

TO ALL KNOWN CREDITORS

7 November 2024

Ref: MLP/RB/AS/AW

Telephone: 0333 4000 393

Email: eastwestinsurance@uk.ey.com

Dear Sirs,

East West Insurance Company Limited (in Administration) (“the Company”)

High Court of Justice, Business and Property Courts of England and Wales, Insolvency and Companies List (ChD), Number CR-2020-003913

I write, in accordance with Rule 18.3 of the Insolvency (England and Wales) Rules 2016 (“the Rules”), to provide creditors with a report on the progress of the administration.

The Company entered administration on 12 October 2020 and Richard Barker and Simon Edel were appointed to act as Joint Administrators. The appointment was made by the High Court following an application under the provisions of paragraph 12(1)(b) of Scheme B1 to the Insolvency Act 1986. Under the terms of the appointment, any act required or authorised to be done by the Joint Administrators can be carried out by any one of them.

This report, including its appendices, constitutes the Joint Administrators’ eighth report on the progress of the administration in accordance with the requirements of Rule 18.3 of the Rules. This report covers the period from 12 April 2024 to 11 October 2024 (the “Period”) and should be read in conjunction with the Joint Administrators’ Statement of Proposals dated 3 December 2022 and the Joint Administrators’ progress reports dated 10 May 2021, 11 November 2021, 10 May 2022, 9 November 2022, 10 May 2023, 10 November 2023 and 10 May 2024 (“Previous Reports”).

Copies of the above documents and other announcements are available at the following website: www.ey.com/en_uk/eastwestinsurance.

Statutory information about the Company, the administration and the office holders are provided in Appendix A.

Purpose of the administration

As creditors will be aware, the purpose of the administration of the Company is to facilitate a better outcome for the creditors than would be likely if the Company were wound-up (without first being in administration).

The administration does not terminate or cancel a current policyholder’s contract of insurance (unless specifically stated in their policy) and, therefore, provides an environment in which the Company’s operations have been stabilised, enabling the handling of claims made in respect of its contracts of insurance prior to administration to continue until the expiry of those policies, the last of which is in December 2026, and new claims to be submitted as they arise. This would have not been possible in a winding-up.

As previously reported, the Company is not and will not be conducting remedial works on behalf of policyholders and, therefore, policyholders who are eligible for the Financial Services Compensation

Scheme (“FSCS”) will receive compensation for any insured defects, either directly, or through the funding of rectification works conducted by policyholders or their mandated agents. The timing of funding under the terms of the insurance policy will be provided by the FSCS without the need for policyholders to first fund costs themselves and then seek repayment from the FSCS.

Summary of progress to 11 October 2024

During the Period, claims received under the Company’s contracts of insurance related to structural warranty and buildings guarantee policies (“the BG Policies”) have continued to be progressed.

The Company has formally engaged Davies Group Limited (“Davies Group”) in the capacity of Claims Directorate during the period, as referenced in our Previous Reports. The Claims Directorate is led by Dr Marc Sweeney, the Company’s Claims Director.

The integration of the Claims Directorate team completed in September 2024 and, therefore, responsibility for handling all of the Company’s insurance claims has fully transferred from Weightmans, who operated as the Company’s Run-Off Manager (“the ROM”). The ROM has been retained in a limited capacity to assist the Claims Directorate on an ad hoc basis to enable the efficient progression of a small number of longstanding, complex claims.

As part of the transition of services, all claim level data was transferred from the Company’s legacy claims management system to a bespoke version of Davies Group’s claims management system, which provides greater functionality, an enhanced control environment and automated, real-time reporting of information. Accordingly, the Joint Administrators are now able to more easily report across the claim portfolio by both the number of individual open claims and by the number of unique developments to which those claims relate.

As part of the data transfer, amendments were made in respect of the recognition of certain common claims across individual developments which resulted in an increase of 19 claims to the number of open claims at the beginning of the Period (from 89 to 108). During the Period, four new claims were received, an additional seven claims were recognised, and 15 claims were closed, resulting in a net reduction of four open claims in the Period. Accordingly, as at 11 October 2024, there were 104 open claims, across 75 individual developments.

All open claims continue to progress through the claims lifecycle, with the majority of these claims having had full or partial policy responses and settlement letters issued since the commencement of the administration. During the Period, the Company has issued either full and partial policy responses on 16 claims, as well as four settlement offers. A further five settlement offers, including two in the range of £2-3m each, were issued shortly after the Period end.

Investigatory works necessary to determine policy coverage in relation to claims or parts of claims to which a policy response has not yet been issued are ongoing. In some cases, these may take a significant amount of time to complete, but the Claims Directorate and the Joint Administrators are seeking to expedite this wherever possible whilst balancing the need to ensure a thorough investigatory process is completed to identify potential defects at a development which fall within the BG Policies.

The Company and the Joint Administrators have continued to work closely with the FSCS in the Period to agree the approaches they would like the Company to adopt to enable funding in respect of the discharge of the Company’s indemnity to be paid for accepted claims under BG Policies for FSCS eligible policyholders. This is an ongoing, iterative process taking account of the specific circumstances and complexities of each claim.

As previously reported, the Company and the FSCS consider that developers and/or third parties should provide funding of the costs associated with the remediation of defective properties for which claims have been made under the BG Policies and have continued discussions with these parties and made significant progress in this respect in the Period. In addition, the Joint Administrators have continued to liaise with the

Ministry of Housing, Communities and Local Government (the “MHCLG”), formerly the Department of Levelling Up, Housing and Communities, who operate the Building Safety Fund (the “BSF”), which provides funding of the costs associated with remediation of eligible defective properties.

During the Period, the Joint Administrators filed an application to Court to seek approval to make interim distributions to non-FSCS-Protected policyholders (i.e. policyholders who do not meet the FSCS eligibility criteria for compensation) with agreed claims arising under the BG Policies from the ring-fenced funds in the Company’s Estate. The application was heard by the Court shortly after the Period end and consent was granted to the Joint Administrators to make an initial distribution to non-FSCS-Protected policyholders, as well as subsequent distributions on a pro-rata basis, in such amounts and at such times that the Joint Administrators consider appropriate. The Court order can be located on the Company website referenced earlier in this report. It is anticipated that the initial distribution will be paid to non-FSCS-Protected policyholders in December 2024 / January 2025 following the completion of certain procedural requirements.

Further details in respect of the overall progress of the administration are provided in this report.

