

Joint Liquidators' Annual Progress Report to Creditors & Members

**The Mediterranean Insurance & Reinsurance Company
Limited
- In Creditors' Voluntary Liquidation**

Reporting period from 17 November 2021 to 16 November 2022

2 December 2022

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1 Introduction and Statutory Information

- 1.1 Steve Butt and Mike Rollings, of Rollings Butt LLP, 6 Snow Hill, London, EC1A 2AY, United Kingdom were appointed as Joint Liquidators of The Mediterranean Insurance & Reinsurance Company Limited (the **Company**) on 17 November 2021. We are authorised to act as insolvency practitioners in the UK by the Insolvency Practitioners Association and are bound by the Insolvency Code of Ethics when carrying out all professional work in relation to an insolvency appointment. In the event of case related queries, the Liquidators can be contacted on telephone number 020 7002 7960 or by email via mail@rollingsbutt.com.
- 1.2 The Liquidators had previously acted as Joint Administrators of the Company, having been appointed Administrators by order of the High Court on 4 December 2015. Please refer to previously issued reports in the Administration for details of the work undertaken in the Administration.
- 1.3 This progress report provides an update on the conduct of the Liquidation for the period from 17 November 2021 to 16 November 2022 (**the Period**) and should be read in conjunction with any previous progress reports which have been issued in respect of the Company.
- 1.4 Information about the way that this firm will use, and store personal data on insolvency appointments can be found at www.rollingsbutt.com/legal. If you are unable to download this, please contact us and a hard copy will be provided to you.
- 1.5 The principal trading address of the Company was 20 St. Dunstons Hill, London, EC3R 8HL. The business traded under the name MedRe.
- 1.6 The registered office of the Company has been changed to 6 Snow Hill, London, EC1A 2AY and its registered number is 01395873.
- 1.7 As advised in the Administration, a creditors' committee was formed following the initial meeting of creditors. In accordance with Rule 17.29(2) of the Insolvency (England and Wales) Rules 2016, once the Administrators were appointed as Liquidators, the creditors' committee continued in existence after the date of Liquidation as if appointed as a liquidation committee ("the Committee"). The current composition of the Committee is as follows:
- Hannover Ruck SE
 - GIC of India
 - FAIR Reinsurance Pool

2 Receipts and Payments

- 2.1 At Appendix A is a Receipts and Payments Account covering the Period of this report. The receipts in the Period relate to the transfer of funds from the Administration and the collection of book debts (further details of which can be found in section 3 of this Report). The payments relate to Administrators' and legal fees incurred during the period of the Administration, fees associated with the debtor receipts, and associated bank charges.
- 2.2 Owing to exchange rate differences, the amount transferred into the CVL was slightly more than anticipated in the final report in the Administration.

3 Progress of the Liquidation

- 3.1 This section of the report provides creditors with an update on the progress made in the liquidation during the Period and an explanation of the work done by the Liquidators and their staff.

Administration (including statutory compliance & reporting)

- 3.2 Office holders must comply with certain statutory obligations under the Insolvency Act 1986 and other related legislation. Details about the work we anticipated would need to be done in this area was provided to the Committee as part of our fee estimates.
- 3.3 Where the costs of statutory compliance work or reporting to creditors exceeds the initial estimate, it will usually be because the duration of the case has taken longer than anticipated, which, in this case, is due to protracted asset realisations, which have in turn placed a further statutory reporting requirement on the Liquidators.
- 3.4 This work will not necessarily bring any financial benefit to creditors but is required on every case by statute.

Realisation of Assets***Transfer of funds from Administration***

- 3.5 On appointment, the Liquidators transferred funds held in the GBP, USD, and EUR Administration estate accounts into designated liquidation accounts. With prevailing exchange rates, this totalled £378,988.93 (which, as referred to in section 2.2, is more than the £375,446.24 anticipated).

