

**East West Insurance Company Limited
(In Administration)**

Administrators' statement of proposals

Pursuant to paragraph 49 of schedule B1 to the
Insolvency Act 1986

Date of delivery of proposals to creditors 3 December 2020

Administrators' statement of proposals

This document, including its appendices, constitutes the Joint Administrators' statement of proposals to creditors pursuant to paragraph 49 of Schedule B1 to the Insolvency Act 1986 and Rule 3.35 of the Insolvency (England and Wales) Rules 2016.

It provides details of the Joint Administrators' strategy, including an update on the process for dealing with claims and the proposed future conduct of the Administration

What you need to do

The Joint Administrators are seeking approval of their proposals by deemed consent.

Further details of the arrangements and any steps to be taken by creditors (including all known policyholders and claimants who may have an unexpired policy or open claim with the Company, and all other creditors) are given in the formal notice of deemed consent delivered to creditors with these proposals, available at: www.ey.com/en_uk/eastwestinsurance

Abbreviations

The following abbreviations are used in this report:

| | |
|--|---|
| Administration | The Administration of East West Insurance Company Limited |
| ARML | Armour Risk Management Limited |
| BEIS | Department for Business, Energy & Industrial Strategy |
| BG policies | A portfolio of structural warranty and buildings guarantee insurance policies |
| Cedents / Reinsurance Creditors | Unsecured non-preferential creditors whose claims arise from being holders of policies of reinsurance issued by the Company |
| CVL | Creditors' Voluntary Liquidation |
| Insurance Creditors | Unsecured non-preferential creditors whose claims arise from being holders of policies of insurance (employers' liability and building guarantee) |
| EAUA | English & American Underwriting Agency Pool |
| EY | Ernst & Young LLP |
| FCA | Financial Conduct Authority |
| FSCS | Financial Services Compensation Scheme |
| HMRC | HM Revenue & Customs |
| HSBC | HSBC UK Bank plc |
| LMX | London Market Excess of Loss |
| NEAM | New England Asset Management Limited |

| | |
|--------------------------------------|---|
| Policyholder Protection Rules | The Policyholder Protection Rules within the Prudential Regulation Authority Rulebook |
| PRA | Prudential Regulation Authority |
| Prescribed Part | The amount set aside for unsecured creditors from floating charge funds in accordance with section 176A IA86 and the Insolvency Act 1986 (Prescribed Part) Order 2003 |
| RBS | The Royal Bank of Scotland plc |
| Scheme of Arrangement | A Scheme of Arrangement pursuant to Part 26 of the Companies Act 2006 which would allow partial payment in respect of claims from certain creditors |
| Solvent Scheme | The Scheme of Arrangement which was to be proposed to creditors prior to the Company entering into Administration |
| the Act | The Insolvency Act 1986 |
| the Company | East West Insurance Company Limited |
| the Date of Appointment | 12 October 2020 |
| the Insurers Regulations | The Insurers (Winding-up and Reorganisation) Regulations 2004 |
| the Joint Administrators | Richard Barker and Simon Edel |
| the proposals | The Joint Administrators' statement of proposals |
| the Rules | The Insolvency (England and Wales) Rules 2016 |
| UK | United Kingdom |
| VAT | Value Added Tax |
| Zedra | Zedra Trust Company (UK) Limited |

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1. Introduction, background and circumstances giving rise to the appointment

Introduction

On 12 October 2020, the Company was placed into Administration 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 Schedule B1 to the Insolvency Act 1986.

This document including its appendices constitutes the Administrators' statement of proposals to creditors pursuant to paragraph 49 of Schedule B1 to the Insolvency Act 1986 and Rule 3.35 of the Insolvency (England and Wales) Rules 2016.

Certain statutory information relating to the Company and the appointment of the Joint Administrators is provided at Appendix A.

Background

The Company was incorporated in England and Wales on 1 July 1964 under the name National & General Insurance Company (United Kingdom) Limited, before changing its name to East West Insurance Company Limited in 1984.

The Company is a non-life insurance business that is authorised and regulated in the UK by the PRA and the FCA. The Company is majority owned by ILS Property & Casualty Re Limited (acting on behalf of its Segregated Cell E), a segregated accounts company incorporated and registered in Bermuda.

Prior to 1997, the Company underwrote a wide variety of general insurance policies which included retail and household business, employers' liability insurance, and participated in the EAUA Pool and the LMX reinsurance market. The Company ceased writing new business in 1997 and commenced a solvent run-off of liabilities under its (re)insurance contracts.

On 31 March 2018, the Company acquired approximately 387,000 BG policies from Zurich Insurance plc via an Irish Court sanctioned transfer process. Zurich Insurance plc commenced underwriting the BG policies in 2003 and ceased writing new policies in 2012. It is understood that the last of the BG policies will expire in 2027.

The recent financial results of the Company can be summarised as follows:

| Year or period ended | Type | Directors' remuneration £000 | Profit/(loss) after tax & currency translation differences \$000* | Capital & reserves \$000* |
|----------------------|---------|------------------------------|---|---------------------------|
| P/e 31 December 2018 | Audited | 45 | (5,647) | 45,328 |
| Y/e 30 June 2018 | Audited | 105 | (2,216) | 50,975 |
| Y/e 30 June 2017 | Audited | Nil | (222) | 4,309 |
| Y/e 30 June 2016 | Audited | Nil | (302) | 4,531 |

* Amounts shown in \$ as per the Company's statutory accounts filed with the Registrar of Companies

Circumstances giving rise to the appointment

As an authorised and regulated insurance company, the Company is subject to two sets of capital requirements. The Company was operating within these capital requirements until 10 December 2019 when, due to the following adverse developments, the Company's financial position deteriorated, to the extent that it required regulatory intervention:

- ▶ Changes in the UK building industry and regulatory environment after the Grenfell tower tragedy leading to an increased number of claims on the Company's BG policies; and
- ▶ A decision in the Court of Appeal in December 2019 which increased the potential value of claims made under the Company's BG policies.

The Company appointed advisors, namely EY and Clifford Chance LLP, to assist to prepare a turnaround plan for Company for submission to the PRA, which concluded that the only option for restoring the Company's financial position was to execute a Solvent Scheme with support in the form of financial contributions from the Company's majority shareholder and the FSCS. On 22 January 2020, due to its financial position and legal advice received by the directors, the Company enacted payment controls and adopted a payment protocol.

Following extensive discussions held with the Company's majority shareholder, the FSCS, the PRA and the FCA, the Company's majority shareholder provided a cash contribution of £10.0 million to the Company in April 2020.

In light of significant adverse developments on a number of BG policy claims between May 2020 and July 2020, the Company conducted an updated actuarial review of its unpaid claims liabilities as at 30 June 2020. As a result of this review, the Company's estimates of liabilities significantly increased from £77.4 million as at 31 December 2019 to £215.1 million as at 30 June 2020. The Company also engaged EY to provide an independent actuarial review which estimated liabilities of £218.3 million as at 30 June 2020.

As a result of this increase in estimated liabilities, it was clear that the funding would not be sufficient to provide payment of claims made under the Company's insurance policies in full. Following further discussions with the Company's majority shareholder and other relevant stakeholders, the Company concluded that no further funding was available and, therefore, it was no longer possible to implement the Solvent Scheme. Accordingly, the Board took steps to place the Company into Administration as soon as reasonably practicable. The Company's application to Court was heard, and an Administration Order was made, by the Court on 12 October 2020.

Advisory and pre-Administration costs

Certain advisory and pre-Administration costs have been incurred by EY prior to the Company entering Administration.

Please refer to Section 6 of these proposals for further information.

2. Purpose, conduct and end of the Administration

Purpose of the Administration

The purpose of an Administration is to achieve one of three objectives:

- a. To rescue the company as a going concern
- b. 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)
- c. To realise property in order to make a distribution to one or more secured or preferential creditors

Insolvency legislation provides that objective (a) should be pursued unless it is not reasonably practicable to do so or if objective (b) would achieve a better result for the company's creditors as a whole. Objective (c) may only be pursued if it is not reasonably practicable to achieve either objective (a) or (b) and can be pursued without unnecessarily harming the interests of the creditors of the company as a whole.

In this case, the Joint Administrators consider that it will not be possible to achieve purpose (a) given the nature of the claims against the Company in relation to the BG policies and the declaration of default by the FSCS and their funding of eligible claim payments. There are no secured creditors or preferential creditors and, therefore, objective (c) does not apply. As such, the Joint Administrators are seeking to achieve purpose (b).

The Company considered whether a CVL would be more appropriate than an Administration in these circumstances. However, it considered Administration to be the most appropriate option for the following reasons.