Assets

Recoveries

As previously reported, the Joint Administrators’ strategy in respect of recoveries is focussed on ensuring that culpable third parties contribute to the costs of rectification of any defective development on which a valid claim has been made under the BG Policies, to reduce the liability incurred by the Company under the BG Policies. Where contributions are received, it minimises the amount of the insurance liability being settled by the Company in the first instance and, therefore, reduces the overall value of claims to rank for distribution as insurance creditors.

The Company continues to lead on interaction with developers and/or relevant third parties to secure either an undertaking to complete works to remediate insured defects or financial contributions to the costs of such works as part of the claims handling process and in collaboration with the FSCS.

The Company are in active dialogue with 21 third-parties in respect of remediation of insured defects at developments on which claims have been made on the BG Policies. The aggregate gross claim reserves on claims where contribution discussions are ongoing total c.£120m. Of these, five parties have so far indicated that they will carry out works to remediate insured defects on nine developments with aggregate gross claim reserves of c.£82m.

Where a third party notifies the Company that it intends to complete remedial works directly, the Company will monitor progression of the works and obtain evidence of their completion to current building regulations and, only at that point, will the Company notify policyholders that they consider their claim under the BG Policies to have been discharged. If any insured defects remain after completion of third parties’ works, the claim associated with such defects will be progressed in the ordinary course by the Company and remedial works funded by the FSCS where policyholders are eligible.

The Company, the Joint Administrators and the FSCS also continue to monitor the impact of applications made to the BSF for funding of remedial works relating to fire safety defects at 13 developments, where claims have also been made under the BG Policies, with aggregate gross claim reserves of c.£104m. Four of these developments (with gross reserves totalling c.£32.4m) have BSF funding applications in progress, six (with gross reserves totalling c.£65.5m) have BSF funded remedial works ongoing, and three (with gross reserves totalling c.£6.8m) have had their BSF funded remedial works fully completed, although the Company has not yet received evidence of the completion of these works.

Where it has not been possible to secure a contribution from a third-party as part of the policy claim resolution, further recovery action by way of mediation or legal proceedings will be taken against relevant third-parties, where appropriate, to seek to recover funds for the benefit of the Company’s Estate, subject to it being determined to be cost-effective to do so. In accordance with a Recoveries Agreement that the

Company entered into with the FSCS in January 2024, the FSCS are responsible for taking recovery action against developers and/or relevant third parties in situations whereby they refuse or are unable to remediate defects and the FSCS subsequently fund remedial works themselves. The Recoveries Agreement streamlines the process whereby the Company and FSCS may both have potential rights of recovery against third parties and reduces the associated costs of recovery action. The Company continues to assist the FSCS with information requests in relation to the FSCS's recovery actions. No recoveries were made in the Period by the FSCS.

As noted above, the Joint Administrators' expectations are that recoveries, whether in the form of cash contributions (to the Company or FSCS) or undertakings from third parties to remediate defects identified at developments which would otherwise represent claims on the BG Policies, will provide a material benefit for the Company's Estate.

In August 2024, the Company received funds in the amount of c.£6k from a third party in respect of contributions to historical claims settled by the Company.

Third party funding

As explained in Previous Reports, the Joint Administrators agreed to an extension of the period of time by which the deferred contribution of up to £3.0m was payable to the Company by Zurich Insurance Group ("Zurich") as a result of ongoing legal matters. It is anticipated that this matter will be resolved during the next reporting period and a further update in this respect will be provided in the next progress report.

Cash at bank

As of 11 October 2024, funds totalling £41.64m were held in the Company's Estate. This comprised £30.75m of general Estate funds together with ring-fenced funds of c.£10.89m. The funds are held in accounts with six different banks for credit risk management purposes.

The Joint Administrators monitor short-term, low risk investment options for the funds held in the Company's Estate and, where appropriate, place funds on short-term treasury deposit accounts to maximise interest income for the Company's Estate. Interest income received on funds held in the Company's Estate in the Period was £0.70m which is significantly lower than the previous reporting period because of a number of the Company's deposits maturing shortly after the end of the Period and, therefore, the associated interest will be accounted for in the next reporting period.

Liabilities

Insurance claimants

As noted earlier in this report, the administration of the Company does not terminate or cancel a current policyholder's contract of insurance (unless specifically stated in their policy). Accordingly, claims continue to be directed to the Company in the ordinary course of business.

BG policies

Policy and open claim profile

At the commencement of the administration, the Company's records identified 18,397 unexpired BG Policies, with a last known contractual expiry date of 8 December 2026. As at 11 October 2024, the number of unexpired policies has reduced to 2,498. A summary of the run-off of the remaining unexpired BG Policies is shown in the table below:

Year of Expiry	Number of policies expiring
2024	558
2025	1,218
2026	722
Total	2,498

In respect of claims received on the BG Policies, the table below details the progression of the number of new and closed claims in the Company's claims portfolio since the commencement of the administration:

Description	Number of claims
Open claims as at 12 October 2020	139
New and reopened claims	99
Closed claims	(134)
Open Claims as at 11 October 2024	104

Claims are being progressed through their lifecycle with a net reduction of four claims in the Period and a net reduction of 35 claims in the portfolio since the commencement of the administration, having taken account of the adjustments to claims numbers in the Period as noted earlier in this report.

As noted earlier in this report, the Company continues to issue policy responses, both full and partial, and settlement offers, in respect of the open claims as soon as practicable. Accordingly, the number of open claims is expected to reduce further in the next reporting period.

The Company's claim portfolio is made up of a wide variety of claims which differ substantially in size. Approximately 54% of claims by number are for less than £0.25 million and predominantly relate to water ingress claims and failed works claims. The remaining 46% of claims predominantly relate to fire safety and present imminent danger claims.

Indemnification

A number of thematic and claim-specific complications have arisen in the Period and will continue to arise in future periods, from the fact that many of these matters have not had to be addressed previously in relation to the default of an insurer of BG Policies and all BG Policy claims are unique with limited common defects.

Examples of matters which have required specific consideration include policyholder representation; obtaining information pertaining to remedial schemes to address insured defects; formalisation of the funding requirements with FSCS for remedial schemes; understanding details of remedial schemes for ongoing or recent works carried out by third parties; and obtaining release from the claims at the conclusion of the remedial works.

In addition, new Building Safety Regulations came into force on 6 April 2024 for properties located in England and Wales which have resulted in the requirement for contractors to obtain additional approvals before remedial works can be carried out to developments. These issues have increased the claims lifecycle by up to six months. The Joint Administrators are collaborating closely with legal advisors, the Claims Directorate, the FSCS and policyholders and their representatives to navigate these matters as they arise.

