

QUICK-SURE INSURANCE LIMITED

In Administration

ADMINISTRATORS' PROGRESS REPORT

Pursuant to S87 Insolvency Act 2011

Date 23rd July 2020

Quick-Sure Insurance Limited- In Administration

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Quick-Sure Insurance Limited- In Administration

1. The Administration

The Administration Order was made by the Supreme Court on the 23rd January 2020 and included the specific order that:

“The Joint Administrators shall in addition to the express powers set out in Section 71 and Schedule 1 to the Insolvency Act 2011 (“the Act”) be granted leave pursuant to Section 72 (1) (b) of the Act to make distributions to insurance creditors up to the value of the agreed/admitted insurance claim.”

Section 250 of the Financial Services (Insurance Companies) Regulations 2020 provides that insurance claims take precedence over other claims against an insurance undertaking. The effect of this legislation in respect of an insurance undertaking unable to meet all its insurance liabilities is that assets of the Company are applied to meet the claims of preferential insurance creditors. Only after insurance creditor claims are met would any remaining assets be distributed to non-insurance creditors.

Section 87 (1) of the Insolvency Act 2011 requires the Administrators to prepare an account of the receipts and payments of the company in administration and a report on the progress of the administration. The accounts and report are to cover the period of six months following our appointment with further accounts and reports prepared each subsequent six months. This is our first report of the administration. Section 87 (3) requires a copy of the accounts and report is filed with the Court and with the Registrar. We have also placed a copy on the administration website www.quicksure.gi.

2. Background

Quick-Sure Insurance Limited (the “Company”) was licensed on the 26th February 2003 under the Financial Services (Insurance Companies) Act and was authorised to write Class 1 (Accident), Class 2 (Sickness), Class 3 (Land vehicles), Class 7 (Goods in transit), Class 8 (Fire and natural forces), Class 9 (Damage to property), Class 10 (Motor vehicle liability), Class 13 (General Liability), Class 16 (Miscellaneous financial loss), Class 17 (Legal

expenses) and to carry out services in the United Kingdom, Ireland and Gibraltar with the majority of business written coming from major price comparison websites. The board decided on the 31st March 2017 to cease writing new business and went into run-off.

3. Administration Strategy and Objective

The Administrators have an obligation to perform their duties with the purpose of achieving one of the following objectives:

- a. Rescuing the Company as a going concern
- b. Achieving a better result for the Company's creditors as a whole than would be likely if the Company were to enter into liquidation, without first being in administration or
- c. Realising property in order to make a distribution to one or more secured or preferential creditors.

The rescuing of the Company as a going concern was not a viable objective given the extent of the insolvency and the deficit of assets in respect of insurance liabilities. The objective set out at (c) did not apply. It is therefore the objective set out at (b) above, of achieving a better result for the creditors as a whole than would be likely if the company were to enter into liquidation without first being in administration that was considered as the intended purpose and objective of the administration.

An advantage of administration is that the Administrators can continue the run-off of the Company's insurance claims by the management and adjudication of claims in a cost-efficient manner utilizing similar claims management procedures previously operated by the Company.

4. The Proposal

The Administrators' proposal attached as Appendix A was accepted at a meeting of creditors scheduled for the 24th March 2020.

5. Progress to Date

We attach our receipts and payments accounts for the period to 23rd July 2020 as Appendix B

We would highlight the following matters:

- We have retained previous company agents as mentioned in the proposal to manage the claims.

- An amount of £50,000 has been provided by the ultimate shareholder, Ballytherm Limited for the benefit of insurance creditors following the acceptance by creditors of the Administrators' proposal.
- A further amount of £50,000 has been recovered belonging to the Company which was a deposit being held at comparethemarket.
- An amount of £989,362.21 has been received from the Financial Services Compensation Scheme ("FSCS") which is in line with our outcome statement.
- As at the 30th June 2020 the claims figures are as follows:
 - Claims paid up were £ 1,258,623.08.
 - Number of claims closed were 30.
 - There are currently 93 open claims with a reserved value gross of reinsurance of £3,025,474.29.
 - Reopened claims notified amount to 5.

Reopened claims arise in the following circumstances:

- 1) when a new head of claim arises;
- 2) a new claimant is introduced on a previously closed claim;
- 3) a claimant decides to try their case with a new solicitor; and
- 4) a claimant has been the subject of a 'fishing type call' from a claims management company to resurrect the claim.