1. Administration offers a process which allows flexibility in order to minimise operational disruption for all policyholders and provides the best platform from which to consider the Company's position and, possibly, launch a Scheme of Arrangement.
2. Administration offers protection for the Company through a statutory moratorium on legal proceedings. This will give the Joint Administrators time to consider the appropriate course of action in the best interests of creditors.
3. Administration allows the Company's unexpired insurance policies to continue whereas a CVL would likely immediately terminate insurance contracts. This would likely lead to significant disruption to policyholders, particularly those eligible for FSCS protection, and increase the costs of the estate.

Collectively, these provide the Joint Administrators the necessary time to appropriately consider how to deal with claims made under the Company's various insurance policies and allows policyholders to continue to benefit from ongoing coverage, subject to FSCS's rules or the ultimate distribution from the Administration estate.

Conduct of the Administration

A summary of the steps taken to date are noted below:

Initial steps taken and funding

Following appointment on 12 October 2020, the Joint Administrators have taken steps necessary to obtain control of the Company's assets and reduce the operating costs of the Company, which will be the subject of regular review on an ongoing basis.

The run-off operations and business of the Company during the Administration are being funded through realisations made from the Company's assets, namely cash balances

transferred to the Joint Administrators' bank account and certain financial investments. Further details on the asset realisations are below.

Immediately on appointment, the Joint Administrators safeguarded the Company's IT and data systems and obtained back-ups of data held across all critical systems.

FSCS funding

The Joint Administrators are working closely with the FSCS, which is expected to fund a significant proportion of current and future claims under the BG policies where policyholders are eligible for FSCS protection.

FSCS funding of eligible building guarantee claims increased from 90% to 100% with effect from 8 October 2020 per the PRA's policy statement PS21/20 – "Extending policyholder protection for building guarantee policies". This means compensation for eligible claims under the BG policies will be payable by FSCS at 100%.

The Joint Administrators, with support from third party claims handling service providers, have provided the FSCS with information on current claims to enable the FSCS to assess whether those claims are payable under its rules. The relevant rules are contained in the Policyholder Protection Rules. The FSCS's assessments are ongoing for some of the largest, most complex claims but a number of smaller claims have already been assessed and the FSCS has determined that they are eligible for compensation. The FSCS has started to make payments in respect of those claims.

Third party funding

Immediately prior to Administration, following extensive discussion between the Company and relevant stakeholders, a third party made a proposal to the Company that, subject to agreement of appropriate terms with the Company and the FSCS, it would be willing to make a material financial contribution to the Company. The purpose of this financial contribution being to support an improved outcome for the Company's BG policyholders than would otherwise be possible.

The Joint Administrators have been assessing the funding proposal as part of their duty to enquire into the affairs of the Company and events leading up to the Administration and are due to commence discussions with the third party in relation to their proposal shortly. Further information on this will be provided in due course.

Suppliers

The Joint Administrators have worked with key suppliers to agree revised terms and reduced costs to ensure all critical operations can be maintained and the business can continue to operate its run-off during the Administration.

The Company has no employees and most ancillary services to the Company are provided by third party claims handling service providers, including ARML.

The Joint Administrators are finalising the terms of a run-off management agreement with ARML based on a level of services and on terms suitable to the Administration operating environment. It is anticipated that the terms of the run-off management agreement will be for an initial period of no longer than six months, which will enable the Joint Administrators to consider and implement an appropriate longer-term operating structure for the duration of the run-off.

Other suppliers are mostly comprised experts necessary to support the evaluation of claims made by policyholders, including loss adjusters, quantity surveyors and law firms. The Joint Administrators have undertaken negotiations with key suppliers to the Company in order to

secure their services during the Administration. The terms of the agreements with suppliers are confidential. However, certain agreements did address pre-appointment debts.

At the date of the proposals, the Joint Administrators have reached agreements with four key suppliers. Further agreements will be concluded with other suppliers to support the claims handling process and other aspects of the run-off where required.

Assets

On appointment, the Company held the following cash balances:

- ▶ £15,449,547 in a Bank of New York Mellon custodian account. These funds are expected to remain in the custodian account as it forms part of the Company's wider investment management agreement with NEAM.
- ▶ £2,181,027 in a Barclays account held by ARML in the name of the Company. Following discussions with ARML, this balance was transferred to the RBS bank account controlled by the Joint Administrators.
- ▶ £12,136, £6,838 and \$7,519 in three HSBC accounts. The Joint Administrators notified HSBC of their appointment and the balances held with HSBC were transferred to the RBS bank account controlled by the Joint Administrators.

The majority of the remainder of the Company's assets, in the amount of £23,306,758, are held in government, treasury and corporate issued financial instruments in accounts with NEAM. Immediately on appointment, the Joint Administrators opened dialogue with NEAM, and a new agreement is in the process of being documented based on the same costs as those that were applicable pre-appointment.

On 4 November 2020, £5.0 million was received from a third party in respect of a pre-appointment debt due to the Company.

The Joint Administrators are also aware of an escrow account held with Zedra, containing funds in the amount of £0.6 million, in respect of deposits made by certain developers, which remains available to the Company in certain circumstances which the Administrators are currently reviewing.

Insurance policyholders and claimants

Notification of the Administration was issued to all known policyholders with open claims and/or unexpired policies upon the appointment of the Joint Administrators. 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 should continue to be directed to the Company in the normal course of business.

Structural Warranty and building guarantee policyholders

As noted above, the significant majority of the Company's liabilities are anticipated to be made under the Company's BG policies, which were transferred from Zurich Insurance plc in March 2018. The Administration represents a default by the Company under the Policyholder Protection Rules and, therefore, BG policy policyholders who are deemed protected by the FSCS will receive 100% of any valid claim under their contract of insurance.

At the date of the Joint Administrators' appointment, there were 194 open claims on the Company's insurance policies. The Joint Administrators are working with third party claims handling service providers to understand and determine the next steps to progress each claim to a resolution, including whether the claimants are eligible to receive compensation through the FSCS. The Joint Administrators are working closely with the FSCS to determine eligibility and ensure a smooth process to enable compensation to be paid for eligible claimants.

The Joint Administrators are aware of a number of 'common part' claims which arise in large developments that often contain a mixed ownership structure. The FSCS are reviewing a number of these types of claims to determine eligibility of policyholders for compensation. Once this work is concluded, it will allow the strategy for the progression and the resolution of these outstanding claims to be determined.

Another matter that is currently being assessed by the Joint Administrators is the costs and expenses that relate to the engagement of loss adjusters and the appointment of experts to investigate both new and existing claims. It is unclear what the eventual cost of investigating new and existing claims will be. However, these costs are expected to be very high given the size and complex nature of some of the developments which are covered by the BG policies. Accordingly, the Joint Administrators have sought legal advice regarding investigation costs and will update policyholders and claimants in due course.

At the date of Administration, the Company was a defendant on multiple legal proceedings that remain at varying procedural stages in Court. The Administration offers protection for the Company through a statutory moratorium on all proceedings, which provides time for the Joint Administrators to focus on what is in the best interests of the general body of creditors without having to spend Company funds dealing with litigation.

The Joint Administrators have lifted the stay on two separate legal proceedings in very limited circumstances; one to allow attendance at mediation in relation to a specific claim and another so that a group of claimants were not time barred from submitting an insurance claim against the Company at a later time which might be after the expiry of the insurance policy due to the matter being subject to Court proceedings which were stayed because of the Administration.

Employers' Liability policyholders and claimants

The Company has exposure to potential future claims on employers' liability policies that were written by the Company through insurance brokers between 1989 to 1997. It is expected that the FSCS will cover these claims at 100% of any valid claim under their contract of insurance. It is not expected that claims arising under these contracts of insurance will be material to the estate.

London Market excess of loss reinsurance cedents and claimants

The Company ceased participating in the LMX reinsurance market in the 1992 underwriting year. As a result of the reinsurance business the Company wrote alongside Charter Re, the Company has been notified of 37 outstanding claims from 10 cedents. In accordance with the Insurers Regulations, any claims arising in respect of reinsurance contracts rank for distribution in the Administration behind the claims of direct insurance policyholders.

Taxation

The Joint Administrators continue to work with the Company to understand its direct and indirect tax positions to ensure ongoing compliance and recoveries, as appropriate. It has been noted that the Company is not expected to be able to recover input VAT in the Administration period.

Administrators' receipts and payments

A summary of the Joint Administrators' receipts and payments for the period from 12 October 2020 to 13 November 2020 is attached at Appendix D.

