

TO ALL KNOWN CREDITORS

9 November 2022

Ref: MLP/RB/AS/ES

Telephone: 0333 4000 393

Email: [eastwestinsurance@uk.ey.com](mailto: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’ fourth 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 2022 to 11 October 2022 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 and 10 May 2022.

Copies of the above documents and other announcements are available at the following website: [www.ey.com/en\\_uk/eastwestinsurance](http://www.ey.com/en_uk/eastwestinsurance).

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

**Summary of progress to 11 October 2022**

As creditors will be aware, the purpose of the administration of the Company was to facilitate a better outcome for the creditors as a whole 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 and new claims to be submitted as they arise. This would have not been possible in a winding-up.

The significant majority of the Company's contracts of insurance relate to structural warranty and buildings guarantee policies ("the BG Policies") and the administration represents a default by the Company under the Policyholder Protection Rules. Accordingly, policyholders with BG Policies who are deemed protected by the Financial Services Compensation Scheme ("FSCS") are receiving payment in full of claims determined to be valid in accordance with the terms of their contract of insurance.

Claims in respect of the Company's BG Policies continue to be progressed and the number of open claims in the portfolio is 108 at 11 October 2022, a net reduction of 26 claims in the period. Significant progress has been made in the period in respect of the investigatory works necessary to determine policy coverage in relation to the majority of residual claims in the portfolio.

Whilst claim progression continues to be impacted by external market wide factors such as shortages in capacity of relevant experts and contractors, the dependence on experts for initial investigatory work, which has been an ongoing source of delay, will diminish as policy responses across the remaining claims in the portfolio are finalised.

The Joint Administrators have continued discussions with the FSCS, the Financial Conduct Authority ("FCA") and the Creditors' Committee in respect of the options available to conclude the run-off of the Company. Significant progress has been made in the period and the Joint Administrators are working with the FSCS to finalise terms of a funding arrangement in respect of certain expenses of the Company's estate which will enable continuation of the orderly run-off of the Company's estate.

Subject to finalising the FSCS funding arrangements, it is the Joint Administrators' intention to make an application to the Court for the extension of the administration period prior to the current automatic end date of 11 April 2023. If the Court approves the application, the administration period will be extended, allowing policyholders to continue to benefit from ongoing coverage in respect of the Company's unexpired policies and the payment of valid policy claims for those deemed eligible by the FSCS.

Proceeding with an extension of the administration also ensures that there is no requirement to introduce a complex and costly process (likely a Scheme of Arrangement) to terminate policies ahead of the contractual policy expiry date and the associated acceleration of claims.

Further details in respect of the above and other key developments in the period are set out in the remainder of this report.

## Claims Handling Operations

Weightmans LLP ("Weightmans") act as the Company's claims run-off manager responsible for the handling of all claims received in respect of the Company's contracts of insurance. In performing their role, Weightmans act in accordance with standard operating procedures which are subject to regular review and integrated into the FSCS' operational environment. Accordingly, policyholder claims are being handled within a stable operating environment.

Whilst Weightmans are a legal firm, in their role as run-off manager they provide claims handling services only in respect of the Company's claims portfolio and do not interact with policyholders in the capacity of legal advisors instructed on behalf of the Company.

To determine policy response and progress claims in respect of the BG Policies, Weightmans utilise third-party expert suppliers, as necessary, to investigate and evaluate building defects and associated remedies. These include but are not limited to loss adjusters, fire safety experts and surveyors.

The Joint Administrators and the Company's appointed claims director continue to oversee the claims handling services and monitor the performance of Weightmans. In addition, they provide input to the commercial and stakeholder management aspects of large and complex claims, as a key component of overall claims strategy.

Bi-monthly claims working sessions between Weightmans and Joint Administrators and, separately, for Weightmans, the Joint Administrators and the FSCS are a key component of the claims management framework.

The claims director role has recently been revised to reflect the current priorities for the Company's claims portfolio, with a continued focus on claim progression and evolving the long-term strategy for the most complex, high value BG Policy claims. As part of this process, the Joint Administrators, in consultation with the FSCS, have identified a suitably experienced individual to replace the current claims director, who gave notice in mid-2022 of his proposed resignation from the position effective from 31 October 2022.

A significant majority of the Company's BG Policy claims by value relate to large, complex developments which are and will continue to be time intensive, requiring input from both Weightmans, third-party suppliers and the Joint Administrators. This is reflected in the ongoing operating costs for the Company's estate which are expected to remain at similar levels for at least the remainder of the current administration period, to 11 April 2023.

The costs of claims handling services are funded by the Company's estate. Weightmans costs incurred in respect of claims handling services and disbursements for the period 1 April 2022 to 30 September 2022 amount to £0.84m plus VAT. Invoices totalling £1.033m plus VAT have been paid from the estate during the period in respect of Weightmans' invoiced professional fees and disbursements for the period January 2022 to August 2022.

Weightmans and the Joint Administrators have established processes and controls to engage with the various third-party suppliers noted above in order to progress claims. During the period, a total of £54k was paid by the Company to other suppliers relating to insurance claims. In addition, certain third-party supplier costs have been paid directly by the FSCS in respect policy claims for those deemed eligible by the FSCS.

The FSCS conduct interim audits on a sample of claim files and reports its findings to the Joint Administrators and Weightmans. The previous audit was conducted in November 2021, and it is anticipated the next audit will be carried out during November 2022. Weightmans and the Joint Administrators will review and refine the Company's standard operating procedures taking account of any FSCS audit findings.

The Joint Administrators will continue to monitor the Company's operating model to ensure it remains appropriate for the current position of the Company's run-off and make amendments as necessary.

