

# Elite Insurance Company Limited (in Administration)

Administrators' Proposals for achieving the purpose  
of administration

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

9 February 2020

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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 these Proposals.

Abbreviation or definition	Meaning
<b>Administration</b>	The Administration of Elite Insurance Company Limited
<b>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>CBL</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>Direct Insurance Creditors</b>	Unsecured non-preferential creditors whose claims arise from being direct policyholders of the Company excluding Cedants
<b>Dommmage Ouvrage</b>	An insurance policy taken out by French homeowners for building defects
<b>EY</b>	Ernst & Young LLP
<b>FCA</b>	UK Financial Conduct Authority
<b>FSICA</b>	Financial Services (Insurance Companies) (Solvency II Directive) Act 2015
<b>FSCS</b>	UK Financial Services Compensation Scheme
<b>HMRC</b>	HM Revenue and Customs
<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>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>Proposals</b>	This document being the Administrators' Proposals for the Administration of Elite
<b>PwC</b>	PricewaterhouseCoopers LLP and/or PricewaterhouseCoopers Limited Gibraltar
<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 9</b>	Statement of Insolvency Practice 9: Payments to insolvency office holders and their associates
<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

# Why we have prepared this document

We previously wrote to you to tell you that the Company was placed into Administration on 11 December 2019 and that Edgar Lavarello and Dan Schwarzmann were appointed as Administrators by the Court in accordance with GIA11 and GIR14.

As required by legislation, this document and its appendices form our statement of Proposals for achieving the purpose of the Administration.

This document sets out the following:

- A summary of what you could recover;
- A brief history of the Company and why it is in Administration;
- What we have done so far and what is next if our Proposals are approved;
- Details of the Company's assets and liabilities;
- A copy of the directors' SoA and our comments thereon;
- Statutory and other information about the Company;
- The receipts and payments accounts for the Company since our appointment; and
- Details of pre-Administration expenses

According to GIA11, the purpose of an administration is to achieve one of these objectives:

- (a) Rescuing the company as a going concern, or
- (b) Achieving a better result for the creditors as a whole than would be likely if the company were to enter into liquidation, without first being in administration; or
- (c) Realising property in order to make a distribution to one or more secured or preferential creditors.

In this case, we are following objective (b) as it is not reasonably practical to rescue the Company as a going concern and we have not identified any Secured or Preferential creditors.

Our job is to manage the Company until Creditors agree our Proposals for achieving the purpose of the Administration and we have implemented it so far as possible. After that, the Administration will end. This process may take several years due to the nature of the insurance business underwritten by Elite.

An initial Creditors' meeting under s80 of GIA11 will be held on Friday 3 April in Gibraltar at 1pm (CET). The purpose of the meeting is for the Creditors to approve our Proposals and to appoint a Creditors' committee to assist the Administrators. Should you wish to attend the meeting please confirm to Clare Davison at [clare.n.davison@pwc.com](mailto:clare.n.davison@pwc.com)

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.

Correspondence or queries for the Administrators should be sent to: [uk\\_elite@pwc.com](mailto:uk_elite@pwc.com)



Edgar Lavarello

Administrator of Elite Insurance Company Limited

*Edgar Lavarello of PricewaterhouseCoopers Limited Gibraltar and Dan Schwarzmann of PricewaterhouseCoopers LLP have been appointed as 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 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). 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 GFSC. 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. PwC 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](http://pwc.co.uk) website or by contacting the 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 FCA for designated investment business.*

*These Proposals have been prepared by Edgar Lavarello and Dan Schwarzmann as Administrators of the Company, solely to comply with the Administrators' 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.*

*These Proposals have 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 these Proposals are illustrative only and cannot be relied upon as guidance as to the actual outcome for creditors.*

*Any persons choosing to rely on the Proposals 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 Administrators do not assume any liability in respect of these Proposals to any such person.*

*Unless stated otherwise, all amounts in the Proposals and appendices are stated net of VAT.*

# A summary of what you could recover

This is a brief summary of the possible outcome for Creditors of the Company based on what we currently know. It is early in the Administration and 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.

## Estimated outcomes

### 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

In January 2018, Gunnary, acquired Elite and Armour took over the day-to-day running of the business. All those who have been working on the run-off are employed by Armour or Armour Group and 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 FSICA.

The outcome for Creditors will depend significantly on how the purpose of the Administration is achieved. However, Direct Insurance Creditors are highly unlikely to receive 100p in the £, unless appropriately covered by a relevant compensation scheme. As a consequence, other non-Preferential Unsecured Creditors should not expect a dividend. All Creditors should seek to mitigate their losses, where possible.