Directors conduct and investigations

One of the Joint Administrators' duties is to look at the actions and conduct of anyone who has been a director or shadow director of the Company in the three years prior to the appointment of the Joint Administrators. The Joint Administrators have to submit their findings to BEIS within three months of their appointment.

Please note the Joint Administrators' consideration of the directors' conduct is part of the Joint Administrators' statutory obligations and any findings or work in this area will not be published as they are subject to strict confidentiality.

The Joint Administrators are also required to decide if any action should be taken against anyone to recover or contribute to the Company's estate. This forms a part of the Joint Administrators' enquiries into the Company's affairs and the matters leading to the Company entering into Administration. As part of these enquiries, the Joint Administrators are looking into the transfer of the BG policies to the Company, which completed in March 2018, and assessing the impact this has had on the Company's financial position.

If you believe or have information that there is anything the Joint Administrators should be made aware of as part of Joint Administrators' investigations, please notify the Joint Administrators in writing immediately.

Creditors' committee

Creditors are requested to consider if they wish to elect a creditors' committee to assist the Joint Administrators in discharging their duties. A creditors' committee will be formed if there are a minimum of three creditors who would like to be on it. Please see Appendix E for a guide to creditors' committee.

This is an important aspect of the Administration as a creditors' committee is there to consult on the Administration strategy, ensure all creditors' views are captured and understood, particularly with respect to the mechanism for the distribution of assets and exit from Administration.

The Joint Administrators would welcome interest from creditors in joining the creditors' committee and any expressions of interest should be noted by completion of the relevant part of the voting form circulated with these proposals. If more than five nominations are received, there may be a further decision procedure to elect the creditors' committee.

Approval of the Joint Administrators' proposals

As advised above, the Joint Administrators are seeking the approval of their proposals by deemed consent. Further details of the arrangements and any steps to be taken by creditors are given in the formal notice of the deemed consent delivered to creditors with these proposals.

Future conduct of the Administration

The Joint Administrators will continue to deal with the Administration in line with the stated objective, namely, to achieve a better result for the Company's creditors as a whole than would be likely if the Company was wound up (without first being in Administration). Future tasks will include, but are not limited to, the following:

- ▶ Processing claims submitted by the Company's policyholders to enable agreement of valid claims under the Company's insurance policies, including the appointment of loss adjusters and independent experts where required;
- ▶ Working with the FSCS to ensure suitable processes and controls are imbedded to the Company's claims handling procedures to enable assessment of eligibility of policyholders for FSCS protection;
- ▶ Implementing an appropriate operating structure for the duration of the run-off;
- ▶ Liaising with the relevant parties in relation to the terms of any additional financial contributions to the Company;
- ▶ Dealing with policyholder enquiries;

- ▶ Investigating the extent of any other assets or potential claims held by the Company and pursuing recovery where appropriate;
- ▶ Dealing with regulatory requirements as determined by the PRA and FCA and associated reporting;
- ▶ Dealing with the statutory requirements of the Administration, including reporting to creditors and investigations into the conduct of the Company's directors (as necessary);
- ▶ Calculating the Corporation Tax and VAT positions of the Company as at the date of appointment, and for subsequent periods during the Administration;
- ▶ If appropriate, issuing documents to creditors for the establishment of a Scheme of Arrangement;
- ▶ If it is deemed appropriate, seeking an extension to the Administration from the Court;
- ▶ Finalising the Administration, including the payment of all expenses of the Administration; and
- ▶ Any other actions required to be undertaken by the Administrators in order to fulfil the purpose of the Administration.

Ongoing engagement with creditors and any creditors' committee will be key to take appropriate decisions in the interest of all creditors. As detailed previously, there is material uncertainty on the ultimate liabilities of the Company, some of which is dependent on the frequency and severity of future claims, as well as the outcomes of litigation, arbitrations and mediations for existing claims. Additionally, further clarity is being sought on the coverage provided by the FSCS under the contracts of insurance, particularly for cost of investigation works and for common parts claims.

The end of the Administration

In accordance with Paragraph 6 to the Schedule of The Financial Services and Markets Act 2000 (Administration Orders Relating to Insurers) Order 2010, the automatic end of the Administration without an extension will be 30 months. In this case, the relevant date is 11 April 2023.

Following resolution of some of the major outstanding matters in the Administration, the Joint Administrators will be in a position to consider the most appropriate means of enabling the conclusion of the Administration. This is likely to include a combination of solutions to address the differing interests and priorities of the various creditor groups.

At this point, it seems probable that a Scheme of Arrangement may be able to provide the flexibility to deliver a consensual solution, but it is too early to conclude this with any certainty. The Joint Administrators are mindful of developing an exit solution which provides a cost-effective and robust claims valuation mechanism which maximises returns to creditors throughout the run-off of the Company's book of business.

Set out below are the possible alternative exit routes from the Administration, in order of relevance to this estate:

1. The Joint Administrators, in conjunction with a proposed Scheme of Arrangement, would make an application to Court seeking an order that, upon the Scheme of Arrangement being approved and sanctioned by the Court, the Company will exit from Administration and be placed into Creditors' Voluntary Liquidation. In this event, it is proposed that the Liquidators will be Richard Barker and Simon Edel of Ernst & Young LLP and that any act required or authorised under any enactment to be done by the Liquidators may be done by either or both of them.

2. Alternatively, if a Scheme of Arrangement is approved and sanctioned by the Court, but without the Company also being placed into Creditors' Voluntary Liquidation, the Joint Administrators propose that the Administration be kept open for the duration of the Scheme of Arrangement. In this event, the Joint Administrators will need to apply to the Court for an extension of the Administration in due course. Following the subsequent completion and termination of the Scheme of Arrangement, it is expected that the Joint Administrators will then be able to conclude the Administration and proceed to dissolution of the Company. This is achieved by making an application to Court in accordance with paragraph 79 of Schedule B1 of the Insolvency Act 1986 for an order to dissolve the Company. Subsequent to receiving the order, the same will be filed at Companies House and the Company will be deemed to be dissolved per the effective date specified within the Court order.
3. In the event that a Scheme of Arrangement is not approved, the Joint Administrators propose that the Administration is continued until the conclusion of the run-off. In this event, the Joint Administrators will need to apply to the Court for an extension of the Administration in due course. Following conclusion of the run-off, an application is made in accordance with paragraph 79 of Schedule B1 of the Insolvency Act 1986 for an order to dissolve the Company.
4. Alternatively, in the event that a Scheme of Arrangement is not approved, the Joint Administrators propose that the Administration is continued until such time as it is determined appropriate to move to Creditors' Voluntary Liquidation in order to conclude the run-off. An application will be made to Court seeking an order that Company exit from Administration and be placed into Creditors' Voluntary Liquidation. In this event, it is proposed that the Liquidators will be Richard Barker and Simon Edel of Ernst & Young LLP and that any act required or authorised under any enactment to be done by the Liquidators may be done by either or both of them.

In accordance with paragraph 81(3) of Schedule B1 to the Insolvency Act 1986 and Rule 3.58 of the Insolvency (England and Wales) Rules 2016, creditors may apply to Court for an order to end the Administration. A copy of the application must be delivered to the Joint Administrators not less than five business days before the Court hearing date.

3. Statement of Affairs

A Statement of Affairs as at the date of Administration was submitted to the Joint Administrators on 5 November 2020. It was signed by Mark Batten and Statements of Concurrence were provided by Brad Huntington, Andrew Thompson, John Williams, and Stuart Wrenn as directors of the Company. A copy of the Statement of Affairs is attached at Appendix B, including a full list of creditors as is required by law.

It should be noted that the figures are based upon the Company's management accounts and have not been subject to independent review or statutory audit.

Assets

All values are shown before any applicable costs of realisation. The majority of the cash and investment balances originate from reports from NEAM and the £5.0 million of other debtors relates to the £5.0 million that was received from a third party in respect of a pre-appointment debt due to the Company.

Liabilities

The claims detailed in the Statement of Affairs are categorised as insurance creditors, reinsurance creditors and trade creditors.

The Administrators understand that the values shown for the insurance claimants of £210.3 million, of which £157.2 million relates to the estimated claim value of known claims and £53.1 million relates to the actuarial estimation of future claims which have not yet been reported. These all relate to BG policies and there are no estimated liabilities for employers' liability claims.

Values shown for reinsurance creditors of £0.1 million, the vast majority of which represent the estimated claim value of known claims. Trade creditors of £0.4 million consist of law firms, loss adjusters, service providers, directors and building experts.