## **Assets**

### **Investments**

As previously reported, the Company had a low-risk portfolio of investments in government, treasury and corporate issued financial instruments in accounts with New England Asset Management Limited ("NEAM") at the commencement of the administration. The Joint Administrators determined that it was appropriate to allow these assets to realise at their respective contractual maturity date rather than seek to sell them in the market.

During the period, £0.38m of investments matured and £8.2k of investment income was earned on the investment portfolio.

The Company's investment portfolio consisted of one stock, valued at £0.38m as at 30 September 2022, which is expected to mature in November 2022.

### Third party funding

In accordance with the terms of the agreement between Zurich Insurance plc ("Zurich") and the Company, as set out in previous reports, funds in the amount of £27.0m were received by the Company in previous periods, of which £10.0m has been set aside in a separate and ring-fenced bank account for the sole benefit of 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.

There have been no developments in respect of the deferred contribution of up to £3.0m payable by Zurich in certain circumstances by November 2023, at the latest, being 24 months after the effective date of the agreement. The Joint Administrators continue to monitor the relevant circumstances and any deferred contribution received by the Company will be split equally between the general estate and non-FSCS protected creditors.

During the period, the Joint Administrators have worked with their tax advisors to determine the appropriate treatment of the payments received from Zurich from the perspective of corporation tax and VAT. In respect of VAT, the Joint Administrators submitted a voluntary disclosure to HM Revenue & Customs ("HMRC") and are awaiting a formal response, which we understand has been delayed due to the volume of cases currently being processed by HMRC.

Whilst the Joint Administrators do not currently envisage any corporation tax or VAT liabilities arising in respect of these amounts, to the extent that any corporation tax or VAT is payable, it will be deducted pro-rata to the relevant element of the payments received.

### Recoveries

As advised previously, the Joint Administrators' strategy in respect of recoveries continues to be focussed on ensuring that culpable third parties contribute to the costs of rectification of any defective development in the first instance, to reduce the liability incurred by the Company as part of the claim management process.

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. It is expected that this is the area in which material benefit will be achieved for the estate.

Where it has not been possible to secure a contribution from a third party as part of the policy claim resolution, where appropriate, further recovery action by way of mediation or legal proceedings will be taken against relevant third parties to seek to recover funds for the benefit of the estate subject to it being determined to be costs effective to do so.

The Joint Administrators consult with the FSCS in respect of the appropriate recovery action as the FSCS may also have rights arising from the assignment of claims from policyholders on the payment of compensation where the recoveries relate to claims which will be fully or partially settled by the FSCS.

As noted in our previous report, a key development since the commencement of the administration has been the advent of the Government's building safety repairs pledge, seeking to protect leaseholders in respect of the costs of remediation of life-critical fire safety defects at certain developments. Certain developers that have signed up to the building safety repairs pledge were involved in the development of properties which have live claims in the Company's portfolio.

Assessment of the legal and commercial considerations relevant to recoveries for individual claims have been complex and time consuming given the nature of the underlying claims and deficiencies in the availability of historical records. However, the Joint Administrators and Weightmans continue to monitor the position and have sought to commence engagement with developers to secure contributions to the costs of rectification wherever possible. This process is ongoing and further updates will be provided to creditors in subsequent reports.

Weightmans and the Joint Administrators are also liaising with representatives of the Building Safety Fund ("BSF") to assess the impact of applications made to the BSF for funding of remedial works relating to fire safety related defects at 13 developments where claims have also been made under a BG Policy of the Company. The Company, the BSF and the FSCS will need to address various legal and practical challenges which arise for those claims where it is established that there are valid policy and BSF claims.

During the period, the Joint Administrators have finalised their review of the background to and potential legal rights over an escrow account holding historical deposits made by certain developers in respect of BG Policies issued by the Company. An amount of £0.6m will be received into the estate in January 2023 in this respect.

The Joint Administrators have also recovered the amount of £20k during the period in respect a bank guarantee provided to the Company by a developer in respect of a claim settled by the Company prior to commencement of the administration.

### **Cash at bank**

As at 11 October 2022, funds totalling £53.8m were held. This comprised £43.8m of general estate funds together with the ring-fenced funds of £10.0m (plus £85k of interest), as referenced above. 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 estate and, where appropriate, place funds on short-term treasury deposit accounts to maximise interest income.

### **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**

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:

<b>Description</b>	<b>Number of claims</b>
Open claims as at 12 October 2020	139
New and reopened claims	61
Closed claims	(92)
<b>Open claims as at 11 October 2022</b>	<b>108</b>

Claims are being progressed through their lifecycle and there has been a net reduction of 31 claims in the portfolio since the commencement of the administration. As noted in this and our previous progress reports, progression of the claims portfolio remains challenging and continues to be adversely impacted by external market-wide factors which will influence the duration of the claims lifecycle and the ultimate value of insurance liabilities in the estate.

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 which will take a number of years to remediate. However, the Joint Administrators will provide updates in respect of the estimated value of claims in the estate in due course.

### **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.

### **Value Added Tax ("VAT")**

During the period, input VAT of £0.4m has been paid on expenses settled from the estate. It is not expected that the Company will be able to recover input VAT during the administration period.

After consulting with tax advisors, the Joint Administrators the Company's VAT registration has been retained at this stage and VAT returns will continue to be submitted on a quarterly basis.

### **Corporation Tax**

A corporation tax return covering the administration period 1 January 2021 to 31 December 2021 has been prepared and will be submitted to HMRC shortly. The Joint Administrators do not anticipate any corporation tax will be payable in respect of this period.

### **Other matters**

#### **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 at appropriate points in the administration to discuss administration strategy and allow creditors' views to be represented and considered. Sixth and seventh meetings of the Creditors' Committee took place on 20 June 2022 and 31 October 2022 respectively.