Supported debtor collections

- 3.6 Creditors will recall from previous reports in the Administration that a significant amount of work had historically been undertaken in reconciling and seeking to collect balances owed by a number of the Company's largest debtors.
- 3.7 As advised in the final report in the Administration, since the value of some of these debts is collectively significant, it was necessary to continue to actively pursue the reconciliation and recovery of these balances and therefore the Company was placed into Creditors' Voluntary Liquidation ("CVL") as opposed to being dissolved.
- 3.8 Creditors will also recall from previous reports that it has been necessary to instruct specialist collection agents ("the Agents") to assist the Liquidators pursue these outstanding debts, details of which are set out below.
- 3.9 Creditors will recall from the Administrators' final report that a payment had been initiated from one of the Company's debtors, however, that there were complications with this transfer arising from the supporting documentation required for the debtor's bank to release the funds. In the Period, with assistance from the Agents, the Liquidators have resolved this matter and realised £67,030.67.
- 3.10 Further, the Liquidators have agreed in principle a commutation type settlement agreement with a debtor that we currently anticipate will lead to the realisation of c.£120k. This will leave a further debtor balance which may be realisable and is subject to ongoing review.
- 3.11 It should be noted that the Liquidators provide a more detailed account of progress made with respect to specific debtor collections to the Committee on an ongoing basis.
- 3.12 It is anticipated that the work the Liquidators and their staff have undertaken to date will bring a financial benefit to creditors by way of a distribution to non-preferential unsecured creditors of the Company

Creditors (claims and distributions)

- 3.13 The Liquidators are not only required to deal with correspondence and claims from unsecured creditors (which may include retention of title claims), but also those of any secured and preferential creditors of the Company. This may involve separate reporting to any secured creditor and dealing with distributions from asset realisations caught under their security, most typically a debenture.
- 3.14 Since 1 December 2020, claims from preferential creditors now fall into one of two categories, either ordinary (typically involving employee claims and payments made on behalf of the Company by the Redundancy Payments Service following dismissal, which rank equally among themselves), or secondary (which are claims by HMRC for VAT or other relevant tax deductions such as PAYE and employee NIC deductions, together with student loans and CIS deductions, which also rank equally among themselves). Ordinary preferential claims rank ahead of secondary preferential claims and all preferential creditors must be paid in full before any distribution can be made to the unsecured creditors of a company. Given that the relevant date for claims in the date of the commencement of the Administration Order (i.e. 4 December 2015) this will not apply here.
- 3.15 Work undertaken by the Liquidators in dealing with a company's creditors may only therefore bring a financial benefit to certain classes of creditor such as a secured creditor or the preferential creditors, however the Liquidators are required by statute to undertake this work. Similarly, if a distribution is to be paid to any class of creditor, work will be required to agree those claims and process the dividend payments to each relevant class of creditor. The more creditors a company has, the more time and cost will be involved by the Liquidators in dealing with those claims.
- 3.16 More information on the anticipated outcome for all classes of creditor in this case can be found in Section 4 below.
- 3.17 Creditors will recall that during the period of the Administration, the (then) Administrators obtained an order from the Court pursuant to Paragraph 63 of Schedule B1 of the Insolvency Act 1986 for, amongst other things, the creation of a bar date for claims against the Company ("the Bar Date Order"). Details of this and the nature of the Bar Date Order are referred to in the Administrators' Eighth Progress Report, dated 14 October 2019.
- 3.18 At this stage, the following matters are worth bringing to the attention of creditors:
- There are approximately 191 unsecured creditor claims in this case with agreed Bar Date Order claims totalling £2,791,120.30
 - There are no secured creditors or preferential creditors (either ordinary or secondary)

The Committee

- 3.19 The purpose of the Committee is to assist the Joint Liquidators in the discharge of their functions and to determine the Joint Liquidators' remuneration. The Committee are also tasked with representing the interests of the creditor body as a whole.
- 3.20 In addition to its statutory functions, the Committee also serves to assist the Joint Liquidators generally and act as a sounding board for them to obtain views on matters pertaining to the Liquidation. In this instance the Committee have been appraised of the progress made as regards the realisation of balances owed from debtors which will enable the Liquidators to process dividend payments to non-preferential unsecured creditors.
- 3.21 As advised in the Administration, the costs incurred in dealing with Committee matters can be significant. The principal reason for this is the frequency and detailed nature of our reporting to the Committee (and providing the information requested). However, it should be noted that the

Committee's input and assistance continues to be of paramount importance, particularly in assisting the Joint Liquidators in discharging their functions and to pass resolutions relevant to the ongoing conduct of the Liquidation.