Estimated outcome for creditors

The hierarchy of debts for an insurance company is pursuant to the Insurers Regulations and as referenced above, this applies to the Company. The effect of which is that insurance creditors have priority over other classes of unsecured creditors, including reinsurance and trade creditors. The Joint Administrators' current view of potential recoveries across the various creditor groups is set out below:

Secured creditors

There are no fixed or floating charges registered against the Company's assets, therefore the Company has no secured creditors. This also means the Prescribed Part does not apply in this case since there is no floating charge security registered against the Company.

Preferential creditors

Preferential creditors are primarily employee related claims and as the Company has no employees, no claims from preferential creditors are expected.

Insurance claimants – those eligible for FSCS protection

Insurance claimants with BG policies and employers' liability policies who are eligible for FSCS protection will be covered 100% of any benefit under their contract of insurance. When paying compensation, the FSCS will 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.

Insurance claimants – the FSCS and those not eligible for FSCS protection

As mentioned above, the FSCS will have a subrogated insurance claim against the Company for the compensation payments made. Insurance claimants who are not eligible for FSCS protection will also rank as insurance claimants against the Company.

It is not yet possible to provide an accurate estimate of the dividend prospects for insurance claimants against the Company, except those which are eligible for FSCS protection who will be covered 100% of any benefit under their contract of insurance. The amount of any dividend will depend on claims development, the final level of admitted claims (including the proportion which will be eligible for FSCS protection), realisations and costs.

As advised above, it seems probable that a Scheme of Arrangement may be able to provide the flexibility to deliver a consensual solution, but it is too early to conclude this with any certainty. Further information on this will be provided in due course.

Unsecured creditors – including reinsurance and trade creditors

It is not yet possible to provide an accurate estimate of the dividend prospects for reinsurance and trade creditors. However, it is not anticipated that there will be sufficient realisations to make a distribution to unsecured creditors given the scale of estimated liabilities under the Company's insurance policies.

4. Prescribed part

The Prescribed Part is a proportion of floating charge assets set aside for unsecured creditors pursuant to section 176A of the Insolvency Act 1986. The Prescribed Part applies to floating charges created on or after 15 September 2003.

As at the date of the appointment of the Joint Administrators, no floating charges existed. Consequently, section 176A of the Insolvency Act 1986 does not apply to this Administration and there is no Prescribed Part to be set aside for unsecured creditors.

5. Administrators' remuneration and disbursements and payments to other professionals

Remuneration

The statutory provisions relating to remuneration are set out in Chapter 4, Part 18 of the Insolvency (England and Wales) Rules 2016. 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 website of the Institute of Chartered Accountants in England and Wales at www.icaew.com/en/technical/insolvency/creditors-guides or is available in hard copy upon written request to the Joint Administrators.

The Joint Administrators propose that their remuneration is fixed on the basis of time properly given by them and their staff in dealing with matters arising in the Administration, in accordance with the Joint Administrators' fee estimate and details of expenses dated 3 December 2020 which is being circulated to creditors at the same time as these proposals.

In the event that a creditors' committee is not formed the Joint Administrators will seek to have the basis of their renumeration approved by a decision of creditors.

Disbursements

Disbursements are expenses met by and reimbursed to the Joint Administrators. They fall into two categories: Category 1 and Category 2. The Joint Administrators' fee estimate and details of expenses dated 3 December 2020 includes details of the Category 1 and 2 disbursements which are expected to be incurred.

Category 1 disbursements are payments to independent third parties where there is expenditure directly referable to the Administration. Category 1 disbursements can be drawn without prior approval.

Category 2 disbursements are expenses that are directly referable to the Administration but not to a payment to an independent third party. They may include an element of shared or allocated costs that can be allocated to the appointment on a proper and reasonable basis. Category 2 disbursements require approval in the same manner as remuneration. The Joint Administrators propose that they are permitted to charge Category 2 disbursements in accordance with the statement of expenses included in the Joint Administrators' fee estimate and details of expenses dated 3 December 2020.

In the event that a creditors' committee is not formed the Joint Administrators will seek approval to charge disbursements by a decision of creditors.

6. Advisory and pre-Administration costs

Advisory costs

EY were engaged to provide advice and assistance to the Company prior to the Administration, which is not classified as pre-Administration costs in accordance with the Rules. The advice provided was conducted under three separate engagement agreements with the Company dated 9 January 2020, 13 February 2020 and 30 June 2020, consisting of advice undertaken relating to:

- ▶ Contingency planning advice between January 2020 and March 2020 in respect of the possible placement of the Company into an insolvency process.
- ▶ Advice in relation to the planning and implementation of the Solvent Scheme (without the need to place the Company into Administration) from February 2020 until late September 2020.
- ▶ An independent actuarial review of the unpaid claims estimates of the Company as at 30 June 2020, including a sensitivity analysis of the key uncertainties in the projections.

EY's costs were settled in full by the Company and amounted to £463,354 plus VAT in respect of contingency planning and advice in connection with the Solvent Scheme, and £80,000 plus VAT in respect of the actuarial review.

Pre-Administration costs relating to proposed Administration

From 30 September 2020, EY provided advice to the Company relating to the proposed Administration. EY's costs in this respect amount to £293,923 (excluding VAT), all of which remains outstanding.

The Administrators are seeking approval for payment of unpaid pre-Administration costs totalling £293,923 plus VAT. The payment of unpaid pre-Administration costs as an expense of the Administration is subject to approval under Rule 3.52, and not part of the proposals subject to approval under paragraph 53. This means that they must be approved separately from the proposals.

A breakdown of the total pre-Administration costs incurred is attached at Appendix D. Further information is provided below.

When it became apparent that an insolvency of the Company was inevitable, EY worked with the Company's directors and their legal advisors in preparing for an Administration. From 30 September 2020, the nature of the unpaid work can be summarised as that necessary to ensure that insolvency practitioners from EY were in a state of reasonable preparedness to accept a formal insolvency appointment to the Company. The work included the following:

- ▶ Reviewing and assisting the Company and its legal advisors to prepare documents for submission to the Court for the Administration appointment, including consent to act, the witness statements submitted by Andrew Thompson on behalf of the board of directors and the Administration order.
- ▶ Preparing documents to be issued to creditors immediately following the appointment, including scripts for press releases and email/mail communications to policyholders, legal representatives and creditors.
- ▶ Communicating with the PRA and the FCA, as regulatory bodies, and the FSCS, the compensatory body, regarding the proposed Administration appointment.
- ▶ Preparing a detailed timeline for pre-appointment and immediate post-appointment activities.

- ▶ Working with the Company to understand its core operations, including any critical suppliers, payments and location of Company assets, including its books and records.
- ▶ Planning for the period immediately post-Administration in order to deal with matters effectively, including arrangements for ongoing claims handling, identifying potential risks and developing appropriate safeguards to mitigate these risks upon appointment.
- ▶ Attendance at the Court hearing for the appointment of the Joint Administrators.

The work performed prior to the appointment of the Joint Administrators progressed the statutory duties and took control of the Company effectively.

The breakdown attached at Appendix D sets out in respect of the pre-Administration costs:

- ▶ The fees charged by the prospective Joint Administrators.
- ▶ The expenses incurred by the prospective Joint Administrators.
- ▶ To the best of the Joint Administrators' knowledge and belief, no fees or expenses were charged by another insolvency practitioner.

In the event that a creditors' meeting is not requisitioned, and a creditors' committee is not formed, the Joint Administrators will seek to have the unpaid pre-Administration fees approved by a decision of creditors.

Appendix A Statutory information

Company Information

Company Name: East West Insurance Company Limited (In Administration)
Registered Office Address: C/O Ernst & Young LLP, 1 More London Place, London, SE1 2AF
Registered Number: 00811120
Trading Name(s): N/A
Trading Address(es): 20 Old Broad Street, London, EC2N 1 DP

Details of the Joint Administrators and of their appointment

Administrators: Richard Barker and Simon Edel
Date of Appointment: 12 October 2020
By Whom Appointed: The appointment was made by the Court
Court Reference: High Court of Justice, Business and Property Courts of England and Wales, Insolvency and Companies List (ChD) CR-2020-003913

The Joint Administrators may exercise any of the powers conferred on them jointly or individually.

Statement concerning the EC Regulation

The EC Council Regulation on Insolvency Proceedings does apply to this Administration and the proceedings are main proceedings. This means that this Administration is conducted according to UK insolvency legislation and is not governed by the insolvency law of any other European Union Member State.