During the period, there has been a change to the constitution of the Creditors' Committee, with Hyde Housing giving notice of their resignation from the Committee with effect from 10 October 2022. The current constitution of the Committee is, therefore, as follows:

1. FSCS
2. Kilearn Developments Limited
3. Marco Island Developments Limited
4. Michael Woods

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 a vacancy on the Creditors' Committee. The Joint Administrators and the Committee have agreed that as the resigning committee member was the only representative of non-FSCS protected policyholders on the Creditors' Committee, it would be appropriate to identify if an alternate policyholder with a live claim from that creditor class would be willing to put themselves forward for nomination to the Committee.

### **Proposed extension of the administration and administration exit**

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 from the administration commencement date. In this case, the relevant date is 11 April 2023.

As previously advised, the new, ongoing and potential future claims in relation to the Company's BG Policies create significant uncertainty with regards to the Company's ultimate liabilities and the duration of the run-off. Accordingly, the Joint Administrators consider that it will be necessary and appropriate for the administration to be extended to allow a continuation of the orderly run-off of the Company's estate, allowing the ongoing submission of claims by policyholders as they arise in accordance with the existing terms and time limits of the relevant contract of insurance.

As noted earlier in this report, the Joint Administrators have continued discussions with the FSCS, the FCA and the Creditors' Committee in respect of the options available to conclude the run-off of the Company. Significant progress has been made in the period and the Joint Administrators are working with the FSCS to finalise terms of a funding arrangement in respect of certain expenses of the Company's estate which will enable continuation of the orderly run-off of the Company's estate.

It is the Joint Administrators current intention, subject to finalisation of the funding arrangement and consultation with the Creditors' Committee, to make an application to the Court for an extension of the administration on the grounds that it will continue to facilitate a better outcome for the creditors as a whole than would be likely if the Company were to proceed to liquidation.

Assuming that the proposed administration extension is granted by the Court, it is currently anticipated that the Company will proceed to liquidation after expiry of the administration to allow conclusion of any claims not resolved at that point and, ultimately, facilitate a distribution to insurance creditors and the subsequent dissolution of the Company.

The Joint Administrators will provide updates to the creditors as matters progress via the following website [www.ey.com/en\\_uk/eastwestinsurance](http://www.ey.com/en_uk/eastwestinsurance) and/or in future progress reports.

## **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 our appointment to 3 October 2022, a total of £8.64m has been paid by the FSCS to insurance claimants that are eligible for FSCS protection. It is expected that the amount of payments made by the FSCS will increase significantly in future reporting periods as the remaining claims progress through their lifecycle.

### **Insurance creditors – the FSCS and 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 estate. Details of the estimated value of the Company's insurance claims will be provided in future progress reports once policy coverage has been determined on the majority of the claims. At this stage, it is not possible to estimate the timing or quantum of any distribution to this cohort of the Company's insurance creditors.

In addition, as noted above, funds in the amount of £10m (plus 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.

### **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.

## 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 £1.35m (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.

As previously reported, the Creditors' Committee passed a resolution on 1 February 2021 to fix the Joint Administrators' remuneration on a time cost basis and authorised the Joint Administrators to draw 80% of their time costs (plus VAT and disbursements) on a monthly basis, with the remaining 20% being subject to approval of the Creditors' Committee.

The Creditors' Committee agreed the Joint Administrators' proposed hourly rate card for all personnel across Ernst & Young LLP working on the administration of the Company. These hourly rates are provided in Appendix F.

In accordance with resolutions of the Creditors' Committee, the Joint Administrators have drawn fees in the amount of £6.7m from the Company's estate during the administration, representing 100% of the Joint Administrators' time incurred during the period 12 October 2020 to 17 September 2021 and 80% of the Joint Administrators' time incurred during the period 18 September 2021 to 31 May 2022.

The Joint Administrators' time costs incurred during the period were £1.26m, which brings total time incurred during the administration to 11 October 2022 to £8.1m.

The below table summarises the cumulative time incurred by the Joint Administrators and their staff and the corresponding amounts drawn from the Company's estate.

Reporting period	Previous periods: 12 Oct 2020 to 11 April 2022	Current period: 12 April 2022 to 11 October 2022	Total
Time incurred (£)	6,831,784*	1,266,785	<b>8,098,569</b>
Fees drawn (£)	6,004,991	706,304	<b>6,711,295</b>

\*The total incurred to 11 April 2022 has been reduced by £6k since the last reporting period due to reconciliation of the period post the reporting date.

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.

At a meeting of the Creditors' Committee held on 31 October 2022, it was resolved that the Joint Administrators may draw the balance of 20% of all fees incurred up to 11 October 2021. Accordingly, fees in the amount of £1.38m will be invoiced and drawn from the estate in the next reporting period.

To date, the Joint Administrators have incurred disbursements of £3,300 of which £1,479 are Category 1 disbursements and £1,821 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.

At a meeting of the Creditors' Committee held on 31 October 2022, it was resolved that the Joint Administrators may draw the Category 2 disbursements from the estate. Accordingly, disbursements in the amount of £3,300 will be invoiced and drawn from the estate in the next reporting periods.

### **Joint Administrators' fee estimates**

As set out in previous reports, owing to the complexity of this large insolvency and a number of material uncertainties that existed at the outset of the administration, and continue to exist, it has been extremely difficult to estimate with accuracy the work which will be required to be carried out by the Joint Administrators and their staff during the administration.

The Joint Administrators provided creditors with an initial fee estimate on 3 December 2020, estimating Joint Administrators' fees of £5.1m would be incurred in the period 12 October 2020 to 11 April 2023. A revised fee estimate, representing an increase of £3.2m, was approved by the Creditors Committee on 2 November 2021. Details of the revised fee estimate, and a comparison with the initial fee estimate, were provided to creditors in the Joint Administrators' previous progress report dated 11 November 2021.