# Brief history of the Company and why it is in Administration

## 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.

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 majority of the insurance business underwritten by Elite was reinsured by CBL.

## Elite's insurance products

Based on an initial 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.

### United Kingdom

There are approximately 860,000 policyholders mostly with ATE insurance policies placed via delegated authorities, construction related policies, motor, professional indemnity and other warranty type products. Additionally, there are rate based ATE policies, which are complex and the Administrators are reviewing these on a case by case basis in order to identify the most appropriate strategy.

### France

There are approximately 60,000 policyholders with mostly construction insurance policies that have a ten year exposure period. The French business was dominated by two coverholders that are now themselves in liquidation and which contributes 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.

The Administrators are aware that some bonds may not constitute insurance contracts and therefore such bond holders may be subordinate in the ranking of claims.

### Other jurisdictions

There are approximately 1,000 policyholders across Spain, Ireland, Greece, Portugal and Romania who were issued bonds, motor or construction insurance policies.

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

## The circumstances leading to our appointment

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 sales 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 as part of the change of control of Elite.

Shortly after Gunnary's acquisition of Elite, CBL entered provisional liquidation in February 2018 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, the Company proposed to implement a solvent scheme of arrangement and obtained approval to move forward with the proposal by the Court. During 2019 the directors commissioned a further independent actuarial reserve review by EY and continued to closely review the Company'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 Administrators.

The Company did consider whether a Liquidation proceeding would be more appropriate than an Administration, but concluded that Administration would provide greater flexibility than could otherwise be achieved in a Liquidation process. An Administration offers protection for the Company through the statutory moratorium pending a determination made by the Administrators as to the next steps for the Company.

## Pre-administration costs - Rule 64 GIR14

Before Elite went into Administration, PwC incurred costs between 28 November 2019 and 10 December 2019 of £282,910 (excluding VAT) preparing for the appointment of the Administrators. We are therefore looking to recover these pre-Administration costs in due course.

The Company also incurred legal fees and expenses between 28 November 2019 and 10 December 2019 of £68,147 and £1,247 (excluding VAT) respectively and legal expenses not subject to VAT in the same time period of £40,386.

PwC worked with the Company's directors and their legal advisers in preparing for Administration. Notably, the pre-appointment work undertaken by PwC included the following:

- Providing guidance and assistance in determining the most appropriate insolvency mechanism;
- Development of the content of the witness statement prepared by Darren Martinez of Hassans International Law, on behalf of the Company's board of directors, which explained the Insolvency of the Company and requested that it be placed into Administration;
- Discussions with the GFSC with respect to the proposed Administration;
- Initial discussions with the FSCS to understand potential compensation coverage and research into other available compensation schemes;
- Identifying potential risks in advance of our appointment and developing appropriate safeguards to mitigate these risks upon appointment;
- Understanding the core operations of the Company, including critical suppliers, imminent payments and the nature, magnitude and location of the Company's assets;
- Preparing appropriate communication plans and content for stakeholders that could be delivered as soon as possible after the appointment was made; and
- Identifying, briefing and mobilising a suitable team of professionals to be ready once the appointment was made.

Our pre-Administration work enabled us to progress our post appointment statutory duties both time and cost effectively, including securing the Company's assets and establishing relationships with intermediaries, agents, coverholders and suppliers thus reducing disruption to Creditors. Additionally, it enabled us to understand how best to deliver the required communications and seek appropriate Court instructions, where it was not possible to meet the requirements of GIA11. We consider that this work made a significant contribution to achieving the purpose of Administration.

The 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. They do not form part of our Proposals. If no Creditors' committee is elected, we will seek the Court's approval of the relevant costs at the same time as seeking approval of the basis of our fees. In line with the terms of the Administration order these will be paid out of the assets.

Further details of these fees and expenses, including the work undertaken, can be found at Appendix A.

To the best of our knowledge and belief, no fees or expenses were incurred by any other insolvency practitioner.

# What we have done so far and what's next if our Proposals are approved

## Management and financing of the Company's affairs and business

Our overriding objective is to achieve the best possible outcome for the Creditors, by maximising the value of the available assets and minimising costs incurred by the Company.

