

Joint Liquidators' first progress report from 10 December 2021 to 9 December 2022

Stronghold Insurance Company Limited (in liquidation)

3 February 2023

www.pwc.co.uk/stronghold

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This report has been prepared by Dan Yoram Schwarzmann and Douglas Nigel Rackham as Joint Liquidators of the Company, solely to comply with the Joint Liquidators' statutory duty to report to creditors under IR16 on the progress of the CVL, 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.

Any persons choosing to rely on this report for any purpose or in any context other than under IR16 do so at their own risk. To the fullest extent permitted by law, the Joint Liquidators 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' previous reports issued to the Company's creditors, which can be found at <https://www.pwc.co.uk/services/business-restructuring/administrations/stronghold/joint-administrators--progress-reports.html>. Unless stated otherwise, all amounts in this report and appendices are stated net of VAT.

Dan Yoram Schwarzmann and Douglas Nigel Rackham have been appointed as Joint Liquidators of the Company. Both are licensed in the United Kingdom to act as insolvency practitioners by the Institute of Chartered Accountants in England and Wales. The Joint Liquidators 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 Joint Liquidators may act as controllers of personal data as defined by UK data protection law depending upon the specific processing activities undertaken. PricewaterhouseCoopers LLP may act as a processor on the instructions of the Joint Liquidators. Personal data will be kept secure and processed only for matters relating to the Joint Liquidators' appointment. Further details are available in the privacy statement on the PwC.co.uk website or by contacting the Joint Liquidators.

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

Abbreviations and definitions

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

Abbreviation or definition	Meaning
Administration	UK corporate insolvency process governed by the Insolvency Act 1986, applicable to the Company following its insolvency on 27 June 2019 up to its termination on 26 December 2021.
Administration Appointment	The date that the Administrators were formally appointed as Administrators of the Company, being 27 June 2019.
Cedants/reinsurance creditors	Unsecured non-preferential creditors whose claims arise from being insurance companies holding policies of reinsurance issued by the Company.
Chapter 15	US Bankruptcy process enabling cooperation between US and UK Courts to give effect to the Administration and the Schemes.
Company	Stronghold Insurance Company Limited (in Creditors' Voluntary Liquidation, previously in Administration).
Company Website	www.pwc.co.uk/stronghold .
Court	The High Court of Justice Business and Property Courts of England and Wales Insolvency and Companies List (ChD).
Creditors' Committee	Committee of creditors established to assist the Administrators in discharging their functions set out in the Insolvency Act 1986.
CVL	Creditors' Voluntary Liquidation.
Direct Insurance Creditors	Unsecured non-preferential creditors whose claims arise from cover provided by the Company to a non-insurer policyholder.
Direct Scheme	The Scheme of Arrangement pursuant to Part 26 of the Companies Act 2006 between the Company and its creditors in respect of contracts of direct insurance only.
Directors	The Directors of the Company being Ann Duffy, Andrew Gregory, John Massey, Henry Sopher and Kenneth Watkins.
FCA	The Financial Conduct Authority, the conduct regulator for financial services firms and financial markets in the UK.
FSCS	The Financial Services Compensation Scheme (FSCS) is the UK's statutory deposit insurance and investors compensation scheme for customers of authorised financial services firms.
General Final Claims Time	The deadline for submitting completed claim forms in respect of General Scheme Claims. This time will be determined by and communicated in accordance with the General Scheme in the event that the General Scheme Administrators determine that there may be available funds to make a distribution to General Scheme creditors otherwise than on a de minimis basis.
General Scheme	The Scheme of Arrangement pursuant to Part 26 of the Companies Act 2006 between the Company and its creditors other than: (a) creditors with claims arising under or pursuant to contracts of direct insurance; and (b) creditors with claims arising in respect of Excluded Liabilities.
HMRC	HM Revenue & Customs, the UK's tax, payments and customs authority.
Insolvency Act 1986 (or IA86)	Statutory legislation that provides the legal platform for matters relating to personal and corporate insolvency in the UK.
IR16	Insolvency (England and Wales) Rules 2016 - Statutory rules that provide the legal platform for matters relating to personal and corporate insolvency in England and Wales.

Insurers (Reorganisation and Winding Up) Regulations 2004	The rules under which Direct Insurance Creditors rank ahead of all other Unsecured Creditors, including cedants and reinsurance creditors.
Joint Administrators/we/us/our	Dan Yoram Schwarzmann and Douglas Nigel Rackham of PricewaterhouseCoopers LLP, 7 More London, Riverside, London, SE1 2RT.
Joint Liquidators/we/us/our	Dan Yoram Schwarzmann and Douglas Nigel Rackham of PricewaterhouseCoopers LLP, 7 More London, Riverside, London, SE1 2RT.
Joint Scheme Administrators/we/us/our	Dan Yoram Schwarzmann and Douglas Nigel Rackham of PricewaterhouseCoopers LLP, 7 More London, Riverside, London, SE1 2RT.
Liquidation Appointment	The date that the Liquidators were formally appointed as Liquidators of the Company, being 10 December 2021.
NAIC	The National Association of Insurance Commissioners.
NYDFS	The New York Department for Financial Services.
Period	10 December 2021 to 9 December 2022.
PRA	The Prudential Regulation Authority, being responsible for the prudential regulation and supervision of financial services firms in the UK.
Preferential creditors	Generally, claims for unpaid wages earned in the four months before the insolvency up to £800, holiday pay and unpaid pension contributions in certain circumstances.
Proposals	The Administrators' Proposals for achieving the purpose of the Administration, as approved by creditors on 4 September 2019.
PwC	PricewaterhouseCoopers LLP.
Regulators	The FCA and PRA.
Schemes of Arrangement (or Schemes)	The Direct Scheme and General Scheme (each a Scheme and together, the Schemes) proposed following the Company entering Administration, which both became effective on 11 February 2021.
Scheme of Arrangement	A UK Companies Act procedure, similar in nature to a plan of reorganisation, that involves a compromise or arrangement between a company and one or more classes of its actual and contingent creditors.
SIP	Statement of Insolvency Practice, issued by the UK regulatory authorities, setting out principles and key compliance standards with which insolvency practitioners are required to comply.
Statement of Affairs	A document required by UK law, prepared by the Directors of the Company, outlining the assets and liabilities of the Company at the date of Administration.
Trust Fund	A fund established in the normal course of business, supported by a letter of credit, to provide a fixed level of cover in respect of the payment of claims under US policies issued by the Company.
US Court	United States Bankruptcy Court Southern District of New York.
Unsecured Creditors	Creditors who are neither secured nor preferential.
Value Added Tax (or VAT)	A consumption tax levied on the sale of goods and services in the UK.

Definitions used in this report but not listed above have the same meaning as given in the Final Scheme and General Scheme documents.

Key messages

Why we have sent you this report

On 10 December 2021 the Company exited Administration and moved to Creditors' Voluntary Liquidation ("CVL"). The first 12 months of the CVL have now concluded and so we set out below our first CVL report outlining the progress with the case and an update on the proposed exit process. Creditors may wish to read this report in conjunction with our previous progress reports in the Administration and our initial Proposals document, all of which continue to be available on the Company Website, along with this report and other important information.

As previously highlighted, in accordance with the General Scheme and the Insurers (Reorganisation and Winding Up) Regulations 2004, the claims of the Direct Scheme creditors are to be paid in full in priority to the claims of the General Scheme creditors. Creditors are reminded that on 30 September 2022, although we had not agreed all Direct Scheme claims, we were in a position to confirm that the current level of agreed Direct Scheme claims exceeded the Company's distributable funds. As a result, we also confirmed that no General Final Claims Time would be set and there would be no distribution to the General Scheme creditors.