As a result of the ongoing level of time being incurred by the Joint Administrators and their staff in respect of the administration, it is evident that the revised fee estimate will be reached before 11 April 2023. Accordingly, a further revised fee estimate, representing an increase of £1.21m was presented at a meeting of the Creditors' Committee held on 31 October 2022 and was approved by the Creditors' Committee.

Appendix E contains a comparison of the revised fee estimate to 11 April 2023 and actual time costs incurred from 12 October 2020 (commencement of the administration) to 11 April 2022.

### **Next report**

The next progress report will be provided in six months' time, by 11 May 2023. The report will be shared with creditors by publication on the following website, [www.ey.com/en\\_uk/eastwestinsurance](http://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](mailto: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.

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](http://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:	<a href="mailto:eastwestinsurance@uk.ey.com">eastwestinsurance@uk.ey.com</a> +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 2022 to 11 October 2022

Directors' Statement of Affairs	Notes	12 Oct 20 to 11 April 22	12 April 22 to 11 Oct 22	Cumulative total
		£	£	£
<b>Receipts</b>				
17,655,334				
Cash and cash equivalents	1	17,655,061	11	17,655,072
23,306,759				
Investments		22,173,027	384,898	22,557,925
5,000,000				
Third party funding	2	27,000,000	-	27,000,000
290,143				
Investment income	3	721,976	8,265	730,241
10,414				
Recovery receipts	4	166,037	20,000	186,037
-				
- Indemnity costs reimbursed by FSCS	5	329,462	-	329,462
-				
- Bank interest (Ringfenced funds)		9,633	46,902	56,535
-				
- Bank interest (Non-Ringfenced funds)		4,329	80,292	84,621
		1,178	368	1,546
<b>46,262,650</b>	<b>Total Receipts</b>	<b>68,060,704</b>	<b>540,736</b>	<b>68,601,440</b>
<b>Payments</b>				
Claims handling	6	2,140,494	1,063,217	3,203,711
Claims handling disbursements	6	44,231	-	44,231
Claims handling IT costs	6	16,550	-	16,550
Supplier payments	7	181,368	-	181,368
Legal fees - pre appointment	8	48,648	-	48,648
Legal fees - post appointment	9	823,591	184,654	1,008,245
Recoveries expenses	10	185,320	39,854	225,174
Investment management fees	11	20,419	1,324	21,743
Joint Administrators' fees – pre-administration		200,000	-	200,000
Joint Administrators' fees – post-administration	12	6,004,990	706,304	6,711,294
Indemnity costs to be reimbursed by FSCS	5	297,158	-	297,158
Sundry expenses		40,869	1,163	42,032
Loss adjuster expenses	13	383,452	54,935	438,387
Professional fees	14	7,000	-	7,000
Bank charges		16,096	9,759	25,855
Irrecoverable input VAT	15	1,918,380	409,390	2,327,770
<b>Total Payments</b>		<b>12,328,566</b>	<b>2,470,600</b>	<b>14,799,166</b>
				<b>53,802,274</b>
<b>Represented by:</b>				
Non-ringfenced funds				43,717,653
Ringfenced funds				10,084,621
<b>Total funds held in administration bank accounts</b>	16			<b>53,802,274</b>

## Notes

1. Cash and cash equivalents received during the previous period. There was a minor adjustment during the Period to correct a previous allocation discrepancy.
2. Receipts from Zurich pursuant to the terms of the Contribution Agreement, of which £10m is held in a ringfenced bank account solely for the benefit of non-FSCS protected policyholders of the estate.
3. During the period, £384k of investments matured and £8k of income was earned on investments. The latest valuation for the remaining investments as at 30 September 2022 is £380k. The investments portfolio is held by NEAM under an investment management agreement with the Company.
4. Receipts from recovery action against third parties related to claims made on the Company's BG Policies.
5. Reimbursement of payments made by the Joint Administrators to FSCS eligible policyholders from the Company's estate prior to compensation being authorised by the FSCS. These expenses have been allocated to indemnity costs to be reimbursed by FSCS (159,943), with the remaining £32,305 relating to VAT incurred on those expenses which is allocated to irrecoverable input VAT.
6. 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) and other third parties, including the services of IT providers required to maintain the claims management software, licence fees and land registry fees.
7. Supplier payments for the period were nil.
8. Payments in respect of pre-administration costs were made to two solicitors that had been acting for the Company prior to appointment in order to protect the Company's recovery position on claims. One of these payments assisted in securing the recovery receipt of £0.1m.
9. Legal fees paid for advising the Joint Administrators in relation to ongoing claims management and various legal matters arising during the administration.
10. 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 policies.
11. Investment management fees for the maintenance of the Company's investment portfolio.
12. Joint Administrators' fees drawn relating to time incurred in the post-administration period, as approved by the Creditors' Committee.
13. Fees in relation to loss adjusting services where instructed on certain claims. These costs are funded by the Company's estate and are not recoverable from the FSCS where claimants are determined to be eligible for FSCS compensation.
14. Professional fees paid for the preparation of final pre-appointment corporation tax computations for year ending 31 December 2019 and the period ending 11 October 2020.
15. EWIC is currently VAT registered but is not able to recover input VAT.
16. Funds held in the estate are spread between 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 April 2022 to 11 October 2022**

