

**Administrators' Statement of  
Proposals pursuant to Paragraph 49  
of Schedule B1**

**The Mediterranean Insurance &  
Reinsurance Company Limited (“the  
Company”) - In Administration**

**22 January 2016**

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## 1 Statutory Information

- 1.1 The Company is registered in England and Wales under number 01395873.
- 1.2 The trading address of the Company was 20 St Dunstons Hill, London, EC3R 8HL. The business also traded under the name MedRe.
- 1.3 The registered office of the Company has been changed from c/o Charles Taylor Insurance Services Ltd, Lloyds Chambers, Portsoken Street, London, E1 8BT to 6 Snow Hill, London, EC1A 2AY.
- 1.4 The Company has a registered share capital of £21,000,000 divided into 210,000 shares of £100 each, all of which have been fully paid.
- 1.5 Details of the Company's directors, secretary and shareholders within the last three years are as follows:

	Date appointed	Date resigned	Shares held
<b>Directors</b>			
<i>Ali Ammar El Regae (non-executive)</i>	<i>28-Jul-99</i>		<i>Nil</i>
<i>Hadj Mohamed Seba (non-executive)</i>	<i>28-Mar-07</i>		<i>Nil</i>
<i>Omar Fakhri Al Aneizi</i>	<i>25-Oct-78</i>	<i>27-Oct-14</i>	<i>Nil</i>
<i>Michael Collins</i>	<i>19-Dec-86</i>	<i>29-Jul-15</i>	<i>Nil</i>
<b>Secretary</b>			
<i>Michael Collins</i>	<i>26-Aug-81</i>		<i>Nil</i>
<b>Shareholders</b>			
<i>Libya Insurance Company</i>			<i>105,000</i>
<i>Compagnie Centrale De Reassurance</i>			<i>105,000</i>

- 1.6 The Company has been authorised as a UK insurance company since 1979. It is currently authorised by the Prudential Regulatory Authority ("PRA") and the Financial Conduct Authority (FCA) under reference number 202239.
- 1.7 The Company has written the following classes of business (being both marine and non-marine); accident (including personal and general); agriculture; all risks; aviation; cargo;

contractors/employers all risks; energy; engineering; fire; hull; liability; machinery breakdown; motor and whole account.

- 1.8 As a run-off insurance company, the Company is principally authorised pursuant to Part 4A of the Financial Services and Markets Act 2000 to carry on UK regulated activity of carrying out contracts of insurance.

## **2 Background to the Administration**

- 2.1 The primary activity of the Company was the acceptance of non-life general reinsurance business from Libya, Algeria and other Afro-Asian countries. We understand that this initially took the form of acceptance of principally reinsurance and retrocession business from Libya and Algeria, including business written by the Company's shareholders, Libya Insurance Company ("LIC") and Compagnie Centrale De Reassurance ("CCR") (collectively "the Connected Account Business").

- 2.2 In addition to this the Company took on non-Connected Account Business (i.e. risks from countries other than Libya and Algeria) until 1986 and this was subject to a scheme of arrangement in 1989.

- 2.3 Further non-Connected Account Business risks, principally comprising business from other Afro-Asian countries, was taken on from 2004.

- 2.4 In October 2009, the Company stopped writing new business and entered run-off in relation to those policies that remained extant.

- 2.5 Initially, management decided that run-off should be dealt with by way of a solvent scheme of arrangement ("Solvent Scheme"), having also considered both outsourcing the run-off and an outright sale. The shareholders ratified the decision to proceed by resolution at an AGM on 31 May 2011.

- 2.6 During the period from May 2011 to March 2013 the Company had been working towards a Solvent Scheme and had engaged with the then Financial Services Authority ("FSA") in an attempt to obtain their approval for such a scheme. Over time however, it became clear that there were a number of issues that needed resolution in advance of approval from the FSA which the Company understood to be as follows:

- uncertainties surrounding the impact of Solvency II Directive (2009/138/EC) ("Solvency II") on companies in run-off, and
- concerns in relation to unexpired risks, governing law clauses, as set out in the reinsurance contracts and the varying geographical locations of policyholders.

- 2.7 Consequently, and mindful that the lease of the Company's premises was due to expire in July 2014, management decided to again explore options for outsourcing the run-off and obtained cost estimates for the engagement of external run-off companies.
- 2.8 In July 2014, Charles Taylor Services Limited ("CTS") were appointed as the Company's run-off agent. CTS' responsibility under the terms of its agreement with the Company included, amongst other things, the day to day administration and management of the run-off process, the progression of the plans for a Solvent Scheme as well as ascertaining what would be required in order for the Company to comply with Solvency II. CTS, on behalf of the Company, also appointed Barnett Waddingham to carry out a solvency capital requirements ("SCR") review for the purposes of Solvency II, which revealed a capital shortfall for SCR purposes of some £2.6 million.
- 2.9 By October 2014, Messrs Aneizi and Collins had expressed their desire to resign as executive directors and that, subject to shareholder and regulatory approval, Mr Collins should move from being an executive to non-executive director. The shareholders approved this with effect from 23 March 2015, subject to completion of appropriate formalities and to approvals being obtained.
- 2.10 Following the sign-off of the December 2014 financial statements in March 2015, as part of the considerations of the proposed Solvent Scheme and the Solvency II preparation, CTS was also engaged in a substantial amount of work in assessing the Company's financial position. This had previously been undertaken by Mr Collins.
- 2.11 At a Board meeting held on 27 July 2015, attended by the non-executive directors and representatives of CTS, the directors requested that CTS undertake a review of the solvency of the Company, and in particular the recoverability of its debtors generally.
- 2.12 As a consequence of the findings of this report and with particular reference to the concerns in relation to the recoverability of certain debtors for which the level of supporting documentation was less than anticipated, the board was advised that it should seek formal advice from an insolvency practitioner with a view to assessing the Company's current financial position, options available to the directors and relevant formal insolvency proceedings (if deemed necessary).
- 2.13 As a result, Rollings Oliver LLP ("Rollings Oliver") were formally engaged by the Company on 14 September 2015 to prepare a report for the Company's directors addressing the matters referred to in section 2.12 above. The report was sent by Rollings Oliver to the directors on 1 October 2015.
- 2.14 Following on from their report, Rollings Oliver held further discussions with CTS, the PRA and the Company Directors and after reviewing further information provided to them by CTS advised the two remaining non-executive Directors that the Company would be best served

by entering a formal insolvency process as a matter of urgency. In forming this decision, the following had been considered with the Company;

- The Company's estimated financial position;
- The fact that, the Company no longer had a UK-based individual with appropriate authority and control over the Company's affairs in order to take matters forward; including but not limited to control of the Company's bank accounts,
- The regulatory concerns;
- The fact that, a number of the Company's creditors had been pressing for payment for some time, and;
- Concerns regarding the recoverability of certain of the unsupported debtors.

2.15 With the assistance of CTS, Rollings Oliver, EC3 Legal LLP (the Company's solicitors) and counsel from Erskine Chambers, the non-executive Directors of the Company made an application to Court for an Administration order and Mike Rollings and Steve Butt were appointed by the High Court as Joint Administrators of the Company on 4 December 2015. The Joint Administrators act jointly and severally in the Administration.

2.16 The Administration is registered in the High Court of Justice, Chancery Division, Companies Court, under reference number 9278 of 2015.

2.17 The EC Regulation on Insolvency Proceedings 2000 does not apply to the Administration. The proceedings are not main proceedings as defined by Article 3 of the Regulation.

### **3 Administration strategy and purposes**

3.1 The Administrators must perform their functions with the purpose of achieving one of the following purposes:

- 1) rescuing the Company as a going concern;
- 2) achieving a better result for the Company's creditors as a whole than would be likely if the Company were wound up (without first being in Administration); or
- 3) realising property in order to make a distribution to one or more secured or preferential creditors.

Further information on the pursuance of the above purposes is detailed below.

3.2 As the Company has ceased trading and has been in run-off, a process which commenced in 2009, it is not possible to rescue the Company as a going concern and therefore purpose (1) is not deemed as being achievable.

3.3 The Administrators' current understanding is that the Company does not have any secured or preferential creditors and thus purpose (3) is not deemed as being achievable

3.4 Given the forgoing, and subject to the agreement of these proposals, the Administrators are primarily pursuing purpose (2) achieving a better result for the Company's creditors as a whole than would be likely if the Company were wound up (without first being in Administration).

***Run-off agent***

3.5 As referred to at 2.8 above, in July 2014, the Company instructed CTS as its run-off agent with a view, ultimately, to proposing a Solvent Scheme.

3.6 Whilst the Exit route from Administration and the mechanism by which funds will be distributed to creditors referred to in Section 6 remains unclear at this early stage of the Administration, the Administrators consider it appropriate to appoint a run-off agent to deal with various issues including, but not limited to, the following:

- Commutation strategy
- Claims handling
- Premium collection
- Reinsurance recoveries
- Debt collection

3.7 The agreement entered into between the Company and CTS is not automatically terminated following administration, the terms of the agreement and the services to be provided by CTS under it are understandably broad, and, as a consequence of the Administration of the Company, the agreement is no longer appropriate.

3.8 Given their previous involvement with the Company and consequent understanding of the business, the Administrators have had discussions with CTS in relation to the nature, scope and terms of a revised run-off agreement and have now received a formal cost proposal from CTS which is reflected in the Schedule of estimated expenses to be incurred by the Administrators at Appendix E and the estimated outcome statement at Appendix G. On the basis that such a proposal is acceptable and that outline agreement of scope and terms for a run-off agreement can be reached, we will clarify that the PRA has no objection to the agreement and the outsourcing of certain of the Company's functions in this way.

3.9 We expect to have further information in relation to the formalisation of such an agreement at the initial meeting of creditors referred to in Section 12 below.

3.10 However, should these discussions with CTS fail to result in an agreement being reached which, in the view of the Administrators, represents scope and terms which will be of assistance to the Administration process and represent value for the Company and creditors generally, we will seek comparable proposals from other run-off agents with a view to entering such an agreement in early course.

***Progress of the Administration to date***

3.11 As shown on the Director's Statement of Affairs, the Company's assets principally comprise cash at bank and various categories of debtors

*Recovery of funds held in the Company's accounts with various banks*

3.12 Upon appointment, the Administrators wrote to all banks, of which they were aware, that the Company had used, requiring that all of the Company's accounts be frozen, the balance of funds held to the order of the Company (acting by the Administrators) in advance of being transferred to the Administration accounts and that statements and other relevant information in relation to the accounts and the Company's conduct of these accounts was to be provided as a matter of urgency.

3.13 A summary of the funds held by the Company at the date of Administration and the funds that have been received to date is set out below from which it can be noted that £1,143,955 has to date been received and the Administrators are awaiting further funds from a number of banks.