## Our strategy and actions to date

Following our appointment as Administrators we have taken the following steps:

- Retained Armour to ensure that the conduct of the run-off remains orderly with minimal disruption to Creditors;
- Secured the cash and investments of Elite held in various jurisdictions;
- Liaised with key brokers, intermediaries, agents and coverholders who have placed business with Elite and who managed policyholders' claims in various countries;
- Commenced a strategy of identifying and realising outstanding premium and claims recoveries due to Elite;
- Interacted with the FSCS to discuss any potential compensation available to UK policyholders;
- Submitted agreed unpaid claims to FSCS for payment of compensation to eligible policyholders;
- Interacted with the relevant authorities and confirmed that there are no relevant applicable compensation schemes available for French and Italian policyholders;
- Conducted an analysis of possible policyholder protection for the Company's policyholders in other European jurisdictions;
- Liaised with the relevant regulators; and
- Reviewed Elite's insurance portfolios to consider potential strategic options.

As Administrators, we manage the business, affairs and property of the Company as its agents and without personal liability. We will implement our strategy in accordance with the Administrators' objectives and our Proposals as set out here. We will use the realisations made from the Company's assets to finance the Administration whilst continuing to take all necessary steps to appropriately manage ongoing costs.

## Compensation schemes

### United Kingdom

Following the Administrators' interactions with the FSCS, it is currently anticipated that the FSCS will protect most UK policyholders, subject to their eligibility rules. For UK compulsory insurance, for example solicitors' professional indemnity, 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. Where applicable, 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](https://www.fscs.org.uk/what-we-cover/insurance).

## France

The Administrators have liaised with the relevant French authorities and legal advisors and can confirm that there is no compensation protection available to Elite's French policyholders. As a result, the Administrators are considering how to deal with the unexpired risk of certain policies. As there is no compensation scheme available, French holders of Dommage Ouvrage policies should consider taking their claims to the responsible contractor(s) or the contractors' insurers.

## Italy

The Administrators have liaised with the relevant authorities and legal advisors and can confirm that there is no relevant compensation protection available to Elite's Italian policyholders.

## Other jurisdictions

Investigations are ongoing in respect of policyholder protection for the Company's policyholders in other European countries, particularly Spain, Ireland and Greece where a significant proportion of the remaining jurisdiction policyholders are located.

Policyholders should take their own advice in this regard.

## Legal status of insurance policies

### Insurance contracts

The Administrators have not terminated, or sought to alter the terms of, any of the insurance contracts. We continue to assess the issues involved.

Creditors should note that there is at present no time limit for lodging a claim for the purpose of any distribution in the Administration. French policyholders should attempt to mitigate their loss by seeking recourse from other responsible parties. All other policyholders should continue to notify claims to their relevant coverholders or to Armour using the details below, and comply with the appropriate contractual terms of their insurance contracts.

UK & Other: [Elite-insurance.uk@armourrisk.com](mailto:Elite-insurance.uk@armourrisk.com)

France: [Elite-insurance.fr@armourrisk.com](mailto:Elite-insurance.fr@armourrisk.com)

Italy: [Elite-insurance.it@armourrisk.com](mailto:Elite-insurance.it@armourrisk.com)

### Reinsurance contracts

The Administrators have not terminated, or sought to alter the terms of any reinsurance contracts. We continue to consider how reinsurance asset recoveries may be maximised and to assess the issues involved.

Initial conversations are being held with major reinsurers.

## Brokers and agents

As outlined in our notification letter dated 11 December 2019, from the date of appointment 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 in full as soon as possible.

## Finance

### Cash and investments

We 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. We have secured approximately £7.5m and £11m in cash and £1m in investments.

### Tax

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

## Objective of the administration

Pursuant to GIA11, the Administration of Elite has the effect of passing management and control of the Company to independent insolvency practitioners.

As explained earlier in these Proposals, the Company cannot be rescued as a going concern as it has been determined that the Company is balance sheet insolvent and the options available to the Company in order for it to return to solvency were not feasible.

The Administrators continue to assess the best way to deal with unexpired risks and maximising the returns to creditors as a whole.

## Communications

The Administrators continue to use our website, [pwc.co.uk/elite-insurance](http://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 certain European policyholders the website is available in French and Italian and we continue to translate key documents into these languages.

## Directors' conduct and investigations

As we said in our initial letter to Creditors dated 11 December 2019, 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.

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, a copy of which can be found in Appendix D. This is part of our normal work and doesn't necessarily imply any criticism of the directors' actions.

Please note that we will not be able to publish our findings and work in this area, but this will be filed with the Official Receiver in Gibraltar

## Creditors' committee

We are asking you to decide whether you wish to elect a Creditors' committee to help us in discharging our duties. If the Creditors do wish to do so, there will be a Creditors' committee if enough creditors want to be on it. Please see Appendix B for a guide to Creditors' committees.

It is important that the full diverse range of Creditors' perspectives are captured through the forum of a Creditors' committee.

