024

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	5
Why we have sent you this report	5
How much Creditors may receive	5
What you need to do	5
Progress since we last reported	6
Closure	6
Portfolio updates	6
Run-off management	8
Asset recoveries	8
Corporation tax, IPT and VAT	9
Stakeholder engagement	9
Connected party transactions	9
Other information	10
Creditors' rights	10
What we still need to do and next steps	11
Appendix A: Receipts and payments	12
Appendix B: Expenses	13
Appendix C: Remuneration update	14
Our hours and average rates	14
Our time charging policy and hourly rates	15
Our work in the Period	16
Our future work	18
Payments to associates	20
Disbursements	20
Our relationships	20
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 Liabilities	Liabilities 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
CBLI	CBL Insurance Limited (in Liquidation)
Cedents	Unsecured non-preferential creditors whose claims arise from being holders of policies of reinsurance issued by the Company
Commutation	The commutation with Elite's major reinsurer, CBLI
Company/Elite	Elite Insurance Company Limited (in Administration)
Company Website	www.pwc.co.uk/elite-insurance
Court	The Supreme Court of Gibraltar
Creditors	Secured, Preferential and Unsecured creditors
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 Financial Conduct Authority in the UK
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	The Financial Services Compensation Scheme in the UK
GAF	The Greek Auxiliary Fund
GIA11	Gibraltar Insolvency Act 2011
GIR14	Gibraltar Insolvency Rules 2014
GFSC	Gibraltar Financial Services Commission
ICF	The Irish Insurance Compensation Fund
IPT	Insurance Premium Tax
Joint Administrators /we / us / our / Firm	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 2023 to 10 June 2024
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 (Elite's run-off manager)
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
Unsecured Creditors	Creditors who are neither Secured Creditors nor Preferential Creditors (including creditors by virtue of any insurance contract)
VAT	Value Added Tax in the UK

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

Key messages

Why we have sent you this report

We are writing to update you on the Administration of Elite in the six months since our last report dated 9 August 2023. This is the ninth progress report by the Joint Administrators of the Company.

Creditors may wish to read this report in conjunction with our previous progress reports and our initial Proposals document, which continue to be available on the Company Website. The information in those reports 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@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 mean that the Joint Administrators are unable to give a meaningful estimate of the likely outcome for creditors. Please read the rest of the 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

Creditors are reminded that Direct Insurance Creditors rank ahead of all other Unsecured 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.

There are a number of material uncertainties which mean that the Joint Administrators remain unable to give a meaningful estimate of the likely outcome for Direct Insurance Creditors. As we outlined in our previous reports, the ultimate outcome will depend on a number of variable factors where considerable uncertainty exists. Based on our current view of Elite's financial position, Direct Insurance Creditors are highly unlikely to receive payment in full of their debts unless appropriately covered by a compensation scheme. As a consequence, other Unsecured Creditors should not expect a dividend. All Creditors should seek to mitigate their losses as far as possible.

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

Please read the rest of this document and seek further specific advice where needed.

What you need to do

This report is for your information and you don't need to do anything.

Progress since we last reported

This section deals with the key activities we have undertaken since our last report.

Closure

Exit mechanism

The purpose of the Administration is to achieve a better result for the Company's Creditors as a whole than would be likely if the Company were wound up (without first being in administration). As previously reported, the Joint Administrators believe a scheme of arrangement would be the best mechanism to achieve the purpose of the Administration.

During the Period, alongside Elite's legal advisers and Quest, the Joint Administrators have further developed a scheme of arrangement. If a scheme of arrangement is approved by its creditors and implemented, it should allow for an earlier distribution of money from Elite to its Direct Insurance Creditors and it should provide an efficient and fair claims agreement process.

The timing of the Joint Administrators being able to propose a scheme of arrangement to Elite's Direct Insurance Creditors has been impacted by the delays experienced in closing Elite's Italian branch. Further details are set out below in the branch closures section. We estimate sharing further details on the proposed scheme of arrangement with creditors, by post or email where available, and by publication on the Company Website during the next six month period.

As explained in our previous report, we have been working with the FSCS to develop an agreement which enables the Joint Administrators to propose a scheme of arrangement whilst preserving access to compensation for FSCS protected policyholders and without unfairly prejudicing Elite's other creditors. An agreement was signed with the FSCS during the Period and will become effective if and when Elite's scheme of arrangement becomes effective.