Bank Location	Balance as at 4 December 2015	Currency	GBP(£) Equivalent*	Funds received as at 22 January 2016
UK	195,494.07	GBP	195,494.07	nil
UK	120,961.91	USD	80,048.96	nil
UK	98,769.50	EUR	71,131.82	nil
UK	3,680.81	GBP	3,680.81	3,681.72
UK	229.21	GBP	229.21	229.28
UK	0.00	EUR	0.00	n/a
UK	1,025,011.04	GBP	1,025,011.04	1,082,081.31
UK	7,424.87	GBP	7,424.87	nil
UK	58,048.79	GBP	58,048.79	57,963.06
Bahrain	96,614.18	USD	63,936.37	nil
Algeria	3,254.00	Algerian Dinar	20.14	nil
Algeria	25,766.00	USD	17,051.17	nil
Tunis	6,751.00	USD	4,467.61	nil
Tunis	6,031.00	GBP	6,031.00	nil
		<b>Total</b>	<b>1,532,575.85</b>	<b>1,143,955.37</b>

\*Exchange rate taken from XE.com at closing value on 4 December 2015

- 3.14 Attempts have been made to recover funds held by banks outside of the UK. In Bahrain the Administrators have been informed that they must seek formal recognition of the UK insolvency proceedings by the relevant jurisdiction's government prior to the release of funds and are in the process of instructing solicitors in Bahrain for this purpose.
- 3.15 In addition, there is uncertainty as to recovery of those funds located in Tunisia and Algeria given the lack of recent correspondence from these banks.

*Trading premises*

- 3.16 The Company's lease for its former trading premises at 20 St Dunstons Hill, London, EC3R 8HY expired on 25 July 2014 which contributed towards the Directors' decision to outsource the run-off of extant policies and appoint run-off agents. It is understood that payments were made in respect of dilapidations due under the lease and that the Company has no further liabilities in respect of these premises.

*Employees*

- 3.17 The Company had no employees at the date of Administration, all remaining employees of the Company having ceased to be employees prior to Administration. Based on information available, the Administrators currently understand that there are no outstanding employee liabilities or matters to be dealt with.

*Regulatory matters*

- 3.18 As the Company's primary activities were insurance and reinsurance, the PRA, as the relevant regulatory body, were consulted prior to the administration application, and their approval was sought for the appointment of the Administrators. On 26 November 2015 the PRA consented to the appointment provided that it took place within 30 days, i.e. on or before 26 December 2015.
- 3.19 In addition the Financial Conduct Authority ("the FCA") were consulted prior to the administration application, and their approval was sought for the appointment of the Administrators. On 26 November 2015, and for the purposes of section 362A of the Financial Services and Markets Act 2000, the FCA formally consented to the appointment provided that it took place within 30 days, i.e. on or before 26 December 2015.
- 3.20 The Administrators will continue to correspond with the PRA and FCA to update them on the progress in the Administration and seek their engagement where necessary including, but not limited to, any outsourcing agreements they propose entering into, the mechanism for the distribution of funds to creditors and ongoing regulatory requirements during the course of the Administration.

### *Investigations*

- 3.21 In order to ascertain the full extent of realisable value of the Company's assets, the Administrators will, in conjunction with their legal advisers Cooley (UK) LLP and CTS, continue to collate information in relation to the conduct of the Company's affairs and review the Company's records.
- 3.22 Creditors are invited to provide information on any concerns regarding the way in which the Company's business has been conducted, and on potential recoveries for the estate. If you have any information, please forward it to the Administrators using the contact details in these proposals.

### *Proposed work to be undertaken*

- 3.23 In addition to realising the cash at bank not already realised, as summarised in the director's Statement of Affairs, the Administrators will continue to liaise with the banks where the Company holds funds to arrange transfer to the administration account and make further enquiries in relation to the conduct of the Company's business and other matters that come to our attention.
- 3.24 The Administrators will also be required to undertake certain statutory matters as a consequence of their appointment, further details of which are set out in Appendix D.
- 3.25 As detailed in Section 2, CTS were instructed to act as run-off agent by the Company in July 2014 and due to the technical nature of the Company's business, the Administrators believe it is appropriate to retain the assistance of CTS in dealing with certain aspects of the Administration
- 3.26 An overview of the work to be undertaken by CTS is set out below.
- Commutation strategy
  - Claims handling
  - Premium collection
  - Reinsurance recoveries
  - Debt collection
- 3.27 It should be noted that there may be additional matters that CT will deal with, and this will be considered when agreeing the formal arrangement with them. However, the Administrators and their staff will have ongoing involvement in these areas where and when appropriate.
- 3.28 The Administrators have agreed with CTS that certain costs that they have incurred in providing information which has assisted in the preparation of these proposals (and as set out in Appendix E) will be discharged as expenses of the Administration.

## **4 Administrators' receipts and payments**

- 4.1 A summary of receipts and payments for the Administration period from the date of my appointment to 22 January 2016 is attached as Appendix A.
- 4.2 The only receipts to date have been cash realisations held in the Company's bank accounts of £1,143,955. The Administrators are in correspondence with the remaining banks which the Company banked with in order to realise remaining funds.
- 4.3 No payments have been made in the Administration to date. Costs have been incurred for statutory advertising, statutory bonding, printing and postage and certain costs incurred by CTS in the provision of information for the purpose of these proposals. Pre-appointment costs are detailed at section 7 and pre-appointment time costs are detailed at Appendix F and Appendix H. The Administrators' time costs for the period 4 December 2015 to 15 January 2016 are detailed at Appendix C. Legal fees incurred to date are £39,272 plus disbursements and VAT.

## **5 Financial Position**

- 5.1 Attached at Appendix B is a summary of the Directors' Estimated Statement of Affairs of the Company as at the date of the appointment of the Administrators. This was verified by statements of truth by the directors on 4 January 2016.
- 5.2 I have the following observations to make in relation to the Directors' Estimated Statement of Affairs:

### **Assets**

#### *Cash at bank*

- 5.3 Please note that for the purposes of the Statement of Affairs, the cash at bank held in currencies other than £GBP was converted to £GBP using rates calculated as at the date of appointment.
- 5.4 The cash at bank Estimated to Realise ("ETR") value is expected to be realised in full with some upward adjustments for receipts in the period immediately following the Administration order being made. I refer you to comments regarding recognition of UK insolvency proceedings in certain jurisdictions in section 3.14 above.

#### *Supported debtors*

- 5.5 Supported debtors are those balances where sufficient supporting documentation is currently apparent from the records of the Company to suggest that these debts should be recoverable

in full, subject to a number of provisions and other adjustments that have already been recognised and/or reconciled during the period of run-off prior to Administration.

- 5.6 Given the nature of the remaining work that is to be completed as part of the run-off (and of the underlying business) some of these balances are expected to change during the course of the Administration.

*Unsupported debtors*

- 5.7 Unsupported debtors are those balances where sufficient supporting documentation is not currently apparent from the records of the Company to suggest that these debts will be recoverable in full. Whilst a provision against the recoverability has been made and the directors have indicated that the recoverable value of these assets is uncertain, the Administrators will, in conjunction with their advisers (including CTS) continue to review the records of the Company and available information to better understand the recoverability (or otherwise) of these debts.

*Other debtors*

- 5.8 As for unsupported debtors referred to above, the Administrators will, in conjunction with their advisers (including CTS) continue to review the records of the Company and available information to better understand the recoverability (or otherwise) of these debts.

***Liabilities***

*Claims outstanding and creditors – reinsurance operations*

- 5.9 These amounts are as per the Company's management accounts for the period ended 30 June 2015 as adjusted for the recognition of certain other transactions.
- 5.10 Following the verification of the statement of truth by the directors on 4 January 2016, unadjusted management accounts information is now available for the period ended 30 November 2015. The balances shown in these accounts will be reconciled into the statement of affairs. However, it should be noted that as for the supported debtors referred to above, given the nature of the remaining work that is to be completed as part of the run-off (and of the underlying business) some of these balances are expected to change during the course of the Administration.

*Other creditors including tax/social security*

- 5.11 This amount is an historic figure taken from the company's audited accounts as at 31 June 2014. Further investigation needs to be undertaken as to the actual liability, if any that may become due.

### *Current expenses*

- 5.12 These are understood to be expenses incurred by third parties and CTS in assisting the Company during the run-off period prior to Administration. These claims will be adjudicated when appropriate.

## **6 Exit Routes**

There are a number of potential exit routes from the Administration which will, at least in part, be driven by the number of different classes of creditors of the Company and the level of funds available to be distributed to creditors.

*Scheme of arrangement, Company Voluntary Arrangement ("CVA") or a court sanctioned distribution mechanism.*

- 6.1 A scheme of arrangement ("Scheme") is a compromise or arrangement under Part 26 of the Companies Act 2006 which may allow companies to reach a binding compromise with their creditors to discharge all remaining assets and liabilities.
- 6.2 If certain majority approval thresholds are met, the terms of the scheme once agreed are binding on the company that promotes the Scheme and all creditors, regardless of whether or not individual creditors originally voted for the scheme.
- 6.3 Given the early stage of the administration, the additional work required during the run-off, the current lack of certainty as regards the total funds anticipated as being available to distribute to creditors and the complexity and cost of a Scheme, it cannot as yet be ascertained whether a Scheme will prove to be a feasible or appropriate distribution mechanism.
- 6.4 However, in the event that a Scheme is not feasible, it may be possible for the Administrators to propose either a Company Voluntary Arrangement or a court sanctioned distribution mechanism, the intention of which would be to introduce a streamlined process for the formal agreement of claims and the distribution of funds to creditors.
- 6.5 Further information will be provided to creditors in relation to these matters in due course

### *Dissolution of the Company*

- 6.6 If the Administrators consider a distribution will be available to the unsecured creditors from the assets realised, this will be distributed within the Administration using one of the mechanisms referred to above.
- 6.7 Once this has been completed, and assuming that there are no further matters that need to be dealt with in the Administration generally, a notice will thereafter be filed at Court and with the Registrar of Companies with the Administrators' final report, for the dissolution of the Company.
- 6.8 The same notice would also be filed and the Company moved to dissolution if the Administrators think that the Company has no property which might permit a distribution to its unsecured creditors. A copy of these documents will be sent to the Company and its creditors. For the avoidance of doubt, based on information currently available we anticipate that there will be a distribution to creditors.
- 6.9 In these circumstances, the Administrators' appointment would end following the registration of the notice by the Registrar of Companies.

#### *Compulsory liquidation*

- 6.10 If the Administrators conclude that an exit into liquidation is appropriate so that further investigations into the Company's affairs may be carried out (or indeed for any other reason), an application to court may be made to exit into Compulsory Liquidation instead. If this is appropriate, at this stage it is anticipated, but not mandatory, that the Administrators will become the Liquidators in the subsequent liquidation.

## **7 Pre-administration costs**

- 7.1 Under the terms of an engagement letter dated 15 September 2015 to provide the advice referred to in section 2.12 above ("the Advisory Engagement Letter"), dated 15 September 2015, the Company agreed that Rollings Oliver be paid an amount in respect of the value of their time costs capped at £5,000 plus Value Added Tax ("VAT") and disbursements for their work in preparing and delivering their report to the Directors of the Company, dated 1 October 2015.
- 7.2 Under the terms of an engagement letter dated 8 October 2015 ("the Administration Engagement Letter"), it was agreed that the costs associated with assessing that administration was the appropriate insolvency procedure and costs incurred in seeking the appointment of Steve Butt and Mike Rollings as Administrators would be paid to Rollings Oliver LLP as costs of the Administration under the provisions of R2.67A of the Insolvency Rules 1986 and subject to the agreement of either a Creditors' Committee of the Creditors generally.