Share capital

| Class | Authorised | | Issued and fully paid | |
|----------|------------|---------|-----------------------|---------|
| | Number | £ | Number | £ |
| Ordinary | 100,000 | 100,000 | 100,000 | 100,000 |

Directors and secretary and their shareholdings

| Name | Director or Secretary | Date appointed | Date resigned | Current shareholding |
|-------------------------------|-----------------------|-------------------|---------------|----------------------|
| John Caldicott Williams | Director | 13 August 2015 | - | - |
| Brad Scott Huntington | Director | 01 September 2015 | - | - |
| Kevin John McAtee | Director | 06 April 2017 | - | - |
| Stuart Adam Wrenn | Director | 06 April 2017 | - | - |
| Steven Michael Ryland | Director | 06 April 2017 | 12 July 2019 | - |
| Andrew James Thompson | Director | 08 November 2017 | - | - |
| Anthony John Patrick Brereton | Director | 08 November 2017 | 02 March 2018 | - |
| Mark Charles Batten | Director | 26 June 2019 | - | - |
| Thomas Peter Alcock | Secretary | 23 April 2018 | - | - |

Appendix B Directors' statement of affairs

Statement of affairs

Name of Company

East West Insurance Company Limited

Company number

00811120

In the

High Court of Justice Business and Property Courts
of England and Wales

Court case number

CR-2020-003913

(a) Insert name and
address of registered
office of the company

Statement as to the affairs of (a) East West Insurance Company Limited at 20 Old Broad Street,
London, EC2N 1DP

(b) Insert date

on the (b) 12 October 2020, the date that the company entered administration.

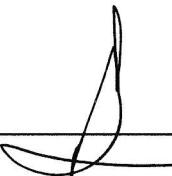
Statement of Truth

I believe that the facts stated in this statement of affairs are a full, true and complete statement of the affairs of the above named company as (b) 12 October 2020 the date that the company entered administration.

Full name

MARK CHARLES BATTEN.

Signed



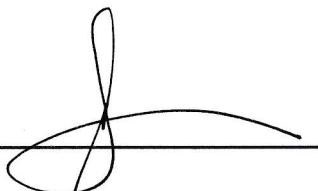
Dated

5 March 2020.

A – Summary of Assets

| | Book Value (£) | Estimated to Realise (£) |
|---|----------------|--------------------------|
| Assets | | |
| Assets subject to fixed charge: | | |
| Assets subject to floating charge: | | |
| Uncharged assets: | | |
| <i>Cash and cash equivalents</i> | 17,655,334 | 17,655,334 |
| <i>Investments</i> | 23,306,759 | 23,306,759 |
| <i>Accrued Interest</i> | 290,143 | 290,143 |
| <i>Insurance Debtors</i> | 10,414 | 10,414 |
| <i>Other Debtors</i> | 5,022,550 | 5,000,000 |
| Estimated total assets available for preferential creditors | 46,285,200 | 46,262,650 |

Signature



Date

5 Arreuter 2020.

A1 – Summary of Liabilities

| | | Estimated to realise (£) |
|--|----------------|--------------------------|
| Estimated total assets available for preferential creditors (carried from page A) | £ | 46,262,650 |
| Liabilities | £- | |
| Preferential creditors:- | | |
| Estimated deficiency/surplus as regards preferential creditors | £ | 46,262,650 |
| Estimated prescribed part of net property where applicable (to carry forward) | £- | |
| Estimated total assets available for floating charge holders | £ | 46,262,650 |
| Debts secured by floating charges | £- | |
| Estimated deficiency/surplus of assets after floating charges | £ | 46,262,650 |
| Estimated prescribed part of net property where applicable (brought down) | £- | |
| Total assets available to unsecured creditors | £ | 46,262,650 |
| Unsecured non-preferential claims (excluding any shortfall to floating charge holders) | | |
| Insurance creditors | £(210,348,173) | |
| Reinsurance creditors | £(120,679) | |
| Trade creditors | £(433,640) | |
| Estimated deficiency/surplus as regards non-preferential creditors (excluding any shortfall to floating charge holders) | £ | (164,639,842) |
| Shortfall to floating charge holders (brought down) | £- | |
| Estimated deficiency/surplus as regards creditors | £ | (164,639,842) |
| Issued and called up capital | £(100,000) | |
| Estimated total deficiency/surplus as regards members | £ | (164,739,842) |

Signature

Date

5 August 2020

COMPANY CREDITORS

Note: You must include all creditors and identify all creditors under hire-purchase, chattel leasing or conditional sale agreements and customers claiming amounts paid in advance of the supply of goods or services and creditors claiming retention of title over property in the company's possession. Claims by employees, former employees and consumers should be given as a single figure, with details provided on the respective schedules

| Name of creditor or claimant | Address (with postcode) | Amount of debt £ | Details of any security held by creditor | Date security given | Value of security £ |
|------------------------------|-------------------------|------------------|--|---------------------|---------------------|
| Insurance 1 | N/A | 15,618,873.40 | N/A | N/A | N/A |
| Insurance 2 | N/A | 11,246.80 | N/A | N/A | N/A |
| Insurance 3 | N/A | 1,023,492.71 | N/A | N/A | N/A |
| Insurance 4 | N/A | 259,338.02 | N/A | N/A | N/A |
| Insurance 5 | N/A | 10,000.00 | N/A | N/A | N/A |
| Insurance 6 | N/A | 9,265.00 | N/A | N/A | N/A |
| Insurance 7 | N/A | 2,740,896.55 | N/A | N/A | N/A |
| Insurance 8 | N/A | 61,000.00 | N/A | N/A | N/A |
| Insurance 9 | N/A | 1,304,349.68 | N/A | N/A | N/A |
| Insurance 10 | N/A | 31,521.76 | N/A | N/A | N/A |
| Insurance 11 | N/A | 108,117.14 | N/A | N/A | N/A |
| Insurance 12 | N/A | 99,859.63 | N/A | N/A | N/A |
| Insurance 13 | N/A | 88,704.07 | N/A | N/A | N/A |
| Insurance 14 | N/A | 348,084.80 | N/A | N/A | N/A |
| Insurance 15 | N/A | 14,500.00 | N/A | N/A | N/A |
| Insurance 16 | N/A | 29,364.70 | N/A | N/A | N/A |
| Insurance 17 | N/A | 3,851.38 | N/A | N/A | N/A |
| Insurance 18 | N/A | 20,402,322.48 | N/A | N/A | N/A |
| Insurance 19 | N/A | 50,000.00 | N/A | N/A | N/A |
| Insurance 20 | N/A | 212,236.48 | N/A | N/A | N/A |
| Insurance 21 | N/A | 150,000.00 | N/A | N/A | N/A |
| Insurance 22 | N/A | 209,124.78 | N/A | N/A | N/A |
| Insurance 23 | N/A | 642,100.71 | N/A | N/A | N/A |
| Insurance 24 | N/A | 1,498,603.80 | N/A | N/A | N/A |
| Insurance 25 | N/A | 1,498,257.60 | N/A | N/A | N/A |
| Insurance 26 | N/A | 14,462,996.16 | N/A | N/A | N/A |
| Insurance 27 | N/A | 6,694,674.40 | N/A | N/A | N/A |
| Insurance 28 | N/A | 6,243,770.00 | N/A | N/A | N/A |