We welcome interest in Creditors joining the Creditors' committee. Any expressions of interest should be noted by completion of the relevant part of the voting form circulated with these Proposals. If Creditors agree to form a committee and three to five nominations are received, then these Creditors will form the committee. If more than five nominations are received and not withdrawn, there will be a further vote to elect the Creditors' committee. This will be voted on at the Creditors' meeting. Whilst there is a statutory maximum of five members, provided the numbers are manageable the Administrators will encourage nominees who are not members to be observers and provide input at Creditors' committee meetings.

## **Our fees and disbursements**

We propose that our fees are based on the time we and our staff spend on the case at our normal charge out rates for this type of work. We also propose that disbursements for services provided by our firm (defined as Category 2 disbursements in SIP 9) are charged as per our firms' policy.

The Administrators' 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. If there's no Creditors' committee, we'll ask the general body of Creditors or the Court to do so instead.

## **Ending the Administration**

Our exit route will depend on the outcome of the Administration.

At this stage, we have no intention of recommending the Company be moved into Liquidation and further updates will be provided in due course.

### **Discharge from liability**

At the same time as applying for the discharge of the Administration order, we will apply to the Court under section 92 GIA11 to be released as Administrators. The effect of release is that the Administrators would be discharged from all liability in respect of any of our actions as Administrators of the Company.

# Statement of Affairs

The SoA is a statutory form which sets out a summary of the assets of the Company and includes an estimate of their realisable value provided by the directors. Creditors are also included in order of their statutory priority.

We were given a SoA of the Company on 6 February 2020. It was signed by John Caldicott Williams and our comments on it are enclosed below.

- As expected, there is no provision for the costs of realising the Company's assets or the costs of the Administration.
- We haven't audited the information.
- The SoA lists the uncharged assets as £245,540,657. This is the directors' view and the Administrators have not sought to review the estimated realisable values.
- The SoA lists the unsecured non preferential claims value as £314,822,187. This is an uncertain value as the Company's reserves comprise of uncrystallised values. These liabilities are subject to a high level of uncertainty and it is not unusual for estimates of such liabilities to change materially as a result of subsequent information and events which may result in significant adjustments to the amounts provided.
- Schedule B1 - Consumer deposit creditors and B2 - Company employees have not been provided but we are not aware of any creditors in respect of these schedules.

An anonymised list of all Creditors has been published on our website at [www.pwc.co.uk/elite-insurance](http://www.pwc.co.uk/elite-insurance) under the Proposals section.

# Statutory and other information

<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>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 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 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.

# Receipts and payments account

## Elite Insurance Company Limited (in Administration)

	11 Dec 2019 to 31 Jan 2020	11 Dec 2019 to 31 Jan 2020
Receipts	GBP	EUR
Cash at bank	7,484,874.75	10,888,345.24
Claims returned	279.00	-
Funds from legal client account	2,418.00	-
Interest	249.86	-
Interest on bond portfolio	6,533.65	17,426.02
Premium	29,295.21	-
Recoveries	140.00	38,417.93
Reinsurance recoveries - Italy	-	76,327.80
	<u>7,523,790.47</u>	<u>11,020,516.99</u>
<b>Payments</b>		
Bank charges	47.18	3,227.59
Interest	-	6,199.12
	<u>47.18</u>	<u>9,426.71</u>
<b>Net Receipts</b>	<u>7,523,743.29</u>	<u>11,011,090.28</u>
<b>Made up as follows</b>		
Barclays UK	2,418.00	188,857.87
Investec UK - Cash	6,533.65	17,426.02
Natwest Gibraltar	7,514,791.64	10,804,806.39
	<u>7,523,743.29</u>	<u>11,011,090.28</u>
<b>Other</b>		
Investec UK - Bond Portfolio (note 1)	967,577.00	

### Notes

Note 1 - Funds relate to highly liquid assets which are managed in accordance with an investment management agreement entered into prior administration. These assets are also within the Administrators' control and will subsequently be liquidated to augment the cash balance.



# Appendices

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# Appendix A: Pre-administration costs

The table below provides details of costs which were incurred before our appointment as Administrators but with a view to the Company entering Administration. Details of the work done and expenses incurred follow.