This report also includes details of work carried out in the period between 27 November 2021 and 9 December 2021, being the final period of the Administration. Please refer to the 'What happens next' section for more information on next steps for Direct Scheme creditors and key dates in relation to the CVL and the Direct Scheme.

How much creditors may receive

68 claims were received from Direct Scheme creditors prior to the Direct Scheme Final Claims Time of 10 August 2021. We have made significant progress in the agreement of Direct Scheme claims and as at 9 December 2022 47 of these claims had been agreed with a combined determined value of \$46.5m. Significant work has also been undertaken in relation to the 21 outstanding claims, with a total submitted value of \$84m, which were in progress but had not been agreed as at 9 December 2022. The process to review and assess these remaining claims is progressing well and we hope to have all claims agreed during the second quarter of 2023.

The following table summarises the possible outcome for creditors, which will depend on the final level of agreed claims and the distributable assets of the Company after all assets have been realised and all costs of the process have been paid. Please note this guidance on dividends is only an estimate. Creditors should exercise caution in relying on these figures and all estimates included in this report for any purpose. The Liquidators will not be responsible for any losses incurred in relation to these or other estimates contained in this report.

Class of creditor ¹	Current estimate (c in \$)	Previous estimate whilst in Administration (c in \$)
Direct Scheme - US creditors ²	26c - 34c	Uncertain
Direct Scheme - Non US creditors	24c - 32c	Uncertain
General Scheme creditors	Zero	Zero

What you need to do and what happens next

This report is for your information and you don't need to do anything at this stage in relation to it.

We will continue to assess and agree the remaining Direct Scheme claims which we hope to conclude during the second quarter 2023. We will also be contacting all Direct Scheme creditors with agreed claims in the coming months to confirm bank account information and other details necessary to complete appropriate checks before a distribution can be paid. We hope to be in a position to pay a distribution to Direct Scheme creditors with agreed claims during the third quarter of 2023. All creditors should continue to refer to www.pwc.co.uk/stronghold for important information and updates on progress.

¹ There was no floating charge registered against the Company's assets. Given the low number of employees and low value of their potential preferential claims all preferential claims were settled early in the Administration.

² US creditors are eligible to receive pro-rata distributions from the US Trust Fund, which increases their expected return compared to non-US creditors.

Overview of work carried out in the Administration

This section of the document deals with the key activities we have undertaken in the Administration. Updates on each of these areas have been explained in our earlier reports.

Operations

Employees

Three employees were made redundant on 5 July 2019 and three individuals were retained as employees of the Company. The retained employees were key to achieving the objectives of the Administration and, in recognition of this, we implemented a retention and incentive plan as part of their contracts in operation during the Administration (which carried over into the CVL). This arrangement mirrored the one that was in operation prior to Administration.

Following the impact of COVID-19 and the UK Government's guidance in relation to working arrangements, we worked with the Company staff to ensure there was no disruption to conducting business as usual, whilst implementing safe working practices that adhere to social distancing rules in relation to office working.

IT Infrastructure

We reviewed the Company's existing IT infrastructure and found that certain elements were near the end of their life and needed to be replaced to continue operating effectively. Due to the significant cost that would be required to update the existing IT hardware, a more cost effective solution to replace the redundant hardware was sourced and the Company transitioned to a cloud based system.

US Litigation

The Company was involved with 46 ongoing litigated cases. We immediately informed the respective lawyers in these active cases of the Company's Administration and instructed them not to perform any further work without our approval. Subsequently we liaised with the lawyers regarding the most efficient way for the Company to conclude its participation in the litigated claims, which we considered to be a mutual dismissal of the Company.

We were informed that the Company had been dismissed from 22 cases, but remained a participant in 24 cases.

Corporation Tax

We brought the Company's corporation tax affairs up to date as at 31 December 2018 and also filed the 31 December 2019 and 31 December 2020 tax returns with HMRC. No tax was payable in relation to these returns.

VAT

We completed the pre-Appointment VAT return and received a refund from HMRC. We completed the first post-Appointment VAT return, spanning the period from 27 June 2019 to 30 September 2019, as well as eight subsequent quarterly VAT returns up until 30 September 2021 which have all been filed with HMRC and VAT recoveries made.

Asset recoveries

Freehold

The Company had operated from a three storey freehold property in Norwich since 2008. In the Statement of Affairs the Directors estimated value of the property was £580k.

During the Administration we completed the sale of the property for £620k (before deducting selling and legal fees). The Stronghold employees continued to operate from home which meant that replacement office space was not required and resulted in lower ongoing operating costs.

Reinsurance debtors

As per the Directors' Statement of Affairs, on Appointment the Company had reinsurance debtors with a book value of £2.2m and an estimated net realisable value of £1.1m. The Administrators instructed the Company staff to continue to pursue potential recoveries from both solvent and insolvent insurers.

During the Administration, we recovered £444k (GBP equivalent).

Shares held

The Company held a number of shares in a company called Occam Underwriting Limited. During the Administration Occam Underwriting Limited's majority shareholder offered to buy out all other existing shareholders. After careful analysis and consideration the Administrators accepted this offer and £41k was realised.

Escrow recoveries

The Company had deposited various funds into escrow accounts in relation to future work expected to be undertaken by various US attorneys. Given that these lawyers were instructed to perform no further work by the Administrators, we requested the return of any surplus escrow funds and £73k (GBP equivalent) was returned to the Company.

Cash and other investments

The Administrators secured all cash held by the Company in the bank accounts and subsequently transferred this to new Administration bank accounts.

In addition to cash, the Company also held various corporate bonds which were valued by an independent third party at £3.6m. All the bonds in the portfolio were subsequently sold for credit quality and risk reasons, and the £3.6m realised paid into the new bank accounts.

The Company also had a loan agreement, with receivables due from a third party. The two remaining payments of \$472k due to the Company were paid during the Administration.

Treasury management

Following the impact of COVID-19 there was a reduction in the interest rates applicable on the credit accounts held by the Company.

During the Administration, we continued to monitor rates to ensure that the funds are invested to maximise the available interest rates whilst remaining in line with PwC's treasury management policies covering such matters as credit quality and counterparty diversification.

Letters of Credit with named beneficiaries

Some US policyholders were beneficiaries of Letters of Credit issued by Citibank N.A. on behalf of the Company. The Letters of Credit were supported by cash previously deposited with Citibank N.A. by the Company. These arrangements were put in place in the 1960's and served as collateral to claims for US policyholders. The value of the 28 Letters of Credit with named beneficiaries totalled \$1.9m. The Letters of Credit were "evergreen", such that they were automatically extended for an indefinite period, until such time as the issuing bank informs the beneficiary of its final expiration.

In July 2019, the Administrators were notified by Citibank N.A. that it intended to unilaterally non-renew all of the Letters of Credit. Subsequently, Citibank N.A. notified all the named beneficiaries that the Letters of Credit were not being renewed beyond 31 December 2019. In November 2019, the Administrators contacted all named beneficiaries regarding the impending expiry of the Letters of Credit.

Following the expiry of the Letters of Credit on 31 December 2019 a total of \$1,370k had not been drawn-down and was returned to the Company in January 2020.

US Trust Fund

There was also a single Letter of Credit supporting the Trust Fund to the value of \$1.5m. The relevant Letter of Credit was drawn down by the trustee of the Trust Fund on 31 December 2019. Since then we have been liaising with the trustee, the NYDFS and the NAIC, regarding the proposed distribution of funds.