As noted above and in Previous Reports, the Company is not and will not be conducting remedial works on behalf of policyholders and, therefore, FSCS eligible policyholders will receive compensation for any insured defects, either directly or through the funding of rectification works conducted by policyholders or their mandated agents.

Claim reserves

The nature of the claims in respect of the BG Policies are such that accurate calculation of the final value of claims is inherently uncertain at this stage, particularly for the largest, most complex claims where assessment of the extent of policy coverage is ongoing and/or remedial works may take several years to implement. The value of claims will also be materially impacted by works undertaken by developers and/or relevant third parties to remediate insured defects without recourse to the Company and, therefore, the figures reported below will remain subject to substantial amendment in future reporting periods.

As at 11 October 2024, the Company's outstanding case reserves and initial potential estimates in respect of open claims relating to the BG Policies, as well as the value of agreed non-FSCS Protected claims are shown in the table below, along with the figures as at 11 April 2024 for comparative purposes.

Description	As at 11 April 2024 (£)	Movement in the Period (£)	As at 11 October 2024 (£)
Gross Reserves - FSCS Protected Claims	272,931,247	(2,526,910)	270,404,337
Gross Reserves – Non-FSCS Protected Claims	6,497,214	1,273,065	7,770,279
Total Gross Reserves	279,428,461	(1,253,845)	278,174,616
Initial Potential Estimates	18,500,000	9,000,000	27,500,000
Total reserves and estimates	297,928,461	7,746,155	305,674,616
Incurred and paid by FSCS	14,573,753	2,373,510	16,947,263
Non-FSCS Protected Claims Agreed	12,268,621	-	12,268,621
Total estimated BG policy liabilities	324,770,835	10,119,665	334,890,500

Employers' liability policies

As previously reported, the Company has exposure to potential future claims on historic employers' liability policies. It is not expected that claims arising under these contracts of insurance will be material to the Company. The Company has no outstanding employers' liability claims at this point and the Joint Administrators have not received any claim notifications in respect of employers' liability policies during the period of the administration.

It is expected that any valid claim determined under an employers' liability contract of insurance of the Company will be eligible for FSCS compensation in full.

Reinsurance cedents and claimants

At the date of administration, the Company had been notified of a small number of potential outstanding claims from cedents in respect of reinsurance contracts issued by the Company. The Joint Administrators have not received any additional claim notifications in respect of reinsurance contracts during the Period.

In accordance with The Insurers (Winding-up and Reorganisation) Regulations 2004, any claims arising in respect of reinsurance contracts rank for distribution in the administration behind the claims of direct insurance policyholders.

Other matters

Claims Handling Operations

As referred to earlier in this report, responsibility for handling of all insurance claims has been transferred to Davies Group as the Claims Directorate, with Senior Claims Executives from Davies Group leading each claim on a day-to-day basis as part of the wider Claims Directorate Implementation Plan. Davies Group have the relevant expertise that is required to progress and settle the Company's BG Policy claims through the indemnification phase and are supporting the Company's approach to monitoring remedial works being carried out directly by policyholders and third parties. Davies Group are also responsible for handling and reporting on all claims received in respect of the Company's contracts of insurance. The ROM continue to assist with a small number of complex claims involving third-party contributions, enabling Davies Group to have access to the ROM's detailed historical claims-specific knowledge.

The Company's Claims Director provides oversight and direction to the Company's claim handling operations, including direct management of the Company's more complex claims and is responsible for the performance of the Claims Directorate.

Through the Claims Directorate Implementation Plan, key performance indicators have been agreed; cost forecasting and budgeting have been implemented; standard operating procedures have been updated; and all claim level data has been transferred to a bespoke version of Davies Group's live claims handling IT system. The new system tracks the progress of claims, providing users with real time claims management information and embeds an automated process for payments to third parties. The Claims Directorate, the FSCS and the Joint Administrators' teams can access the system, and the Joint Administrators expect it to lead to efficiency improvements during the remainder of the run-off.

A significant majority of the Company's remaining BG Policy claims by value relate to large, complex developments which are, and will continue to be, time intensive, requiring input from the Claims Directorate, third-party suppliers and the Joint Administrators. However, the Claims Directorate are also focussing on bringing smaller claims to their conclusion in the short term and working closely with the FSCS during the remedial works of the largest and most complex developments in the longer term, which is anticipated to take several years to complete. The Company continues to adopt a collaborative approach with stakeholders to support timely determinations on policy response, FSCS eligibility, and commencement of remediation works in some circumstances.

Bi-monthly claims working sessions between the Company's Claims Director and the Joint Administrators, and, separately, between Davies Group, the Joint Administrators, and the FSCS remain a key component of the claims management framework. These sessions ensure that there is an appropriate level of oversight of the Company's run-off strategy and the Joint Administrators have continued to provide input to the commercial and stakeholder management aspect of large and complex claims. The Joint Administrators anticipate that their time costs will reduce as more claims are closed.

The costs of claims handling services are funded by the Company's Estate. During the period from 1 April 2024 to 30 September 2024, costs and disbursements incurred by the ROM in respect of claims handling services were £1.15m plus VAT. This amounts to a decrease of £0.14m compared to the previous six-month period. In addition, costs and disbursements of Davies Group in respect of the services of the Claims Director and the Claims Directorate were £1.03m (€1.23m) for the same period. Due to timing differences, not all the incurred costs were invoiced and paid from the Company's Estate in the Period and, therefore, the figures shown in the Receipts and Payments account at Appendix B differ from these amounts. In the Period, c.£0.2m of fees pertaining to the Claims Directorate that were previously incorrectly categorised within the Receipts and Payments account as loss adjusting services were reallocated to Claims Handling.

It is anticipated that the costs of claims handling services will remain significant for at least the next 6 months as all claims progress into their respective indemnification phase and the Company focus on bringing smaller claims to their conclusion. The ROM's costs have significantly reduced following the commencement of the Claims Directorate and the Joint Administrators continue to closely monitor all claims handling service costs being incurred.

The Company has established processes and controls to engage with the various third-party suppliers required to progress claims. Certain third-party supplier costs have been paid directly by the FSCS in respect of policy claims for those deemed eligible by the FSCS.

FSCS Funding Agreement

The Joint Administrators do not currently project a requirement to make a drawdown on the FSCS Funding Agreement (as referred to in previous reports) in the near future. However, the position will be regularly reviewed throughout the remainder of the administration and the Joint Administrators continue to provide the FSCS with a half-yearly cash flow and a quarterly report of operational costs incurred by the Company which they consider would be payable under the Funding Agreement, if required. The FSCS have

confirmed that costs paid from the Company's Estate in the amount of c.£0.1m, incurred in the period to 31 March 2024, are payable under the terms of the Funding Agreement.