- Claims settlement performance indicates that claims had been reasonably reserved in line with suitable practise with claims generally being settled within or below set reserves.
- Reinsurance recoveries as per the receipt and payments account have been received on the 15th July 2020.

6. Estimated Outcome

As the Company has been in run off since 31st March 2017 with all live policies now expired, it is considered that over the course of the administration the level of reserves attached to notified claims will become more certain, specifically in respect of the IBNR reserves which had been maintained by the Company.

At the time of the application to the Supreme Court of Gibraltar the most current financial information available consisted of a balance sheet as at the 31st October 2019 including IBNR reserves estimated by an independent actuary and included in a report to the Company dated 13th August 2019. The balance sheet reflected insurance liabilities of £1,957,575, IBNR Reserve of £151,367, total assets of £1,741,392, a deficit of assets to insurance liabilities of £367,550 and a total balance sheet deficit of £516,000.

Further, the Estimated Outcome Statement for Preference Insurance Creditors (the “Estimated Outcome”) stated that: (a) “Estimated assets available to meet preferential creditors”, were £1,255,000; & (b) “Liabilities and estimated costs of administration”, totalled £2,940,943. Consequently there was an “Estimated excess of preferential creditors over assets” of £1,685,943. This deficit was to be met by the FSCS. Based upon the above, there is to be no return to unsecured creditors. The Administrators currently consider that the Estimated Outcome has not materially changed & continue to work with the FSCS in this regard.

Administrators do not prepare a balance sheet, nor a profit & loss account. Rather they prepare a receipts & payments account. The IBNR is an actuarially vouched balance sheet general provision, for ‘incurred but not reported’ potential claims. Within the Outcome Statement there is a general provision of £135,000 to cover such potential claims and other items. Whilst there have been a number of reopened claims, there have been no non-reported claims made since our appointment.

Although the COVID-19 pandemic has slowed down the submission of claims in the administration, we the Administrators are taking active

steps to assist creditors to submit their claims. However the effect of the pandemic may require the Administrators to adjust the dividend return.

Inevitably the effects of the COVID-19 pandemic will extend the original estimated timeframe to deal with the insurance claims and may require an adjustment to the contribution from the FSCS.

We consider that the results to date confirm that the objectives of the administration as set out in the proposal to creditors are being met and that the affairs of the Company should continue to be managed in accordance with the administration proposal, utilising the assets of the Company to meet the expenses of the administration and settling agreed and admitted insurance claims.

Handwritten signature of Grant Jones in blue ink, with a horizontal line underneath.Handwritten signature of James Oton in blue ink.

Grant Jones and James Oton Joint Administrators

A copy of this report can be found on the administration website — www.quicksure.gi

APPENDIX A

[https://www.quicksure.gi/Proposal to creditors 24.2.20.pdf](https://www.quicksure.gi/Proposal%20to%20creditors%2024.2.20.pdf)

APPENDIX B

QuickSure Insurance Ltd (in Administration by the Court) (the "Company")

Administrators Receipts & Payments Account for the period 23/1/20 to 23/7/20 (the "R&P")

Receipts.

	£.	£.
Company bank balances.	1,046,899.13	
FSCS funding.	989,362.21	
Reinsurance recoveries.	792,191.50	
Debtors.	50,000.00	
Shareholder.	50,000.00	
Insurance reclaim.	396.00	
Bank interest.	264.40	
Total receipts.	2,929.113.24.	2,929.113.24

Payments.

Claims Paid.	1,258,623.08	
Legal costs. ¹	53,221.00	
Claims Manager. ²	44,462.50	
Pre-Appointment. ³	30,000.00	
Statutory costs. ⁴	373.50	
IT costs. ⁵	303.83	
Travel	39.99	
Bank costs.	30.00	
Total payments.	1,387,053.90.	1,387,053.90

BALANCE IN HAND.⁶ **1,542,059.34**

¹ Includes pre-appointment costs.

² Includes Claims Manager initial & ongoing IT costs.

³ Administrators pre-appointment costs.

⁴ Advertising, Companies House, etc.

⁵ Administrators IT costs, website, etc.

⁶ Unless otherwise noted, the R&P only reflects actual cash movements in cash received & paid by the administrators. Consequently accrued receipts &/or payments, not yet actually received &/or paid, are not reflected in the R&P.