Chapter 15 recognition

In September 2019 an application was made to recognise the Administration in the US Courts under Chapter 15 of the US Bankruptcy Code. No objections to the application were made, the order was granted and the process completed on 23 October 2019. The order provided a stay, preventing creditors commencing or continuing US legal actions against the Company. The benefits of the order included the protection of the assets of the Company, providing the Company with additional time to consider its ongoing approach to the various litigation matters and reduced legal costs whilst the matters were stayed. In addition, we confirmed it was also our intention to seek Chapter 15 recognition for the approved Schemes, which would make them binding on all US creditors.

We made an application to recognise the Schemes in the US Courts under Chapter 15 of the US Bankruptcy Code. No objections to the application were made, the order was granted and the process completed on 27 October 2021.

Statutory work

We also completed various tasks as required by statute including:

- Preparing a remuneration report;
- Undertaking investigations, including our duties under the Company Directors Disqualification Act 1986 and SIP2;
- Considering connected party transactions;
- Maintaining appropriate books and records; and
- Reporting to creditors on progress.

Exit strategy

Schemes

The purpose of the Administration was 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). The Administrators believed that a Scheme of Arrangement, similar in nature to a plan of reorganisation, was the best mechanism to achieve the purpose of the Administration.

Given the Company's insolvency the Administrators considered various alternative approaches for dealing with creditors' claims but concluded that two Schemes of Arrangement would provide the most appropriate mechanism to protect the interests of all creditors, including insurance policyholders as the Company: (a) had been in run off for over 30 years, therefore having a very mature book of business; (b) has never written retail insurance business, its remaining policyholders being sophisticated commercial organisations; and (c) does not have any policyholders that would be subject to the protection of the FSCS.

Both the Direct Scheme and General Scheme were approved by creditors and the Court and became effective on 11 February 2021.

Direct Scheme claims assessment

68 claims were submitted before the Direct Scheme bar date and work was undertaken during the Administration to ensure that these claims were properly assessed and appropriately valued in accordance with the Direct Scheme.

Stakeholder engagement

Creditors' Committee

A Creditors' Committee was established in the Administration to assist the Administrators in discharging their functions as office holders. A Creditors' Committee was established in accordance with the Schemes, which mirrored the participants of the Administration Creditors' Committee. We communicated with the Creditors' Committee throughout the Administration to discuss issues and outline key decisions.

Independent fee assessor

A fee assessor was appointed to assist the Creditors' Committee regarding approval of our fees.

Regulatory engagement

We completed various submissions required by the Regulators.

We also continued to engage and cooperate with both the PRA and FCA on the progress of the Schemes and report matters that arise. The PRA and FCA were informed of our plans in relation to the Company leaving Administration and entering CVL.

Information relating to the administration for the period after the Administrators' final report

Below is a summary of the activities undertaken between the period of the Administrator's final progress report and the commencement of the CVL, being 27 November 2021 to 9 December 2021. Activity in this period totalled 60.75 hours and £25,362.70 of time costs and included the following work undertaken:

- Treasury Management and transfer of funds;
- Ongoing run-off management including processing payments;
- Activity in relation to the move to CVL; and
- Ongoing case administrative tasks.

Progress in the CVL since our Liquidation Appointment

Operations

Employees

Following the progress made with winding down the estate and based on the reduced level of future work required two of the employees have left the Company after we provided them both with their contractual notice period. The last remaining employee has also been provided with his contractual notice period, with his last date of employment with the Company set to be 31 March 2023.

Treasury management

We continued to undertake ongoing monitoring of assets under investment, including any required credit, operational, settlement and contractual risk management tasks.

At the end of the Period the Company held funds of US\$95k and £232k in interest bearing current accounts, with US\$29.6m held in money market deposit accounts.

Asset recoveries

Reinsurance debtors

We completed a successful sale of the remaining reinsurance book to five specialist reinsurance debt acquirers for a total of \$254,310, as well as making some other reinsurance collections in the Period prior to the sale. The final remaining reinsurance balance of \$91,230 (net of commission) was received shortly after the Period. Total recoveries from reinsurance total over \$1m.

US Trust Fund

We have been liaising with the trustee, the NYDFS and the NAIC regarding the proposed distribution of funds.

We are working with each of the parties, to ensure appropriate steps are followed to ensure the recovery of the balance as soon as possible for distribution to US Direct Scheme creditors. We anticipate that the funds will be returned to the Company by 31 March 2023.

Stakeholder engagement

We continue to maintain ongoing positive dialogue with all stakeholders and encourage creditors to monitor the Company Website for updates in relation to the Schemes. Should creditors or other stakeholders have any queries these can be sent via email to uk_stronghold@pwc.com.

Regulatory engagement

The Company is an authorised and regulated insurance company and as such must comply with various regulatory requirements and submissions. During the CVL we have completed various submissions required by the Regulators.

We have continued to engage and cooperate with both the PRA and FCA on the progress of the CVL and the Scheme and report matters that arise.

Creditors' Committee

We established a Liquidation committee, which mirrored the Creditors' Committee in operation during the Administration and the Schemes.

The Formal and Observer Members of the Liquidation Committee, and the individuals they are represented by are as follows:

Formal Members

- American International Group* represented by Marcus Doran;
- Carrier Corporation^ represented by Benedict Lenhart;
- DCo LLC^ represented by Duncan McLaughlin;
- Lamorak Insurance Company* represented by Graham Loxley; and
- Warren Pumps LLC^ represented by Gregory Lascelles

^ Denotes Direct Scheme creditor

** Denotes General Scheme creditor*

Observer Members

- AXA Belgium S.A.* represented by Caroline Masset
- Borg Warner Inc^ represented by Bette Orr;
- Mercantile Indemnity Company Limited* represented by Kenny McManus;
- The Sherwin Williams Company^ represented by John Lebold; and
- WRG Asbestos PI Trust^ represented by Mark Garbowski.

We continue to communicate with the Creditors' Committee regarding the Schemes and to discuss issues and outline key decisions. We last met with the Committee on 27 September 2022 and last provided a written update on the progress in the CVL on 21 December 2022. We are grateful to the Creditors' Committee for their ongoing support.

Fee approval

On 27 September 2022 the Creditors' Committee approved PwC's (non-actuarial team) costs and expenses to 30 June 2022. The Creditors' Committee also approved PwC's (non-actuarial team) proposed rates effective from 1 July 2022.

At the same meeting the Creditors' Committee (1) approved PwC's actuarial team costs to 27 September 2022, (2) approved new actuarial rates effective from 1 September 2022, and (3) agreed a budget for actuarial input into the remaining claims work.

We continue to bill 75% of actuarial and non-actuarial fees on account, as agreed with the Creditors' Committee, with the remaining 25% subject to review and approval by the Creditors' Committee.

Direct Scheme claims assessment

We continue to assess Direct Scheme claims, in accordance with the Direct Scheme, in the CVL.

Following discussions with the Creditors' Committee, PwC's actuarial team was engaged at the end of October 2021. In advance of this, numerous data requests were sent to creditors so that responses were ready for the actuarial team to commence work on their assessments in November 2021.

Through the work of the Stronghold team, the non-actuarial team and the actuarial team the first claim was agreed on 20 December 2021 and progress has been made during the following 12 months on advancing the remaining claims. As at 9 December 2022, some 47 of the 68 claims have been agreed with a combined determined value of \$46.5m. The 21 outstanding claims, with a total submitted value of \$84m, were in progress but remained to be settled as at 9 December 2022. The process to review and assess these remaining claims is progressing well and we hope to have all claims agreed during the second quarter of 2023.