It was further agreed, that any additional expenses (e.g. solicitors, counsel and other professional fees) would also be subject to agreement by in the same way.

7.3 Rollings Oliver LLP's costs for the pre-administration period total £83,068 including the capped fee of £5,000 plus VAT and disbursements under the Advisory Engagement Letter referred to at 7.1 above. A summary of time costs incurred and the value of that time is set out at Appendix F.

7.4 Pre-administration costs incurred by the Administrators and their firm include time spent in relation to the following activities:

- initial email and telephone correspondence, and physical meetings with CTS and the Directors to understand the nature of the Company's financial position and the process to be followed to put the Company into the relevant insolvency process given the nature of the Company's business;
- A review of the financial position of the Company and the production and delivery of a report covering this and setting out the options available to the directors;
- conference calls, meetings and email correspondence with the PRA and FCA to keep them apprised on the status of the Company and to seek their input in relation to the proposed application for Administration;
- engaging and corresponding with the Company's solicitors, EC3\Legal LLP, and members of Erskine Chambers, in respect of the provision of legal advice pertaining to the Company's solvency. In particular, to assist in determining that administration was the most appropriate process for the Company and collating and scheduling information to assist in the preparation of the application to Court;
- preparation of a witness statement for the proposed Administrators to provide additional information in relation to the suitability of making such an order and the Objective that may be achievable and assisting the directors in consideration of their own witness statement and the basis of the application;
- reviewing documentation provided by CTS in relation to the position of creditors and debtors, and to the funds and assets held by the Company, in consideration of a strategy for how they could be recovered expeditiously following the making of the Order, and;
- attendance at Court for the administration application hearing.

7.5 All of the activities referred to above and the resulting time recorded were necessarily incurred in order to obtain the Order and place the Company into Administration.

7.6 The Directors instructed EC3\Legal LLP to act on behalf of the Company in relation to the application for the Order. As part of this assistance, EC3\Legal LLP retained the services of Peter Arden QC, assisted by Andrew Blake, of Erskine Chambers (“Counsel”) to prepare and present the Company’s application for the Order.

7.7 The Order which was made by Mr Justice Nugee provided for the legal fees and costs (including Counsel) and accountancy costs (Rollings Oliver) to be paid as an expense of the Administration.

7.8 Pre-Administration fees charged and expenses incurred by the Administrators (excluding VAT) are as follows:

Charged by	Services provided	Costs charged (£)	Disbursements (£)	Amount unpaid (£)
Rollings Oliver LLP	<i>Pre-administration fees - Advisory Engagement Letter (as detailed above)</i>	5,000.00	18.60	5,018.60
Rollings Oliver LLP	<i>Pre-administration fees - Administration Engagement Letter (as detailed above)</i>	78,067.50	170.15	78,237.65
Charles Taylor Services Limited	<i>Analysis and provision of information to support application to Court</i>	47,534.33	2,655.00	50,189.33
EC3\Legal LLP	<i>Legal advice and assistance in seeking Court Order</i>	25,916.50	Nil	25,916.50
Erskine Chambers	<i>Legal advice and representation in Court hearing</i>	19,540.00	Nil	19,540.00

7.9 For the avoidance of doubt, no payments have been made in relation to any of these pre-Administration fees.

7.10 The payment of the unpaid pre-Administration costs set out above as an expense of the Administration is subject to the approval of creditors, separately to the approval of the Administrators’ Proposals. This approval will be the responsibility of the Creditors’ Committee (“Committee”) if one is appointed, or alternatively by resolution of a meeting of creditors where there is no Committee.

7.11 In addition to this, given the interest that has been expressed by some creditors in acting on a Committee, we anticipate that a Committee will be formed and would welcome this.

## **8 Administrators' remuneration**

8.1 As Administrators, under the provisions of R2.106 of the Insolvency Rules 1986, we are required to provide creditors with details of the work we propose to undertake in the Administration and the expenses we consider will be, or are likely to be, incurred in dealing with the Company's affairs, prior to determining the basis upon which our remuneration will be fixed.

8.2 In addition to this, where Administrators seek to pass a resolution to agree the basis of their remuneration by reference to the time properly spent by them and their staff in attending to matters arising in the Administration, an estimate of their fees outlining the time and estimated costs of the work to be done must also be provided.

8.3 In this case, we are seeking to agree that our remuneration be based on the time properly spent by us and our staff in dealing with the affairs of the Company. Our fees estimate and details of the work we propose to undertake can be found in Appendix E to this report. Please note that in this case and considering the stage of the Administration and the run-off process this estimate covers the period ending 3 May 2016 only and if we consider the estimate will be exceeded during the Administration, we are obliged to seek further approval for any increase in our remuneration. We will also need to provide further fees estimates for subsequent periods.

8.4 As set out in 7.10 above, given the interest that has been expressed by some creditors in acting on a Committee, we anticipate that a Committee will be formed and would welcome this.

8.5 The fees estimate provides details of these matters where relevant and appropriate approval to the basis of our remuneration will be sought as outlined in section 10 of this report.

I will provide updates on the expenses I consider will be, or are likely to be, incurred during this case with my progress reports in due course.

8.6 A copy of "A Creditors' Guide to Administrators' fees is available on request or can be downloaded from <http://www.insolvency-practitioners.org.uk/regulation-and-guidance/guides-to-fees> . If you would prefer this to be sent to you in hard copy please contact [medre@rollingsoliver.com](mailto:medre@rollingsoliver.com).

## **9 Estimated Outcome and Dividend Prospects for Creditors**

9.1 An estimate of the outcome of the Administration as at 15 January 2016 with explanatory notes is attached as Appendix G.

- 9.2 Additional realisations of cash at bank have been made since the estimated outcome statement was compiled, but as these sums do not materially affect the calculations involved, the estimate has not been amended to reflect this.

***Secured creditors***

- 9.3 There is no registered security giving charges over the assets of the Company. Consequently, the provisions of S176A of the Insolvency Act 1986 will not apply.

***Preferential creditors***

- 9.4 The Company had no remaining employees at the date of our appointment, nor is there believed to be any outstanding employee liabilities. As such, it is understood that the Company has no preferential creditors.

***Unsecured creditors***

- 9.5 Based on current estimates, the Administrators anticipate realising sufficient assets to enable a distribution to be made to unsecured creditors.
- 9.6 However, given the uncertainty surrounding the value of realisations made from debtors of the Company, in particular the unsupported debtors, the Administrators are not in a position to determine the value of any unsecured dividend. Creditors will be provided with guidance on the proposed dividend process and likely return in due course.

**10 Proposals**

It is proposed that the Administrators will continue to manage the affairs of the Company in order to achieve the objective of the Administration. In the circumstances it is proposed that:

- 10.1 The Administrators will appoint a run-off agent (be that CTS or some other comparable organisation) to assist in the run-off of the Company under scope and terms which will be of assistance to the Administration process and represent value for the Company and creditors generally;
- 10.2 The Administrators shall, in conjunction with the run-off agent realise the Company's assets as soon as is reasonably practical and wind up the Company in the best interests of the creditors whilst continuing to liaise with the appropriate authorities and regulatory bodies;

- 10.3 The Administrators shall be authorised to take such legal action and to make application to Court for directions and otherwise as they consider appropriate with a view to achieving the Purposes;
- 10.4 The Administrators shall keep the funds held by the Company in such currencies as they deem appropriate;
- 10.5 The Administrators shall appoint and instruct such other professional advisers as they deem appropriate for the purposes of assisting them in achieving the Purposes of the Administration. This may include, but not be limited to, run-off agents and legal advisers in the UK and other relevant jurisdictions, forensic accountants, actuaries and tax advisers.
- 10.6 If, having realised the assets of the Company, the Administrators think that there are sufficient funds available, they shall seek approval from the PRA and, should one be appointed, the Creditors' Committee, of their proposed distribution mechanism and plan which may consist of one of the following;
- A Scheme;
  - A Company Voluntary Arrangement under Part 1 of the Insolvency Act 1986; or
  - A court sanctioned distribution mechanism.
- 10.7 The Administrators shall do all such other things and generally exercise all of their powers as contained in Schedule 1 of the Insolvency Act 1986, as they consider desirable or expedient to achieve the Purposes.
- 10.8 The exit route used by the Administrators shall be either of the following without further recourse to clients or creditors:
- If there are no outstanding matters that require to be dealt with in a liquidation and if the Administration objectives have been met, the Administrators shall file the appropriate notices at Companies House and notify creditors and clients accordingly, to formally conclude the Administration and move the Company to dissolution, or;
  - to petition the court for a Compulsory Winding Up (Liquidation) of the Company and to appoint the Administrators as Liquidators.
- 10.9 In the event that Compulsory Winding Up is the most appropriate exit route from Administration and the Administrators are appointed as Liquidators, any action taken by the Liquidators may be taken by them individually or together.
- 10.10 If the Administrators consider it necessary to extend the period of the Administration, they will seek the consent of creditors or the approval of the Court to the extension. Creditors may

consent to an extension for a period of up to one year and the Court can order that the Administrators' term of office be extended for a specified period determined by it.

10.11 The creditors consider establishing a Creditors' Committee and that if any such Committee is formed they be authorised to sanction the basis of the Administrators' remuneration and disbursements and any proposed act on the part of the Administrators without the need to report back to a further meeting of creditors generally, to include any decision regarding the most appropriate exit route from the Administration.

10.12 The Administrators will ensure regular meetings of and/or reports to be issued to any Creditors' Committee that is formed in a manner agreed with such a Creditors' Committee.

*Remuneration, other amounts payable to the Administrators and their release.*

10.13 In addition to the matters referred to elsewhere in section 8, the following matters relating to the Administrators' remuneration, when this should be drawn and the basis of certain of their disbursements will need to be agreed separately from the main proposals. These are as set out below.

10.14 The basis of the Administrators' remuneration may be fixed as one or more of the following bases and different bases may be fixed in respect of different things done by them:

- as a percentage of the value of the assets they have to deal with, or
- by reference to time properly spent by the Administrators and their staff managing the Administration, or
- as a set amount

10.15 In this case, the Administrators are seeking the approval of the basis of their remuneration as follows:

- by reference to the time properly spent by the Administrators and their staff in attending to matters arising in the Administration

10.16 In accordance with Statement of Insolvency Practice No 9, issued by the Association of Business Recovery Professionals, the Administrators be authorised to draw Category 2 disbursements as and when funds are available, in accordance with their firm's published tariff. Details of Category 2 disbursements charged by the firm can be found in Appendix E.

10.17 Where no Creditors' Committee is appointed, the remuneration and disbursements of the Administrators shall be fixed by resolution of a meeting of creditors or where the Administrators think that the company has insufficient property to enable a distribution to be made to the unsecured creditors (other than via the prescribed part), approval will be sought from the

secured and (if necessary) the preferential creditors in accordance with R2.106 of the Insolvency Rules 1986.

10.18 The Administrators will also seek approval for any unpaid pre-administration costs as expenses of the Administration detailed in Section 7 above.

10.19 The Administrators will be discharged from liability under Regulation 15 and paragraph 98 of Schedule B1 to the Insolvency Act 1986 immediately following their appointment ceasing to have effect or at such other time as specified by the Court.