Category of expense	Per estimate dated 3 December 2020 <sup>7</sup>	Incurred to 11 April 2022	Incurred in the period to 11 October 2022	Total incurred to 11 October 2022
	£ (exc VAT)	£ (exc VAT)	£ (exc VAT)	£ (exc VAT)
<b>Administration costs</b>				
Alternative accommodation payments to be reimbursed by FSCS <sup>1</sup>	500,000	-	-	-
Bank charges	12,000	16,096	9,759	25,855
Investigation costs	1,200,000	-	-	-
Legal fees and expenses – claims and insolvency advice	1,950,000	823,591	184,654	1,008,245
Legal fees and expenses – recoveries	450,000	185,320	39,854	225,174
Legal secondments <sup>2</sup>	600,000	-	-	-
Loss adjusters	1,500,000	383,452	54,935	438,387
NEAM fund management charges	45,000	20,419	1,324	21,743
Public Notices	1,000	-	-	-
Supplier payments including quantity surveyor/consultants	700,000	181,368	-	181,368
Sundry expenses including storage costs	60,000	40,869	1,163	42,032
Tax advisors	50,000	7,000	-	7,000
Third party claims handling service providers <sup>2</sup>	1,890,000	2,201,275	1,063,217	3,264,492
Zedra escrow account fees	1,500	-	-	-
<b>Scheme of Arrangement costs</b>				
Scheme of Arrangement planning legal costs	800,000	-	-	-
<b>Total expenses</b>	<b>9,759,500</b>	<b>3,859,391</b>	<b>1,354,906</b>	<b>5,214,296</b>
<b>Pre-administration costs</b>				
Joint Administrators' pre-administration costs	293,922	200,000	-	200,000
Legal fees and expenses – pre-administration	-	48,648	-	48,648
<b>Total pre-administration costs</b>	<b>293,922</b>	<b>248,648</b>	<b>-</b>	<b>248,648</b>
<b>TOTAL EXPENSES</b>	<b>10,053,422</b>	<b>4,108,038</b>	<b>1,354,906</b>	<b>5,462,944</b>
<b>Category 1 disbursements</b>				
Specific penalty bond <sup>3</sup>	1,280	1,280	-	1,280
Regulatory checks <sup>3</sup>	-	46	-	46
Transport and couriers	-	-	155	155
<b>Category 2 disbursements</b>				
Postage, photocopying and printing <sup>4</sup>	60,000	1,674	80	1,754
Meeting room	-	-	65	65
<b>Total disbursements<sup>6</sup></b>	<b>61,280</b>	<b>3,000</b>	<b>300</b>	<b>3,300</b>
<b>TOTAL DISBURSEMENTS &amp; EXPENSES<sup>5</sup></b>	<b>10,114,702</b>	<b>4,111,038</b>	<b>1,355,206</b>	<b>5,466,244</b>

## Notes

1. All alternative accommodation and indemnity costs paid from the administration estate to date have been reimbursed by the FSCS hence the numbers previously reported have reduced to nil.
2. As reported previously, £90,390 had been allocated in relation to legal secondments. Upon review, this cost was reallocated to the heading "Third party claims handling service providers" and removed from the above table, as these expenses related to claims handling services to supplement the claims handling services provided by ARML at the time.
3. These disbursements have been incurred but not yet charged to the administration estate. The Joint Administrators are now in the process of seeking approval to draw these from the Creditors' Committee.
4. The previous report dated 10 May 2021 stated that disbursements of £34,367 had been incurred in relation to this category. Upon review, this expense was paid directly to a third-party supplier and, therefore, this has been moved to the expenses section of the table, under the heading "Sundry expenses including storage costs".
5. Statement of Insolvency Practice No.9 defines expenses as any payments from the insolvency estate which are neither an office holder's remuneration or a distribution to a creditor or member. Expenses are divided into those that do not need approval before they are charged to the 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.
6. Expenses also include disbursements. Disbursements are payments which are first met by the office holder and then reimbursed to the office holder from the 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.
7. Expenses are expected to be incurred up to the end of the 30-month administration period, at which time the administration is due to automatically end (being 11 April 2023). Please refer to the proposed administration exit in the progress report for further details.

Owing to the wide range of possible outcomes, it is not possible at this stage to estimate with accuracy the expenses to be incurred. However, at present, total expenses have not exceeded the original estimate provided. There are two lines which have individually exceeded the initial estimate:

- **Third party claims handling service providers** – These are the costs and expenses incurred by the run-off manager in administering the claims submitted in respect of the Company's insurance policies. These costs are incurred in respect of a critical function to ensuring the ongoing handling of policyholder claims.
- **Legal fees and expenses – pre-administration** – Please refer to the previous report dated 10 May 2021 for further information; and
- **Bank charges** – These have been predominantly incurred in relation to the Bank of New York Mellon custody account. This cost was not anticipated at the time of producing the original estimate dated 3 December 2020, however, is ensuring an improved return for the Company's estate.

## Appendix D

### East West Insurance Company Limited (in Administration)

#### Summary of the Joint Administrators' time costs incurred for the period from 12 April 2022 to 11 October 2022

	Hours by grade						Total hours	Total costs £	Avg hourly rate £/hour
	Partner	Director	Senior Manager	Manager	Executive	Analyst			
Asset realisations	13	3	90	70	63	96	335	154,358	461
Insolvency process	15	7	30	16	24	30	14	8,723	610
Dealing with creditors	4	-	-	11	-	-	121	62,843	518
Insurance run off	277	56	386	430	11	94	1,253	797,765	637
Management of Company's affairs	18	19	19	17	104	77	253	109,335	432
Strategy and planning	8	-	50	58	72	119	306	121,850	399
Administration closure and exit	9	-	6	-	-	-	15	11,913	822
<b>Total</b>	<b>343</b>	<b>85</b>	<b>580</b>	<b>601</b>	<b>273</b>	<b>415</b>	<b>2,297</b>	<b>1,266,785</b>	<b>552</b>
<b>Total costs £</b>	<b>317,090</b>	<b>65,565</b>	<b>391,230</b>	<b>300,600</b>	<b>109,240</b>	<b>83,060</b>		<b>1,266,785</b>	
<b>Avg hourly rate £</b>	<b>925</b>	<b>775</b>	<b>675</b>	<b>500</b>	<b>400</b>	<b>200</b>		<b>552</b>	

**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 2022 to 11 October 2022**

Detailed fee reporting packs have been provided to the Creditors' Committee covering all time costs incurred to 11 October 2022 in order to assist them in considering the Joint Administrators' fees incurred and approve the level of fees which may be drawn from the estate.