Other statutory information

Our receipts and payments account

We set out in Appendix A an account of our first receipts and payments in the CVL from 10 December 2021 to 9 December 2022 and also include the movements in the final period of the Administration which was not covered in the Final Administration Progress Report, 27 November 2021 to 9 December 2021.

Our fees and expenses

We set out in Appendix B a statement of the expenses we have incurred in the CVL from 10 December 2021 to 9 December 2022.

We set out in Appendix C an update on our fees, disbursements and other related matters. The basis of our fees was agreed in the Administration and we continue to have our fees reviewed and approved by the Creditors' Committee in the CVL.

Corporation Tax

We have completed the tax return for the period ended 9 December 2021 and filed this with HMRC. No tax was payable with this return.

The return to 9 December 2022 is in progress and work has commenced to consider the final tax return and submission of the tax clearance application to HMRC.

VAT

We have completed VAT returns for the periods ended 31 December 2021, 31 March 2022, 30 June 2022 and 30 September 2022 and filed these with HMRC. A total of £315k was repaid to the Company in relation to these returns.

Creditors' rights

Creditors have the right to ask for more information within 21 days of receiving this report as set out in Rule 18.9 IR16. Any request must be in writing. Creditors can also challenge fees and expenses within eight weeks of receiving this report as set out in Rule 18.34. This information can also be found in the guide to fees at:

<https://www.icaew.com/-/media/corporate/files/technical/insolvency/creditors-guides/2017/Administration-creditor-fee-guide-6-april-2017.ashx?la=en>

You can also request a copy free of charge by emailing uk_stronghold@pwc.com.

What we still need to do in the CVL and Scheme

- Manage and agree the remaining Direct Scheme claims made against the Company;
- Recover the funds in the US Trust Fund for distribution to Direct Scheme - US creditors;
- Continued liaising with the remaining staff member regarding matters pertinent to the CVL and Schemes;
- Liaise with suppliers regarding ongoing supply of services necessary for trading and eventual exit from commitments;
- Process receipts and payments during the trading period;
- Respond to creditor queries in relation to the Direct Scheme;
- Facilitate a distributions to Direct Scheme creditors;
- Ongoing dialogue with creditors, the Creditors' Committee and Regulators;
- Provide appropriate information to the Creditors' Committee in relation to our activities and fees;
- Continue to comply with statutory and regulatory requirements, including tax, VAT and other formal returns;
- Work in relation to the appropriate exit strategy from the Schemes and the CVL, including tax clearance; and
- Terminate the Schemes and complete necessary closure steps for the Company.

Next report

We expect to send our next report to creditors at the end of the liquidation or in about 12 months, whichever is the sooner.

If you have any questions, please get in touch with Louis Isaacson on +44 (0) 780 523 5949 or by emailing uk_stronghold@pwc.com.

Yours faithfully

For and on behalf of the Company

A handwritten signature in black ink, appearing to read 'Dan Yoram Schwarzmann', with a long horizontal stroke extending to the right.

Dan Yoram Schwarzmann

Joint Liquidator and Joint Scheme Administrator

Appendix A: Receipts and payments

	Notes	Statement of affairs	As at 26 November 2021 - GBP Equivalent	From 27 November 2021 to 9 December 2021	From 27 November 2021 to 9 December 2021	From 26 June 2019 to 9 December 2021 - GBP Equivalent	From 10 December 2021 to 9 December 2022	From 10 December 2021 to 9 December 2022	Total to 9 December 2022 - GBP Equivalent - Note 2
		£	£	£	US\$	£	£	US\$	£
RECEIPTS									
Brought forward from Administration							2,308,601	29,347,996	24,489,816
Freehold land & property		580,000	620,000	-	-	620,000	-	-	-
Cash in hand		26,396,375	24,426,095	-	-	24,426,095	-	-	-
Other financial investments		4,191,489	4,297,966	-	-	4,297,966	-	-	-
Deposits with ceding undertakings		487,786	-	-	-	-	-	-	-
Reinsurers' share of technical provision		100,000	20,377	-	-	20,377	-	-	-
Reinsurance debtors	1	1,006,304	443,872	-	-	443,872	12,428	416,885	353,932
Other debtors		22,853	22,438	-	-	22,438	-	-	-
Insurance claims & refunds		-	1,168	-	-	1,168	-	-	-
Accrued interest & rent		87,470	87,470	-	-	87,470	-	-	-
Bank interest gross	1	-	291,803	-	1,079	292,618	7,542	317,315	267,480
Fixtures & fittings		-	2,284	-	-	2,284	-	-	-
Escrow funds		-	73,400	-	-	73,400	-	-	-
VAT recovered		-	116,826	-	-	116,826	240,944	-	240,944
Exchange rate gain/loss	1, 2	-	(689,540)	-	-	(522,556)	1,887,490	-	1,887,490
Total		32,872,277	28,714,168	-	1,079	28,881,868	4,467,004	30,082,188	27,238,861
PAYMENTS									
Direct labour			1,087,688	36,252	-	1,123,940	583,806	-	583,806
Direct expenses			6,720	-	-	6,720	3,180	-	3,180
Sub contractors and IT	1		171,008	1,141	-	172,148	13,726	30,168	38,439
Rates			56,020	-	-	56,020	-	-	-
Heat, light & utilities			14,057	379	-	14,436	-	-	-
Telephone			6,519	-	-	6,519	-	-	-
Insurance			14,800	-	-	14,800	180	-	180
Professional fees	1		250,572	-	-	250,572	60,325	2,433	62,318
Repairs & maintenance			7,580	-	-	7,580	-	-	-
Office costs, stationery & postage			42,077	-	-	42,077	-	-	-
Licences, trade marks, royalties			120	-	-	120	-	-	40
Office holders' fees			1,954,699	-	-	1,954,699	730,434	-	730,434
Office holders' expenses			7,395	-	-	7,395	-	-	-
Legal fees & expenses	1		1,113,580	-	-	1,113,580	134,242	30,356	159,109
Statutory advertising			77	-	-	77	87	-	87
Scheme advertising			32,561	-	-	32,561	-	-	0
Scheme advisor fees	4		-	-	-	-	885,000	-	885,000
Independent fee assessor			-	-	-	22,950	-	-	0
Finance/bank interest & charges	1		894	-	24	912	-	391	320
Storage			2,666	-	-	2,666	-	-	-
Irrecoverable VAT	3		158,387	-	-	158,387	90,324	1,583	91,621
VAT paid	3		403,681	304	-	403,985	150,338	-	150,338
Total			6,364,048	38,075	24	6,382,142	2,861,882	84,930	2,704,871
Net Receipts/(Payments)			24,380,109	(38,076)	1,065	24,489,818	1,806,322	30,017,286	24,634,790
MADE UP AS FOLLOWS									
			As at 28 November 2021 (£)	£	\$	As at 9 December 2021 (£)	£	\$	As at 9 December 2022 (£)
Barclays Bank Plc GBP account			2,346,676	2,308,601		2,308,601	231,959		231,959
Barclays Bank Plc USD account	1		22,013,434		9,007,954	6,808,211		90,469	74,111
DBS Bank Limited (Money market deposit)	1							15,153,890	12,413,764
OCBC Bank Limited (Money market deposit)	1							14,418,276	11,811,163
HSBC Bank Plc USD account					20,340,042	15,373,004		4,630	3,793
Balance of funds held			24,380,109	2,308,601	28,347,998	24,489,818	231,969	28,667,286	24,634,790

The table above represents our first receipts and payments in the CVL from 10 December 2021 to 9 December 2022 and also includes movements in the final period of the Administration not covered in our final Administration progress report (27 November 2021 to 9 December 2021).