## **11 Next Report**

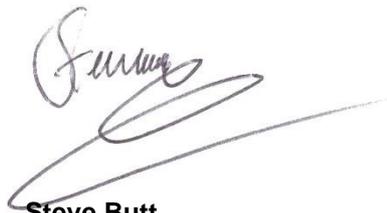
11.1 The Administrators are required to provide a progress report within one month of the end of the first six months of the Administration and I will report to you again at this time.

## **12 Meeting of Creditors**

12.1 An initial meeting of the Company's creditors is being convened to approve the Administrators' proposals. The meeting will be held on 10 February 2016 at 11.00am (GMT) at the offices of Cooley (UK) LLP, Dashwood, 69 Old Broad Street, London, EC2M 1QS, UK.

12.2 Further information on the meeting is contained in the letter accompanying this report.

Yours faithfully  
For The Mediterranean Insurance & Reinsurance Company Limited



**Steve Butt**  
**Joint Administrator**

Michael David Rollings and Steven Edward Butt were appointed as Joint Administrators of The Mediterranean Insurance & Reinsurance Company Limited by order of the High Court on 4 December 2015.

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

Michael David Rollings and Steven Edward Butt are licensed to act in the UK as insolvency practitioners by the Insolvency Practitioners Association.

The Mediterranean Insurance & Reinsurance Company Limited is authorised by the Prudential Regulation Authority and regulated by the Prudential Regulation Authority and the Financial Conduct Authority, reference number 202239. The Company Number is 01395873 and the registered office is 6 Snow Hill, London, EC1A 2AY.

**Receipts and payments for the period 4 December 2015 to 22 January 2016**

<b>RECEIPTS</b>	<b>Total (£)</b>
Cash at Bank	1,143,955.37
	<hr/>
	<b>1,143,955.37</b>
	<hr/>
<b>PAYMENTS</b>	
	<hr/>
	<b>0.00</b>
<b>Balance In Hand</b>	<b>1,143,955.37</b>
	<hr/>
	<b>1,143,955.37</b>
	<hr/> <hr/>

## Summary of the Directors' statement of affairs of the Company as at 4 December 2015

### Summary of Assets

Assets	Book Value £	Estimated to Realise £
<b>Assets subject to fixed charge:</b>		
<b>Assets subject to floating charge:</b>		
<b>Uncharged assets:</b>		
Cash at Bank	1,530,320.00	1,503,156.00
Supported debtors	3,513,587.00	1,480,176.00
Unsupported debtors	6,343,216.00	Uncertain
Other debtors	14,055.00	Uncertain
<b>Estimated total assets available for preferential creditors</b>		<b>2,983,332.00</b>

## Summary of Liabilities

	Estimated to Realise £
<b>Estimated total assets available for preferential creditors (Carried from Page A)</b>	2,983,332.00
<b>Liabilities</b>	
Preferential Creditors:-	
	NIL
<b>Estimated deficiency/surplus as regards preferential creditors</b>	2,983,332.00
Debts secured by floating charge pre 15 September 2003	
Other Pre 15 September 2003 Floating Charge Creditors	
	NIL
	2,983,332.00
Estimated prescribed part of net property where applicable (to carry forward)	NIL
<b>Estimated total assets available for floating charge holders</b>	2,983,332.00
Debts secured by floating charges post 15 September 2003	
	NIL
<b>Estimated deficiency/surplus of assets after floating charges</b>	2,983,332.00
Estimated prescribed part of net property where applicable (brought down)	NIL
<b>Total assets available to unsecured creditors</b>	2,983,332.00
Unsecured non-preferential claims (excluding any shortfall to floating charge holders)	
Claims outstanding (gross)	1,418,000.00
Provision for exceptional run-off costs	Uncertain
Creditors -reinsurance operations	2,880,092.00
Other creditors incl tax/social security	212,430.00
Accruals and deferred income	Uncertain
Current expenses	65,087.00
	4,575,609.00
<b>Estimated deficiency/surplus as regards non-preferential creditors (excluding any shortfall in respect of F.C's post 14 September 2003)</b>	(1,592,277.00)
<b>Estimated deficiency/surplus as regards creditors</b>	(1,592,277.00)
Issued and called up capital	
	NIL
<b>Estimated total deficiency/surplus as regards members</b>	(1,592,277.00)

## Summary of Creditors

Key	Name	Address	£
CA01	ABU DHABI NATIONAL INS. CO.	PO Box 839, Abu Dhabi, United Arab Emirates	18,114.87
CA03	AFIA RE		7.07
CA04	AFRICAN REINSURANCE (MOROCCO)	33 Boulevard Moulay Youssef, Casablanca, Morocco	139,995.90
CA06	AFRICAN REINSURANCE (NIGERIA)	Reinsurance House, 12-14 floors 46 Marina, P.M.B. 12765, Lagos, Nigeria	201.91
CA09	AGEAS INSURANCE LIMITED(A)		7.05
CA0B	Ahleia Insurance Group (AIG)	Ahleia Ins Group Building 17, Nizar Qabbani Street, Al Masyoun Area 1933, Ramallah, Palestinian Territory	47,630.27
CA0C	Al Ahleia Insurance Co S.A.K Kuwait	Ahmed Al-Jaber Street, P.O. Box 1602, Safat 13017, Kuwait	48,366.38
CA0G	AL AHLIA INS. CO. Saudi Arabia	P O Box 939, Riyadh 11312, Saudi Arabia	2,410.68
CA0H	Al Ain Ahlia Insurance Company	AlAin Ahlia Insurance Building, Airport Road, P O Box 3077, Abu Dhabi, United Arab Emirates	73,663.72
CA0I	Al Chark Insurance Company	15 Kasr El-Nil Street, Cairo, Egypt	3,552.94
CA0J	Al Ittihad Al Watani		142.44
CA0K	AL MADINA GULF INSURANCE COMPANY	P O Box 1805, Athaiba 130, Oman	28,661.91
CA0L	Al Sagr National Insurance	Al Hilal Building, Al Garhoud Road, Deira Area, 14614 & 10276 Dubai, United Arab Emirates	2,908.06
CA0O	Al Wathba National Insurance Company	Al Wathba Tower, Baniyas Area, Al Najda Street, 45154 Abu Dhabi, United Arab Emirates	1,233.24
CA0R	ALLIANZ AKTIENGESELLSCHAFT		4,145.96
CA0S	ALLIANZ IARD		0.94
CA0T	AMIN REINSURANCE COMPANY	No 40 Farrikhi Street, Khorasan Avenue, Kish, Iran	21,227.40
CA0X	AON GROUP LIMITED	10 Devonshire Square, London, EC2M 4YP, UK	23,016.74
CA0Z	ARAB ASSURERS COMPANY	Building 32, Queen Rania Al Abdullah Street, Al Shmeisani Area, 926269 Amman, Jordan	2,031.58
CA10	Arab Misr Insurance Company AMIG	Arab Misr Ins Co Building, Maahad Ishteraki Street, Heliopolis Area 227, Cairo 31114, Egypt	3,679.11
CA13	ARAB REINSURANCE POOL	Maarad Street, Beirut Central District, P O Box 9060, Beirut, Lebanon	18,292.43
CA14	ARAB UNION REINSURANCE CO		5,909.33
CA15	ARAB UNION REINSURANCE COMPANY- SY	Arab Union Reins Building, Al Mazzeh Faye Mansour Street, 25 Eastern Villas Area, 5178 Damascus, Syria	28.68
CA16	Asean Retakaful Ltd, Malaysia	Level 14, Block 4, Financial Park Complex, Jalan Merdeka, 87000 F.T., Labuan, Malaysia	1,011.16

Key	Name	Address	£
CA19	ASSURANCES MAGHREBIA	64 Rue de Palestine, 1002 Tunis, Tunisia	204.86
CA1A	Assurances Mutuelle Itihad (AMI)	15 Rue de Mauritanie, 1002 Tunis, Tunisia	351.00
CA1D	AXA GENERAL INSURANCE LTD		11.19
CA1E	ALLIANZ INT. INSURANCE CO LTD		13,146.98
CA1F	AIG EUROPE (UK) LTD		13,256.93
CA1G	AMSTERDAM HOLLAND SCHLENKER		353.00
CA1H	ARAB INSURANCE GROUP (BSC)		5,899.22
CA1I	ARABIAN SEAS INS CO LTD		134.19
CA1J	ASSICURAZIONI D'ITALIA		481.25
CA1K	AXA MARINE AVIATION TRANSPORT		8,837.95
CB00	B.E.S.T. REINS(EX ISLAMIC INS)	Rue du Lac de Constance, Les Berges du Lac, B.P. No 484, 1080 Tunis, Tunisia	636.27
CB01	B.E.S.T. REINSURANCE CO.-MALAYSIA	Jalan Bahasa, P O Box 80431, Wilayah Persekutwan, 87014 Labuan, Malaysia	143,453.28
CB04	BA (GI) LIMITED		27.49
CB05	BALOISE INSURANCE COMPANY LTD		14.48
CB08	BIMEH IRAN INSURANCE CO	No 107 Dr Fatemi Ave, P O Box 14155 - 6363, Tehran, Iran	73,306.00
CB0C	BIMEH MARKAZI IRAN	Central Insurance of Iran, 72 Africa Avenue 19157, Tehran, Iran	428.11
CB0D	BRITISH & FOREIGN MARINE INS		18.99
CB0E	B.E.S.T. REINSURANCE CO		(6,664.82)
CB0F	BALTICA INS. CO. (UK) LTD		3.12
CB0G	BISHOPSGATE INS.		8.03
CC00	C.A.A.R.	48 Rue Didouche Mourad, Alger 16000, Algeria	16,586.90
CC01	CAISSE CENTRALE DE REASSURANCE	SNA Building Tabaris, P O Box 16-7280, Achrafieh, Beirut, Lebanon	10,119.07
CC02	CAISSE NATIONALE DE MUTUALITE	24 Boulevard Victor Hugo, Alger, Algeria	2,222.33
CC04	CGSM Mozambique	Rua de Imprensa 625-3, Edificio 33 andares, Maputo, Mozambique, Mozambique	10,234.92
CC05	Chanas Assurances	1, Ruedu Dwarf, Douala, Cameroon	1,144.29
CC08	CHEVANSTELL LIMITED (A)		2.72
CC0A	CIGNA REINSURANCE COMPANY	Brussels Reinsurance Division, Kent House, Lower Stone Street, Maidstone, Kent, ME15 6LT, UK	18,191.02
CC0D	COLBOURNE INSURANCE CO LTD		0.20
CC0E	Commercial & General Reinsurance Brokers	35 Al Fours Street, National Museum Area-Al Mathaf, P O Box 167112, Ashrafieh - Beirut, Lebanon	196.21