| | | | | | |
|--------------|-----|---------------|-----|-----|-----|
| Insurance 29 | N/A | 738,702.12 | N/A | N/A | N/A |
| Insurance 30 | N/A | 4,969,378.70 | N/A | N/A | N/A |
| Insurance 31 | N/A | 4,684,116.80 | N/A | N/A | N/A |
| Insurance 32 | N/A | 7,524,541.60 | N/A | N/A | N/A |
| Insurance 33 | N/A | 9,634.79 | N/A | N/A | N/A |
| Insurance 34 | N/A | 1,000,000.00 | N/A | N/A | N/A |
| Insurance 35 | N/A | 7,972,536.54 | N/A | N/A | N/A |
| Insurance 36 | N/A | 298,192.08 | N/A | N/A | N/A |
| Insurance 37 | N/A | 950,000.00 | N/A | N/A | N/A |
| Insurance 38 | N/A | 3,392,022.40 | N/A | N/A | N/A |
| Insurance 39 | N/A | 21,241,582.90 | N/A | N/A | N/A |
| Insurance 40 | N/A | 11,000,099.00 | N/A | N/A | N/A |
| Insurance 41 | N/A | 8,592,123.86 | N/A | N/A | N/A |
| Insurance 42 | N/A | 5,000,000.00 | N/A | N/A | N/A |
| Insurance 43 | N/A | 1,000,000.00 | N/A | N/A | N/A |
| Insurance 44 | N/A | 1,427.40 | N/A | N/A | N/A |
| Insurance 45 | N/A | 64,204.00 | N/A | N/A | N/A |
| Insurance 46 | N/A | 42,781.60 | N/A | N/A | N/A |
| Insurance 47 | N/A | 29,782.00 | N/A | N/A | N/A |
| Insurance 48 | N/A | 16,000.00 | N/A | N/A | N/A |
| Insurance 49 | N/A | 275.03 | N/A | N/A | N/A |
| Insurance 50 | N/A | 98,869.08 | N/A | N/A | N/A |
| Insurance 51 | N/A | 99.00 | N/A | N/A | N/A |
| Insurance 52 | N/A | 550,000.00 | N/A | N/A | N/A |
| Insurance 53 | N/A | 1.00 | N/A | N/A | N/A |
| Insurance 54 | N/A | 24,000.00 | N/A | N/A | N/A |
| Insurance 55 | N/A | 26,547.04 | N/A | N/A | N/A |
| Insurance 56 | N/A | 65,292.48 | N/A | N/A | N/A |
| Insurance 57 | N/A | 389,130.32 | N/A | N/A | N/A |
| Insurance 58 | N/A | 4,755.20 | N/A | N/A | N/A |
| Insurance 59 | N/A | 28,660.80 | N/A | N/A | N/A |
| Insurance 60 | N/A | 152,219.80 | N/A | N/A | N/A |
| Insurance 61 | N/A | 28,027.20 | N/A | N/A | N/A |
| Insurance 62 | N/A | 4,784.00 | N/A | N/A | N/A |
| Insurance 63 | N/A | 1.00 | N/A | N/A | N/A |
| Insurance 64 | N/A | 1,000.00 | N/A | N/A | N/A |
| Insurance 65 | N/A | 208,318.00 | N/A | N/A | N/A |
| Insurance 66 | N/A | 3,537.28 | N/A | N/A | N/A |

| | | | | | |
|---------------|-----|------------|-----|-----|-----|
| Insurance 67 | N/A | 1,000.00 | N/A | N/A | N/A |
| Insurance 68 | N/A | 2,000.00 | N/A | N/A | N/A |
| Insurance 69 | N/A | 25,971.00 | N/A | N/A | N/A |
| Insurance 70 | N/A | 2,000.00 | N/A | N/A | N/A |
| Insurance 71 | N/A | 4,480.40 | N/A | N/A | N/A |
| Insurance 72 | N/A | 2,000.00 | N/A | N/A | N/A |
| Insurance 73 | N/A | 9,031.20 | N/A | N/A | N/A |
| Insurance 74 | N/A | 54,784.00 | N/A | N/A | N/A |
| Insurance 75 | N/A | 1,049.60 | N/A | N/A | N/A |
| Insurance 76 | N/A | 186,000.00 | N/A | N/A | N/A |
| Insurance 77 | N/A | 2,000.00 | N/A | N/A | N/A |
| Insurance 78 | N/A | 46,607.60 | N/A | N/A | N/A |
| Insurance 79 | N/A | 159,566.76 | N/A | N/A | N/A |
| Insurance 80 | N/A | 56,056.00 | N/A | N/A | N/A |
| Insurance 81 | N/A | 4,179.20 | N/A | N/A | N/A |
| Insurance 82 | N/A | 1.00 | N/A | N/A | N/A |
| Insurance 83 | N/A | 271,514.12 | N/A | N/A | N/A |
| Insurance 84 | N/A | 195,032.00 | N/A | N/A | N/A |
| Insurance 85 | N/A | 12,421.04 | N/A | N/A | N/A |
| Insurance 86 | N/A | 223,946.55 | N/A | N/A | N/A |
| Insurance 87 | N/A | 73,531.20 | N/A | N/A | N/A |
| Insurance 88 | N/A | 90,000.00 | N/A | N/A | N/A |
| Insurance 89 | N/A | 1.00 | N/A | N/A | N/A |
| Insurance 90 | N/A | 77,453.48 | N/A | N/A | N/A |
| Insurance 91 | N/A | 169,228.87 | N/A | N/A | N/A |
| Insurance 92 | N/A | 2,662.40 | N/A | N/A | N/A |
| Insurance 93 | N/A | 2,000.00 | N/A | N/A | N/A |
| Insurance 94 | N/A | 28,012.80 | N/A | N/A | N/A |
| Insurance 95 | N/A | 5,000.00 | N/A | N/A | N/A |
| Insurance 96 | N/A | 12,130.20 | N/A | N/A | N/A |
| Insurance 97 | N/A | 409,612.40 | N/A | N/A | N/A |
| Insurance 98 | N/A | 1.00 | N/A | N/A | N/A |
| Insurance 99 | N/A | 2,000.00 | N/A | N/A | N/A |
| Insurance 100 | N/A | 18,939.20 | N/A | N/A | N/A |
| Insurance 101 | N/A | 1.00 | N/A | N/A | N/A |
| Insurance 102 | N/A | 1,089.80 | N/A | N/A | N/A |
| Insurance 103 | N/A | 1,947.20 | N/A | N/A | N/A |
| Insurance 104 | N/A | 1.00 | N/A | N/A | N/A |

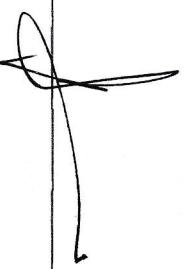
McS

| | | | | | |
|--|--|-----------------------|-----|-----|-----|
| Insurance 105 | N/A | 2,000.00 | N/A | N/A | N/A |
| Insurance 106 | N/A | 17,700.80 | N/A | N/A | N/A |
| Insurance 107 | N/A | 37,594.80 | N/A | N/A | N/A |
| Insurance 108 | N/A | 5,000.00 | N/A | N/A | N/A |
| Insurance 109 | N/A | 117,701.60 | N/A | N/A | N/A |
| Insurance 110 | N/A | 17,073.80 | N/A | N/A | N/A |
| Insurance 111 | N/A | 10,684.52 | N/A | N/A | N/A |
| Insurance 112 | N/A | 81,628.84 | N/A | N/A | N/A |
| Insurance 113 | N/A | 7,074.40 | N/A | N/A | N/A |
| Insurance 114 | N/A | 1.00 | N/A | N/A | N/A |
| Insurance 115 | N/A | 5,934.88 | N/A | N/A | N/A |
| Insurance 116 | N/A | 1.00 | N/A | N/A | N/A |
| Insurance 117 | N/A | 2,498.98 | N/A | N/A | N/A |
| Insurance 118 | N/A | 2,000.00 | N/A | N/A | N/A |
| Insurance 119 | N/A | 7,822.80 | N/A | N/A | N/A |
| Insurance 120 | N/A | 49,327.20 | N/A | N/A | N/A |
| Insurance 121 | N/A | 26,488.00 | N/A | N/A | N/A |
| Insurance 122 | N/A | 2,000.00 | N/A | N/A | N/A |
| Insurance 123 | N/A | 33,825.80 | N/A | N/A | N/A |
| Insurance 124 | N/A | 58,627.00 | N/A | N/A | N/A |
| Insurance 125 | N/A | 349,916.24 | N/A | N/A | N/A |
| Insurance 126 | N/A | 1,222.40 | N/A | N/A | N/A |
| Insurance 127 | N/A | 149,041.57 | N/A | N/A | N/A |
| Insurance 128 | N/A | 6,048.60 | N/A | N/A | N/A |
| Insurance 129 | N/A | 4,727.60 | N/A | N/A | N/A |
| Insurance 130 | N/A | 2,333.23 | N/A | N/A | N/A |
| Insurance 131 | N/A | 166,661.84 | N/A | N/A | N/A |
| Insurance incurred but not reported claims | N/A | 53,090,788.70 | N/A | N/A | N/A |
| Insurance Creditors Total | | 210,348,172.69 | | | |
| United Fire & Casualty | 118 2nd Ave SE, Cedar Rapids, IA, 52401 | 61.93 | N/A | N/A | N/A |
| First Re of Hartford (per Russell Re) | Chicago, Illinois, USA | 66.79 | N/A | N/A | N/A |
| Ridgwell Fox & Partners | 15 Canada Square, London, E14 5GL | 14,065.45 | N/A | N/A | N/A |
| The British & European ReIns Co | St Helen's, Undershaft London, EC3P 3DQ | 3,803.10 | N/A | N/A | N/A |
| Northern Assurance Marine | The Exchange, New York Street, Manchester, England, M1 4HN | 9,111.06 | N/A | N/A | N/A |
| Underwriting | | | | | |
| Frankona Reassurance | Castle House, Castle Hill Ave, Folkestone CT20 2TF | 2,879.05 | N/A | N/A | N/A |