Branch closures

As previously reported, Elite's branch in Spain was closed on 21 February 2023.

In our previous report, we estimated that closure of the Italian branch would be in the first quarter of 2024 subject to the repayment of a material tax rebate from the Italian Tax Office. However, the repayment of the tax rebate has not yet been received from the Italian Tax Office. The Joint Administrators, with assistance from Italian tax specialists and lawyers, continue to pursue the rebate whilst assessing any possible options which preserve and maximise Elite's recovery without causing any further delays to the scheme of arrangement.

Following the conclusion of the tax rebate claim referred to above, the branch will be closed shortly thereafter, estimated to be Q4 2024.

Portfolio updates

The latest status in respect of Elite's books of business and compensation for eligible policyholders is summarised below.

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. Further information in respect of the disclaimer can be found on the Company Website.

As explained in our previous report, the Joint Administrators were liaising with the FGAO in respect of the instruction and payment of experts for creditors whose claims arose, but were not agreed, prior to the disclaimer. The Joint Administrators reached an agreement with the FGAO during the Period, which will enable eligible French claimants to obtain an expert report, where required, at no cost to themselves so that the claim can be valued and submitted to the FGAO for payment where a valid claim exists. The agreement maximises the availability of compensation for French policyholders without unfairly prejudicing Elite's wider body of creditors.

Beneficiaries of DO policies in effect on or after 1 July 2018 whose claims arose before 15 September 2020 retroactively benefit from the compensation scheme. During the Period, the FGAO paid €38k in respect of seven eligible claims. This brings the total paid to €418k in respect of 38 eligible claims.

Quest continues to engage with policyholders whose claims were agreed by Elite before 15 September 2020 to progress their claims for payment by the FGAO. Any policyholder with queries should contact Quest using the details on page 5.

DO beneficiaries not eligible for FGAO compensation are entitled to bring a claim against Elite for damages arising as a result of the disclaimer.

All 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 continues to liaise with the GAF, which provides compensation to injured parties in respect of bodily injury and/or material damage.

During the Period, the GAF paid six eligible claims with a value of €171k. This brings the total paid to €224k in respect of 11 eligible claims. We continue to work with the GAF to ensure claims are paid where compensation is available and the next submission is expected to be completed during the second half of 2024.

Policyholders should continue to submit claims against Elite in the usual way.

Ireland

The SCA has maintained its position that Elite does not qualify for eligible claim payments to be made from the ICF. This is based on its view that an administration in Gibraltar is not equivalent to a liquidation in Ireland.

In light of the SCA's position where compensation is only available in a liquidation process, the Joint Administrators have sought to obtain confirmation from the SCA that compensation for eligible claims would be available at a time when Elite enters into liquidation as part of the wider exit strategy. As at the date of this report no response has been received and we will provide an update on the Company Website when possible.

Policyholders should continue to submit claims against Elite in the usual way.

Italy

Policyholders should continue to submit claims against Elite in the usual way.

Spain

As previously reported, the Joint Administrators have been attempting to obtain Elite's records from a coverholder. During the Period we received materials from the coverholder which contained limited policy information for policies written between 2015 to 2017. The coverholder is not expected to be successful in locating any further information. As a result, it is likely that Elite will have to rely solely on policyholders to provide supporting evidence to progress claims in the vast majority of cases.

Policyholders should continue to submit claims against Elite in the usual way.

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.

During the Period, the FSCS paid £0.8m in respect of 24 eligible claims. This brings the total balance paid by the FSCS to £23.3m in respect of 3,352 claims.

Run-off management

Operations

Quest remains the initial point of contact for the vast majority of Creditors. We continue to monitor Quest in accordance with the terms of the Run-Off Management Agreement.

During the Period, 1,071 insurance claims were closed, with an adjusted value of approximately £1.2m including associated fees as well as indemnity amounts. There were 766 new claims notified in the Period. At the end of the Period, approximately 10,000 claims remain open, the majority of which are dormant, with an estimated value of approximately £109m.

The Joint Administrators retained on their appointment, or subsequently engaged, a small number of specialist third parties in certain jurisdictions to assist with the orderly run-off of Elite's books of business. During the Period, we began the transition of certain claims management services to reflect the maturity of Elite's run-off and to streamline ongoing management of Elite's books, where appropriate. This includes the transition of French construction claims handling to Quest for claims arising from policies written by a number of specific coverholders.