Value Added Tax ("VAT")

The Company's VAT registration has been retained at this stage and VAT returns will continue to be submitted on a quarterly basis.

During the Period, input VAT of £0.54m has been paid on expenses settled from the Company's Estate. It is not expected that the Company will be able to recover input VAT during the administration period.

Corporation Tax

A corporation tax return for year ending 31 December 2023 is in the process of being finalised, with no corporation tax liability anticipated to be due. The return is expected to be submitted shortly.

Regulatory engagement

The Company remains a regulated insurance company and is required to comply with various regulatory matters. The Joint Administrators engage regularly with the FCA to provide information on the progress of the administration and submit relevant regulatory returns for the Company.

Creditors' Committee

The Joint Administrators consult with the Creditors' Committee approximately every 6 months to discuss the administration strategy and allow creditors' views to be represented and considered. The twelfth meeting of the Creditors' Committee took place on 19 September 2024.

There have been no changes to the composition of the Committee in the Period, and it comprises the following members:

1. FSCS
2. Killearn Developments Limited
3. Marco Island Developments Limited
4. RHA Wales Group Limited

In accordance with the Rules, a Creditors' Committee in an administration must have at least three members but not more than five members. Accordingly, there is currently one vacancy on the Creditors' Committee.

Distributions to creditors

As previously advised, the hierarchy of debts for an insurance company is set out in The Insurers (Winding-up and Reorganisation) Regulations 2004 and applies to the Company. The effect of which is that insurance creditors have priority over other classes of unsecured creditors, including reinsurance cedents.

Insurance creditors – those eligible for FSCS protection

As previously reported, insurance claimants with BG policies or employers' liabilities policies who are eligible for FSCS protection will receive payment in full of claims determined to be valid in accordance with the terms of their contract of insurance.

When paying compensation, the FSCS take an assignment of any rights those insurance claimants might have against the Company and any third parties, and the FSCS will have a subrogated insurance claim against the Company for the compensation payments made.

From the date of administration to 11 October 2024, a total of £16.95m has been paid by the FSCS to insurance claimants that are eligible for FSCS protection. It is expected that the number of payments made by the FSCS will increase significantly in future reporting periods as the remaining claims progress through their lifecycle.

Insurance creditors – those not eligible for FSCS protection

Insurance claimants who are not eligible for FSCS protection will also rank as insurance claimants against the Company. The Joint Administrators have authorised, where appropriate to do so, certain initial investigation work to be paid for by the Company's Estate in order to determine whether the contract of insurance responds to the claim made against the Company and, assuming the policy responds, provide an indicative valuation of the claim.

The agreed value of the claims of insurance claimants who are not eligible for FSCS protection as well as the FSCS' subrogated claim will rank equally for distribution in the Company's Estate. Details of the estimated value of the Company's insurance claims, as noted earlier in this report, will continue to be provided in future progress reports.

In addition, as noted above, funds in the amount of c.£10.9m (including accrued interest) are currently held in a separate ring-fenced bank account and will be available for distribution exclusively to policyholders with a valid policy claim under a BG Policy who do not meet the FSCS eligibility criteria for the payment of their claims by the FSCS.

As at 11 October 2024, six non-FSCS-Protected policyholder claims across four developments in the aggregate amount of £12.27m have been agreed and there are a further six open claims with gross case reserves totalling £7.77m.

It is expected that the quantum of agreed non-FSCS-Protected policyholder claims will increase before the conclusion of the administration. Since the value of agreed claims exceeds the value of the ringfenced funds, each non-FSCS-protected policyholder will be entitled to a pro-rata distribution from these funds.

As noted above, the Joint Administrators submitted an application to Court on 2 August 2024 to seek approval to make interim distributions to non-FSCS-Protected policyholders from the funds that are specifically ring-fenced for non-FSCS-Protected policyholders. The Court hearing took place on 16 October 2024, and consent was granted to make an initial distribution to non-FSCS-Protected policyholders, as well as subsequent distributions on a pro-rata basis, in such amounts and at such times that the Joint Administrators consider appropriate, without having to make further applications to the Court each time a distribution is contemplated, in the interests of cost-effectiveness for the Company's Estate. The Court order can be located on the Company's website referenced earlier in this report.

Following the Court's approval, the initial distribution is anticipated to be paid in December 2024 / January 2025, and whilst the quantum of the initial distribution will be assessed shortly prior to the proposed payment date, based on current information, it is anticipated that the distribution will be in the range of 10 pence and 20 pence in the pound. Claims which are agreed after the payment of the first distribution will be paid their entitlement to prior distributions at that time.

Due to uncertainty in respect of the eventual non-FSCS-Protected policyholder claims population, the quantum and timing of subsequent distributions is uncertain at this stage. However, the Joint Administrators will reassess the position every six months and provide an update in this respect in each future progress report.

Unsecured creditors – including reinsurance and trade creditors

Given the scale of estimated liabilities under the Company's insurance policies, it is not anticipated that there will be sufficient realisations to make a distribution to unsecured creditors, including reinsurance and trade creditors.

Shareholders

Walsham Investment Limited ("Walsham") completed the acquisition of 99% of the shares of the Company on 8 August 2024. These shares in the Company were initially purchased by Quest Consulting (London) Limited from ILS Property & Casualty Re Limited, before being transferred to Walsham on the same day. The change in ownership has not had and will not have any impact on insurance creditors, nor will it impact claims progression. It should be noted that due to the expected shortfall of funds available to the Company's creditors, no funds are expected to be paid to the shareholder from the administration.

Receipts and payments account

A summary of the Joint Administrators' receipts and payments for the Period is provided in Appendix B. This is a statement of cash received and cash paid and does not reflect estimated future realisations or costs.

Joint Administrators' statement of expenses incurred

During the Period, expenses of c.£2.55m (net of VAT and excluding the Joint Administrators' fees and disbursements) have been paid to third parties in administering the Company's Estate. A breakdown of expenses and disbursements incurred during the administration period are provided in Appendix C.

Joint administrators' remuneration and disbursements

The statutory provisions relating to remuneration are set out in Part 18 of the Rules. Further information is given in the Association of Business Recovery Professionals' publication 'A Creditors' Guide to Administrators' Fees', a copy of which may be accessed from the web site of the Institute of Chartered Accountants in England and Wales at <https://www.icaew.com/en/technical/insolvency/creditors-guides> or is available in hard copy upon written request to me.