	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	None	68,147	<b>Legal fees</b> - Freshfields Bruckhaus Deringer LLP
			1,247	<b>Expenses</b> - Transperfect
Legal fees and expenses incurred by the Company pre-administration, not subject to VAT	Formal engagement terms agreed	None	40,386	<b>Legal fees</b> - Triay Triay - Hassans International Law
<b>Total</b>			<b>392,700</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 costs (£)	Hourly rates (£)	Comments on work performed
Assets				1,155	1,138		7	2,293	328	- Taking initial steps to prepare for securing the cash and investments of the Company immediately post appointment
Comms		1,920	6,353	35,700	4,388		94	48,360	512	- Reviewing policyholder and creditor data to understand the ability to issue notification letters - drafting Initial notification letters - setting up the administration website
Statutory and Compliance	28,695	28,560	4,417	3,218	7,150	400	108	72,439	671	- Undertaking necessary planning to ensure we are prepared to comply with all statutory duties post appointment - Formulating and preparing detailed plans and actions in relation to all anticipated day one and week one matters
Strategy	33,783	42,720	35,211	12,390	325	125	179	124,554	696	- Identifying, briefing and mobilising a suitable team of professionals to be ready upon appointment - Obtaining understanding of the classes of business to implement the appropriate strategies post appointment as soon as possible
Third Parties	13,120	18,050		4,095			50	35,265	712	- Liaison with third parties, including regulators and the compensation schemes
<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 B: Creditors' committee guidance

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**Liquidation/Creditors'  
Committees and  
Commissioners**

# A Guide for Creditors

The Guide is intended to provide you with:

- > an understanding of the role of the Committee in insolvency proceedings;
- > information on how Committees are formed; and
- > guidance on what might be expected of you should you choose to serve as a member of a Committee

to enable you to make an informed decision as to whether you wish to either seek to form a Committee or to nominate yourself to serve on a Committee.

The Guide provides only an overview. Detailed provisions regarding the membership, formation, functions and procedural operation of a Committee are set out in legislation.

## Introduction

Most of us will be familiar with the term “committee” which is used to define a group of people appointed for a specific function by a larger group and typically consisting of members of that group.

In the context of an insolvency procedure, the office holder may invite creditors to form a committee either to assist generally in discharging his or her functions as an office holder or, more commonly, for a specific purpose, such as where litigation or investigation is anticipated. Such committees may be called “liquidation committee” or “creditors’ committee”, depending on the type of insolvency process, or, in sequestration in Scotland, “Commissioners”. For purposes of this guidance note we will use the term “Committee”.

## Role of the Committee in Insolvency Proceedings

The primary purpose of a Committee is to assist the office holder in fulfilling his or her duties. This could involve helping them to make key decisions, for example to take legal action to recover assets, to represent the interests of the main body of unsecured creditors, or to provide the office holder with the benefit of specialist knowledge either about the company or the industry in which the company operates. The office holder should always take into account the views of the Committee but is not obliged to follow their wishes. The Committee cannot direct an office holder in relation to the conduct of the insolvency proceeding.

In any insolvency process there are a number of decisions that creditors may be asked to make, including how the office holder is to be paid out of the assets of the insolvent estate. Where there are large numbers of creditors or creditors are geographically remote, having a Committee would enable the office holder to seek approval from the Committee which is often a quicker and cheaper process than seeking a decision from the entire body of creditors.

## How are Committees formed?

For a Committee to come into being, generally, there must be a minimum of three unsecured creditors who are willing to act. The maximum number of creditors who may sit on the Committee at any one time is five, so if more than five unsecured creditors express an interest in being on the Committee there must be a vote. This vote will be managed by the office holder, and other unsecured creditors will be given the opportunity of deciding which of the interested creditors get to form the Committee. You have to agree in writing to sit on the Committee so you will never be voted onto a Committee without your knowledge or agreement.

For sequestrations in Scotland, only a single unsecured creditor willing to act is required.

## Who can sit on the Committee?

Any creditor of the insolvent company/individual with a debt at least part of which is unsecured may be put forward to sit on the Committee. If they cease to be an unsecured creditor for any reason they will automatically cease to be a member of the Committee.

You do not need to have any special qualifications or previous experience as a Committee member.

Where the creditor is a company, i.e. not a real person, it must be represented by an individual who will be given a letter of authority, by the company, enabling them to act on the company's behalf.

A member of the Committee may be represented by another person if they hold a letter of authority to act.

## Exceptions

You cannot be on the Committee as a creditor in your own right and act for another creditor at the same time.

You cannot be represented by a body corporate, an undischarged bankrupt, a person whose estate has been sequestrated and who has not been discharged, a person to whom a moratorium period under a debt relief order applies, a disqualified director, a person subject to a bankruptcy restriction order or undertaking or a debt relief restrictions order or undertaking.

## What will I have to do as a Committee member?

Business of the Committee is conducted through meetings (physical or by way of conference call or other remote attendance). Decisions may also be made by written correspondence and resolutions. For the purposes of this Guide, reference to meetings include all such forms.