We continue to oversee the complaints processes administered by Quest, only dealing directly with customer complaints where necessary. During the Period, 25 new complaints were received and 24 complaints were resolved. The one remaining complaint open at the end of the Period has since been withdrawn by the claimant.

Asset recoveries

ATE recoveries

As previously reported, the Joint Administrators disclaimed the majority of Elite's ATE business with effect from 11 December 2020.

During the Period, Elite successfully recovered £1.5m under a profit sharing agreement negotiated as part of a settlement between the Joint Administrators, Elite and a third party.

In addition, the Joint Administrators continue to pursue premium and accrued interest due to Elite from the insured under an ATE policy. A date to hear the case at the Commercial Court has been scheduled for summer 2025.

Elite continues to monitor a further ATE policy, where Elite has novated its exposure but retains a right to a share of any future premium. The Supreme Court hearing for this case has now been scheduled for July 2024. Further updates will be provided in the next progress report.

Commutation

We have continued to monitor Elite's position in relation to the Commutation and remain engaged as necessary with the liquidators of CBLI. In CBLI's latest progress report they have indicated a potential dividend range of 45 to 55%. Additional consideration under the Commutation may therefore still be receivable by Elite and any developments will be reported in future progress reports.

General recoveries

Elite continued to pursue recoveries within European jurisdictions, resulting in claim recoveries of €49k from the French business, €8k from the Italian business and £1k from the UK business in the Period. This brings total claims recoveries to over €2.9m and £0.8m to date.

Insurance recoveries of €88k from the French business were made in the Period. This brings total insurance recoveries to over €1.3m and over £0.25m to date.

The Joint Administrators continue efforts to recover funds of nearly €1m held in a French bank account on trust for Elite. As previously reported, Elite successfully defended a demand made for the funds held on trust to be released to the liquidator of the former coverholder and the liquidator subsequently appealed the decision. It was anticipated that a determination of the appeal would be heard in the first half of 2024 however, this has been delayed and is now due to be heard in Q4 2024. The Joint Administrators continue to pursue various avenues to maximise the recovery for Elite's creditors.

As explained in our earlier reports, in relation to the building guarantee portfolio, the litigation against the coverholder of this book has been concluded. Elite continues to engage, as appropriate, with the company voluntary arrangement supervisor of the coverholder's appointed representative in relation to its claim in this matter.

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

Reinsurance recoveries

We continued to liaise with reinsurers and reinsurance brokers regarding a number of reinsurance arrangements to ensure the ongoing processing and collection of recoveries. We also 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 £217k.

There remains a relatively small number of reinsurers for which early finality has not been possible to date. The Joint Administrators are assessing the options available outside of commutation arrangements, where appropriate, to maximise recoveries for Elite.

Treasury management

At the end of the Period, the Company held available funds of £33.1m, €5.7m and NZ\$0.1k with the majority (95%+) of funds invested in money market deposit accounts. 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 money market deposit and interest rates to ensure that the funds are invested to maximise interest earned whilst remaining in line with the Firm's treasury management policies covering such matters as counterparty credit risk and diversification. During the Period, interest of £908k and €109k was received.

Corporation tax, IPT and VAT

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

We continue to review and submit corporate and IPT tax returns to ensure compliance in all jurisdictions, including the 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 drafted the final Non-Resident Income Tax return in Spain for its submission shortly after the Period.

As mentioned in the Closure section above, we continue to pursue a tax rebate from the Italian Tax Office, which impacts the timeline for the closure of the Italian branch. Closure processes have been completed where possible and we anticipate closing the branch during the next period.

Stakeholder engagement

The Joint Administrators continue to keep key stakeholders apprised of progress made in a timely manner and encourage Creditors to monitor the Company Website for updates.

Creditors' Committee

The fees sub-committee met on 29 February 2024 where a review of 2023 was undertaken along with the costs for the period 1 July 2023 to 31 December 2023. An update on the progress made against the key focus areas for 2023 was provided alongside a budget for 2024 and key focus areas for the same period.

During the Period, no formal meeting of the Creditors' Committee was held. We continue to engage as appropriate with members of the Creditors' Committee to discuss key issues as they arise, The next formal Creditors' Committee meeting is expected to be held in the second half of 2024.

We remain grateful to the members of the Creditors' Committee for their continued engagement and support.