The Joint Administrators' time costs incurred during the reporting period were £1.2m. 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	
<b>Asset realisations</b>	Third party contributions and/or recoveries	<ul style="list-style-type: none"><li>Agreeing and implementing with Weightmans, the claims Run-off Manager ("the ROM"), a revised standard operating procedure for recoveries and building upon management information data.</li><li>Assessing insurance claims for third party recovery or contribution claim prospects and evaluating cost-benefit, timing and probability of success.</li><li>Implementing fundamental changes to the recoveries data being captured within management information to aid future recoveries analysis.</li><li>Maintaining and enhancing a recoveries dashboard and report to provide a high-level summary of management information in relation to recoveries.</li><li>Preparing management information for reporting purposes for the Joint Administrators and the FSCS.</li><li>Working closely with the FSCS to agree an appropriate strategy to pursue recoveries for claims which will be fully or partially settled by the FSCS.</li><li>Seeking legal advice where appropriate on strategy to pursue recoveries.</li><li>Providing documentation and meeting regularly with the FSCS in relation to recoveries for claims which will be fully or partially settled by the FSCS.</li><li>Assessing other potential recovery actions within the Company's estate (outside of claims against contributory parties in relation to open and closed insurance claims) and discussing the various complexities with legal advisors and the FSCS.</li><li>Liaising with the ROM regarding the status of individual claims from a recoveries perspective.</li><li>Instructing solicitors to support certain recovery action.</li><li>Pursuing individual recovery action and contribution claims against third parties.</li><li>Reviewing and finalising the position in relation to an escrow account and bank guarantees provided by certain developers, which will be available to the Company.</li><li>Conducting a review into recoveries for claims closed pre-administration to investigate whether recovery action had been appropriately assessed and pursued by the Company and/or its agents historically and to identify any potential additional recovery actions which may maximise realisations for the administration estate.</li><li>Considering the impact of the announcement of developers committing to the Building Safety Repairs Pledge ("the Pledge") to help fund necessary repairs of certain developments.</li></ul>

Type of work	Description of work completed during the period	
		<ul style="list-style-type: none"> <li>Seeking to leverage the public disclosure in respect of the Pledge in respect of identifying those developers on the live claim portfolio that have signed up to the Pledge</li> </ul>
<b>Insolvency Process</b>	Creditors' committee	<ul style="list-style-type: none"> <li>Holding the fourth Committee meeting on 2 November 2021.</li> <li>Preparing for and holding the fifth and sixth Committee meetings on 9 May 2022 and 20 June 2022; including the agenda, attendance register, documents and information for the Creditors' Committee proposed resolutions.</li> <li>Drafting minutes and obtaining approval for the fourth, fifth and sixth Committee meetings.</li> </ul>
	Reporting to creditors	<ul style="list-style-type: none"> <li>Preparing and finalising the progress reports and fee information packs for the period ending 11 April 2022.</li> <li>Liaising with regulators and the FSCS in respect of the content of the reports prior to issuing the same.</li> <li>Issuing the reports to creditors, the Court and Companies House.</li> <li>Uploading appropriate documentation on the EY webpage for the Company.</li> <li>Preparing the progress report and fee detail for circulation in November 2022 to creditors, the Court and Companies House.</li> </ul>
<b>Dealing with creditors</b>	Creditor enquiries and management	<ul style="list-style-type: none"> <li>Managing creditor enquiries to the Joint Administrators received by email, telephone and post, including responding to and following up on any queries.</li> <li>Reviewing and preparing correspondence to creditors and their representatives.</li> <li>Updating EY webpage for the Company - including the frequently asked questions document and an update statement for claimants.</li> </ul>
<b>Insurance run off</b>	Claim litigation matters	<ul style="list-style-type: none"> <li>Ongoing correspondence with legal representatives of the Company and other involved parties regarding live litigation matters where action is required.</li> <li>Seeking Counsel advice in respect of certain large, complex loss claims in order to determine policy coverage</li> <li>Ongoing liaison with legal representatives of the Company to review terms and conditions of suppliers as they are engaged by the Company.</li> <li>Organising books and records in relation to ongoing litigation.</li> </ul>
	Payment processes	<ul style="list-style-type: none"> <li>Reviewing and approving Payment batches from the ROM to submit to the FSCS.</li> <li>Liaising with the FSCS regarding payments for eligible claimants and implementing appropriate reconciliation processes and controls.</li> <li>Reassessing FSCS' criteria to make payments to eligible parties.</li> <li>Attending meetings and corresponding with the FSCS to work through payment queries to ensure that they meet FSCS payment criteria.</li> <li>Updating purchase order register to account for supplier payments.</li> <li>Undertaking purchase order schedule reviews during the period to ensure Standing Operating Procedures</li> </ul>