In certain circumstances, creditors are entitled to request further information about our remuneration or expenses, or to apply to court if they consider the costs to be excessive (Rules 18.9 and 18.34 of the Rules). Further information is provided in 'A Creditors' Guide to Administrators' Fees' referred to above.

The Joint Administrators' time costs incurred during the Period were £1.92m, which brings total time incurred during the entire administration period to 11 October 2024 to £15.15m.

In accordance with resolutions of the Creditors' Committee (as set out previous reports), Joint Administrators' fees in the amount of £13.93m, representing the Joint Administrators' time incurred during the period 12 October 2020 to 11 October 2024, have been drawn from the Company's Estate during the administration.

The below table summarises the cumulative time incurred by the Joint Administrators and their staff, and the corresponding amounts (excluding VAT) drawn from the Company's Estate.

Reporting period	Previous periods: 12 October 2020 to 11 April 2024	Current Period: 12 April 2024 to 11 October 2024	Total
Time incurred (£)	13,234,881	1,916,272	15,151,153
Fees drawn (£)	11,898,839	2,031,873	13,930,712

An analysis of the time spent during the Period and summary narrative is included in Appendix D. A statement of the Joint Administrators' policy in relation to charging time and disbursements is included in Appendix F.

To date, the Joint Administrators have incurred disbursements of £7,150 of which £3,706 are Category 1 disbursements and £3,444 are Category 2 disbursements. An analysis of the disbursements incurred to date is provided in Appendix C. Definitions of Category 1 disbursements and Category 2 disbursements can be found in Appendix F.

Joint Administrators' fee estimates

As previously reported, in accordance with insolvency legislation, the Joint Administrators are obliged to agree a fee estimate for the Joint Administrators' remuneration with the Creditors' Committee.

The Joint Administrators initial fee estimate, covering the period 12 October 2020 to 11 April 2023, was issued in December 2020 and approved by the Creditors' Committee. Subsequently, revised fee estimates covering the periods to 11 April 2023 and 11 April 2027 were approved by the Creditors' Committee to take account of the evolving complexity of the administration, extension of the administration from April 2023 to April 2027 and consequent increases in time required to be spent by the Joint Administrators and their staff in discharging the statutory purpose of the administration.

Appendix E contains a summary of the fee estimate to 11 April 2027 and actual time costs incurred from 12 October 2020 (commencement of the administration) to 11 October 2024.

Next report

The next progress report will be provided in six months' time, by 10 May 2025. The report will be shared with creditors by publication on the following website, www.ey.com/en_uk/eastwestinsurance, unless individual creditors have opted to receive reports by post.

Should you have any queries, please contact the Joint Administrators by emailing eastwestinsurance@uk.ey.com.

Yours faithfully
for the Company



Richard Barker
Joint Administrator

Richard Barker and Simon Edel are licensed in the United Kingdom to act as Insolvency Practitioners by The Insolvency Practitioners Association. As Insolvency Practitioners, they are bound by the Insolvency Code of Ethics in carrying out all professional work relating to the appointment.



The affairs, business and property of the Company are being managed by the Joint Administrators, Richard Barker and Simon Edel, who act as agents of the Company only and without personal liability.

The Joint Administrators may act as data controllers of personal data as defined by the UK General Data Protection Regulation (as incorporated in the Data Protection Act 2018), depending upon the specific processing activities undertaken. Ernst & Young LLP and/or the Company may act as a data processor on the instructions of the Joint Administrators. Personal data will be kept secure and processed only for matters relating to the Joint Administrator's appointment. The Office Holder Data Privacy Notice can be found at www.ey.com/uk/officeholderprivacy.

Appendix A

East West Insurance Company Limited (in Administration)

Information about the proceedings, the company and the office holders, as required by Rule 18.3(1) of the Insolvency (England and Wales) Rules 2016

Name of court:	High Court of Justice, Business and Property Courts of England and Wales, Insolvency and Companies Court (ChD)
Court reference:	3913 of 2020
Registered name of the company:	East West Insurance Company Limited (in Administration)
Registered office address of the company:	c/o Ernst & Young LLP 1 More London Place London SE1 2AF
Registered number:	00811120
Date of appointment of the joint administrators:	12 October 2020
Name(s) and address(es) of the administrator(s):	Richard Barker and Simon Edel Ernst & Young LLP 1 More London Place London SE1 2AF
Office holder number(s):	17150 and 9810
Division of Administrators' responsibility:	Any of the functions to be performed or power exercisable by the Administrators may be carried out/exercised by any one of them acting alone or by any or all of them acting severally
Name of alternative person to contact with enquiries about the case:	<u>eastwestinsurance@uk.ey.com</u> +44 (0) 20 7951 2000
Prescribed Part:	The Administrators have established that there are no valid fixed or floating charges registered against the Company. In the absence of a floating charge, there are no monies required to be set aside to the creditors under s176A of the Act being under the 'Prescribed Part' formula.
Statement concerning the EC regulation:	The EC Council Regulation on Insolvency proceedings does not apply to this Administration

Appendix B

East West Insurance Company Limited (in Administration)

Joint Administrators' summary of Receipts & Payments for the Period from 12 April 2024 to 11 October 2024

Directors' Statement of Affairs	Notes	12 Oct 2020 to 11 April 2024	12 April 2024 to 11 October 2024	Cumulative total
£				£
Receipts				
17,655,334 Cash and cash equivalents	1	17,655,072	-	17,655,072
23,306,759 Investments		22,937,925	-	22,937,925
5,000,000 Third party funding		27,000,000	-	27,000,000
290,143 Investment income	2	735,071	-	735,071
10,414 Recovery receipts	3	851,760	6,037	857,797
- Indemnity costs reimbursed by FSCS		329,462	-	329,462
- Bank interest (Ringfenced funds)		642,561	244,013	886,574
- Bank interest (Non-Ringfenced funds)		2,172,256	458,989	2,631,245
- Miscellaneous receipts		1,847	250	2,097
46,262,650 Total Receipts		72,325,954	709,289	73,035,243
Payments				
Claims handling	4	6,542,115	2,084,220	8,626,335
Claims handling disbursements	4	61,342	27,151	88,493
Claims handling IT costs	4	69,470	-	69,470
Supplier payments		181,368	-	181,368
Legal fees - pre appointment		48,648	-	48,648
Legal fees - post appointment	5	1,653,370	169,208	1,822,578
Loss adjuster expenses	6	580,515	141,439	721,954
Professional fees		7,000	-	7,000
Recoveries expenses	7	415,381	110,745	526,126
Investment management fees		21,851	-	21,851
Joint Administrators' fees – pre-administration		200,000	-	200,000
Joint Administrators' fees – post-administration	8	11,898,839	2,031,873	13,930,712
Joint Administrators' expenses - post-administration	9	3,450	1,983	5,433
Indemnity costs to be reimbursed by FSCS		297,158	-	297,158
Sundry expenses	10	64,469	18,071	82,540
Bank charges		26,039	26	26,065
Irrecoverable input VAT	11	4,198,333	537,592	4,735,925
Total Payments		26,269,348	5,122,308	31,391,656
Funds held in administration bank accounts	12			41,643,587
Represented by:				
Non-ringfenced funds				30,757,012
Ringfenced funds				10,886,575
Total funds held in administration bank				41,643,587