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.

Connected party transactions

To date, no assets have been disposed of by the Administrators to a party (person or company) with a connection to the directors, shareholders, or secured creditors of the company or their associates and the Administrators are not seeking approval from creditors to make a substantial disposal to a connected person.

Other information

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.

Communications

The Joint Administrators continue to use the Company Website as a means of delivering updates to policyholders and Creditors. Unless you advise us that you wish to receive communications by post, the Company Website will be used as the main method of communication during the Administration. Due to the large number of European policyholders, we continue to translate key parts of the Company Website and relevant documents into French and Italian.

The Company Website is updated as appropriate with relevant communications, press releases and frequently asked questions. During the Period we received 1,602 Company Website visits. We continue to respond to queries raised by policyholders and other stakeholders via our dedicated helplines or by email.

Our fees

An update on our remuneration which covers our fees, disbursements and other related matters in this case is provided in Appendix C. The Joint Administrators continue to draw fees in accordance with the approved fee resolutions.

Our receipts and payments account

An account of 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.

Creditors' rights

Creditors have the right to ask for further information about remuneration or expenses within 21 days of receiving this report as set out in S49 GIR14. Any request must be in writing.

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;
- Pursuing asset and other recoveries of the Company;
- Resolution of the Italian tax rebate and concluding the closure of Elite's Italian branch; and
- Finalising the development of the scheme of arrangement and taking any initial steps required to implement it so that Creditors' claims can be agreed and paid as quickly as possible. We will share relevant documentation with Creditors in due course.

The next report to creditors will be circulated to Creditors in approximately six months time. 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).

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Appendix A: Receipts and payments

	As at 10 June 2024			As at 10 June 2024 Total GBP equivalent	Movements from 11 Dec 2023 to 10 Jun 2024 (GBP Equivalent)	As at 10 December 2023 (GBP equivalent)	As at 10 December 2023
	GBP	EUR	NZD			RESTATED at 10 June 2024 exchange rate	As at 10 December 2023 GBP equivalent
Receipts							
Cash at bank - receipts	12,235,428	6,159,009	0	17,434,219	0	17,434,219	17,521,223
Claim recoveries	826,076	2,873,979	0	3,251,989	49,325	3,202,664	3,242,454
Interest	2,738,086	227,980	1,857	2,931,416	999,771	1,931,645	1,933,336
Investments & Shares	979,711	17,375	0	994,377	0	994,377	994,622
Gross Premium - ATE Premium	3,969,656	4,845	0	3,973,746	1,500,000	2,473,746	2,473,815
Sundry debts & refunds	15,988	10,000	0	24,429	0	24,429	24,570
Insurance recoveries	1,326,993	349,884	0	1,622,329	82,423	1,539,906	1,543,470
Reinsurance recoveries	42,422,068	76,328	1,000,000	42,967,150	217,438	42,749,712	42,758,512
Receipts total	64,514,006	9,719,400	1,001,857	73,199,655	2,848,957	70,350,698	70,492,002
Payments							
Cash at bank - payments	0	0	1,001,739	481,489	0	481,489	489,226
Office holder's fees	16,167,443	0	0	16,167,443	1,469,404	14,698,039	14,698,039
Office holder's expenses	9,911	0	0	9,911	0	9,911	9,911
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	4,921,950	0	0	4,921,950	550,178	4,371,771	4,371,771
Claims handling expenses	704,807	1,794,982	0	2,219,943	120,185	2,099,759	2,123,352
Professional fees	88,432	446,520	0	465,338	19,392	445,946	451,971
Printing, stationery & postage	215,194	25,439	0	236,667	6,071	230,596	230,955
Legal fees & expenses	7,632,512	1,617,320	0	8,997,684	636,934	8,360,749	8,381,553
Statutory advertising	65,419	0	0	65,419	0	65,419	65,419
Taxation costs	287,032	8,015	0	293,797	6,447	287,350	287,404
Irrecoverable VAT	1,039,858	11,201	0	1,049,312	35,380	1,013,933	1,014,092
Bank charges	24,260	11,403	0	33,885	716	33,169	33,319
Storage costs	9,091	66,561	0	65,275	2,282	62,993	63,921
Payments total	31,451,044	3,981,441	1,001,739	35,293,248	2,846,988	32,446,259	32,506,068
NET POSITION	33,062,962	5,737,959	118	37,906,407	1,968	37,904,439	37,985,934