Notes

Note 1 - The total GBP equivalent is a US\$/£ exchange rate (1:0.81918) as of 9 December 2022. The previous period's US\$/£ exchange rate was (1:0.7558) as at 9 December 2021. As per the final report in the Administration, the US\$/£ exchange rate was (1:0.75011) as at 26 November 2021.

Note 2 - An exchange rate gain has arisen from a change in value of the funds held over the Period due to the £ depreciating against the US\$. This is a theoretical gain, stated for presentational reasons. Some estate funds are held in a currency other than sterling because upon our Administration Appointment, funds were already held in US dollars (by virtue of the Company's activities in the US insurance market). As a large proportion of the Company's creditors are based in the US and claims will be paid in that currency, we have not converted these funds to sterling in order to avoid crystallising any FX loss.

Note 3 - All amounts are shown exclusive of VAT, with VAT paid being included as a separate item under Payments. The Company is partially exempt from VAT and therefore some of the VAT paid will be recoverable and some will not (determined at each VAT return). Our assumption is that the Company can continue to recover c.72% of VAT. Any VAT paid within the current period which is irrecoverable will be reflected in future progress reports.

Note 4 - Scheme Advisor Fees represent payments in respect of the PwC actuarial team's work on the claims assessment process.

Appendix B: Expenses

Expenses are amounts properly payable by us as liquidators from the estate, but excludes our fees and distributions to creditors.

These include disbursements which are expenses met by and reimbursed to an office holder in connection with an insolvency appointment.

Expenses fall into two categories:

Expense	SIP9 definition
Category 1	Payments to persons providing the service to which the expense relates who are not an associate of the office holder.
Category 2	Payments to our firm or our associates or which have an element of shared costs (for example, photocopying and mileage disbursements, or costs shared between different insolvent estates).

We don't need approval from creditors to draw Category 1 expenses as these have all been provided by third parties but we do need approval to draw Category 2 expenses. The body of creditors who approve our fees (in this case the Creditors' Committee) also has the responsibility for agreeing the policies for payment of Category 2 expenses.

The following table provides a breakdown of the Category 2 expenses have been incurred by us as liquidators or our associates, together with details of the Category 1 expenses that have been incurred by PwC and will be recharged to the case:

Category	Expense	Costs incurred £
2	Photocopying – Up to 10 pence per page copied, only charged for circulars to creditors and other bulk copying.	2.35
1	System maintenance fee	66.54
	Postage	209.14
	Storage and archiving	1,238.49
	Hospitality expenses for the Company staff	896.92
	Total in the Period	2,413.44

The table below provides details of the expenses incurred in the final period of the Administration and also the CVL during the Period. This table should be read in conjunction with the receipts and payments account at Appendix A, which shows expenses actually paid during the period and the total paid to date.

Nature of expense	Incurred in the period from 27 November 2021 to 9 December 2021 £	Incurred in the period under review £
Gross wages & salaries	36,252	338,806
Employee retention and incentives	-	245,000
Rent and rates	379	-
Other operating expenses	1,141	75,906
Agents' fees and disbursements - Davies Intermediary Support Services (previously Requiem)	-	19,668
Agents' fees and disbursements - Epiq	-	5,045
Agents' fees and disbursements - Larking Gowen	-	1,325
Bank charges	18	320
Insurance	-	180
Legal fees and expenses	-	161,102
Office holders' fees	-	632,198
Office holders' disbursements	-	2,413
Scheme advisor fees	-	1,121,208
Licences, trade marks, royalties	-	40
Statutory advertising	-	87
Irrecoverable VAT	-	91,621
Total expenses	37,789	2,694,919

Appendix C: Remuneration update

Fee approval

During the Administration, the Creditors' Committee fixed the basis of the Administrators' fees by reference to time properly given by the Administrators and their staff in dealing with the Administration. The fee basis agreed in the Administration has been adopted and continues to apply in the CVL.

As discussed in our previous reports, an independent fee assessor was appointed to assist the Creditors' Committee regarding approval of our fees. We have provided various information to the fee assessor in order for him to complete his review. A summary of the fee approvals provided by the Creditors' Committee is included on page 10 of this report.

Time cost charges

The time cost charges incurred in the period covered by this report (10 December 2021 to 9 December 2022) are £1,753,406.30 (excluding VAT).

As mentioned on page 8 of this report £25,362.70 of cost was incurred on activities not covered in the Administrator's final progress report.

Included on the following page is a table showing hours and cost per grade across each key area of the estate in the final period of the Administration and the CVL, inclusive of the hourly rates agreed with the Creditors' Committee.

We set out later in this Appendix details of our work to date in the CVL, our anticipated future work, expenses, subcontracted work and payments to associates.

Our hours and average rates

We set out on the following page a breakdown of (1) our work in the final period of the Administration, by category, together with totals and average rates, and (2) our work in the Period, by category, together with totals and average rates.

Final period of the Administration, 27 November 2021 to 9 December 2021

	Partner	Director	Senior Manager	Manager	Senior Associate	Associate/Other	Offshore professionals	Grand total for the period	
	Hours	Hours	Hours	Hours	Hours	Hours	Hours	Hours	Ave. rate (£/h)
Asset Realisation									
Treasury management									
Total									
Costs of the insolvency process									
Administrators' compliance									
Reporting to creditors									
Total									
Dealing with creditors									
Creditor enquiries and management									
Total									
Insurance run off									
Administrators' supervision of run off									
Receipts and payments									
Total									
Managing the Company's affairs									
Accounting & Treasury									
Chapter 15									
Regulatory									
Tax									
VAT									
Total									
Schemes of arrangement									
Scheme design and implementation									
Total									
Strategy and planning									
Strategy, planning and project management									
Total									
Grand Total	0.00	5.00	15.05	1.65	715.65	2.90	1.50	60.75	417
Ave. rate (£/h)									