Notes

1. Receipts from Zurich pursuant to the terms of the Contribution Agreement, of which £10.9m is held in a ring-fenced bank account solely for the benefit of non-FSCS-Protected policyholders of the Company's Estate.
2. All investments have matured so no further receipts are expected.
3. Receipts from recovery action against third parties related to claims made on the Company's BG Policies.
4. Payment of fees and disbursements in relation to ongoing claims handling services provided by Armour Risk Management Limited (to June 2021), Weightmans (from May 2021), Davies Group (from December 2023) and other third parties, including the services of IT providers required to maintain the claims management software, licence fees and land registry fees. The opening balance was restated upwards by c.£0.2m to account for a reclassification of costs from Loss Adjuster expenses to Claims Handling relating to a prior period.
5. Legal fees in respect of advice to the Joint Administrators in relation to ongoing claims management and various legal matters arising during the administration, such as reviewing supplier terms and conditions, reviewing settlement agreements, working on indemnification agreements, assisting with the Witness Statement for the Court application and attending meetings with the Joint Administrators to discuss various issues.
6. Fees in relation to loss adjusting services instructed by the Company on certain claims. These costs are funded by the Company's Estate. The opening balance was restated downwards by c.£0.2m to account for a reclassification of costs from Loss Adjuster expenses to Claims Handling relating to a prior period.
7. Fees in respect of legal advice relating to the Company's rights to pursue recovery action and supporting the Company in seeking contributions from other rightful liable parties in relation to claims received on the Company's BG policies.
8. Joint Administrators' fees drawn relating to time incurred in the post-administration period, as approved by the Creditors' Committee.
9. Joint Administrators' expenses drawn, relating to Category 2 disbursements, as approved by the Creditors' Committee, and travel expenses.
10. Sundry expenses pertaining to land registry fees and the maintenance of the Company's books and records.
11. The Company is currently VAT registered but is not able to recover input VAT.
12. Funds held in the Company's Estate are spread across six different banks for credit risk management purposes, with different accounts used to maximise interest income.

Appendix C

East West Insurance Company Limited (in Administration)

Summary of Joint Administrators' expenses and disbursements incurred for the period from 12 October 2020 to 11 October 2024

Category of expense	Total revised estimate to 11 April 2027 ⁴	Total incurred to 11 April 2024	Incurred in the Period to 11 October 2024	Total incurred to 11 October 2024
	£ (exc VAT)	£ (exc VAT)	£ (exc VAT)	£ (exc VAT)
Administration costs				
Bank Charges	50,993	26,038	26	26,064
Claims Directorate	7,500,000	-	-	-
Legal fees and expenses – claims and insolvency advice	2,569,704	1,653,370	169,208	1,822,578
Legal fees and expenses – recoveries	492,245	415,381	110,745	526,126
Legal secondments	-	-	-	-
Loss adjusters	793,570	824,186	141,439	965,625
NEAM fund management charges	21,850	21,851	-	21,851
Public Notices	1,000	-	-	-
Supplier payments including quantity surveyor/consultants	181,368	181,368	-	181,368
Sundry expenses including storage costs	95,659	64,469	18,071	82,540
Tax advisors	7,000	7,000	-	7,000
Third party claims handling service providers	9,415,548	6,429,257	2,111,371	8,540,628
Total expenses	21,128,937	9,622,920	2,550,860	12,173,780
Pre-administration costs				
Joint Administrators' pre-administration costs	-	200,000	-	200,000
Legal fees and expenses – pre-administration	-	48,648	-	48,648
Total pre-administration costs	-	248,648	-	248,648
TOTAL EXPENSES	21,128,937	9,871,568	2,550,860	12,422,428
Category 1 disbursements				
Specific penalty bond	1,280	1,280	-	1,280
Regulatory checks	46	46	-	46
Travel and couriers	515	994	1,386	2,380
Category 2 disbursements				
Postage, photocopying and printing ¹	3,907	3,194	28	3,222
Meeting room ¹	130	222	-	222
Total disbursements³	5,878	5,736	1,414	7,150
TOTAL DISBURSEMENTS & EXPENSES²	21,134,815	9,877,304	2,552,274	12,429,578

Notes

1. The Joint Administrators received approval to draw Category 2 disbursements incurred in the Period at the previous Creditors' Committee meeting held on 19 September 2024.
2. Statement of Insolvency Practice No.9 defines expenses as any payments from the insolvency estate which are neither an office holder's remuneration nor a distribution to a creditor or member. Expenses are divided into those that do not need approval before they are charged to the Company's Estate (Category 1) and those that do require prior approval (Category 2):
 - Category 1 expenses are payments to persons providing the service to which the expense relates who are not an associate of the office holder; and
 - Category 2 expenses are payments to associates or which have an element of shared costs.
3. Expenses also include disbursements. Disbursements are payments which are first met by the office holder and then reimbursed to the office holder from the Company's Estate. Disbursements fall into either Category 1 or Category 2. Further information on the Joint Administrators' charging policy for disbursements is provided at Appendix F.

4. Expenses will continue to be incurred throughout the administration until 11 April 2027, the current expiry of the administration order. An updated estimate for these expenses is included in the table above. The previous estimate was prepared for period to 12 April 2023 only, being the expiry of the original administration order.

Appendix D

East West Insurance Company Limited (in Administration)

Summary of the Joint Administrators' time costs incurred for the Period from 12 April 2024 to 11 October 2024

	Hours by grade						Total hours	Total costs £	Avg hourly rate £/hour
	Partner	Director	Senior Manager	Manager	Executive	Analyst			
Asset realisations	5	4	27	-	-	35	71	36,121	509
Dealing with creditors	2	1	-	-	-	5	8	3,962	495
Insolvency process	16	16	68	1	149	55	305	160,424	526
Insurance run off	140	884	86	271	181	141	1,703	1,217,476	715
Management of Company's affairs	12	162	48	2	176		400	266,596	666
Strategy and planning	-	-	186	12	169	44	411	231,693	564
Total	175	1,067	415	286	675	280	2,898	1,916,272	
Total costs £	165,170	863,005	294,225	146,740	293,265	61,088		1,916,272	
Avg hourly rate £	995	850	750	550	450	225			

Note: The above costs exclude VAT, and the figures are rounded to the nearest whole number.