Investigations

- 3.22 Some of the work Liquidators are required to undertake is to comply with legislation such as the Company Directors' Disqualification Act 1986 (**CDDA 1986**) and Statement of Insolvency Practice 2 – Investigations by Office Holders in Administration and Insolvent Liquidations and may not necessarily bring any financial benefit to creditors, unless these investigations reveal potential asset recoveries that the Liquidators can pursue for the benefit of creditors.
- 3.23 It should be noted that in the Administration a report on the conduct of the directors was submitted and a disqualification order made against the Company's former finance director. As a result of this, there was no requirement for an additional report to be submitted in the Liquidation. There was, however, a requirement for the Liquidators to review the initial assessment done and to further review the conduct of the directors in order to comply with the relevant legislation.

Matters still to be dealt with

- 3.24 The principal outstanding matter relates to the realisation of debtor balances referred to in section 3.10. Once the debtor realisations have been made, the liquidators will be in a position to declare and pay the final dividend to creditors and conclude the liquidation.

4 Creditors

Secured and Preferential Creditors

- 4.1 As referred to in section 3.18 there are no secured or preferential (either ordinary or secondary) creditors in the liquidation.

Unsecured Creditors

- 4.2 Please find below a schedule of creditors' claims that have been agreed in the Administration and which carry over into the liquidation.

Creditor	Number	Claim Value (£)	Accepted Value (£)
Individual Claimants	68	3,496,240.34	1,964,060.74
Claimants through Brokers	123	1,284,145.46	827,059.56
Total	191	4,780,385.80	2,791,120.30

- 4.3 Creditors will recall that at the outset of the Administration, the Statement of Affairs showed there were approximately 224 creditors with an estimated total value of c.£2.88m.
- 4.4 In the Administration, two interim dividends were declared and paid to non-preferential unsecured creditors of the Company. Together, these dividends totalled £1,256,004.13 and represent 45p in the £ on creditors' claims.
- 4.5 As at the date of this report, there are unclaimed dividends in relation to the first dividend from 20 creditors totalling £100,570.70 and unclaimed dividends in relation to the second dividend from 24 creditors totalling £55,770.76. It should be noted that these will be sent to the Insolvency Service to be held by them as unclaimed dividends so that, in the event that these can be reclaimed by the relevant creditors in due course.

4.6 Once the expected debtor balances are realised, it is anticipated that the final dividend will be paid to non-preferential unsecured creditors of the Company. At this stage it is uncertain how much this dividend will represent.

5 Joint Liquidators' Remuneration

5.1 As advised in the Administration, upon their appointment it became the responsibility of the Committee to agree the basis and quantum of the Administrators', and subsequently Liquidators', remuneration.

5.2 As previously advised, the Committee resolved that the basis of the Joint Liquidators' remuneration should be fixed by reference to the time properly spent in attending to matters arising in the Liquidation. In addition, it was agreed that the Liquidators would defer payment of 20% of the value of time incurred by them on a monthly basis, with the balance of this deferment to be considered with the Committee at a later point in time. It should be noted that the Liquidators will not seek to recover the deferred balance incurred.

5.3 The Joint Liquidators have provided the Committee with a fee estimate and details of the work they proposed to undertake for the 12 month period to 16 November 2022. The Committee have also been provided with a comparative analysis of the actual time costs incurred and an explanation of any significant variations from the initial estimates, a summary of which is provided below.

Period	Fee estimate (£)	Actual time costs incurred (£)	Time costs net of 20% agreed deferral (£)
17 November 2021 to 16 November 2022	63,562.50	56,397.00	45,117.60

5.4 The Committee have also been provided with a fee estimate for the period 17 November 2022 to 16 May 2023.

5.5 As referred to in section 5.3, the Joint Liquidators' time costs for the Period 17 November 2021 to 16 November 2022 are £56,397. This represents 164.4 hours at an average rate of £343.05 per hour. Attached at Appendix B is a Time Analysis which provides details of the activity costs incurred by staff grade during the Period in respect of the costs fixed by reference to time properly spent in managing the Liquidation.