Type of work	Description of work completed during the period
	<p>are being followed.</p> <ul style="list-style-type: none"> <li>Processing payments for loss adjusters and other third parties, such as fire experts and further investigations work required across the Company's claims portfolio.</li> </ul> <p>Administrator s' supervision of run off</p> <ul style="list-style-type: none"> <li>Updating and implementing robust standard operating procedures for the ROM in respect of claims handling, management information reporting and complaints handling following review by the FSCS.</li> <li>Consulting with the ROM to implement updates to management information in consultation with the FSCS.</li> <li>Holding regular meetings with claims handling service providers to discuss the run-off position and progress.</li> <li>Making key strategic decisions in relation to the claims portfolio and attending fortnightly briefing sessions with the ROM.</li> <li>Undertaking a claims reserve review meeting with the ROM to discuss feedback and implementation of processes.</li> <li>Undertaking a review of the claims management information, meeting with the ROM to discuss feedback and implementation process.</li> <li>Maintaining appropriate governance structure for the Company.</li> <li>Responding to the FSCS on their review and comments on the ROM's standard operating procedures and key performance metrics and developing appropriate remedial actions.</li> <li>Reviewing and approving regular management information for the Joint Administrators and the FSCS to monitor claims progress.</li> <li>Overseeing claims handling service providers and resolving issues.</li> <li>Creating and maintaining a schedule of supplier contracts and agreements entered into by the Company and/or the Joint Administrators.</li> <li>Undertaking a review of the Company's third party suppliers during the period.</li> </ul> <p>Dealing with queries and complaints escalated by claims handling service providers</p>
	<p>FSCS protected claims handling</p> <ul style="list-style-type: none"> <li>Overseeing claims processes for protected claims, including reviewing new and existing claims, correspondence with claimants and their legal representatives.</li> <li>Liaising with the FSCS and the claims handling service provider regarding eligibility checks on protected claims.</li> <li>Liaising with the FSCS to resolve issues affecting progress of the claim portfolio.</li> <li>Seeking Counsel advice on specific insurance policy coverage interpretation where differences identified between the FSCS and the ROM / Joint Administrators' understanding which could impact ranking of claims within the estate.</li> <li>Providing extensive information on individual claims and the claim portfolio to the FSCS.</li> <li>Reviewing FSCS payment requests in relation to alternative accommodation, indemnity losses and other expenses on protected claims.</li> </ul>

Type of work	Description of work completed during the period	
		<ul style="list-style-type: none"> <li>• Liaising with the ROM to ensure protected claims are progressing.</li> <li>• Attending regular meetings with the ROM and the FSCS and preparing the agenda and supporting documentation.</li> <li>• Collating data from a number of sources in order to prepare a claims dashboard for the FSCS.</li> <li>• Collating data from a number of sources in order to prepare a claims dashboard for the FCA</li> </ul>
	Non-FSCS protected claims handling	<ul style="list-style-type: none"> <li>• Liaising with the ROM to ensure non-protected claims are progressed to a position where a policy response and initial valuation can be determined.</li> <li>• Negotiations with non-protected claimants to settle amounts due under the policy.</li> <li>• Preparing correspondence to non-protected claimants in respect of lodging a proof of debt in the administration.</li> </ul>
	Claims handling operations	<ul style="list-style-type: none"> <li>• Attending monthly management meetings with the ROM to discuss ongoing operations and any relevant enhancements, as required.</li> <li>• Undertaking a Gross Reserve review during the period to ensure compliance with the Standard Operating Procedures.</li> <li>• Undertaking a claim portfolio review with each claim handler to ensure compliance with the Standard Operating procedures.</li> </ul>
Management of the Company's affairs	Accounting and treasury	<ul style="list-style-type: none"> <li>• Entering, reviewing and approving all cash transactions (receipts and payments) into accounting system to maintain the necessary financial reporting.</li> <li>• Carrying out bank reconciliations and regular reporting to the Joint Administrators on the cash position.</li> <li>• Overseeing the investment portfolio and regular reporting to the Joint Administrators.</li> <li>• Liaising with the investment manager (NEAM), banks and escrow agents regarding specific transfers and managing ongoing relationships.</li> </ul>
	VAT & Tax	<ul style="list-style-type: none"> <li>• Liaising with HM Revenue &amp; Customs regarding corporation tax and VAT, including completing periodic paper VAT returns.</li> <li>• Liaising with tax advisors to discuss and prepare the computation and corporation tax return for the administration period ending 31 December 2021.</li> <li>• Liaising with tax advisors to establish tax implications of third-party funding and administration tax returns.</li> <li>• Working with tax advisors to prepare and submit a voluntary disclosure to HMRC regarding the VAT treatment of the third party contribution</li> </ul>
	Regulatory	<ul style="list-style-type: none"> <li>• Chairing regular meetings to provide updates to the FCA on the status of the administration and responding to questions regarding the administration progress and strategy.</li> <li>• Submitting forms with respect to the Senior Manager and Certification Regime, as required by the PRA.</li> <li>• Completing and filing ongoing regulatory returns required of the Company.</li> <li>• Monthly meetings with FSCS Executive representatives to discuss progress of the</li> </ul>

Type of work	Description of work completed during the period	
		administration and key issues
	Data & Software	<ul style="list-style-type: none"> <li>• Collating further physical books and records of the Company from various third-party storage providers and locations to be stored by the Joint Administrators' storage provider.</li> <li>• Organising for the physical books and records to be indexed and, where desired, digitised and provided to the ROM.</li> </ul>
	Public relations issues	<ul style="list-style-type: none"> <li>• Liaising with EY media team and preparation of responses to various media outlets.</li> </ul>
<b>Strategy and Planning</b>	Project management	<ul style="list-style-type: none"> <li>• Monitoring of time costs, reporting and billing activity.</li> <li>• Fulfilling statutory requirements under the Act and the Rules, such as completing the six-monthly case review.</li> <li>• Maintaining records of key activities and decisions taken.</li> <li>• Completing checklists and diary management system.</li> <li>• Meetings across all workstreams for updates and managing against actions and plans</li> </ul>
	Joint Administrator s' oversight	<ul style="list-style-type: none"> <li>• Overseeing activity across all workstreams and point of contact for escalations.</li> <li>• Holding strategic team review meetings critical to achieve the purpose of the administration.</li> <li>• Reviewing of administration strategy through consultation with legal counsel.</li> <li>• Reviewing and challenging management information to fulfil officeholder duties.</li> <li>• Considering team structure and target operating model.</li> </ul>
<b>Administration closure and exit</b>	Exit planning	<ul style="list-style-type: none"> <li>• strategy options and liaising with legal advisors (including counsel) and preparing materials for and attending meetings with the FSCS, the Regulators and the Creditors' Committee to discuss.</li> <li>• Seeking legal advice on proposed FSCS funding agreement with a view to extending the Administration.</li> <li>• Liaising with the FSCS regarding funding agreement and head of terms.</li> </ul>