**Summary narrative of Joint Administrators' time costs incurred for the period from
12 April 2024 to 11 October 2024**

Detailed fee reporting packs have been provided to the Creditors' Committee covering all time costs incurred to 11 October 2024 in order to assist them in considering the Joint Administrators' fees incurred and approve the level of fees which may be drawn from the Company's Estate.

The Joint Administrators' time costs incurred during the Period were £1,916,272. Set out below is a summary narrative of the significant areas of work in relation to which costs were incurred in this Period.

Type of work	Description of work completed during the period	
Asset realisations	Third party contributions and/or recoveries	<ul style="list-style-type: none"> Discussing recoveries and contributions approach with FSCS. Updating the Recoveries Standard Operating Procedures and Contributions Map. Working closely with legal advisors, the run-off manager ("ROM"), the Claims Directorate and the FSCS to ensure sharing of certain documents with the FSCS can be facilitated in compliance with data protection regulations and responsibilities. Review, discussion and finalisation of the Company's position in respect of a potential claim against third party and discussing this with FSCS. Maintaining rolling cash flow for the Company. Discussing and agreeing approach to reinvest Company's cash. Attending claims and contributions clinic with the FSCS, ROM, and Claims Directorate to review claims.
Insolvency Process	Creditors' committee	<ul style="list-style-type: none"> Attending the twelfth Committee meeting on 19 September 2024, including the preparation of the agenda, meeting documents and supporting information for the Committee's proposed resolutions. Drafting minutes and obtaining approval for the eleventh Committee meeting.
	Reporting to creditors	<ul style="list-style-type: none"> Finalising the progress report for the period 12 October 2023 to 11 April 2024. Preparing the progress report for the Period 12 April 2024 to 11 October 2024. Preparing and finalising the FSCS quarterly deck. Liaising with the ROM, regulators and the FSCS in respect of the content of the reports prior to issuing the same. Issuing the reports to creditors, the Court, and Companies House. Uploading appropriate documentation on the EY webpage for the Company.
Dealing with creditors	Creditor enquiries and management	<ul style="list-style-type: none"> Reviewing and discussing correspondence in relation to potential Employment Liability claim. Reviewing and discussing approach to recent creditor queries.
Insurance run off	Payment processes	<ul style="list-style-type: none"> Reviewing and approving payment batches from the ROM and Claims Directorate to submit to the FSCS. Liaising with the FSCS regarding payments for eligible claimants and implementing appropriate reconciliation processes and controls.

Type of work	Description of work completed during the period
	<ul style="list-style-type: none"> • Attending meetings and corresponding with the FSCS to work through payment queries to ensure that they meet FSCS payment criteria. • Updating purchase order register to account for supplier payments. • Undertaking purchase order schedule reviews during the period to ensure Standing Operating Procedures are being followed. • Processing payments for loss adjusters and other third parties, such as fire experts and further investigations work required across the Company's claims portfolio. • Holding training sessions for Claims Directorate on purchase order and payments processes.
Administrators' supervision of run off	<ul style="list-style-type: none"> • Monitoring the Claims Directorate's performance and progression of the claims. • Developing the Company's indemnification strategy and presenting to key stakeholders. • Developing and collaborating with the FSCS to agree specific indemnification routes including one-off cash settlements and structured cash settlements. • Preparing for and attending the Joint Administrators' meetings every fortnight to discuss claims. • Preparing for the ROM and Claims Directorate's audits and reviewing the audit reports. • Reviewing policyholder communications and liaising with the claims handler to provide a substantive response. • Holding monthly policyholder complaints review meetings with the ROM and the Claims Directorate to ensure any complaints are dealt with appropriately. • Onboarding and considering further actions and processes to implement transfer of claims from ROM to Claims Directorate, including reviewing Claims Directorate's case strategy documents and discussing ROM exit plan.
FSCS protected claims handling	<ul style="list-style-type: none"> • Monitoring claims handling activity and involvement on large and/or complex claims. • Preparing and presenting the monthly reporting to the FSCS executive team for April 2024 and May 2024, and the quarterly reporting for June 2024 to October 2024. • Preparing and presenting a quarterly claims cashflow forecast to the FSCS. • Reviewing actual cashflow performance vs. forecast figures and reporting to the FSCS on key variances. • Holding weekly meetings with the FSCS operations team to provide updates on portfolio progress and discuss all other key matters in the administration. • Working with HM Land Registry to retrieve leaseholder data to share with the FSCS for sanction checks.
Non-FSCS protected claims handling	<ul style="list-style-type: none"> • Negotiations with non-protected claimants to agree amounts due under their policy claims. • Submitting an application to the Court to seek consent to pay an interim distribution to non-FSCS-

Type of work	Description of work completed during the period	
		<p>protected policyholders, involving liaising with the Company's legal advisors, Creditors' Committee and regulators, and preparing the Second Witness Statement of Richard Barker.</p> <ul style="list-style-type: none"> Attending court hearing for non-protection claims distribution.
	Claims handling operations	<ul style="list-style-type: none"> Hold bi-weekly strategic team review meetings critical to achieving the purpose of the administration and ensure proper task prioritisation. Planning and developing new management information system to allow for greater tracking of claim progress and status. Finalising the transition to Claims Directorate's iClaims system. Working closely with the Claims Directorate to develop updated case plan template and training sessions. Undertaking claim portfolio reviews with Claims Directorate to ensure compliance with the Standard Operating Procedures. Working with the Claims Directorate to finalise amendments to the Standard Operating Procedures.
	Accounting and treasury	<ul style="list-style-type: none"> Monthly bank reconciliations Monitoring money market accounts and ensuring funds are held in accounts which provide an optimal balance between benefit for the Company's Estate and risk.
Management of the Company's affairs	VAT & Tax	<ul style="list-style-type: none"> Completing quarterly VAT returns for the periods 1 February 2024 to 30 April 2024, and 1 May 2024 to 31 July 2024. Liaising with tax advisors to prepare the computation and corporation tax return submission for the administration period ending 31 December 2023.
	Regulatory	<ul style="list-style-type: none"> Completing and filing ongoing regulatory returns required of the Company. Regularly reviewing the FCA site to ensure all returns are submitted on time.
	Data & Software	<ul style="list-style-type: none"> Access company files from storage facility, including IM records. Facilitating access to Company records for the ROM, Claims Directorate, the FSCS and their representatives.
	Project management	<ul style="list-style-type: none"> Collecting and sharing leaseholder data with FSCS to facilitate sanction checks. Completion of statutory six-monthly case review Maintaining records of key activities undertaken throughout the Period and decisions taken Meetings across all workstreams for updates and managing against actions and plans.
Strategy and Planning	Joint Administrators' oversight	<ul style="list-style-type: none"> Overseeing activity across all workstreams and ad-hoc meetings and calls as point of contact for escalation. Maintaining a team and FSCS outstanding actions list, liaising with the Claims Directorate and ROM to update weekly. Attending meetings to oversee and discuss operational transitions from ROM to Claims Directorate.