5.6 A copy of 'A Creditors' Guide to Liquidators' Fees' is available on request or can be downloaded from <https://www.r3.org.uk/technical-library/england-wales/technical-guidance/fees/>.

5.7 Attached as Appendix C is additional information in relation to the Liquidators' fees and expenses including where relevant, information on the use of subcontractors and professional advisers.

6 Creditors' Rights

6.1 Within 21 days of the receipt of this report, a secured creditor, or an unsecured creditor (with the concurrence of at least 5% in value of the unsecured creditors) may request in writing that the Liquidators provide further information about their remuneration or expenses which have been itemised in this progress report.

6.2 Any secured creditor, or an unsecured creditor (with the concurrence of at least 10% in value of the unsecured creditors) may within 8 weeks of receipt of this progress report make an application to court on the grounds that, in all the circumstances, the basis fixed for the

Liquidators' remuneration is inappropriate and/or the remuneration charged or the expenses incurred by the Liquidators, as set out in this progress report, are excessive.

7 Next Report

- 7.1 The Liquidators are required to provide a further report on the progress of the liquidation within two months of the next anniversary of the liquidation, unless all matters have been concluded prior to this, in which case we will write to all creditors with a final account.
- 7.2 If you have any queries in relation to the contents of this report, I can be contacted by telephone on 020 7002 7960 or by email at mail@rollingsbutt.com.

Yours faithfully
For The Mediterranean Insurance & Reinsurance Company Limited



Steve Butt
Joint Liquidator

**The Mediterranean Insurance & Reinsurance Company Limited
(In Liquidation)**

Summary of Receipts & Payments for the Period 17 November 2021 to 16 November 2022

Statement of Affairs £	RECEIPTS	From 17/11/2021 To 02/12/2022 £
1,503,156.00	Cash at Bank	
1,480,176.00	Supported debtors	67,030.67
Nil	Transfer of funds from Administration	378,988.93
		446,019.60
	PAYMENTS	
	Administrators' fees	43,903.50
	Bank Charges	241.09
	Debt Collection Fees	10,558.34
	Legal Fees	18,251.05
		(72,953.98)
1,592,277.00	Net Receipts	373,065.62

* Note the Statement of Affairs figures are as at the commencement of the Administration and the Receipts and Payments show s only the net balance transferred from the Administration

**The Mediterranean Insurance & Reinsurance Company Limited - In Liquidation
Time Analysis for the Period 17 November 2021 to 16 November 2022**