## Appendix E

### East West Insurance Company Limited (in Administration)

#### Joint Administrators' fee estimate to 11 April 2023 and actual Joint Administrators' time costs incurred from 12 October 2020 to 11 October 2022

The following table includes the revised Joint Administrators' fee estimate through to 11 April 2023 and summarises the Joint Administrators' actual time costs incurred from 12 October 2020 (commencement of the Administration) to 11 October 2022.

	Actual time costs to 11 Oct 2022			Fee estimate to 11 April 2023			Revised fee estimate to 11 April 2023		
	Total hours	Total fees	Average hourly run rate	Total hours	Total fees	Average hourly run rate	Total hours	Total fees	Average hourly run rate
<b>Asset realisations</b>									
Third party contributions and/or recoveries	1,763	876,140	497	150	85,078	569	1,913	961,218	502
<b>TOTAL</b>	<b>1,763</b>	<b>876,140</b>	<b>497</b>	<b>150</b>	<b>85,078</b>	<b>569</b>	<b>1,913</b>	<b>961,218</b>	<b>502</b>
<b>Insolvency process</b>									
Initial letters and notices	224	89,473	400	-	-	-	224	89,473	400
Proposals, deemed consent and creditor consultation	297	156,950	528	-	-	-	297	156,950	528
CDDA and SIP2 compliance	212	100,550	474	-	-	-	212	100,550	474
Creditors' committee	379	225,105	594	296	167,421	566	675	392,526	582
Reporting to creditors	326	165,375	507	296	167,421	566	622	332,796	535
Statement of Affairs	34	22,603	659	-	-	-	34	22,603	659
Insurance	2	1,210	605	-	-	-	2	1,210	605
<b>TOTAL</b>	<b>1,474</b>	<b>761,265</b>	<b>516</b>	<b>592</b>	<b>334,842</b>	<b>566</b>	<b>2,066</b>	<b>1,096,107</b>	<b>530</b>
<b>Dealing with creditors</b>									
Creditor enquiries and management	503	219,205	436	192	109,899	572	695	329,104	473
<b>TOTAL</b>	<b>503</b>	<b>219,205</b>	<b>436</b>	<b>192</b>	<b>109,899</b>	<b>572</b>	<b>695</b>	<b>329,104</b>	<b>473</b>
<b>Insurance run off</b>									
Claims litigation matters	273	178,740	655	190	152,809	803	463	331,549	716
Payment processes	585	261,170	447	249	98,989	397	834	360,159	432
Administrators' supervision of run off	2,453	1,418,352	578	252	130,342	516	2,706	1,548,694	572
Protected claims handling	3,145	1,818,183	578	46	37,300	815	3,191	1,855,482	581
Non-protected claims handling	255	155,365	609	43	34,947	808	298	190,312	638
Claims handling operations <sup>1</sup>	1,025	631,083	616	60	50,360	841	1,084	681,443	628
<b>TOTAL</b>	<b>7,736</b>	<b>4,462,892</b>	<b>577</b>	<b>841</b>	<b>504,746</b>	<b>600</b>	<b>8,577</b>	<b>4,967,638</b>	<b>579</b>
<b>Management of Company's affairs</b>									
Accounting and treasury	1,029	371,715	361	159	62,602	395	1,188	434,317	366
VAT & Tax	334	179,065	535	73	34,103	467	407	213,168	523
Regulatory	312	173,853	557	122	65,498	538	434	239,350	552
Data & Software	103	55,235	537	-	-	-	103	55,235	537
Public relations	22	15,425	701	22	18,467	834	44	33,892	768
<b>TOTAL</b>	<b>1,800</b>	<b>795,293</b>	<b>442</b>	<b>375</b>	<b>180,669</b>	<b>481</b>	<b>2,176</b>	<b>975,962</b>	<b>449</b>
<b>Strategy and planning</b>									
Project management and statutory requirements	1,390	647,518	466	133	76,857	577	1,523	724,375	475
Joint Administrators' oversight	219	127,823	583	84	55,375	660	303	183,198	604
<b>TOTAL</b>	<b>1,610</b>	<b>775,340</b>	<b>482</b>	<b>217</b>	<b>132,232</b>	<b>497</b>	<b>1,827</b>	<b>907,572</b>	<b>497</b>
<b>Administration closure and exit</b>									
Exit planning	287	208,835	728	57	47,259	836	344	256,094	745
<b>TOTAL</b>	<b>287</b>	<b>208,835</b>	<b>728</b>	<b>57</b>	<b>47,259</b>	<b>497</b>	<b>344</b>	<b>256,094</b>	<b>745</b>
<b>Total hours and fee estimate</b>	<b>15,173</b>	<b>8,098,969</b>	<b>525</b>	<b>2,424</b>	<b>1,394,726</b>	<b>575</b>	<b>17,597</b>	<b>9,493,695</b>	<b>540</b>

**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	Current hourly rate £/hour
Partner / Associate Partner	925
Director	775
Senior Manager	675
Manager	500
Executive	400
Analyst	200

#### 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.