Made up as follows	GBP	EUR	NZD	As at 10 June 2024 Total GBP equivalent	Exchange rates - (Bank of England)	
Barclays UK	837,654	112,139	118	932,368	10 June 2024	£1 to Eur 1.1847
HSBC UK (interest bearing)	6,686			6,686	10 December 2023	£1 to Eur 1.1652
Money Market Deposits (interest bearing)	32,218,622	5,625,820		36,967,353	10 June 2024	£1 to NZD 2.0805
	33,062,962	5,737,959	118	37,906,407	10 December 2023	£1 to NZD 2.0476

As explained further in Appendix C, our fees are based on time costs. The receipts and payments table above shows the amount(s) paid in the period and total paid to date.

Appendix B: Expenses

The following table provides details of our expenses incurred in the Period. 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.

	GBP	EUR
Nature of expenses	Incurred in the Period	Incurred in the Period
	(£)	(€)
Bank charges	15	782
Claims handling expenses	11,515	119,719
Irrecoverable VAT	30,272	0
Legal fees and expenses	438,641	131,553
Office holders' disbursements	1,542	0
Office holders' fees	1,285,776	0
Printing, stationery and postage	6,071	0
Professional fees	2,510	20,000
Run-off services	458,512	0
Storage costs	1,566	1,019
Taxation costs	2,900	4,526
Total expenses	2,239,319	277,599

*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 at 75% of agreed rates as detailed in previous reports. During the Period, fees of £1.5m were billed and paid. This includes fees incurred in 2024 at 75% and the remainder of unpaid 2023 fees as agreed with the fees sub-committee. The remaining elements reflect an additional proportion of deferred fees for work performed in 2023, which may be released at a later date, at the Creditors' Committee's discretion.

Our hours and average rates

Fees incurred since the start of the Administration, including deferred fees, total £22.2m, at hourly rates agreed with the fees sub-committee, which represent a discount on normal PwC rates. This incorporates fees written off and not billed totalling £359k and equates to an average hourly rate of £528 per hour. The time cost charges incurred in the Period at 100% of fees total £1.5m. This is 2,891 hours at an average hourly rate of £526. The table below shows a breakdown of these hours.

Deferred fees accrued in the Period total £380k. This brings the total deferred fees incurred since the start of the administration to £6.0m.

	Period Total							Total from 11 December 2019 to 10 June 2024			
	Partner (£)	Director (£)	Senior Manager (£)	Manager (£)	Senior Associate (£)	Associate/Other (£)	Total Cost (£)	Hours	Average hourly rate (£)	Hours	Total Cost (£)
Accounting & Treasury	902	458	11,274	22,190	47,272	39,466	121,562	286	425	3,331	1,305,908
Assets	21,812	9,879	21,159	35,332	7,514	7,668	103,364	170	608	5,613	2,914,097
Claims	21,196	10,707	125,770	3,526	74,204	83,648	319,052	621	514	5,454	3,267,770
Closure	8,685	65,331	149,590	115,373	98,260	20,530	457,768	811	564	3,450	2,000,240
Creditors	2,479	0	2,616	7,735	357	2,112	15,299	35	437	1,805	623,462
Run-off management	980	1,830	10,290	3,786	12,622	0	29,508	48	615	7,366	3,970,279
Statutory & compliance	8,883	3,431	20,931	26,427	3,168	53,741	116,581	267	437	5,045	2,494,682
Strategy & planning	20,076	28,868	25,597	49,673	35,152	60,300	219,666	458	480	6,178	3,435,445
Tax & VAT	25,675	4,372	61,918	6,252	27,964	11,202	137,383	194	708	3,865	2,568,712
Total for the Period	110,687	124,876	429,146	270,294	306,513	278,668	1,520,184	2,891		42,107	22,580,596
Fees incurred and written off											(359,260)
Total fees*											22,221,336

*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 increased to cover inflationary cost increases. All increases are subject to agreement by the fees sub-committee. Updated hourly rates were agreed with the fees sub-committee with an inflationary increase of 3% effective from 1 July 2023 to 30 June 2024.

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 2023*			
Grade	Rate - UK, £/hour	Rate - Gibraltar, £/hour	UK Bespoke Rate, £/hour (maximum)
Partner	995	902	1,737
Director	915	721	1,531
Senior Manager	728	498	1,172
Manager	631	397	908
Senior Associate	510	227	658
Associate	316	113	329
Other	153	n/a	195

*These are our agreed rates at 100%, with a minimum 25% remaining at the discretion of the Committee in line with approved resolutions.