221

189

347

434

721

540

1st Period of CVL, 10 December 2021 to 9 December 2022

	Partner		Director		Senior Manager		Manager		Senior Associate		Associate/Other		Offshore professionals		Grand total for the period	
	Hours	Costs £	Hours	Costs £	Hours	Costs £	Hours	Costs £	Hours	Costs £	Hours	Costs £	Hours	Costs £	Hours	Ave. rate (£p/h)
Asset Realisation																
Reinsurance and other assets			5.50	4,165.00	14.20	8,344.70			40.05	16,694.45					59.75	29,204.15
Treasury management	1.00	833.00	2.20	1,671.70	9.45	6,227.40	10.20	6,193.60	33.45	13,400.75	2.20	888.90			58.60	29,213.35
Total	1.00	833.00	7.70	5,836.70	23.65	14,572.10	10.20	6,193.60	73.60	30,095.20	2.20	888.90	0.00	0.00	118.35	58,419.50
Costs of the insolvency process																
Creditors' Committee	2.75	2,284.25	4.70	3,559.70	26.40	18,052.20			27.30	11,398.60					61.15	35,294.75
Insurance					0.20	109.00	0.50	310.50	4.50	1,398.60					5.20	1,618.10
Other statutory and compliance	2.00	1,659.50	19.00	14,143.60	55.95	39,621.85	10.55	5,655.15	117.70	45,151.70	3.35	1,023.15	3.40	751.40	211.95	101,996.35
Reporting to creditors					0.30	219.30	0.20	154.20	20.95	8,670.10					21.45	9,013.60
Total	4.75	3,943.75	23.70	17,703.30	82.45	52,002.35	11.25	6,069.85	170.45	66,619.00	3.35	1,023.15	3.40	751.40	289.35	148,112.80
Dealing with creditors																
Creditor enquiries and management			2.90	2,090.90	4.10	2,633.30			48.45	19,665.55					55.45	24,039.75
Total	0.00	0.00	2.90	2,090.90	4.10	2,633.30	0.00	0.00	48.45	19,665.55	0.00	0.00	0.00	0.00	55.45	24,039.75
Insurance run off																
Liquidators' supervision of run off					48.40	29,412.20			105.00	43,466.25			6.50	2,647.00	182.00	91,628.55
Employees					19.95	12,275.45	4.45	2,783.45	17.85	7,116.00					42.25	22,454.90
Receipts and payments					13.85	9,156.25	9.55	4,814.95	44.10	14,898.00	32.30	7,697.20	37.50	11,976.50	137.30	48,542.90
Total	1.00	833.00	21.10	15,270.10	82.20	50,943.90	14.00	7,578.40	166.95	65,880.25	32.30	7,697.20	44.00	14,823.50	361.55	162,826.35
Managing the Company's affairs																
Accounting & Treasury	1.00	833.00			0.90	484.80			6.55	1,562.60	1.30	245.70			9.75	3,526.10
Chapter 15					0.10	54.50			0.85	324.60	2.10	435.90			3.05	615.00
Pensions					1.70	1,242.70	0.30	186.30	2.00	876.00					4.00	2,305.00
Pre-appointment attorneys					2.10	1,181.70			0.80	350.40					0.80	350.40
Regulatory					2.80	1,637.60	1.00	621.00	0.35	97.65					2.45	1,279.35
Tax	0.50	410.00			8.05	5,524.15	2.80	1,738.80	32.85	10,944.50					36.20	15,040.35
VAT	1.00	833.00			9.05	5,524.15	2.80	1,738.80	32.85	10,944.50					45.70	19,027.45
Total	2.50	2,063.00	0.00	0.00	16.65	10,125.45	4.10	2,546.10	75.30	25,927.50	3.40	681.60	0.00	0.00	101.95	42,943.65
Schemes of arrangement																
Claims agreement - Actuarial team time	97.00	109,193.00	432.00	350,420.00			653.25	334,495.00	808.35	225,869.00	577.20	101,731.00			2,567.80	1,121,208.00
Claims agreement - non Actuarial team time			14.50	11,127.10	98.70	57,074.40			131.75	54,061.00					244.95	122,262.50
Total	97.00	109,193.00	446.50	361,547.10	98.70	57,074.40	653.25	334,495.00	940.10	279,930.00	577.20	101,731.00	0.00	0.00	2,812.75	1,243,470.50
Strategy and planning																
Strategy, planning and project management	2.00	1,666.00	1.00	772.30	71.95	43,116.95	1.05	652.05	71.40	26,891.45			2.50	1,095.00	149.90	74,193.75
Total	2.00	1,666.00	1.00	772.30	71.95	43,116.95	1.05	652.05	71.40	26,891.45			2.50	1,095.00	149.90	74,193.75
Grand Total	108.25	118,531.75	502.90	403,220.40	379.70	230,518.45	698.85	357,555.00	1,546.25	514,908.95	618.45	112,021.85	49.90	16,689.90	3,899.90	17,934,066.90
Ave. rate (£p/h)		1095		802		607		515		333		181		334		450

Our time charging policy and hourly rates

We and our team charge our time for the work we need to do in the CVL. 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 CVL (including our cashiers, support and secretarial staff) 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. For the avoidance of doubt, work carried out by our cashiers, support and secretarial staff is charged on a time costs basis and is included in the analysis of hourly rates charged by partners or other staff members. Time is charged in three minute units (i.e. 0.05 units). We do not charge general or overhead costs.

We set out below the maximum charge-out rates per hour for the grades of our staff who already or who are likely to work on the CVL including our specialist teams namely Tax, VAT and Pensions.

We call on colleagues in our actuarial team where we need their expert advice to evaluate and value the creditors' claims. Their charge-out rates are under separate engagement terms as approved by the Liquidation Committee and the following are the maximum rates by grade per hour.

Grade	Liquidators' team (inc Tax, VAT and Pensions) rates		Actuarial team rates	
	Up to 30 June 2022 £/hour	From 1 July 2022 £/hour	Up to 27 September 2022 £/hour	From 28 September 2022 £/hour
Partner	820	833	1,165	1,028
Director	721	778	992	875
Associate Director	N/A	N/A	814	719
Senior manager	545	731	711	628
Manager	473	621	519	458
Senior associate	392	438	353	311
Associate/other	243	319	203	179
Offshore professionals	221	319 (Associate) or 438 (Senior associate)	N/A	N/A

Reflecting the increasingly mobile and flexible nature of the PwC workforce and the narrowing of our London and regional cost bases we have moved to one uniform rate card for our standard restructuring and insolvency services from 1 July 2022. In addition, as the range of work that may be undertaken by our offshore professional colleagues increases, we also provide updated information for that role.

Offshore professional colleagues may provide assistance, albeit that the majority of the work on this case will be undertaken by the UK based team. An off-shore professional at the higher end of the fee bracket generally has appropriate insolvency experience or an accounting qualification, depending on the nature of the work and will assist with planning and control of various aspects of the insolvency. An off-shore professional at the lower end of the fee bracket will typically have a finance-related qualification and appropriate skills to complete basic insolvency related tasks and provide administrative support to the team including efficient document preparation and data entry, records management, and general data analytics. All work under the supervision of more senior staff.

Payments to associates

No payments have been made to associates or any party who could reasonably be perceived as an associate during the period of this report. Relevant parties have been chosen due to their specific area of expertise or technical knowledge and payments to those parties based on standard commercial terms.

Our work in the Period

Earlier in this section we have included an analysis of the time spent by the various grades of staff. Whilst this is not an exhaustive list, in the following table we provide more detail on the key areas of work.

Area of work	General Description	Work Included
Asset realisations	Reinsurance and other assets	<ul style="list-style-type: none"> • Conclusion of the sale of the reinsurance book to the specialist acquirers; and • Reaching settlement and/or agreement of commutations with the remaining debtors.
	Treasury Management	<ul style="list-style-type: none"> • Liaising with banks regarding investing surplus funds in money market deposits across both GBP and USD accounts; • Assessing composition of the investment portfolio to ensure that the funds are invested in line with PwC treasury management policies; • Ongoing discussion with the NYDFS regarding the resolution and appropriate distribution of the US Trust Fund; and • Monitoring assets under investment, including any required credit, operational, settlement and contractual risk management tasks.
Costs of the insolvency process	Creditors' Committee	<ul style="list-style-type: none"> • Ad hoc liaison with the Creditors' Committee members regarding the CVL and Schemes; • Recording the formulation of the Liquidation Creditors' Committee with Companies House; • Preparing for the Committee meetings held on 17 February 2022 and 27 September 22 including establishing the meeting and preparing the agenda and meeting approach; and • Attending the meetings with the Committee.
	Insurance	<ul style="list-style-type: none"> • Corresponding with insurers regarding ongoing and renewing insurance requirements; and • Updating the insurance policy to reflect changes in employee headcount.
	Other statutory and compliance	<ul style="list-style-type: none"> • Ongoing file management in order to house the Administrators' electronic and paper records, to ensure effective case management and evidence the work which is completed throughout the Liquidation Appointment, in accordance with all regulatory obligations and best practice; • Preparing 6 month strategy document, for agreement by the Liquidators and in compliance with regulatory requirements; • Ongoing monitoring of costs versus budget in order to manage costs incurred, remain apprised of cost accruals and identify any opportunities for greater efficiency; • Finalising the fee pack for the period 1 November 2021 to 30 June 2022;