The frequency of meetings and reporting by the office holder to the Committee will generally be agreed between the office holder and members at the first meeting of the Committee. The first meeting of the Committee must be held within six weeks of its formation – as indicated it is not uncommon for meetings to be held by conference call.

At the meetings the office holder will update the Committee on relevant matters and may seek guidance or formal approval for specific courses of action. In particular you will be asked to approve the basis of calculation of the remuneration of the office holder.

As a Committee member you would also be able to request additional information from the office holder, who will be required to provide the information unless the request is deemed to be unreasonable, frivolous or excessively costly to provide.

You should try and attend all meetings as if you fail to attend three consecutive meetings you will automatically cease to be a member (though the remaining members can decide to allow you to remain as a member). An office holder will only call a meeting when they think there is something important which requires the Committee's input. If you are unable to attend a meeting you could appoint someone to attend on your behalf.

A Committee may also be required to consider other matters appropriate to the insolvency proceeding. This may include matters in connection with the resignation of the office holder and any vacancy in office, or consideration of whether legal costs should be assessed by the court.

## Can I cease to be a member of the Committee?

You can resign as a member at any time by giving the office holder written notice.

## Will I get paid?

Committee members are not paid for their time acting on the Committee, this is a voluntary role. You will however be entitled to reclaim reasonable travelling expenses incurred in attending Committee meetings.

## Why should I agree to be on a Committee?

As a Committee member you will be in a privileged position, assisting the office holder in his duties and being involved at each stage in the insolvency process. Serving on a Committee will give you the opportunity to have a positive impact on the insolvency process, assisting the office holder to maximise returns to creditors, providing essential information and knowledge which could assist in tracing company assets which have been misappropriated or identify conduct by the directors that could ultimately lead to their disqualification by the Insolvency Service.

It is important to consider that acting on the Committee is a responsible role and you would be required to act ethically and in good faith in all of your Committee dealings. You would be expected to avoid any situations where a conflict of interest might arise. You would also be unable to obtain any of the company or individual's assets without the prior agreement of the Committee.

## Does a Committee always have to be appointed?

There is no requirement for there to be a Committee in every insolvency process. There may be insufficient creditors willing to form a Committee or in a straightforward insolvency process there may be no need for a Committee.





# A Guide for Creditors

This booklet has been produced by R3, the Association of Business Recovery Professionals, in conjunction with the Recognised Professional Bodies ("RPBs"). R3 is the leading professional association representing insolvency practitioners and professionals within the insolvency, restructuring and turnaround profession in the UK.

If you would like to find out more about the work of R3 or its members, please visit the R3 website at [www.r3.org.uk](http://www.r3.org.uk).

The Insolvency Service also produces a number of useful guides about personal and corporate insolvency procedures and directors' duties which can be accessed at [www.gov.uk/government/collections/insolvency-service-guidance-publications](http://www.gov.uk/government/collections/insolvency-service-guidance-publications).

This leaflet is not intended to be a statement of law or a substitute for specific professional or legal advice. We have made every effort to ensure that the guide is accurate but R3 cannot accept any responsibility for the consequences of any action taken in reliance of its contents.

February 2017

# Appendix C: Copy of the Statement of Affairs

A copy of the directors' Statement of Affairs is provided below. Our comments on the Statement of Affairs are shown in the 'Statement of Affairs' section of these Proposals on page 13.

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## Statement of affairs

<b>Name of company</b> Elite Insurance Company Limited	<b>Company number</b> 91111
<b>Registered office address</b> Suite 23, Portland House Glacis Road Gibraltar	
<b>In the</b> Supreme Court of Gibraltar	<b>Court case number</b> 2019/COMP/002

Insert date the company  
entered into administration

The particulars and other information shown in this statement of affairs  
and any continuation sheets give a full and complete statement of the  
company's affairs as at

Date 11 December 2019

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## Statement of truth

I believe that the facts in this statement of affairs are true.