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 periodic cash flow reporting to manage estate liquidity levels. Dealing with receipts, payments and journals not relating to trading. Carrying out bank reconciliations and managing investment of funds. Corresponding with banks regarding specific transfers. 	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 and claim recoveries, premiums and other asset recoveries. Investigating the position and potential outcome of recovery from debtors in insolvency procedures. Negotiating with debtors. Scoping potential interest and options to assign future recoveries to third parties for value in instances where a commercially viable agreement cannot be met with debtors. 	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 and/or complex claims. Ensuring claims are agreed efficiently and at an appropriate value. Continuing to submit eligible claims to the FSCS for payment. Progression of French DO claims that were agreed by Elite before the policies were disclaimed on 15 September 2020 for payment by the FGAO. Finalising and signing an agreement with the FGAO in respect of creditors whose DO claims arose, but were not agreed, before the policies were disclaimed and no expert was instructed. Liaising with Quest in their work to finalise an agreement with a supplier to provide expert reports to claimants eligible for FGAO compensation, in line with the agreement with the FGAO. Completing further submissions to the GAF for claims eligible for compensation. Finalising the claims audit of Quest for the period September 2022 to November 2023. 	To ensure returns to the Creditors are maximised	Maximising funds for the benefit of Creditors
Closure	<ul style="list-style-type: none"> Meeting with legal, actuarial and tax advisors, Quest and key stakeholders to consider implications of different strategic and exit options from Administration. 	To ensure claimants are treated fairly and	Required by statute, ensures all Administration matters have been dealt with

	<ul style="list-style-type: none"> Continued drafting of documentation for a scheme of arrangement, including creditor supporting documentation such as frequently asked question documents. Liaising with non-UK compensation schemes in relation to the possible protections available in an exit solution. Developing and formally agreeing the strategy with the FSCS for UK protected policyholders. Ongoing engagement in respect of the closure of the Italian branch and the recovery of the tax rebate with the Italian Tax Office. Liaising with legal and tax specialists on options available to expedite the closure of Elite's Italian branch whilst maximising the recovery of the tax rebate. Analysing the proposals put forward by Elite's claims management suppliers and, where applicable, facilitating the transition of claims management. Ongoing review of all supplier contracts. Maintaining an estimated outcome statement. 	in line with best practice	
Creditors	<ul style="list-style-type: none"> Liaising with Creditors and policyholders in various European jurisdictions regarding individual queries. Providing timely Company Website updates. Reviewing and responding to Creditor complaints which have been escalated to the Joint Administrators by Quest. 	To keep the Creditors informed	Work done in anticipation of returning funds to Creditors
Run-off management supervision	<ul style="list-style-type: none"> Regular meetings and discussions with members of the Quest claims handling team. Regular meetings with Quest to discuss key issues, budgets and operational matters. Monitoring and providing feedback on performance and management information supplied. Reviewing and agreeing costs and budget including supporting evidence provided by the Run-off Manager. 	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. Conducting case reviews every six months. Reviewing the Company's 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. Preparing for and attending a meeting with the fees sub-committee. Preparing and issuing all statutory documents, notices and reports as required. Liaising with the relevant regulators and third-party stakeholders, including the Creditors' Committee. 	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. Preparing fee budgets and monitoring costs to be discussed with the fees sub-committee. Holding team meetings on strategy and closure steps. Providing updates to the Joint Administrators regarding the case and timelines. 	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. Further 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, Gibraltar and Italy. Specialist assistance as required in respect of the closure of the Italian branch. 	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 and liquidity management. Currency hedging analysis. Requesting bank account and other creditor details. 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 recovery of the one remaining active ATE case. Analysing Company records and pursuing recoveries including reinsurance and claim recoveries, premiums and other assets. Corresponding with reinsurance debtors and Quest regarding settlements following case by case cost benefit analysis. Progress with potential other solutions to maximise recoveries where settlements are not viable or able to be achieved. Monitor and engage as appropriately in ongoing litigation cases to protect Elite's position and maximise the possible recoveries. Engage with the CBLI liquidators in relation to recovery of deferred consideration subject to the 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/Elite's other claims handlers and approving actions with respect to large value, litigated claims or claims recoveries from third-parties. Continuing to review and 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 and relevant experts regarding compensation for Elite's French DO policyholders and ongoing submission of Accrued Liabilities for payment. 	Maximising funds for the benefit of Creditors