		<ul style="list-style-type: none"> Supporting the independent fee assessor's review of costs, including providing requesting information and review of his reports; Reviewing, considering and actioning incoming post; and Considering the CVL end period and Stronghold exit strategy.
	Reporting to creditors	<ul style="list-style-type: none"> Initial preparation of progress report to creditors.
Dealing with creditors	Creditor Enquiries	<ul style="list-style-type: none"> Dealing with incoming queries from creditors regarding the Schemes and timing of distributions; Ensuring our records are updated with current creditor contact details; and Maintaining the case website, including the provision of key documents.
Insurance run off	Run off management	<ul style="list-style-type: none"> Liaising with Company management and staff on pertinent matters regarding the CVL, Scheme and insurance run off; Liaising with Company suppliers regarding ongoing supply of services to the Company and their termination in due course; Authorising purchases and other commitments; and Monitoring of Company expenses including the review of other professional service providers' time costs associated with the CVL.
	Processing receipts and payments	<ul style="list-style-type: none"> Processing the receipt of all incoming funds in order to ensure consistency of coding and clarity of reporting; Processing the payment of all transactions, including reviewing invoices, checking that coding of payments in the Liquidators' accounting system is consistent so as to ensure clarity of reporting; Complying with internal risk procedures in order to meet sanctions policies and performing a sanctions check on all payments made during the Period; Verifying all third party payment details before payments are released; and Approval of all payments by senior staff from the case team.
Managing the Company's affairs	Tax	<ul style="list-style-type: none"> Preparation and finalisation of the corporation tax return for the period 1 January 2021 to 9 December 2021), which was filed on 14 September 2022; and Preparation to request appropriate tax clearance from HMRC.
	VAT	<ul style="list-style-type: none"> Reviewing receipts and payments on both US\$ and GBP accounts to ensure that VAT treatment is correct and to ensure accuracy of reporting; Preparing and submitting VAT returns for four periods; and Monitoring the receipt of VAT refunds from HMRC and bringing our accounting systems up to date upon finalisation of the VAT returns, to ensure accuracy of reporting and to ensure the correct treatment of irrecoverable VAT.

Scheme of Arrangement	Scheme design and implementation	<ul style="list-style-type: none"> Managing creditor claims submitted in accordance with the Direct Scheme Final Claims Time; Liaising with the Company employees regarding creditor claim policy validations and additional information to be requested to assist with claims validation and agreement; Correspondence with creditors regarding claim assessments including follow up conversations and meetings; Attending internal and external meetings regarding claim strategy, validation and assessments; Providing official notice that no General Final Claims Time will be set and there will be no distribution to the General Scheme creditors; and Finalising claims, issuing Determination Notices and recording information on the case filing system.
Strategy and Planning	Strategy, planning and project management	<ul style="list-style-type: none"> Ongoing review of strategy to be implemented in order to achieve the objectives of the CVL; Team meetings and work planning for key tasks and milestones; Preparing information and conducting case reviews with the Liquidators regarding the status of the CVL and the progression of key work areas; and Discussing strategy and obtaining input from the Liquidators in relation to key tasks and issues including undertaking senior reviews and approval of key documents.

Our future work

We still need to do the following work to achieve the purpose of the CVL and Schemes.

Area of work	Work to be undertaken	Estimated cost £	Whether or not the work will provide a financial benefit to creditors
Treasury management	<ul style="list-style-type: none"> Assessment of the appropriateness of investment strategy in light of liquidity and return requirements; Management and investment of GBP and USD funds held; and Liaising with the trustee in respect of the Trust Fund arrangement and resolution of the position. 	<ul style="list-style-type: none"> 25,000 	<ul style="list-style-type: none"> Maximising investment interest available on funds held; Ensuring an appropriate balance between GBP to meet future payments; and Appropriate resolution of the c.\$1.5m funds held in the Trust Fund.
Creditors' Committee	<ul style="list-style-type: none"> Conducting ongoing correspondence and holding meetings with members of the Creditors' Committee to discuss the closure steps of the Liquidation and Scheme; and Responding to information requests from the Creditors' Committee. 	<ul style="list-style-type: none"> 35,000 	<ul style="list-style-type: none"> To comply with regulatory requirements or statute; To provide support to the Liquidators in discharging statutory duties; and To ensure the views of the creditor base as a whole are represented.
Reporting to creditors	<ul style="list-style-type: none"> Preparing and issuing the final progress report in the CVL and Scheme to creditors, the regulators and the Registrar. 	<ul style="list-style-type: none"> 40,000 	<ul style="list-style-type: none"> To comply with regulatory requirements or statute. Update creditors on the outcome of the estate.

Other statutory and compliance	<ul style="list-style-type: none"> Maintaining records and documenting key activities and decisions taken; Reviewing and dealing with incoming post; Completing checklists to document statutory compliance and adhering to our diary management system; Filing of documents and emails; Preparation of the final fee packs to the Creditors' Committee; Complying with all regulatory requirements including steps for closure; Termination existing contracts with third parties and suppliers; and Closing down internal systems. 	50,000	<ul style="list-style-type: none"> To comply with regulatory requirements or statute; and To maintain proper books and records.
Creditor enquiries	<ul style="list-style-type: none"> Reviewing and preparing correspondence regarding the status of the CVL, Scheme of Arrangement and timeline for claims agreement and potential distributions to creditors; and Maintaining the PwC case website, including the provision of key documents. 	10,000	<ul style="list-style-type: none"> To comply with regulatory requirements or statute; To respond to queries from various stakeholders; and To keep creditors informed of the progress of the key milestones in the claims process and the CVL closure.
Liquidation supervision	<ul style="list-style-type: none"> Management of the run-off and oversight of the remaining employee and claims agreement process. 	60,000	<ul style="list-style-type: none"> To comply with regulatory requirements or statute; and Orderly management of the estate.
Employees including payroll and redundancy	<ul style="list-style-type: none"> Regular dialogue with the remaining Company employee including addressing any employee issues or concerns; Processing monthly payroll to ensure appropriate deductions of PAYE/NIC are made and paid over to HMRC; and Liaising with the Redundancy Payment Service and external agencies. 	20,000	<ul style="list-style-type: none"> Ensure the position regarding employees is appropriately managed; Ensure compliance with relevant legislation regarding employment matters; Ensure the Company's asset realisations are maximised by the retention of staff with extensive Company knowledge and experience.
Processing receipts and payments	<ul style="list-style-type: none"> Processing and approving receipts and payments into the accounting system; Sanctions checking suppliers and creditors in line with internal regulatory requirements in advance of the distribution to creditors; and Management and oversight of the dividend payment process. 	60,000	<ul style="list-style-type: none"> Ensure appropriate record of all receipts and payments undertaken during the CVL to closure.
Tax	<ul style="list-style-type: none"> Preparing tax computations; Preparing tax clearance application; and Liaising with HMRC, as required. 	20,000	<ul style="list-style-type: none"> Compliance with duties in relation to tax; and To ensure tax accounting is accurate, and recoveries

