

QUICK-SURE INSURANCE LIMITED

In Administration

ADMINISTRATORS' PROGRESS REPORT

Pursuant to S87 Insolvency Act 2011

Date 23rd January 2021

Quick-Sure Insurance Limited- In Administration

Contents

1	The Administration
2	Background
3	Administration Strategy and Objectives
4	The Proposal
5	Progress to Date
6	Fees
7	Estimated Outcome

Appendices

- A Receipts and payments account for the period 23rd January 2020 to 23rd January 2021

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 second 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 utilising similar claims management procedures previously operated by the Company.

4. The Proposal

The Administrators' proposal (the "Proposal") which can be found on [https://www.quicksure.gi/Proposal to creditors 24.2.20.pdf](https://www.quicksure.gi/Proposal%20to%20creditors%2024.2.20.pdf) 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 January to 23rd January 2021 to 23rd January 2021 as Appendix B

We would highlight the following matters:

- We have retained previous company agents as mentioned in the proposal to manage the claims.
- It was cost effective to maintain existing claims management agents & software, to effect the initial processing of the bulk of protected creditor processing. However, as the number of non-agreed claims diminishes, the existing system designed for an ongoing medium-sized insurance company loses viability. Therefore the Administrators are considering bringing the claims management in-house.
- 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.com.
- An amount of £ 1,030,510 has been received from the Financial Services Compensation Scheme ("FSCS") which is in line with our outcome statement.
- As at the 31st December 2020 the claims figures were as follows:
 - Claims paid up were £ 1,258,623.08.
 - Number of claims closed were 63
 - There are currently 57 open claims with a reserved value gross of reinsurance of £1,899,345.84.
 - Reopened claims notified amount to 8.

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 practice 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. Fees

The Administrators had previously capped their 1st year fees, have not yet drawn the same, & further had reported this capping to the Court in the Proposal ([https://www.quicksure.gi/Proposal to creditors 24.2.20.pdf](https://www.quicksure.gi/Proposal%20to%20creditors%2024.2.20.pdf)). This was so as to allow the Administrators & the FSCS to plan a dividend stream, so as to effect initial processing of the bulk of protected creditor payments, which has now occurred. Thus the Administrators will now revert to the more usual method of hourly fee charge rate of Grant Jones (£450/hr) & James Oton (£350/hr) together with junior & allied staff at lower rates. Notwithstanding the 1st year fee capping, the Administrators seek further confirmation of the same, from creditors.

7. 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”) (see link above) 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 a 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. To this end the Administrators have issued a number of chaser letters, with a subsequent follow up chaser letter to be issued shortly. The Administrators propose to send out a final guillotine type letter to creditors with a warning that failure to submit their claim within a specified timeframe, may result in a loss of their entitlement to make a claim.

However, the continued 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.

8. Further information

Creditors have the right under rule 49 of the Insolvency Rules 2020 to within 21 days of receipt of this report request in writing further information about remuneration or expenses, other than pre-administration costs set out in our report.

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

Administrators Receipts & Payments Account for the period 23/1/20 to 23/1/21

<u>Receipts.</u>	£.	£.
Company bank balances.	1,046,899	
FSCS funding.	1,030,510	
Reinsurance recoveries.	792,192	
Debtors.	50,000	
Shareholder.	50,000	
Insurance reclaim.	9,583	
Bank interest.	324	
Total receipts.	2,979,508	2,979,508
 <u>Payments.</u>		
Claims Paid.	1,817,199	
Legal costs.	53,221	
Claims Manager.	125,959	
Pre-Appointment.	30,000	
Statutory costs.	391	
IT costs.	484	
Sundries.	40	
Bank costs.	30	
Total payments.	2,027,324.	2,027,324
BALANCE IN HAND.		<u>952,184</u>
Represented by the below bank accounts.		
FSCS.	792,192	
Company.	159,992	
BALANCE IN HAND.	952,184.	<u>952,184</u>