	<ul style="list-style-type: none"> • Ongoing correspondence with the SCA regarding the availability of compensation for Elite's policyholders from the ICF in a liquidation. • Ongoing submission of claims from eligible Greek policyholders to the GAF. • Overseeing complaints handling. • Manage all supplier contracts. • Annual claims audits to be undertaken. 	
Closure	<ul style="list-style-type: none"> • Ongoing implementation of the plan and timeline for an exit from Administration including all the appropriate communications with creditors. • Maintaining an estimated outcome statement including cash flow management against a counterfactual. • Subject to a scheme of arrangement becoming effective, implement the agreed strategy with the FSCS for eligible UK protected policyholders. • 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, including closure of Elite's Italian branch. • 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
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. • Implement a KPI regime for the scheme of arrangement attached to Quest's performance bonus. 	Ensuring service levels are maintained for Elite policyholders
Statutory and compliance	<ul style="list-style-type: none"> • Complying with statutory filing requirements. • Preparing and circulating six monthly progress reports to Creditors and the Registrar. • Ongoing regular communications with the Creditors' Committee and fees sub-committee. • Conducting case reviews every six months. • Ongoing communications with key stakeholders. • Issuing a final account to creditors on closure • Preparing documents and information for the purpose of obtaining approval to revise our fees and other matters in the Administration. • Dealing with records in storage. • Filing of documents. • Updating checklists and diary management systems. 	Required by statute / regulation
Strategy and planning	<ul style="list-style-type: none"> • Preparing fee budgets and monitoring costs. • Holding team meetings. • Providing updates to the Joint Administrators regarding the case. • Ongoing contract negotiations with suppliers in several jurisdictions. • Conducting case reviews on the status of the Administration to assist the Joint Administrators with strategic decision making in relation to the Administration. 	Ensures orderly progression of case and cost management
Tax and VAT	<ul style="list-style-type: none"> • Completing post-appointment tax returns. • Obtaining tax clearance from the appropriate tax authorities. • Pursuing tax recoveries. • Tax submissions in relation to the closure of the Italian branch. 	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 paid in the Period.

Service provided	Name of firm / organisation	Jurisdiction	Basis of fees	Amount incurred
Professional Services	PricewaterhouseCoopers Advisory SpA	Italy	Time costs and disbursements	€4,082
Tax and regulatory	PricewaterhouseCoopers Tax & Legal Services, S.L.	Spain	Time costs and disbursements	€120

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 £2,116 were incurred in the Period relating to the below categories.

Category	Amount incurred (£)
Travel expenses	475
Archiving costs	1,112
Postage and other	529
Total	2,116

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 claims ○ Costs incurred when recovering money in relation to claims 	<ul style="list-style-type: none"> • A and L Goodbody • Ayache Salama • Bryan Cave Leighton Paisner LLP • Clifford Chance LLP • Clyde & Co Claims LLP • CMS Adonnino Ascoli & Cavasola Scamoni • CMS Albinana & Suarez de Lezo, S.L.P. • Da Ros Associates • DWF Law LLP / DWF Rousaud Costas Duran Abogados • Ellul & Co. Limited • Freshfields Bruckhaus Deringer LLP • Gateley Plc • Jean-Baptiste Meyrier • Kennedys Law LLP • SCP Kiejman & Marembert • Maitre Zuelgaray Herve • SCP L. Poulet-Odent • Studio Legale Avv. Michele Tavazzi • Studio Grazzini • Triay Lawyers Limited • Unalome Legal Sarl • Weightmans LLP 	<ul style="list-style-type: none"> • Industry knowledge • Insolvency expertise • Jurisdictional 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 Solutions • All Risks SRL • Crawford & Company Legal Services Ltd • Marley Risk Consultants • Quest Consulting (London) Limited • Woodgate and Clark Limited 	<ul style="list-style-type: none"> • Policyholder knowledge • Claims 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 Gibraltar, 327 Main Street, Gibraltar and Dan Yoram Schwarzmann of PricewaterhouseCoopers LLP UK, 1 Embankment Place, London, WC2N 6RH UK
Company 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



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