Key	Name	Address	£
CC0F	COMMERCIAL UNION ASS. CO. PLC		51.10
CC0G	COMPAGNIE DE REASS. D'ILE DE		5.20
CC0H	COMPAGNIE EUROPEENNE DE REASS		40.68
CC0I	COMPAGNIE LIBANAISE D'ASSURANCE		26.71
CC0J	COMPAGNIE MEDITERRANEENNE DASS		1,744.27
CC0K	Continental Re - Nigeria		12,380.00
CC0M	CSC SVERIGE AB	161-163 Preston Road, Brighton, BN1 6AU, UK	1,197.35
CC0N	CAISSE NATIONALE BELGE D'ASS		316.20
CC0O	CHIYODA FIRE & MARINE INS CO		1,249.68
CC0P	COLONIA INS CO (UK) LTD		2.60
CC0Q	COLONIA INSURANCE COMPANY		445.71
CC0R	COMP DE REASS FRANCAIS		948.60
CC0S	COMPAGINE TRANSCONTINENTAL RE		7,071.54
CC0T	COPENHAGEN RE. CO. (UK) LTD		1,211.17
CD00	Dhofar Insurance Company	Dhofar Insurance Co Building, Ruwi Area, 1002, Muscat 112, Oman	1,049.58
CD02	DOHA BANK ASSURANCE	P O Box 55953, C Ring Road, Doha, Qatar	266.96
CD03	Doha Insurance Company (Q.S.C.)	207 - C Ring Road, Najma Area, P O Box 7171, Doha, Qatar	33,922.37
CD04	Dubai Insurance Company	Dubai Insurance Co Building, Al Riqqa Road, Deira Area 3027, Dubai, United Arab Emirates	1,034.92
CD05	Dubai Islamic Insurance & Reinsurance	Gulf Tower - Bloc B1, Oud Metha Street, Bur Dubai Area 157, Dubai, United Arab Emirates	723.57
CD06	DAIICHI MUTUAL FIRE & MARINE		0.72
CD07	DOWA F&M INS CO LTD OSAKA		445.60
CE00	E.C.O. POOL (MILLI REASURANS)	Milli Reasurans T.A.S., Tesvikiye Caddesi No 43-57, 34367 Tesvikiye, Istanbul, Turkey	106.34
CE01	EAGLE STAR INS. CO. LTD.		29.46
CE02	EAST AFRICA REINSURANCE	EARE House, 98 Riverside Drive, Nairobi, Kenya	0.01
CE04	EGYPTIAN REINSURANCE COMPANY		30,592.88
CE05	Egyptian Saudi Insurance House	Building 15, Mossadak Street, Dokki Area 12311, Giza, Egypt	801.46
CE07	EISEN UND STAHL RUCK		492.44
CE08	ENGLISH & AMERICAN INS CO LTD		5.80

Key	Name	Address	£
CE09	EQUITAS/LLOYDS		551.30
CE0A	EXCESS GENERAL INS CO LTD		27.84
CF00	F.A.I.R. REINSURANCE POOL	Milli Reasurans T.A.S., Tesvikiye Caddesi No 43-57, 34367 Tesvikiye, Istanbul, Turkey	319,396.83
CF03	F.A.I.R. REINSURANCE POOL(CONN)	Milli Reasurans T.A.S., Tesvikiye Caddesi No 43-57, 34367 Tesvikiye, Istanbul, Turkey	136,490.23
CF04	FALCON REINSURANCE CO. LTD	C/o Menas, 110 Linton House, 164-180 Union Street, London, SE1 0LH, UK	(63.17)
CF07	FSA Re	46 Rue de Provence, 75009 Paris, France	1,175.71
CF09	FUJI FIRE & MARINE		2.44
CF0A	FRANKONA RUCK (MUNICH)		2,393.21
CG00	GENERAL ACCIDENT REINS CO LTD		4,169.89
CG01	GENERAL INS CORP OF INDIA		98,504.43
CG03	General Reinsurance Services	P O Box 165004, Achrafleh, Beirut, Lebanon	600.70
CG04	GENERALI ASSIC (UK) LTD		69,512.34
CG05	GENERALI ASSICURAZIONI SPA		3,449.84
CG07	Generali IARD		61.10
CG08	GERLING KONZERN GLOBALE	Im Mediapark 4b, 50670 Koln, Germany	108,644.32
CG0B	GREAT LAKES REINSURANCE (UK)		1,524.24
CG0C	GREAT LAKES REINSURANCE CO.		4,649.88
CG0D	GAN INSURANCE COMPANY		6,187.35
CG0G	GUILDHALL INSURANCE		2,565.26
CH00	HANNOVER RUCKVERSICHERUNGS AG	P.O. Box 61 03 69, 30603 Hannover, Germany	222,340.96
CH05	HILLCOT RE LIMITED		1.36
CH06	HOUSTON CASUALTY COMPANY		8,837.95
CI00	INA REINSURANCE CO.(UK) LTD		181.10
CI01	INDEMNITY MARINE INSURANCE		79.79
CI02	INTER.I. CO. OF. HANNOVER LTD		1.06
CI03	INSURANCE CORP OF SINGAPORE		2,283.24
CI04	IRAQ REINSURANCE COMPANY		59,736.59
CJ00	J B BODA REINSURANCE BROKERS	1 Maker Dhavan, Sir Vithaldas Thackersey Marg, Mumbai 400 020, India	1,614.89
CK01	K M DASTUR+CO INS BROKERS		2,093.63
CK02	KOREAN REINSURANCE COMPANY		5,029.34

Key	Name	Address	£
CK03	KUWAIT INSURANCE COMPANY	P O Box 769, 13008 Safat, Kuwait	21,116.37
CK04	KESKINAINEN VAK SAMPO		464.12
CL01	LA REUNION FRANCAISE		29.74
CL02	Leaders Insurance Co		6.04
CL03	LES MUTUELLES DU MANS ASS.	33 Boulevard Alexandre Oyon, 72019 Le Mans Cedex 2, France	2,407.91
CL04	LLOYD TUNISIEN	Immeuble El Fajr, Rue Lac Lochnesse, Les berger du lac, 1053 Tunis, Tunisia	351.57
CL06	LLOYDS UNDERWRITERS		59,190.06
CL09	LONDON & OVERSEAS INS. CO		9.50
CL0A	L'UNION DES ASS. DE PARIS		45.24
CL0D	L'UNION DES ASS. DE PARIS		44.60
CL0E	LA CONCORDE SA		104.87
CL0F	LA CONSORZIALE SOC D'ITALIA		232.06
CL0G	LEADENHALL INSURANCE		0.40
CL0H	LONDON AND HULL MARITIME INS CO		6.25
CM00	MALAYSIAN NATIONAL RE. BERHAD		4,488.07
CM01	MALAYSIAN RE		874.33
CM03	Mareb Yemen Insurance Company	Mareb Yemen Ins Co Building, Al Zuberi Strret, 2284, Sanaa, Yemen	1,013.35
CM05	MARKEL INTERNATIONAL INS COLTD		331.25
CM06	MARKET INSURANCE BROKERS LTD	107 Fenchurch Street, London, EC3M 5JF, UK	3,362.68
CM08	MARSH LIMITED	Grove House, Newlad Street, Witham, Essex, CM8 2UP, UK	68,085.35
CM09	MARSH LTD (G.E.S.B)	C/o Guy Carpenter, Grove House, Newland Street, Witham, CM8 2UP, UK	18,800.75
CM0C	MEDGULF INSURANCE COMPANY KSA	Futuro Tower, Al Maathar Street, P O Box 2302, Riyadh 11451, Saudi Arabia	261.49
CM0E	MILLI REASURANCE	Tesvikiye Cad No 43-57, 34367 Tesvikiye, Istanbul, Turkey	16,933.74
CM0G	MISR INSURANCE COMPANY	44 A Dokki St, Giza, Egypt	188,127.21
CM0I	Moscow Re		14.32
CM0J	MUNICH REINSURANCE CO	Koniginstrabe 107, Postfach 40 13 20, 80802 Munchen, Germany	150,328.07
CM0M	MUTUELLE ASSURANCE DE L'ENSEIGNEME		9,087.35
CM0N	Madgebuerger Ruck		989.06
CM0O	Mainstay Insurance Limited		128.96
CM0P	MEAD REINSURANCE		1,289.58

Key	Name	Address	£
CM0Q	MILLI REASURANCE (Fair Pool)		187,800.05
CM0R	MOW TAI INS. & RE(Liquidation)		14,460.11
CN01	NATIONAL INSURANCE CO OF EGYPT	44 A Dokki St, Giza, Egypt	17,307.27
CN03	National Insurance Company of Tanzania	Samora Avenue Insurance House, TZ Dar Es Salaam, P O Box 9264, Dar Es Salam, Tanzania	208.64
CN04	National Takaful Insurance Co. (Kuwait)	Tijariyah Tower, Al Sour Street, Al Shariq Area 21149, Safat 13072, Kuwait	11.01
CN05	New India Assurance Co., Oman	Al Walfa House Flat 1 Way 2663, 2907, Qurum, Ruwai 112, Oman	6,285.83
CN06	NIPPON FIRE & MARINE INS CO		3.27
CN07	New Reinsurance CO		1,380.83
CN08	NICO - NAT INS CORP NIGERIA		670.95
CN09	Nordstern Allgemeine Versicher		872.20
CN0A	Norwich Winterthur Insurance		3,954.60
CO00	OASIS INS.CO	Jabal Alhusain Khalid Bin Alaw, JO Amman, P O Box 925383, Amman 11118, Jordan	239.65
CO02	OCEAN MARINE INS CO LTD		325.34
CO04	ORION INS CO RUN-OFF LTD		14.26
CO05	OVERSEAS UNION INS LTD		20,523.29
CO06	Ocean Marine Ins Co Ltd		325.34
CO07	Oriental Fire & Mar Ins(Korea)		644.79
CP00	P.T. ASURANSI JASA INDONESIA		761.19
CP01	PHOENIX ASS'PUBLIC (LONDON)		14.51
CP03	PORTMAN INSURANCE LIMITED		5.53
CP04	PROVINCIAL INS.		144.79
CP05	PRUDENTIAL ASS. CO.		154.69
CP06	Pearl Assurance		32.30
CP07	People's Insurance Co of China		4,608.16
CP08	Pohjola Vak (UK)		115.53
CP09	Preservatrice Fonciere Assurance		1.06
CR00	RAS AL KHAIMAH NATIONAL INSURANCE CO	Ras AlKhaimah Nat Ins Building, Al Jezaa Street, Al Nakheel Area 5006, Ras Al Khaimah, United Arab Emirates	3,218.41
CR01	REINSURANCE CO SAVA LTD		13,056.08