| | | | | | |
|--|--|-------------------|-----|-----|-----|
| Warta Ins & Reins Co Ltd (Poland) | Chmielna Street 85/87, Warsaw, 00-805, Poland | 864.36 | N/A | N/A | N/A |
| R&Q Reinsurance Co (UK) Ltd | 71 Fenchurch Street, London, United Kingdom, EC3M 4BS | 30,483.78 | N/A | N/A | N/A |
| Allianz Insurance PLC | 57 Ladymead, Guildford, Surrey, GU1 1DB | 7,555.60 | N/A | N/A | N/A |
| Ocean Marine Ins Co Ltd | St Helen's, Undersholt London, EC3P 3DQ | 27,605.95 | N/A | N/A | N/A |
| Hansa Marine Insurance Co (UK) | 7th Floor 1 Minster Court, Mincing Lane, London, EC3R 7AA | 4,317.41 | N/A | N/A | N/A |
| Highlands Ins Co UK | Pricewaterhousecoopers LLP, 7 More London Riverside, London, SE1 2RT | 668.10 | N/A | N/A | N/A |
| American Reinsurance Co | 555 College Road East Princeton, NJ 08540 United States | 38.88 | N/A | N/A | N/A |
| Catalina London Limited | 1 Alie Street, London, England, E1 8DE | 150.44 | N/A | N/A | N/A |
| Cigne Re UK | 13th Floor 5 Aldermanbury Square, London, England, EC2V 7HR | 6,900.52 | N/A | N/A | N/A |
| New England Reinsurance Corp | 150 Federal St Fl 6, Boston, MA 02110, USA | 3.30 | N/A | N/A | N/A |
| CGU International Insurance plc | St Helen's, 1 Undersholt, London, EC3P 3DQ | 116.54 | N/A | N/A | N/A |
| Eagle Star Ins Co Ltd (UK) | 7 Upper Queen Street, Belfast, BT1 6QD | 729.85 | N/A | N/A | N/A |
| Riverstone (Odyssey Re) | 100 Galleria Pkwy Se, Atlanta, GA 30339 3179 | 2,514.60 | N/A | N/A | N/A |
| Cornhill Insurance PLC | 57 Ladymead, Guildford, Surrey, GU1 1DB | 221.43 | N/A | N/A | N/A |
| Bishopsgate Ins | 2 Minster Court, Mincing Lane, London, United Kingdom, EC3R 7PD | 197.27 | N/A | N/A | N/A |
| Commercial Union Ass Co Ltd | St Helen's, 1 Undersholt, London, EC3P 3DQ | 7.63 | N/A | N/A | N/A |
| GIE France | Societe EBC, 8 Rue de Berri, 75008 Paris 8 | 77.05 | N/A | N/A | N/A |
| Reinsurance incurred but not reported claims | N/A | 8,239.32 | N/A | N/A | N/A |
| Reinsurance Creditors Total | | 120,679.41 | | | |
| Armour Risk Management | 4th Floor, 20 Old Broad Street, London EC2N 1DP | 55,396.36 | N/A | N/A | N/A |
| Gringolet Company Limited | 4th Floor, 20 Old Broad Street, London EC2N 1DP | 6,988.48 | N/A | N/A | N/A |
| ILS Property & Casualty Re Limited | AON House, 4th Floor, 30 Woodbourne Avenue, Pembroke HM08 | 11,029.99 | N/A | N/A | N/A |
| Plexus Law LLP | Josephs Well, Hanover Walk, Leeds, LS3 1AB | 30,245.46 | N/A | N/A | N/A |
| PricewaterhouseCoopers LLP | 1 Embankment Place, London WC2N 6RH | 19,800.00 | N/A | N/A | N/A |
| Advanced Removals & Storage Limited | Gloucester Business Park, Bamel Way, Brockworth, Gloucester GL3 4BH | 39.06 | N/A | N/A | N/A |
| Weightmans LLP | The Hallmark Building, 105 Fenchurch Street, London, EC3M 5JG | 51,160.39 | N/A | N/A | N/A |

| | | | | | |
|------------------------------|---|-----------------------|-----|-----|-----|
| Mark Batten | 4th Floor, 20 Old Broad Street, London EC2N 1DP | 615.38 | N/A | N/A | N/A |
| Andrew Thompson | 4th Floor, 20 Old Broad Street, London EC2N 1DP | 2,270.76 | N/A | N/A | N/A |
| Stuart Wrenn | 4th Floor, 20 Old Broad Street, London EC2N 1DP | 1,076.92 | N/A | N/A | N/A |
| Kennedys LLP | 25 Fenchurch Avenue, London, London, EC3M 5AD | 26,437.80 | N/A | N/A | N/A |
| Marley Risk Consulting | 6 Clinton Avenue, Nottingham , Nottinghamshire, NG5 1AW | 30,596.64 | N/A | N/A | N/A |
| Woodgate & Clark | The Red House, King Street, West Malling , Kent, ME19 6QT | 31,341.60 | N/A | N/A | N/A |
| DAC Beachcroft | Portwall Place, Portwall Lane, Bristol, Avon, BS1 9HS | 94,824.12 | N/A | N/A | N/A |
| Mathesson Law | 70 Sir John Rogerson's Quay, Dublin 2 | 3,652.33 | N/A | N/A | N/A |
| Ionic Surveying Co | 1 Beech Close, Ludlow, Shropshire, SY8 2PD | 55,996.39 | N/A | N/A | N/A |
| Oculus Facade Construction | 15 Deans Farm, Caversham, Reading, Berkshire, RG4 5JZ | 12,168.00 | N/A | N/A | N/A |
| Trade Creditors Total | | 433,639.67 | | | |
| Total Creditors | | 210,902,491.77 | | | |

Signature



Date

January 2020

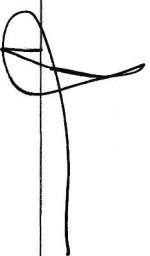
COMPANY SHAREHOLDERS

| Name of Shareholder | Address (with postcode) | No. of shares held | Nominal Value | Details of Shares held |
|------------------------------------|---|--------------------|---------------|------------------------|
| ILS Property & Casualty Re Limited | 3rd Floor, 19 Par-La-Ville Road, Hamilton HM 11, P.O. Box HM 66, Hamilton HM AX, Bermuda | 98,888 | 98,888 | |
| Lee Choong Lim | c/o Zaidun-Leeng Sdn Bhd, 6th Floor, Bangunang Ming, Jalan Bukit Nanas, 50250 Kuala Lumpur, Malaysia | 175 | 175 | |
| South Finance Company Ltd | Room 302a East Ocean Centre, 98 Granville Road, Tsim Sha Tsui East, Kowloon, Hong Kong | 169 | 169 | |
| Ym Tunku Zuhri Bin Tunku Zakaria | c/o Kayama Travel & Tours Sdn Bhd, No 54 Ground Floor, Jalan Raja Alang, Kampung Baru, 50300 Kuala Lumpur, Malaysia | 149 | 149 | |
| Iris Tan | 2915 East First St., Duluth, MN 55812, U.S.A. | 86 | 86 | |
| Ng Leong Sing Sdn Bhd | Bangunang Ming #PH 02, Jalan Bukit Nanas, 50250 Kuala Lumpur, Malaysia | 58 | 58 | |
| Leow Geok Fah | 5 Persiaran Bruas, Damansara Heights, 50490 Kuala Lumpur, Malaysia | 44 | 44 | |
| Panland Resources Sdn Bhd | Suite 505-510, 5th Floor, Imbi Plaza, 28 Jalan Imbi, 55100 Kuala Lumpur, Malaysia | 40 | 40 | |
| Yeoh Guan Chye | 3 Lintang Pantai Jerjak Tiga, Batu Uban, 11700 Gelugor, Pulau, Pinang Malaysia | 36 | 36 | |
| RHB Bank Nominees PTE Ltd | 90 Cecil Street, #03-00 , Singapore 069531 | 36 | 36 | |
| Ling Ding Seng | 59 Lengkok Aminuddin Baki, Taman Tun Dr. Ismail, 60000 Kuala Lumpur, Malaysia | 30 | 30 | |
| Walter Lim Chaing Lay | 87a Jalan 2/70a, Sri Hartamas, 50480 Kuala Lumpur, Malaysia | 30 | 30 | |

