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Enterprise Insurance Company PLC ('the Company')
(In Liquidation by the Court)
2016 comp. No.023

Report pursuant to Section 218(1) of the Insolvency Act 2011

INTRODUCTION

By Order of the Supreme Court of Gibraltar on 26th October 2016 I was appointed Liquidator of Enterprise Insurance Company PLC under section 160 of the Insolvency Act 2011.

In accordance with Section 218(1) of the Insolvency Act 2011 I am required to prepare a preliminary report within 60 days of the commencement of the liquidation. The failure of an insurance company involves many complex matters the final outcome of which remain uncertain. I refer to matters within this preliminary report based upon the best of my knowledge and belief at this time.

Share Capital Issued, Subscribed and Paid Up

As per the records available to me the authorised share capital of the Company is £50,000,000 made up as follows:

49,998,000 ordinary shares of £1 each
1,000 non-voting and non-participating nominal shares of £1 each
1,000 non-voting non-cumulative participating redeemable preference shares of £1 each

As per the records available to me the issued share capital of the Company is £708,010 made up as follows:

£707,000 divided into 707,000 ordinary shares of £1 each
£982 divided into 982 non-voting and non-participating nominal shares of £1 each
£28 divided into 28 non-voting non-cumulative participating redeemable preference shares of £1 each

The 707,000 ordinary shares have been issued at a total premium of £34,643,000 and the 28 non-voting non-cumulative participating redeemable preference shares have been issued at a total premium of £2,749,989.

The records of the Company indicate that all issued share capital and premium has been paid up.

Total issued share capital and premium amounts to £38,100,999

Assets & Liabilities

Following my appointment as Provisional Liquidator I was required to report to the Court, on or before the date three months from my appointment, as to the assets and liabilities attributable to the Company's general insurance business. A copy of this estimated statement of assets and liabilities as at 25th July 2016 is attached to this report. This estimated statement reflects assets of £64,240,389, insurance liabilities of £151,476,337 and non-insurance creditors of £9,200,000. The total excess of liabilities over assets was therefore estimated as £96,435,948. This statement remains as the estimated assessment of the assets and liabilities of the Company.

I have continued to pursue the collection of premiums held by brokers and intermediaries and from 25th July 2016 to date have received £7,133,237.

I continue to manage claims arising under insurance policies issued by the Company for the purpose of admitting them as valid insurance claims in the liquidation. I am however unable at this stage of the liquidation to make any comment on or adjustment to the estimated liabilities included in the statement as at 25th July 2016.

Causes of the Company's Failure

The Company would appear to have failed principally due to the accumulation of operating losses in excess of its available assets. I am continuing to investigate all aspects of the Company's operations and failure.

Further Enquiries

Further enquiries are required, in my opinion, into the conduct of the business and affairs of the Company. Upon completion of my enquiries and after obtaining the necessary legal advice I will consider if it is appropriate to pursue any claims which may result in benefit and increased assets for the liquidation estate.

Until my enquiries have been further advanced I am unable to determine at this stage as to whether I will pursue claims under Part 10 of the Insolvency Act 2011.



F D J White
LIQUIDATOR
ENTERPRISE INSURANCE COMPANY PLC

Dated 22nd December 2016

Enterprise Insurance Company plc - in Provisional Liquidation
 Amended Statement of Assets & Liabilities estimated as at 25th July 2016

Assets	Note	£
Property	2	5,000,492
Bank balances		15,239,030
Premiums held by brokers and intermediaries	3	29,457,867
Other debtors	4	7,343,000
Reinsurance recovery	8	7,200,000
		<u>64,240,389</u>

Liabilities

Liabilities arising under insurance policies issued:

Notified claims reserved net of reinsurance	5	39,229,000
IBNR net of projected reinsurance	5	44,185,000
Unearned premium	6	48,562,337
Provision for potential claims	7	19,500,000
		<u>151,476,337</u>

Excess of insurance liabilities over assets (87,235,948)

Other creditors (9,200,000)

Excess of liabilities over assets as at 25 July 2016 (96,435,948)



Frederick White
 Provisional Liquidator

Date 25th October 2016

Enterprise Insurance Company plc – in Provisional Liquidation
Statement of Assets & Liabilities estimated as at 25th July 2016
Notes, caveats and assumptions underlying the preparation of the Amended Statement of Assets & Liabilities

1. Source of information

This Statement of Assets & Liabilities (“the Statement”) has been prepared by the Provisional Liquidator of Enterprise Insurance Company plc (“the Company”) from the records and accounting information of the Company available to him. He has been assisted by and relied upon the retained staff of the Company. In order to arrive at the figures in the Statement of Assets & Liabilities it has been necessary to make certain estimates and assumptions. While the figures provided are accurate to the best of the Provisional Liquidator’s information and belief, they may require to be updated in the light of further investigation. In particular while balances due from brokers and other debtors are stated at the carrying value in the accounting records of the Company it is not possible to estimate with accuracy at this stage the amounts that may eventually be recovered. This Statement of Assets & Liabilities is provided to the Supreme Court of Gibraltar for use in connection with the hearing listed for 26th October 2016. It should not be relied upon for any other purpose.

2. Property

The Company owns two apartments and a townhouse in Gibraltar along with the office premises at Queensway Quay, Gibraltar. Estimated market value of these properties is £4,848,092. A small plot of land valued at £152,400 in Wales is also owned. The properties are reflected in the Statement at a total estimated market value of £5,000,492.

3. Premiums held by brokers and intermediaries

The Company wrote insurance business via a range of brokers and intermediaries. The terms of business between the parties allowed for the collection of premiums by the broker and onward remittances to the Company after deduction of commissions etc. A detailed examination and reconciliation of the transactions between the brokers and the Company will have to be undertaken by a liquidator and appropriate measures taken to ensure collection. The Statement includes the amounts reflected in the accounting records of the Company but it is uncertain at this time if these amounts will be collected in full.

4. Other debtors

Other debtors of £7,343,000 are made up of amounts due to the Company other than insurance premium debtors. These amounts are included in the Statement as recorded in the accounting records of the Company but it is uncertain at this time if these amounts will be collected in full or at all.

5. Claims reserves and IBNR

Claims reserves and IBNR are included in the Statement as per the actuarial report.

6. Unearned premium

Unearned premium is calculated from the policyholder and accounting records maintained by the Company and is based on the pro rata unexpired premium from the 25th July 2016 to the end of the policy period.

7. Provision for potential claim

The Company has received some 200 claims relating to insurance policies issued in relation to an investment scheme. Coverage has been denied by the Company. These claims have not been reviewed by actuaries but legal advice was obtained regarding the issues. Based upon this advice a provision for £19.5 million has been included in the Statement in respect of these policies and claims.

8. Reinsurance recovery

Based upon information received and further analysis undertaken since the completion of the Statement of Assets and Liabilities on 21st October 2016 it is estimated that a further recovery of £7.2 million may be due from reinsurers. This figure is dependent on the contractual obligations under the relevant reinsurance contracts and is estimated based upon the insurance liabilities calculated as at 25th July 2016.