Key	Name	Address	£
CR03	RIVER THAMES INS. CO. LTD		7.25
CR04	RIVERSTONE INSURANCE(UK) LTD		1.86
CR05	ROYAL & SUNALLIANCE INS.		5,327.58
CR06	ROYAL REINSURANCE		76,688.50
CR07	REINS MANMT CORP ASIA(PTE) LTD		5,218.74
CR08	REINS. AUSTRALIA CORP. LTD		884.19
CR09	RELIANCE SURETY & INS. CO		34.50
CS01	SCOR RUCKVERSICHERUNG	Im Mediapark 8, 50670, Cologne, Germany	64,583.08
CS03	SCOTTISH LION INS. CO LTD		20.61
CS04	Securite Assurance SAL	Gedco Center 3 Block A B, Fouad Chehab Street, 166499, Beirut, Lebanon	609.27
CS05	Sharjah Insurance Company	PO Box 792, Sharjah, United Arab Emirates	199,435.88
CS07	SOCIETE TUNISIENNE DE REASS.	12 Japan Avenue, Montplaisir, P O Box 29, 1073 Tunis, Tunisia	49,852.12
CS09	SOREMA GROUP AMA		7,138.47
CS0C	SPHERE DRAKE INS. CO. LTD.		7.39
CS0D	STAR		7.74
CS0F	Suez Canal Insurance Company	31 Mohamed Kamel Morsi St, El-Mohandesseen Giza, P O Box 271 Dokki, Giza, Egypt	4,823.36
CS0I	SWITZERLAND GENERAL INS. (UK)		4.96
CS0J	SCOR REASSURANCE		35,357.71
CS0K	SECURA SOCIETE D'ASSURANCES SA		659.37
CS0L	SINGAPORE AVIATION & GRAL INS		2,274.80
CS0M	SKANDIA UK INSURANCES PLC		11.56
CS0N	SOC NAVALE DI ASS. S.P.A.		256.06
CS0O	SOCIETE ANONYME FRANCAISE DE		1,591.15
CS0P	ST PAULS FIRE & MARINE INSURANCE		2,218.96
CS0Q	STOREBOARD INT		8,331.47
CT00	Takafol Islamic Issurance	P.O. Box 20246, Riyad 11455, Saudi Arabia	2,674.99
CT01	TENECOM LIMITED		2.80
CT02	TOKIO MARINE & FIRE INS CO LTD	Makuhari Tokio Kaijo Building, 1-4 Nakase Mihama-ku, Chiba-shi Chiba 261, Tokyo, Japan	6,027.24
CT04	TRUST ALGERIA ASSURANCE ET REA	B.P. 187 Malki, Ben Aknoun, 16000 Algiers, Algeria	48,036.37

Key	Name	Address	£
CT05	TRUST INTERNATIONAL INSURANCE	P O Box 10002, Manama, Bahrain	113,537.02
CT07	TRYG-BALTICA INTERNATIONAL INS		6,308.18
CT09	TERRA NOVA INS. CO. LTD.		388.82
CT0A	THE VICTORY REINSURANCE CO LTD		1,336.79
CT0B	TOA REINSURANCE CO (UK) LTD		1.54
CT0C	TOKYO INS (TOKYO)		462.82
CT0D	TOLLENAAR 7 WEGENER C.V.		2.32
CT0E	TRANSATLANTICA SPA (HOLLAND)		659.37
CT0F	TRANSATLANTICA RUCKVERSICHER		1,104.67
CT0G	TRENWICKK INTERNATIONAL		4,418.98
CU00	UNION RUCKVERSICHERUNGS-GES.		4,490.63
CU01	UNITED INSURANCE BROKERS LTD	69 Mansell Street, London, E1 8AN, UK	88,428.49
CU02	UNIONE ITALIANI DI RIASS SPA		4,090.66
CU03	UNIVERSAL INSURANCE COMPANY		386.87
CU04	UNIVERSAL COMPANHIA DE SEGUROS		644.79
CW00	WARBA INSURANCE COMPANY		12,601.40
CW01	WILLIS LIMITED	Friars Street, Ipswich, Suffolk, IP1 1TA, UK	2,946.18
CW02	WINTERTHUR SWISS INSURANCE CO		1,344.54
CW03	WESTERN UNION CORP		1,892.12
CZ00	ZURICH INSURANCE GROUP		239.34
CZ01	Net Revaluation Adjustments		(629,597.00)
<b>219 Entries Totalling</b>			<b>2,880,092.00</b>

## Time analysis for the period from 4 December 2015 to 15 January 2016

Classification of Work Function	Partner	Manager	Other Senior Professionals	Assistants & Support Staff	Total Hours	Time Cost (£)	Average Hourly Rate (£)
100 : Administration & Planning	13.50	7.00	4.10	0.00	24.60	9,236.50	375.47
101 : Administrative Set-Up	1.20	0.60	2.60	0.00	4.40	1,238.00	281.36
102 : Appointment	3.80	0.70	2.50	0.00	7.00	2,411.00	344.43
103 : Background Information	0.00	1.70	0.00	0.00	1.70	595.00	350.00
104 : Case Management	0.00	0.00	2.10	0.00	2.10	399.00	190.00
105 : Case Planning	6.90	0.00	6.10	0.00	13.00	4,229.50	325.35
107 : Statutory Reporting	1.10	8.60	27.10	0.00	36.80	8,648.50	235.01
108 : Statutory Compliance	4.70	0.80	1.30	0.00	6.80	2,618.50	385.07
116 : Case Accounting	0.00	3.50	3.70	0.00	7.20	1,669.00	231.81
702 : Liaison With Directors	4.70	1.10	0.00	0.00	5.80	2,476.50	426.98
<b>Administration &amp; Planning</b>	<b>35.90</b>	<b>24.00</b>	<b>49.50</b>	<b>0.00</b>	<b>109.40</b>	<b>33,521.50</b>	<b>306.41</b>
600 : Case Specific	0.00	2.90	0.00	0.00	2.90	1,015.00	350.00
<b>Case Specific Matters</b>	<b>0.00</b>	<b>2.90</b>	<b>0.00</b>	<b>0.00</b>	<b>2.90</b>	<b>1,015.00</b>	<b>350.00</b>
500 : Creditors	0.90	0.00	17.00	0.00	17.90	3,630.50	202.82
502 : Creditors Claims	0.00	0.00	0.20	0.00	0.20	38.00	190.00
504 : Meetings	0.00	0.00	0.50	0.00	0.50	95.00	190.00
509 : Unsecured Creditors	0.10	0.10	0.00	0.00	0.20	79.50	397.50
<b>Creditors</b>	<b>1.00</b>	<b>0.10</b>	<b>17.70</b>	<b>0.00</b>	<b>18.80</b>	<b>3,843.00</b>	<b>204.41</b>
200 : Investigations	8.90	0.60	6.30	0.00	15.80	5,367.50	339.72
201 : CDDA Reports	0.00	0.40	0.00	0.00	0.40	140.00	350.00
203 : Investigatory Work	0.00	3.20	1.80	0.00	5.00	1,462.00	292.40
206 : Meetings With Directors	1.10	0.50	0.30	0.00	1.90	721.50	379.74
<b>Investigations</b>	<b>10.00</b>	<b>4.70</b>	<b>8.40</b>	<b>0.00</b>	<b>23.10</b>	<b>7,691.00</b>	<b>332.94</b>
300 : Realisation Of Assets	2.60	0.00	7.20	0.00	9.80	2,525.00	257.65
302 : Identifying, Securing, Insuring Assets	0.80	0.00	0.60	0.00	1.40	470.00	335.71
303 : Book Debts	0.20	0.00	1.40	0.00	1.60	355.00	221.88
<b>Realisation of Assets</b>	<b>3.60</b>	<b>0.00</b>	<b>9.20</b>	<b>0.00</b>	<b>12.80</b>	<b>3,350.00</b>	<b>261.72</b>
<b>Total Hours</b>	<b>50.50</b>	<b>31.70</b>	<b>84.80</b>	<b>0.00</b>	<b>167.00</b>	<b>49,420.50</b>	<b>295.93</b>

## Narrative guide to activities undertaken, and anticipated to be undertaken, by the Administrators

Analysis Code	Description	Narrative
<b>Administration and planning</b>		
100	Administration & Planning	<p>Periodic review of anti money laundering and ethical consideration checklists.</p> <p>Joint Administrators' statutory bond calculation and submission in accordance with Insolvency Practitioners Regulation 2005.</p> <p>Recording and analysing time incurred by the Administrators and their staff.</p> <p>Consider setting up web portal to provide general creditor information</p>
102	Appointment	Initial notifications to the Registrar of Companies, Creditors, Shareholders, Directors, Court, PRA and FCA.
103	Background Information	<p>Gathering of initial information to enable statutory filing and reporting to be completed, including creditor details, management accounts for Statement of affairs, details of assets/cash at bank, information relating to insurance, debtor details.</p> <p>Retrieval of accounts and filings from Companies House and 3rd party Credit Search engines.</p> <p>Identify location of company books and records; retrieval of electronic records and storage.</p>
104	Case Management	<p>Complying with internal case management procedures.</p> <p>Checklists and status updates.</p> <p>Review of case workstreams to ensure appropriate staff assigned to appropriate tasks.</p>
105	Case Planning	<p>Initial formulation and ongoing documentation of strategy to achieve administration purposes.</p> <p>Ongoing consultation with legal advisors to ensure process and strategy are appropriate.</p> <p>Regular meetings with Administrators' staff to discuss status of case, future planning and strategy.</p> <p>Planning of future tasks necessary to achieve administration purposes.</p>
106	Maintenance of Records	<p>Periodic review of Joint Administrators' statutory bond.</p> <p>Maintaining and amending IPS (internal case management system) records.</p>
107	Statutory Reporting	<p>Review of Statement of Affairs and filing with the Registrar of Companies.</p> <p>Preparation of the Joint Administrators' proposals for achieving the statutory purpose of the administration</p> <p>Report to creditors regarding the outcome of the initial creditors meeting.</p> <p>Drafting and preparing statutory progress report to creditors, filing at the Registrar of Companies and Court.</p>
108	Statutory Compliance	Advertisements in London Gazette and additional press as deemed necessary.
109	Review	<p>Director and Partner Reviews of Files.</p> <p>Analysis of Work in Progress.</p>
111	Billing	Preparation of the Joint Administrators' fee estimates in accordance with the Insolvency (amendment) Rules.
112	Post Appointment Tax	<p>Initial information gathering relating to the Company's tax position.</p> <p>Initial notification and subsequent communications to/from HM Revenue &amp; Customs</p> <p>Submission of relevant returns and ensuring all post-appointment tax liabilities are accounted for.</p>

Analysis Code	Description	Narrative
<b>Administration and planning</b>		
115	Meetings	Preparation for internal and external meetings, including document production and review.
116	Case Accounting	Insolvency accounting system administration. Opening of case bank accounts. Initial set-up and ongoing administration of bank accounts including holding funds in specific currencies. Correspondence with banks in order to place funds into interest bearing accounts.
117	Bank Reconciliations	Reconciling IPS and bank accounts.
118	Receipts & Payments	Preparing and processing Receipts and payments accounts for Creditors' Committee (if appointed).
702	Liaison With Directors	Requesting, printing, reviewing information provided by Directors and 3rd parties. Email/telephone correspondence with the Directors relating to the Company (non investigative work)
<b>Case Specific</b>		
600	Case Specific	Consultation and ongoing correspondence with regulatory bodies (PRA and FCA) to ensure Administration strategy is appropriate. Liaising with the PRA and FCA regarding distribution mechanism for return to creditors. Solvency II considerations and confirmation to PRA regarding considerations undertaken. Liaison with PRA regarding any proposed outsourcing agreements. Legal advice to ensure compliance with all relevant regulation and legislation within statutory periods including adherence to PRA and FCA regulation requirements
<b>Creditors</b>		
500	Creditors	Preparation of documents for initial creditors' meeting, agendas, attendance registers, voting forms. Ongoing liaison with ad hoc queries from creditors by post,email, telephone. Review of creditor claims, logging onto IPS system. Adjudication of creditor claims [reinsurance etc one class of creditors...]
505	Creditors Committee	Planning and preparation for Creditors' committee meetings (if committee appointed). Attendance at Creditors' committee meetings and subsequent reporting. Seeking approval of Creditors committee as appropriate (fee resolutions, legal proceedings, case strategy and statutory matters). Completion of statutory filing for creditors committee.
508	Employees	Checking status of former employees and dealing with any employee issues that may arise.
510	Pre Appointment Tax	Review of pre appointment VAT and corporation tax.