Full name *JOHN CALDICOTT WILLIAMS*

Signed



Dated

*6/2/2020*

## A – Summary of assets

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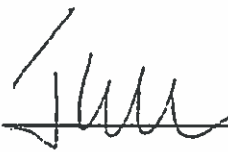
	Book value £	Estimated realisable value £
Assets subject to fixed charge:	-	-
Assets subject to floating charge:	-	-
Uncharged assets:	267,857,509	245,540,657
Estimated total assets available for preferential creditors	267,857,509	245,540,657

  
Signature \_\_\_\_\_ Date \_\_\_\_\_

## B – Summary of liabilities

		Estimated realisable value £
<b>Estimated total assets available for preferential creditors (carried from page A)</b>		245,540,657
<b>Estimated to rank</b>		
Preferential creditors:	-	
<b>Estimated deficiency / surplus as regards preferential creditors</b>	£	245,540,657
Estimated prescribed part where applicable (to carry forward)	-	
<b>Estimated total assets available for floating charges</b>	£	245,540,657
Debts secured by floating charges	-	
<b>Estimated deficiency / surplus after floating charges</b>	£	245,540,657
Estimated prescribed part of net property where applicable (brought down)	-	
<b>Total assets available to unsecured creditors</b>	£	245,540,657
Unsecured non preferential claims (excluding any shortfall to floating charge holders)	(£314,822,187)	
<b>Estimated deficiency / surplus as regards non preferential creditors (excluding any shortfall to floating charge holders)</b>	£	(69,281,530)
Shortfall to floating charge holders (brought down)	-	
<b>Estimated deficiency / surplus as regards creditors</b>	£	(69,281,530)
Issued and called up share capital	(£2,600,000)	
<b>Estimated total deficiency / surplus as regards members</b>	£	(71,881,530)

Signature

 Date 0/2/2020

## B - Company creditors

**Note:** You must include all creditors, other than employees, former employees and consumer creditors claiming amounts paid in advance of the supply of goods or services ("consumer deposit creditors"), and identify all creditors under hire-purchase, chattel leasing or conditional sale agreements and creditors claiming retention of title over property in the company's possession.

Include in this schedule the number of employees and former employees and the total of the debts owed to them and the number of consumer deposit creditors and the total of the debts owed to them. Full details of their claims must be set out in separate schedules. The employee and consumer deposit creditor schedules are NOT delivered to the Registrar of Companies.

**[SEE ATTACHED DETAILED LISTING]**

Name of creditor or claimant	Address (with postcode)	Amount of debt £	Details of any security held by creditor	Date security given	Value of security £

Signature  Date 7/2/2020

# C - Company shareholders

Number	Name of shareholder	Address (with postcode)	Type of shares held	Nominal value of shares £	Number of shares held	Amount per share called up £	Total amount called up £
1	GUNNARY LIMITED	UGLAND HOUSE, PO BOX 309, KY1-1104, GRAND CAYMAN, CAYMAN ISLANDS	ORDINARY	1	2,600,000	1	2,600,000
<b>TOTAL £</b>							<b>2,600,000</b>

Signature \_\_\_\_\_ Date 12/2020

# Appendix D: Statement of claim Form



## Statement of Claims

### Elite Insurance Company Limited (in administration)

Secured or preferential (in part or in whole) creditors should provide details of their claim to the address below. However, they should not use this claim form.

If you believe you have a claim, please complete and return this form with supporting documentation as soon as possible.

**Address:** Elite Insurance Company Limited (in Administration), c/o Clare Davison, acting for the Joint Administrator, at PwC LLP, Central Square, 29 Wellington Street, Leeds, LS1 4DL.

**Email:** uk\_elite@pwc.com

1) Name of creditor	
2) Address of creditor for correspondence	
3) Registered number (if creditor is a company)	
4) Total amount of your claim (including VAT) and outstanding uncapitalised interest at the date the administration commenced*	£
5) Total value (including VAT) of any monies owed by you to the company in administration	£
6) Total amount of any payments received by you in relation to the claim after the administrators' appointment	£
7) If the amount in (4) above includes outstanding uncapitalised interest, please state amount	£
8) Particulars of how and when the debt was incurred (please attach a continuation sheet if more space is needed)	
9) Particulars of any security held, the value of the security and the date it was given	
10) Particulars of any reservation of title claimed in respect of goods supplied to which the claim relates	

11) Details of any documents by reference to which the debt can be substantiated	
12) Particular matters relating to the company's purchase of goods and services from you or any other matters that you feel should be reviewed (please provide on a separate sheet if needed)	
Signature of creditor or person authorised to act on behalf of the creditor	
Name in block capitals	
Position with or relation to the creditor (e.g. director, company secretary, solicitor)	
Address of person signing (if different from 2 above)	
Date	

***For office holder's use only***

<i>If applicable</i> Admitted to vote for: £	<i>If applicable</i> Admitted for dividend for: £
Date	Date
Signed	Signed
Name	Name

\* You must deduct any trade or other discounts which would have been available to the company but for its administration, except any discount for immediate, early or cash settlement

# Appendix E: Notice of Creditors' meeting

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## NOTICE OF A MEETING OF CREDITORS ADMINISTRATION

Section 80(1)