			made, for the benefit of creditors as a whole.
VAT	<ul style="list-style-type: none"> Considering the tax treatment of both supplies and purchases in order to ensure the estate is compliant with VAT legislation and the Company's status as a partially-exempt supplier; Preparing the final VAT returns and ensuring adherence with partially-exempt status; and Liaising with HMRC, responding to any queries and ensuring that VAT payments or refunds are processed and received by HMRC in a timely fashion in advance of the planned closure. 	• 15,000	<ul style="list-style-type: none"> Compliance with duties in relation to VAT; and To ensure VAT accounting is accurate, and recoveries made, for the benefit of creditors as a whole.
Regulatory	<ul style="list-style-type: none"> Periodic updates to the PRA and FCA on the status of the CVL and Direct Scheme; and Filing regulatory returns required by the Regulators. 	• 5,000	<ul style="list-style-type: none"> To comply with regulatory requirements or statute;
Scheme review and termination strategy	<ul style="list-style-type: none"> Assessing and valuing the outstanding claims; Agreeing claims with creditors in accordance with the Direct Scheme methodology and valuation principles; Preparing a dividend strategy; Preparing determination notices to claimants advising on the outcome of the claims; and Assessment and advising of intention to declare a dividend. 	• 160,000	<ul style="list-style-type: none"> Ensuring an appropriate mechanism to resolve claims in the CVL; To comply with regulatory requirements; and To facilitate the distribution to creditors.
Strategy, planning and project management	<ul style="list-style-type: none"> Preparing fee budgets and monitoring costs; Holding team meetings not relating to trading and discussions regarding status of the CVL; Providing updates to the Liquidators regarding the case exit strategy; and Conducting case reviews on the status of the project. 	• 40,000	<ul style="list-style-type: none"> To resolve outstanding matters in line with the purpose of the CVL.

Our relationships

We have no business or personal relationships with the parties who approve our fees or who provide services to the CVL where the relationship could give rise to a conflict of interest.

Details of subcontracted work

The following work, which we or our staff would normally do, has been done by subcontractors/will be subcontracted out. Larking Gowen LLP were the incumbent payroll provider and it remained cost effective to continue with these payroll services following the appointment of the Joint Liquidators. The costs in respect of this service incurred to date and estimated future costs can be seen in our expenses table at Appendix B.

Service provided	Name of firm/organisation	Reason selected	Basis of fees
Payroll processor	Larking Gowen LLP	Pre-existing relationship with the Company	Monthly fixed fee

Legal and other professional firms

The following table provides details of the professionals we have engaged in the CVL, plus subcontractors used to undertake work that we could otherwise do ourselves.

Service provided	Name of firm/organisation	Reason selected	Basis of fees
Insurance cover	AJA Insolvency Risk Services Limited	Industry knowledge and insolvency expertise	Annual premium
Independent Scheme adjudicator	Barbara Jones of Bracewell LLC	Legal knowledge and insolvency expertise	Initial retainer then time costs
Legal advice, including advice on the Schemes and general legal advice regarding the run off	Clifford Chance LLP	Pre-existing relationship with the Company and Scheme of Arrangement expertise	Time costs and disbursements
Computer and IT Services	Computer Service Centre Ltd	Pre-existing relationship with the Company	Monthly charge
Reinsurance collections	Davies Insurance Services (previously Requiem Limited)	Pre-existing relationship with the Company	Fixed % commission on collections

Legal advice on a specific claim	Duane Morris LLP	Pre-existing relationship with the Company	Time costs
Statutory advertising	EPE Reynell Advertising Limited	Industry knowledge and insolvency expertise	Fixed fee
Legal services, including: Notice distribution and service of documents to creditors and interested parties in relation to the Chapter 15 application and order	Epiq Corporate Restructuring LLC	Industry knowledge and insolvency expertise	Time costs and disbursements
Legal advice on a specific claim	Hinkhouse Williams Walsh LLP	Pre-existing relationship with the Company	Time costs
Data protection fee	Information Commissioner's Office	Legal requirement	Fixed fee
Legal advice on a specific claim	Mendes & Mount LLP	Pre-existing relationship with the Company	Time costs
Employee insurance cover	MetLife Europe D.A.C.	Pre-existing relationship with the Company	Annual premium
Legal advice on a specific claim	Mintz, Levin, Cohn, Ferris, Glovsky and Popeo, P.C.	Pre-existing relationship with the Company	Time costs
Claims system and IT service fees	R&Q Central Services Limited	Pre-existing relationship with the Company	Fixed quarterly charge
Employee insurance cover	Unum Ltd	Pre-existing relationship with the Company	Annual premium

Appendix D: Other information

Court details for the CVL:	High Court of Justice Business and Property Courts of England and Wales Insolvency and Companies List (ChD) Thursday 25 November 2021
Company's registered name:	Stronghold Insurance Company Limited.
Trading name:	Stronghold Insurance Company Limited.
Registered number:	00736581.
Registered address:	8th Floor Central Square, 29 Wellington Street, Leeds, West Yorkshire, LS1 4DL.
Shareholdings held by the Directors and secretary:	Stronghold Holdings Limited was 100% shareholder of Stronghold Insurance Company Limited, but has now been dissolved. The following Directors had shareholdings in Stronghold Holdings Limited: Henry Sopher - 40% Ann Duffy - 40% Ken Watkins - 20%
Period of the Administrators' appointment:	27 June 2019 to 9 December 2021.
Date of the Liquidators' appointment:	10 December 2021.
Liquidators' names, addresses and contact details:	Dan Yoram Schwarzmann and Douglas Nigel Rackham, both of PwC LLP, 7 More London, London, SE1 2RT.
Appointer's/applicant's name and address:	The Directors of the Company, 8th Floor Central Square, 29 Wellington Street, Leeds, West Yorkshire, LS1 4DL (previously 46 Rose Lane, Norwich, NR1 1PN).
Website	www.pwc.co.uk/stronghold .
Objective being pursued by the Liquidators:	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 CVL).
Division of the Liquidators responsibilities:	During the period for which the CVL order is in force, the affairs, business and property of the Company are to be managed by the Liquidators. For the purposes of paragraph 100(2) to Sch B1 IA86, the Liquidators may exercise any of the powers conferred on them jointly or individually.
Regulation (EU) 2015/848 of the European Parliament and of the Council of 20 May 2015 on Insolvency Proceedings (recast):	The EU regulation does not apply to insurance undertakings and hence does not apply to this CVL.

Appendix E: Creditors' rights to opt out of receiving certain communications

The Insolvency (England and Wales) Rules 2016 ("IR16")

Information provided to creditors on opting out in accordance with Rule 1.39

As part of our first communication with you, we are required to inform you about your right to elect to opt out of receiving further documents relating to these proceedings as follows:

You have the right to elect to opt out of receiving further documents about these proceedings unless:

(a) the Insolvency Act 1986 requires a document to be delivered to all creditors without expressly excluding opted-out creditors;

(b) it is a notice relating to a change in the office holder or the office holder's contact details, or;

(c) it is a notice of a dividend or proposed dividend or a notice which the Court orders to be sent to all creditors or all creditors of a particular category to which the creditor belongs.

Any election to opt out will not affect a creditor's entitlement to receive dividends, should any be paid to creditors. Similarly, unless IR16 provide to the contrary, opting-out will not affect any right the creditor may have to vote in a decision procedure or participate in a deemed consent procedure in these proceedings, although the creditor will not receive notice of it.

If a creditor opts out, they will be treated as having opted out in respect of any consecutive insolvency proceedings of a different kind in respect of the same company.

A creditor can opt out at any time by delivering written notice to the office holder at the postal address noted in the covering correspondence or by e-mail to: uk_insolvencydocsrequests@pwc.com. The notice must be authenticated in accordance with rule 1.5 IR16 and dated by the creditor. A creditor will be treated as an opted-out creditor as soon as reasonably practicable after delivery of the creditor's election to opt out.

An election to opt out can be revoked at any time by delivering a further notice to the office-holder in writing, authenticated and dated by the creditor. A creditor ceases to be an opted-out creditor from the date the notice is received by the office holder.

Should you have any questions on this process, please use the contact details in the covering correspondence.