Analysis Code	Description	Narrative
<b>Investigations</b>		
200	Investigations	Preparation and submission of letters and questionnaires to company directors. Investigation into the pre Administration affairs of the company and where appropriate take further action. Review of books and records of the company to identify any matters that may require further investigation Review and action on information provided by creditors (if any). Instruct solicitors (if appropriate) to assist with further enquireis into the company's affairs and any subsequent action required. Liaise with legal advisors and run-off agents on any matters that may require assistance during investigation
201	CDDA Reports	Review of questionnaires completed by Directors, preparartion and submission of report in accordance with the Company Directors Disqualificaiton Act 1986.
<b>Realisation of Assets</b>		
300	Realisation Of Assets	Liaise with legal advisors in jurisdictions outside of the UK regarding UK Insolvency Recognition to transfer funds from foreign bank accounts Ongoing liaison with CTS re; collection debtors
303	Book Debts	Agreeing strategy for realisation of debtors with CTS

## Additional information in relation to Administrators' fees

### 1 Fee Basis

The Administrators are seeking to agree the basis of their remuneration in this case as time properly spent by them and their staff in dealing with the affairs of the Company. This appendix includes details of the work the Administrators propose to undertake and the expenses the Administrators consider will be, or are likely to be, incurred.

Where a time cost basis is being sought, this will include the Administrators' fees estimate, which also provides details of the hourly rate or rates the Administrators and their staff propose to charge for each part of that work and the time they anticipate each part of that work will take.

Our initial fee estimate covering the period ending 3 May 2016 is set out on the next page. Given the uncertainties referred to elsewhere in the Proposals, the estimate of the Administrators' remuneration is only for an initial period of 6 months (i.e. for the period ending 3 May 2016), by which time, the full extent of the work required of the Administrators, extent of the interaction required between the Administrators and the run-off agent and the extent of any matters arising from the Administrators' review of the Company's affairs and the conduct of its business in the period prior to Administration is likely to be apparent. As referred to in the Proposals, it is anticipated that a Committee will be formed and in those circumstances, additional information will need to be provided to the Committee before a resolution agreeing the basis of the Administrators' remuneration is approved.

We consider that it may be necessary to seek further approval under the Insolvency Rules to exceed the fees estimate included with this report and to seek approval for subsequent periods.

**Administrators' initial fee estimate  
for the period 4 December 2015 to 3 May 2016**

<i>Classification of Work Function</i>	<i>Partner</i>	<i>Director</i>	<i>Other Senior Professionals</i>	<i>Assistants &amp; Support Staff</i>	<i>Total Hours</i>	<i>Time Cost (£)</i>	<i>Average Hourly Rate (£)</i>
100 : Administration & Planning	20.00	20.00	20.00	0.00	60.00	19,420.00	323.67
101 : Administrative set-up	3.00	1.00	3.00	0.00	7.00	2,213.00	316.14
102 : Appointment	5.00	5.00	5.00	0.00	15.00	4,855.00	323.67
103 : Background Information	5.00	10.00	1.00	0.00	16.00	5,901.00	368.81
104 : Case Management	10.00	20.00	5.00	0.00	35.00	12,330.00	352.29
105 : Case Planning	20.00	25.00	10.00	0.00	55.00	19,410.00	352.91
106 : Maintanance Of Records	0.50	2.00	5.00	0.00	7.50	1,802.50	240.33
107 : Statutory Reporting	7.50	10.00	35.00	0.00	52.50	12,997.50	247.57
108 : Statutory Compliance	7.50	5.00	10.00	0.00	22.50	6,847.50	304.33
111 : Billing	1.00	2.00	5.00	0.00	8.00	2,025.00	253.13
112 : Post Appointment Tax	5.00	5.00	10.00	0.00	20.00	5,735.00	286.75
115 : Meetings	7.00	15.00	10.00	0.00	32.00	10,125.00	316.41
116 : Case Accounting	2.00	5.00	40.00	0.00	47.00	9,680.00	205.96
117 : Bank Reconciliations	1.00	2.00	1.00	0.00	4.00	1,321.00	330.25
118 : Receipts & Payments	1.00	5.00	25.00	0.00	31.00	6,595.00	212.74
702 : Liaison With Directors	15.00	15.00	7.50	0.00	37.50	13,245.00	353.20
<b>Administration &amp; Planning</b>	<b>110.50</b>	<b>147.00</b>	<b>192.50</b>	<b>0.00</b>	<b>450.00</b>	<b>134,502.50</b>	<b>319.21</b>
600 : Communicaton with the PRA and FCA	10.00	5.00	1.00	0.00	16.00	6,376.00	398.50
601 : Regulatory issues and considerations	5.00	3.00	1.00	0.00	9.00	3,451.00	383.44
<b>Case Specific Matters</b>	<b>15.00</b>	<b>8.00</b>	<b>2.00</b>	<b>0.00</b>	<b>25.00</b>	<b>9,827.00</b>	<b>393.08</b>
500 : Creditors	4.00	15.00	30.00	0.00	49.00	12,730.00	259.80
505 : Creditors Committee (if appointed)	15.00	15.00	15.00	0.00	45.00	14,775.00	328.33
510 : Pre Appointment Tax	2.00	3.00	5.00	0.00	10.00	2,890.00	289.00
<b>Creditors</b>	<b>21.00</b>	<b>33.00</b>	<b>50.00</b>	<b>0.00</b>	<b>104.00</b>	<b>30,395.00</b>	<b>292.38</b>
200 : Investigations	20.00	25.00	25.00	0.00	70.00	22,400.00	320.00
201 : CDDA Reports	3.00	4.00	25.00	0.00	32.00	7,485.00	233.91
<b>Investigations</b>	<b>23.00</b>	<b>29.00</b>	<b>50.00</b>	<b>0.00</b>	<b>102.00</b>	<b>29,885.00</b>	<b>276.95</b>
300 : Realisation Of Assets	7.50	15.00	30.00	0.00	52.50	14,287.50	272.14
302 : Identifying, Securing, Insuring Assets	7.50	15.00	30.00	0.00	52.50	14,287.50	272.14
303 : Debtors	7.50	20.00	30.00	0.00	57.50	16,037.50	278.91
<b>Realisation of Assets</b>	<b>22.50</b>	<b>50.00</b>	<b>90.00</b>	<b>0.00</b>	<b>162.50</b>	<b>44,612.50</b>	<b>274.40</b>
<b>Total Hours</b>	<b>177.00</b>	<b>259.00</b>	<b>382.50</b>	<b>0.00</b>	<b>818.50</b>	<b>249,222.00</b>	

## 2 Expenses

Below is a table which outlines the expenses that we consider at this stage will be, or are likely to be, incurred in dealing with the Company's affairs. We will provide an update to creditors in our future progress reports.

Provider	Activity and nature of expense	Date of Instruction	Fee basis	Estimated total cost (£)	Notes
Cooley (UK) LLP	Regulatory advice	07-Dec-15	Time costs	50,000	1
	Assistance with investigations	07-Dec-15	Time costs	75,000	1
Erskine Chambers	Assistance with investigations	Not yet instructed	Time costs	25,000	2
	Assistance with Court directions	Not yet instructed	Time costs	25,000	2
Charles Taylor Services Limited	Estimated run-off agent costs	Not yet instructed	Time and materials - TBC	175,000	3
	Assistance with provision of information for proposals	22-Dec-15	Time and materials - TBC	1,485	
Accountants	Corporation tax returns, VAT advice	Not yet instructed	Estimated fee - time costs capped	5,000	4
<b>Total estimated expenses</b>				<b>356,485</b>	

NB. The above fees and expenses are exclusive of VAT.

### Notes to the Expenses Schedule

1. The Administrators' choice of Cooley (UK) LLP ("Cooley") as their legal advisors was based on their known experience in the field of insurance and reinsurance.

The regulatory requirements of the Company whilst in Administration need to be clarified and considered, and due to Cooley's understanding of such matters, the Administrators will seek their ongoing advice to ensure they are compliant with PRA and FCA regulations.

Due to the complex nature of a number of matters that may require further investigation, and due to the experience of Cooley in such matters, the Administrators believe that they are best placed to perform this work.

Fees will be on a time cost basis, and for the purposes of the Estimated Expenses Schedule ("EES") have been estimated. The actual quantum of such costs will be dependent upon the number and complexity of matter instructed upon.

2. It is anticipated that advice from Counsel may be required during the first 6 months of the Administration in respect of investigations into the Company's affairs prior to the Administration, and where necessary, direction from the Court for matters such as an alternative distribution mechanism as an alternative to a Scheme of Arrangement.

Erskine Chambers acted for the Company in the Pre-administration period, and in respect of the application to Court for the Administration Order. Due to their detailed knowledge of

the Company, should assistance be required, it is anticipated that they will be instructed to act.

3. Charles Taylor acted for the Company in the run-off of their reinsurance business. Due to their pre-existing knowledge of the Company's business, and subject to our comments in relation to our current discussions with Charles Taylor elsewhere in this report and proposals, we anticipate that they will be instructed to act as run-off agent in this regard.
4. Specialist accounting advice will be sought to assist the Joint Administrators with the Company's pre and post appointment tax affairs (corporation tax and VAT). A general provision for advice has been included. Once the company's current tax status is further understood, the choice of accountant will be based upon their experience in dealing with any outstanding matters.

### **3 Staff Allocation and the use of Sub-contractors**

The general approach to resourcing our assignments is to allocate staff with the skills and experience to meet the specific requirements of the case.

The constitution of the case team will usually consist of a Partner, a Manager, and an Associate. The exact constitution of the case team will depend on the anticipated size and complexity of the assignment and the experience requirements of the assignment. Our charge out rate schedule below provides details of all grades of staff and their experience level.

We are not proposing to utilise the services of any sub-contractors in this case.

### **4 Administrators' Disbursements**

Category 1 disbursements do not require approval by creditors. The type of disbursements that may be charged as a Category 1 disbursement to a case generally comprise of external supplies of incidental services specifically identifiable to the case, such as postage, case advertising, invoiced travel and external printing, room hire and document storage. Also chargeable will be any properly reimbursed expenses incurred by personnel in connection with the case. Any Category 1 disbursements we anticipate being incurred in this case are included in the table of expenses above.

Category 2 disbursements do require approval from creditors. These are costs which are directly referable to the appointment in question but are not payments which are made to an independent third party and may include shared or allocated costs that can be allocated to the appointment on a proper and reasonable basis such as internal room hire, document storage or business mileage.