| | | | | |
|-------------------------------------|---|----|----|--|
| Leow Goh Mee | 46 Ling Kongan Negeri Sembilan, Bukit Persekutuan, 50480 Kuala Lumpur, Malaysia | 27 | 27 | |
| Arab Malaysian Nominees Sdn Bhd | Bangunan Arab - Malaysian, 55 Jalan Raja Chulan, 50200 Kuala Lumpur, Malaysia | 26 | 26 | |
| Chia Wai Sin | 17 Jalan Gelenggang, Damansara Heights, 50490 Kuala Lumpur, Malaysia | 26 | 26 | |
| Song Siew Hua | c/o Song Pang Construction Sdn Bhd, 1st Floor, Wisma Sp2, 32 Jalan Imbi, 55100 Kuala Lumpur, Malaysia | 23 | 23 | |
| Lim Beow Khim | 40 Jalan SS18/3A, Subang Jaya, 47500, Selangor, Malaysia | 20 | 20 | |
| Lim Beow Oon | 87a Jalan 2/70a, Sri Hartamas, 50480 Kuala Lumpur, Malaysia | 20 | 20 | |
| Leow Lee Fah | 9 Jalan Gelenggang, Damansara Heights, 50490 Kuala Lumpur, Malaysia | 19 | 19 | |
| Goh Tai Heng | 5 Persiaran Bruas, Damansara Heights, 50490 Kuala Lumpur, Malaysia | 14 | 14 | |
| Kong Yin Heng | PO Box 12406, 8826 Kota Kinabalu, Malaysia | 14 | 14 | |
| The Estate of Ym Raja Dato Zainai A | Syarikat Jaya Raya Sdn Bhd, No 11-12, Jalan, 5/76B, Desa Pandan, Kuala Lumpur, Malaysia | 13 | 13 | |
| Tan Chit Chuan | 7 Lorong Market, 28300 Triang, Pahang, Daruk Makmur, Malaysia | 12 | 12 | |
| Goh Tai Hwa | c/o 17 Jalan Gelenggang, Damansara Heights, 50400 Kuala Lumpur, Malaysia | 8 | 8 | |
| Goh Tai Meng | 112 Pinggir Zaaba, Taman Tur Dr Ismail, 60000 Kuala Lumpur, Malaysia | 6 | 6 | |
| Patrick Loh Lye Ngok | c/o Berjaya General Ins Bhd, 18th Floor, Office Block, Plaza Berjaya, 12 Jalan Imbi, 55100 Kuala Lumpur, Malaysia | 6 | 6 | |
| Chan Bee Kheng | 87 Jalan Berangan, 50200 Kuala Lumpur, Malaysia | 5 | 5 | |

| | | | | |
|-------------------------------|---|---------|---------|--|
| Man Lan Heong | 120 Jalan Katumbar, Taman Cheras, 56100 Kuala Lumpur, Malaysia | 5 | 5 | |
| Perwira Habib Nominee Sdn Bhd | c/o Perwira HabibBank, PO Box 10459, 50915 Kuala Lumpur, Malaysia | 4 | 4 | |
| Kang Hak Koon | No 16 Jalan SS19/4G, 47500 Petaling Jaya, Selangor Darul Ehsan Malaysia | 4 | 4 | |
| Tai Siew Yoke | 26 Jalan 21/28, Sea Park, 46300 Petaling Jaya, Malaysia | 3 | 3 | |
| How Lian Koo | 235 Jalan 5/50, 46000 Petaling Jaya, Malaysia | 3 | 3 | |
| Ng Sing Cheong | 48 Jalan SS4D/16, 47301 Petaling Jaya, Malaysia | 1 | 1 | |
| TOTALS | | 100,000 | 100,000 | |

Signature



Date

5 March 2023

Appendix C Joint Administrators' receipts and payments account for the period from 12 October 2020 to 13 November 2020

| Estimated to Realise as per Directors' Statement of Affairs | RECEIPTS | | | Note |
|--|---|----------|-------------------|-------------|
| | £ | | £ | |
| Uncharged assets: | | | | |
| 17,655,334 | Cash and cash equivalents | 1 | 17,655,062 | |
| 23,306,759 | Investments | 2 | - | |
| 290,143 | Accrued interest | 2 | - | |
| 10,414 | Insurance debtors | | - | |
| 5,000,000 | Other debtors | 3 | 5,000,000 | |
| | Bank interest | | 9 | |
| 46,262,650 | Total receipts | | 22,655,071 | |
| PAYMENTS | | | | |
| | Alternative accommodation expenses | 4 | 11,060 | |
| | Total payments | | 11,060 | |
| Represented by: | | | | |
| | RBS current account | | 7,194,464 | |
| | Bank of New York Mellon custodian account | | 15,449,547 | |
| | | £ | 22,644,011 | |

Notes

1. Cash realised in the Administration to 13 November 2020 from the Company's pre-Administration bank accounts, including funds held in the Bank of New York Mellon custodian account.

2. Further details are given in page 5 of the proposals regarding the assets held by the Company on the Joint Administrators' appointment. The investments are held by NEAM to the Joint Administrators' order. The latest valuation held for the investments is £23,306,759 as at 12 October 2020.
3. On 4 November 2020, £5.0 million was received from a third party in respect of a pre-appointment agreement.
4. Payments made to date by the Joint Administrators in respect of alternative accommodation may be recoverable from the FSCS in due course, subject to eligibility criteria.

Appendix D Statement of pre-Administration costs

Statement of pre-Administration costs from 30 September 2020 to Administration appointment (12 October 2020)

| | Remuneration £ | Expenses £ | Details |
|--|-------------------|---------------|--|
| Administrators' pre-appointment time | 293,923 | - | Detailed in section 6 of the proposals |
| Total costs incurred | 293,923 | - | |
| Less: costs paid | - | - | |
| Unpaid pre-Administration costs | 293,923 | - | |

The above costs exclude VAT

Unpaid pre-Administration costs are costs which had not been paid at the date of Administration, are still outstanding and are subject to approval under Rule 3.52 of the Insolvency (England and Wales) Rules 2016.

Unpaid pre-Administration costs are not part of the proposals subject to approval under paragraph 53 of Schedule B1 of the Insolvency Act 1986. This means that they must be approved separately from the proposals. Further information on the way in which approval will be sought for unpaid pre-Administration costs is set out in section 6 of the proposals.

Details of the Pre-Administration work undertaken by the Administrators

The table below categorises and provides some further detail of the work performed. Please refer to the 'Advisory and Pre-administration costs' section 6 of these proposals on page 14.

| Classification of work function | Hours | | | | | | Average hourly rate £/hour | Total costs (£) |
|---|----------------------------------|-----------------------|---------------|---------------|---------------|----------------|----------------------------|-----------------|
| | Partner/ Associate Partner | Assistant Director | Manager | Senior | Staff | Total hours | | |
| Court application and hearing | 10 | 1 | - | 6 | - | 17 | 926 | 15,735 |
| Planning for media and policyholder communications | 5 | 16 | 72 | 8 | 9 | 109 | 663 | 71,905 |
| Claims Strategy | 6 | 51 | 31 | - | - | 88 | 808 | 70,750 |
| Statutory functions | 6 | 19 | - | 23 | 39 | 86 | 590 | 50,651 |
| Regulatory communications | 1 | 10 | - | 31 | - | 42 | 583 | 24,203 |
| Strategy Planning, team meetings, information request | 6 | 39 | 29 | 19 | 6 | 98 | 617 | 60,679 |
| Total | 34 | 136 | 132 | 87 | 54 | 440 | 670 | 293,923 |
| Total costs (£) | 40,180 | 106,415 | 85,345 | 41,040 | 20,943 | 293,923 | | |
| Average hourly rate £/hour | 1,199 | 785 | 650 | 480 | 394 | 670 | | |

The above costs exclude VAT.

Appendix E Guide to creditors' committee

Liquidation/Creditors' Committees and Commissioners

A Guide for Creditors

The Guide is intended to provide you with:

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

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

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

Introduction

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

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

Role of the Committee in Insolvency Proceedings

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

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

How are Committees formed?

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

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

Who can sit on the Committee?

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

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

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

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

Exceptions

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

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

What will I have to do as a Committee member?

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

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

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

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

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

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

Can I cease to be a member of the Committee?

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

Will I get paid?

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

Why should I agree to be on a Committee?

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

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

Does a Committee always have to be appointed?

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

A Guide for Creditors

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

If you would like to find out more about the work of R3 or its members, please visit the R3 website at www.r3.org.uk.

The Insolvency Service also produces a number of useful guides about personal and corporate insolvency procedures and directors' duties which can be accessed at: www.gov.uk/guidance/guidance-on-personal-debt-relief-options-company-liquidation-investigation-and-enforcement

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

February 2017