Type of work	Description of work completed during the period
	<ul style="list-style-type: none"> • Attending quarterly supplier management calls with the Claims Directorate. • Finalising and submitting FCA complaints return for the period 1 January 2024 to 30 June 2024. • Raising a fee pack for 80% of Joint Administrators' fees and Category 1 disbursements for the period 1 May 2024 to 31 July 2024. • Preparing a fee pack for 20% of Joint Administrators' fees and Category 2 disbursements for the period 1 January 2024 to 31 July 2024 • Monitoring and preparing monthly time cost reports for the Joint Administrators. • Preparing and sharing monthly time cost reports for the period February 2024 to July 2024 and preparing monthly time cost reports for August and September 2024.

Appendix E

East West Insurance Company Limited (in Administration)

Joint Administrators' fee estimate to 11 April 2027 and actual Joint Administrators' time costs incurred to 11 October 2024

	Actual time to 11 October 2024			Total Fee Estimate to 11 April 2027		
	Total hours	Total fees	Average hourly run rate	Total hours	Total fees	Average hourly run rate
<u>Asset realisations</u>						
Third party contributions and/or recoveries	2,287	1,169,591	511	2,699	1,540,108	571
TOTAL	2,287	1,169,591	511	2,699	1,540,108	571
<u>Insolvency process</u>						
Initial letters and notices	224	89,473	399	224	89,473	400
Proposals, deemed consent and creditor consultation	297	156,949	528	297	156,950	528
CDDA and SIP2 compliance	212	100,550	474	212	100,550	474
Creditors' committee	812	467,736	576	1,138	622,513	547
Reporting to creditors	1,666	734,530	441	1,584	730,739	461
Statement of Affairs	34	22,603	665	34	22,603	659
Insurance	2	1,210	605	2	1,210	605
TOTAL	3,247	1,573,051	485	3,492	1,724,037	494
<u>Dealing with creditors</u>						
Creditor enquiries and management	572	248,618	435	615	275,414	448
TOTAL	572	248,618	435	615	275,414	448
<u>Insurance run off</u>						
Claims litigation matters	306	205,447	672	276	180,280	652
Payment processes	971	442,378	455	964	459,305	476
Administrators' supervision of run off	5,180	3,319,973	641	5,675	3,382,651	596
Protected claims handling	4,442	2,517,454	567	6,268	3,837,066	612
Non-protected claims handling	410	245,842	600	340	207,452	610
Claims handling operations	3,083	1,888,604	613	6,800	3,844,503	565
TOTAL	14,391	8,619,699	599	20,325	11,911,257	586
<u>Management of Company's affairs</u>						
Accounting and treasury	2,142	983,363	459	2,658	1,158,048	436
VAT & Tax	666	369,969	555	749	417,915	558
Regulatory	434	245,030	565	570	339,852	597
Data & Software	143	78,301	548	205	128,257	625
Public relations	28	18,003	651	22	15,425	-
TOTAL	3,413	1,694,665	496	4,204	2,059,497	490
<u>Strategy and planning</u>						
Project management and statutory requirements	2,178	1,016,311	467	2,924	1,445,835	495
Joint Administrators' oversight	1,161	618,997	533	699	368,333	527
TOTAL	3,339	1,635,308	490	3,623	1,814,168	501
<u>Administration closure and exit</u>						
Exit planning	289	210,223	727	551	377,785	686
TOTAL	289	210,223	727	551	377,785	686
Total hours and fee	27,539	15,151,153	550	35,508	19,702,266	555

The above table includes the revised Joint Administrators' fee estimate through to 11 April 2027 and summarises the Joint Administrators' actual time costs incurred from 12 October 2020 (commencement of the Administration) to 11 October 2024.

Note: The above costs exclude VAT, and the figures are rounded to the nearest whole number.

Appendix F

East West Insurance Company Limited (in Administration)

Statement of the Joint Administrators' charging policy for remuneration and disbursements pursuant to Statement of Insolvency Practice No.9

The Joint Administrators have engaged managers and other staff to work on the administration. The work required is delegated to the most appropriate level of staff taking account of the nature of the work and the individual's experience. Additional assistance is provided by accounting and treasury executives dealing with the company's bank accounts and statutory compliance issues / work carried out by all staff is subject to the overall supervision of the Joint Administrators.

All time spent by staff working directly on the case related matters is charged to a time code established for the case. Time is charged in units of six minutes. Each member of staff has a specific hourly rate which is subject to change over time. The hourly rate for each category of staff, including the maximum rate for specialist staff, over the Period is shown below.

Grade	Hourly rate £/hour from 1 January 2024
Partner	995
Director	850
Senior Manager	750
Manager	550
Executive	450
Analyst	225

Office Holders' Charging Policy for Disbursements

Statement of Insolvency Practice No. 9 ("SIP 9") published by R3 (The Association of Business Recovery Professionals) divides disbursements into two categories:

- 1 Category 1 disbursements are defined as specific expenditure relating to the administration of the insolvent's affairs and referable to payment to an independent third party. Such disbursements can be paid from the insolvent's assets without approval from the Creditors' Committee. In line with Statement of Insolvency Practice No. 9, it is our policy to disclose Category 1 disbursements drawn but not to seek approval for their payment. We are prepared to provide such additional information as the Committee require to support the disbursements drawn.
- 2 Category 2 disbursements are charges made by the office holder's firm that include elements of shared or overhead costs. Statement of Insolvency Practice No. 9 provides that such disbursements are subject to approval as if they were remuneration. It is our policy, in line with SIP 9, to seek approval for this category of disbursement before they are drawn. This approval has been sought and obtained from the Company's Creditors' Committee.