We would advise that the following Category 2 disbursements are currently charged by this firm:

Disbursement	Cost
Postage	At cost
Photocopying	15 pence per sheet
Travel (car)	45 pence per mile

Separate approval will be sought for the authorisation of the re-charge of this firm's Category 2 policy on the re-charge of these disbursements.

Based on the information available to us, we consider that the below disbursements will be, or are likely to be incurred in dealing with the Company's affairs:

Disbursement	Category	Basis of expense	Estimated total cost (£)	Notes
<i>Statutory advertising</i>	1	<i>Direct cost</i>	984	1
<i>Administrators' bond</i>	1	<i>Direct cost</i>	2,700	2
<i>Land Registry fees</i>	1	<i>Direct cost</i>	4	3
<i>Insurance of assets</i>	1	<i>Direct cost</i>	<i>Unknown</i>	4
<i>Storage</i>	1	<i>Direct cost</i>	500	5
<i>Meeting rooms</i>	1	<i>Direct cost</i>	550	6
<i>Postage</i>	1	<i>Direct cost</i>	3,650	7
<i>Travel</i>	2	<i>Internal cost</i>	200	8
<i>Photocopying</i>	2	<i>Internal cost</i>	1,500	9
<b>Total estimated expenses</b>			<b>10,088</b>	

*NB. The above disbursements are exclusive of VAT.*

#### *Notes to the Disbursement Schedule*

1. Statutory advertising - this is a statutory requirement in accordance with Insolvency Legislation
2. The Administrators' bond is a statutory requirement based on the value of assets held in the Company at the date of the Administration Order. In the event that further realisations are made, the statutory bond will increase, as will the premium payable.
3. These fees relate to a search at HM Land Registry in relation to the clarification of ownership issues in relation to certain registered property.
4. The Company has no known physical assets that require insurance cover. If any assets come to light, insurance at the prevailing rate will be payable.
5. The Company's books and records are largely held electronically, but a provision has been made in the event that physical records are located and have to be stored with an off site storage provider.

6. An estimate for the use of meeting rooms has been provided for. Such meetings may be for those of the creditors committee (if appointed) and meetings with professional and other advisors in addition to the initial meeting of creditors to consider our proposals
7. Postage has been estimated in regard to the number of creditors of the company and a provision for general postage.
8. Travel will consist of reimbursement to staff for rail and taxi fares in attending meetings.
9. Photocopying *and printing* will be charged at 15 pence per A4 sheet and for the purposes of the EES has been estimated assuming 10,000 copies.

## 5 Charge-out Rates

A schedule of Rollings Oliver LLP charge-out rates for this assignment effective 1 April 2015 is detailed below. Charge out rates are reviewed annually and are subject to change with effect from 1 April 2016.

Grade	Rate (£ per hour)
Partner	445
Director	350
Manager	270
Associate	120-190

Please note that this firm records its time in minimum units of 6 minutes.

## Time analysis for the pre-appointment period covered by the Administration Engagement letter (8 October to 3 December 2015)

Classification of Work Function	Partner	Manager	Other Senior Professionals	Assistants & Support Staff	Total Hours	Time Cost (£)	Average Hourly Rate (£)
100 : Administration & Planning	106.10	37.40	0.60	0.00	144.10	60,418.50	419.28
101 : Administrative Set-Up	0.00	0.00	2.00	0.00	2.00	380.00	190.00
102 : Appointment	0.00	5.70	0.00	0.00	5.70	1,995.00	350.00
103 : Background Information	0.60	0.00	5.00	0.00	5.60	1,193.00	213.04
105 : Case Planning	0.00	0.00	7.60	0.00	7.60	1,444.00	190.00
110 : Accounts Filing	1.70	0.00	0.00	0.00	1.70	756.50	445.00
<b>Administration &amp; Planning</b>	<b>108.40</b>	<b>43.10</b>	<b>15.20</b>	<b>0.00</b>	<b>166.70</b>	<b>66,187.00</b>	<b>397.04</b>
501 : Communication With Creditors	0.60	0.00	0.00	0.00	0.60	267.00	445.00
511 : Pensions	0.00	0.00	0.40	0.00	0.40	76.00	190.00
<b>Creditors</b>	<b>0.60</b>	<b>0.00</b>	<b>0.40</b>	<b>0.00</b>	<b>1.00</b>	<b>343.00</b>	<b>343.00</b>
200 : Investigations	20.00	0.00	0.00	0.00	20.00	8,900.00	445.00
206 : Meetings With Directors	5.50	0.00	1.00	0.00	6.50	2,637.50	405.77
<b>Investigations</b>	<b>25.50</b>	<b>0.00</b>	<b>1.00</b>	<b>0.00</b>	<b>26.50</b>	<b>11,537.50</b>	<b>435.38</b>
<b>Total Hours</b>	<b>134.50</b>	<b>43.10</b>	<b>16.60</b>	<b>0.00</b>	<b>194.20</b>	<b>78,067.50</b>	<b>402.00</b>

In the Pre-appointment period from 8 October 2015 to 3 December 2015		
Disbursement	Category	Costs charged (£)
<i>Printing and Photocopying</i>	2	32.15
<i>Travel</i>	1	15.60
<i>Teleconferencing</i>	1	13.90
<i>Meeting Rooms</i>	1	108.50
	<i>Total</i>	170.15

## Estimated Outcome Statement as at 15 January 2016

Asset realisations	Statement of Affairs	Notes	As at 15 January 2016	Est. future movement	Est. final outcome
	£	1 & 2	£	£	£
Cash at Bank	1,503,156	3	1,082,081	421,075	1,503,156
Supported debtors	1,480,176	3	-	1,480,176	1,480,176
Unsupported debtors	Uncertain	3		Uncertain	Uncertain
Other debtors	Uncertain	3		Uncertain	Uncertain
Total estimated asset realisations			1,082,081	1,901,251	2,983,332
<b>Estimated costs and expenses</b>					
<i>Pre-administration costs</i>					
Rollings Oliver LLP pre-administration fees		4	-	(5,000)	(5,000)
Administrators' pre-administration fees		4	-	(78,067)	(78,067)
EC3 Legal pre-Administration legal fees		4		(25,917)	(25,917)
Erskine Chambers pre-Administration counsels fees		4		(19,540)	(19,540)
Charles Taylor Services Limited pre-Administration fees		4		(53,919)	(53,919)
<i>Post administration costs</i>					
Estimate of the Administrators' remuneration for the initial period		5	-	(249,222)	(249,222)
Administrators' Category 1 Expenses		6		(8,388)	(8,388)
Administrators' Category 2 Expenses		6		(1,700)	(1,700)
Administrators' statutory bond		6	-	(2,700)	(2,700)
Statutory advertising		6		(984)	(984)
Charles Taylor Services Limited - information for the proposals		7		(1,485)	(1,485)
Charles Taylor Services Limited - run-off agent (TBC)		8	-	(175,000)	(175,000)
Legal fees - Cooley (UK) LLP		6	-	(125,000)	(125,000)
Total estimated costs and expenses			0	(746,922)	(746,922)
<b>Estimated funds available for creditors</b>					<b>2,236,410</b>

**Notes:**

1	The purpose of this schedule is to provide creditors with an estimation of the outcome of the Administration taking into consideration known and estimated costs and making assumptions for recoveries in relation to known assets and they should be read in conjunction with the Administrators' report and proposals dated 22 January 2016. Given the stage of the Administration, the nature of the Company's business, the uncertain potential recoveries of some of the assets (in particular the unsupported and other debtors) and uncertainties in relation to the feasibility of one or more of the distribution mechanisms that may be available, creditors should bear in mind that this is an estimation of potential outcomes and not a projection of an anticipated return to creditors. Consequently creditors should not rely on the numbers indicated above for investment decision making purposes. Costs and expenses are subject to change and approval from the relevant authority and information which will provide greater clarity will be provided as and when available in due course.
2	All costs and expenses are stated net of VAT as the Company had been recovering input VAT suffered in full in the period prior to Administration.
3	The realisable value of assets is as per the Directors' statement of affairs. The Administrators will continue to make further detailed enquiries in relation to the unsupported and other debtors as the Administration progresses.
4	The pre-administration costs are as set out in the Proposals and are subject to approval from either a Committee or the creditors as appropriate.
5	Given the uncertainties referred to in note 1 above, the estimate of the Administrators' remuneration is only for an initial period of 6 months (i.e. for the period ending 3 May 2016), by which time, the full extent of the work required of the Administrators, extent of the interaction required between the Administrators and the run-off agent and the extent of any matters arising from the Administrators' review of the Company's affairs and the conduct of its business in the period prior to Administration is likely to be apparent. As referred to in the Proposals, it is anticipated that a Committee will be formed and in those circumstances, additional information will need to be provided to the Committee before a resolution agreeing the basis of the Administrators' remuneration is approved.
6	These estimated costs are as set out in the estimated expenses schedule set out in Appendix D.
7	This costs relates to information provided by CTS outside of the scope of any run-off agreement as set out in section 3.27 of the Proposals.
8	As referred to in section 3.24 of the Proposals, CTS have provided an outline costs estimate for acting as run-off agent and our discussions with them in this regard continue.

## Time analysis for the pre-appointment period covered by the Advisory Engagement letter (15 September to 7 October 2015)

Classification of Work Function	Partner	Manager	Other Senior Professionals	Assistants & Support Staff	Total Hours	Time Cost (£)	Average Hourly Rate (£)
100 : Administration & Planning	3.40	0.30	0.00	0.00	3.70	1,618.00	437.30
101 : Administrative Set-Up	0.00	0.00	1.20	0.00	1.20	144.00	120.00
103 : Background Information	0.00	7.40	0.00	0.00	7.40	2,590.00	350.00
105 : Case Planning	0.00	5.90	0.00	0.00	5.90	2,065.00	350.00
<b>Administration &amp; Planning</b>	<b>3.40</b>	<b>13.60</b>	<b>1.20</b>	<b>0.00</b>	<b>18.20</b>	<b>6,417.00</b>	<b>352.58</b>
600 : Case Specific	0.00	2.70	0.00	0.00	2.70	945.00	350.00
<b>Case Specific Matters</b>	<b>0.00</b>	<b>2.70</b>	<b>0.00</b>	<b>0.00</b>	<b>2.70</b>	<b>945.00</b>	<b>350.00</b>
200 : Investigations	20.50	0.00	0.00	0.00	20.50	9,122.50	445.00
206 : Meetings With Directors	2.90	0.00	0.00	0.00	2.90	1,290.50	445.00
<b>Investigations</b>	<b>23.40</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>23.40</b>	<b>10,413.00</b>	<b>445.00</b>
303 : Book Debts	0.00	0.00	2.00	0.00	2.00	260.00	130.00
<b>Realisation of Assets</b>	<b>0.00</b>	<b>0.00</b>	<b>2.00</b>	<b>0.00</b>	<b>2.00</b>	<b>260.00</b>	<b>130.00</b>
<b>Total Hours</b>	<b>26.80</b>	<b>16.30</b>	<b>3.20</b>	<b>0.00</b>	<b>46.30</b>	<b>18,035.00</b>	<b>389.52</b>

In the Pre-appointment period from 15 September 2015 to 7 October 2015		
Disbursement	Category	Costs charged (£)
Travel	1	18.60
	<i>Total</i>	18.60