Classification of Work Function	Partner	Manager	Associate	Business Trainee	Total Hours	Time Cost (£)	Average Hourly Rate (£)
100 : Administration & Planning	0.40	1.30	4.80	5.70	12.20	3,102.50	254.30
102 : Appointment	0.50	0.10	4.00	0.60	5.20	1,552.50	298.56
104 : Case Management	0.60	5.50	0.20	0.30	6.60	2,573.00	389.85
105 : Case Planning	0.00	0.80	0.00	0.10	0.90	282.50	313.89
106 : Maintanance Of Records	0.00	0.00	0.00	0.40	0.40	58.00	145.00
109 : Review	0.30	2.80	0.00	0.40	3.50	1,206.00	344.57
111 : Billing	0.00	0.60	0.90	1.40	2.90	647.00	223.10
112 : Post Appointment Tax	0.00	0.00	0.00	0.40	0.40	70.00	175.00
116 : Case Accounting	1.10	2.60	12.80	2.10	18.60	5,420.50	291.42
117 : Bank Reconciliations	0.90	0.70	1.20	1.20	4.00	1,358.50	339.62
118 : Receipts & Payments	0.00	0.00	0.60	0.00	0.60	168.00	280.00
Administration & Planning	3.80	14.40	24.50	12.60	55.30	16,438.50	297.26
500 : Creditors	0.40	1.70	0.10	0.20	2.40	877.00	365.42
505 : Creditors Committee	8.40	12.80	13.70	0.00	34.90	13,612.50	390.04
509 : Unsecured Creditors	2.00	10.50	4.30	0.60	17.40	6,047.50	347.56
510 : Pre Appointment Tax	0.80	1.00	0.00	0.00	1.80	841.00	467.22
511 : Pensions	0.20	0.50	0.00	0.00	0.70	296.50	423.57
Creditors	11.80	26.50	18.10	0.80	57.20	21,674.50	378.92
200 : Investigations	0.00	0.10	1.60	0.00	1.70	480.00	282.35
201 : CDDA Reports	0.30	3.30	0.00	0.00	3.60	1,314.50	365.14
204 : SIP 2 Review	0.20	2.10	0.00	0.00	2.30	791.00	343.91
Investigations	0.50	5.50	1.60	0.00	7.60	2,585.50	340.20
303 : Book Debts	5.00	28.10	11.00	0.00	44.10	15,629.50	354.41
Realisation of Assets	5.00	28.10	11.00	0.00	44.10	15,629.50	354.41
800 : Shareholders	0.00	0.20	0.00	0.00	0.20	69.00	345.00
Shareholders	0.00	0.20	0.00	0.00	0.20	69.00	345.00
Total Hours	21.10	74.70	55.20	13.40	164.40	56,397.00	343.05

Additional Information in Relation to the Joint Liquidators' Fees, Expenses & the use of Subcontractors

Staff Allocation and the use of Subcontractors and Professional Advisors

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 Administrator or Assistant. 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.

On this case we have not utilised the services of any subcontractors and we have used the professional advisors listed below. We have also indicated alongside the basis of our fee arrangement with them, which is subject to review on a regular basis.

Service (s)	Provider	Work to be done	Basis of fee arrangement	Cost to date £	Anticipated total cost £
Book debt collection	McNulty-Re Group	Pursuing and collecting in of outstanding book debts due to the estate	15% of realisations	10,827.71	29,300

Our choice was based on our perception of their experience and ability to perform this type of work, the complexity and nature of the assignment and the basis of our fee arrangement with them.

Joint Liquidators' Expenses

The estimate of expenses which were anticipated at the outset of the liquidation was provided to creditors when the basis of my fees was approved. The table below compares the anticipated costs against those incurred to date.

Category 1 expenses

These expenses do not require prior approval by creditors. The type of expenses that may be charged to a case as a Category 1 expense generally comprise of external supplies of incidental services specifically identifiable to the case, such as postage, case advertising, invoiced travel and external printing, external room hire and external storage costs. Also chargeable, will be any properly reimbursed expenses incurred by personnel in connection with the case. These expenses may include disbursements which are payments first met by an office holder and then reimbursed from the estate.

Expense	Paid in Period (£)	Incurred but not paid (£)
Advertising	Nil	90.00
Call Charges	Nil	27.30
Courier fees	Nil	38.95
Stationery Expenses	Nil	42.76
Postage	Nil	330.95
Storage	Nil	739.11
Debt Collection Fees	10,827.71	Nil
Bank Charges	241.50	Nil
Total	11,069.21	1,269.07

Category 2 expenses

These expenses do require approval from creditors. The liquidators do not anticipate there being any Category 2 expenses in this case. 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 therefore include payments to associates of the office holder or shared or allocated costs that can be allocated to the appointment on a proper and reasonable basis. The liquidators do not anticipate there being any Category 2 expenses in this case.

Charge-Out Rates

Rollings Butt LLP’s current charge-out rates effective from 1 April 2021 are detailed below. Please note this firm records its time in minimum units of 6 minutes.

Grade	Rate (£ per hour) From 1 April 2022	Rate (£ per hour) 1 April 2021 - 31 March 2022
Partner	620	595
Director	495	480
Principal Manager	475	N/A
Senior Manager	450	425
Manager	345-395	320-375
Associate (incl Cashier)	200-300	205-280
Business Trainee	130-195	145-180