Company name

ELITE INSURANCE COMPANY LIMITED

Company number

91111

Name(s) and address(es)  
of administrator(s)

Edgar Lavarello of PricewaterhouseCoopers Limited, 327 Main Street, Gibraltar  
and  
Dan Yoram Schwarzmann of PricewaterhouseCoopers LLP, 1 Embankment Place,  
London, WC2N 6RH

IP licence number

±SC0001IPA and 8912

1. Notice is hereby given by the administrator(s) of the above company ("the company") that a meeting of creditors of the company is to be held at the place and on the date and times specified below

Place where creditors'  
meeting to be held

PricewaterhouseCoopers Limited, 327 Main Street, Gibraltar

Date and time of  
creditors' meeting

Friday 3 April 2020 at 1pm

2. The meeting is

- An initial creditors' meeting called by the administrator under section 80(1) of the Insolvency Act 2011
- An initial creditors' meeting requested under section 80(4) of the Act
- To consider modifications to my/our proposals under section 84(1) of the Act
- A further creditors meeting called or requisitioned under section 85 of the Act
- A meeting called pursuant to an order of the Court made under section 93 of the Act
- A meeting called pursuant to an order of the Court made under section 94 of the Act
- A meeting of creditors called pursuant to my/our general powers under section 71(2)(c) of the Act

3. As administrator(s), I/we invite you to attend the above meeting
4. A copy of the report with my/our proposals/modified proposals is attached
5. A proxy form is enclosed which should be completed and returned to me by the date of the meeting if you cannot attend and wish to be represented

In order to be entitled to vote at the meeting, Rule 286 of the Insolvency Rules 2014 requires you to give to me, not later than 12.00 hours on the business day before the day fixed for the meeting, details in writing of your claim

Signed



Name of administrator(s) EDGAR LA MARELLO

Date 5 February 2020

# Appendix F: Proxy

**Elite Insurance Company Limited - in administration**

Please give full name and address for communication

Name of creditor

\_\_\_\_\_

Address

\_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_

Please insert name of person who is to be the proxy holder (who must be either a named individual or "the chair of the meeting").

Name or identification of proxy-holder.

\_\_\_\_\_

Alternative 1 \_\_\_\_\_

Alternative 2 \_\_\_\_\_

Alternative 3 \_\_\_\_\_

If you wish to provide for alternative proxy-holders in case your first choice is unable to attend please also state the name(s) of the alternatives or "the chair of the

I appoint the above person to be my/the creditor's proxy-holder.

**Please complete either section A or section B below.**

If you wish to instruct the proxy-holder how to vote on all or any of the resolutions or decisions or to nominate a creditor for membership of a creditors' committee if one is established please place a tick in either the "For" or "Against" box for the relevant resolution and/or make the appropriate deletion in section 2 and/or complete the appropriate details in section 3

**SECTION A**

This proxy is for the meeting of creditors to be held on 3 April 2020, or at any adjournment of that meeting.

The proxy-holder:  
 is to propose or vote as instructed below  
 \* [and may vote or abstain or propose any resolution at his/her discretion in respect of any resolution for which no specific instruction is given]

**Voting instructions**

	For	Against
1. Resolution - That the administrators' proposals dated 7 February 2020 be approved.		
2. Decision - as to whether a creditors' committee be established: * I/we want a creditors' committee to be established if sufficient creditors are willing to be members. * I/we do not want a creditors' committee to be established. * Delete as appropriate		
3. Nomination - For the appointment of		

[insert creditor's name here].....  
represented by  
[insert representative's name here]..... as a  
member of the creditors' committee

**This form must be  
signed and dated here  
if you are completing  
section A**

**Signature** \_\_\_\_\_ **Date** \_\_\_\_\_

**Name in CAPITAL LETTERS** \_\_\_\_\_

**Position with creditor or relationship to creditor or other authority for  
signature:**

\_\_\_\_\_

Only to be completed if  
the creditor has not  
signed in person (e.g. if  
the creditor is a  
company)

---

**SECTION B**

This proxy is a continuing proxy for the proceedings.

The proxy-holder may attend, speak, vote or abstain, or propose any resolution at his/her discretion at any meeting of the company's creditors.

**This form must be  
signed and dated here  
if you are completing  
section B**

**Signature** \_\_\_\_\_ **Date** \_\_\_\_\_

**Name in CAPITAL LETTERS** \_\_\_\_\_

**Position with creditor or relationship to creditor or other authority for  
signature:**

\_\_\_\_\_

Only to be completed if  
the creditor has not  
signed in person (e.g. if  
the creditor is a  
company)