

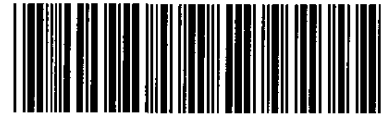
# AM10

## Notice of administrator's progress report



Companies House

WEDNESDAY



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15/04/2020

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COMPANIES HOUSE

### 1 Company details

Company number 0 1 3 9 5 8 7 3

Company name in full The Mediterranean Insurance & Reinsurance Company Limited

→ Filling in this form  
Please complete in typescript or in  
bold black capitals.

### 2 Administrator's name

Full forename(s) Steven Edward

Surname Butt

### 3 Administrator's address

Building name/number 6

Street Snow Hill

Post town London

County/Region

Postcode E C 1 A 2 A Y

Country

### 4 Administrator's name ①

Full forename(s) Michael David

Surname Rollings

① Other administrator  
Use this section to tell us about  
another administrator.

### 5 Administrator's address ②

Building name/number 6

Street Snow Hill

Post town London

County/Region

Postcode E C 1 A 2 A Y

Country

② Other administrator  
Use this section to tell us about  
another administrator.

### Notice of administrator's progress report

|           |                          |                          |                          |                          |                          |                          |                          |                          |
|-----------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|
| From date | <sup>d</sup><br><b>1</b> | <sup>d</sup><br><b>7</b> | <sup>m</sup><br><b>0</b> | <sup>m</sup><br><b>9</b> | <sup>y</sup><br><b>2</b> | <sup>y</sup><br><b>0</b> | <sup>y</sup><br><b>1</b> | <sup>y</sup><br><b>9</b> |
| To date   | <sup>d</sup><br><b>1</b> | <sup>d</sup><br><b>6</b> | <sup>m</sup><br><b>0</b> | <sup>m</sup><br><b>3</b> | <sup>y</sup><br><b>2</b> | <sup>y</sup><br><b>0</b> | <sup>y</sup><br><b>2</b> | <sup>y</sup><br><b>0</b> |

☒ I attach a copy of the progress report

Administrator's  
signature

x *AB*

**X**

Signature date 14 04 20 20

# AM10

## Notice of administrator's progress report



### Presenter information

You do not have to give any contact information, but if you do it will help Companies House if there is a query on the form. The contact information you give will be visible to searchers of the public record.

Contact name **John Pierce**

Company name **Rollings Butt LLP**

Address **6 Snow Hill**

Post town **London**

County/Region

Postcode **E C 1 A 2 A Y**

Country

DX

Telephone **020 7002 7960**



### Checklist

We may return forms completed incorrectly or with information missing.

Please make sure you have remembered the following:

- ☐ The company name and number match the information held on the public Register.
- ☐ You have attached the required documents.
- ☐ You have signed the form.



### Important information

All information on this form will appear on the public record.



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The Registrar of Companies, Companies House,  
Crown Way, Cardiff, Wales, CF14 3UZ.  
DX 33050 Cardiff.



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This form is available in an alternative format. Please visit the forms page on the website at [www.gov.uk/companieshouse](http://www.gov.uk/companieshouse)

# **Joint Administrators' Ninth Progress Report**

**The Mediterranean Insurance & Reinsurance Company  
Limited – In Administration**

**14 April 2020**

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**1 Introduction**

- 1.1 Mike Rollings and Steve Butt were appointed as Joint Administrators of the Company by order of the High Court on 4 December 2015. The Administration order was extended by the consent of the creditors, initially until 3 December 2017 and then further until 3 December 2019. On 5 November 2019, the Administration order was further extended for a period of one year by the High Court of Justice, Business and Property Courts of England and Wales and, subject to any further extension, is now due to expire on 3 December 2020.
- 1.2 The Administration is being handled by Rollings Butt LLP at 6 Snow Hill, London, EC1A 2AY. The Administration is registered, and has now been returned to the High Court of Justice, Business and Property Courts of England and Wales reference number 9278 of 2015 having previously been transferred to the County Court at Central London, Business and Property Work, reference number 1817 of 2017.
- 1.3 Information about the way we will use and store personal data on insolvency appointments can be found at [www.rollingsbutt.com/legal](http://www.rollingsbutt.com/legal). If you are unable to access this, please contact us and a hard copy will be provided to you.
- 1.4 The trading address of the Company was 20 St Dunstons Hill, London, EC3R 8HL. The business traded under the name MedRe.
- 1.5 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 and its registered number is 01395873.
- 1.6 The Joint Administrators are required to provide a progress report for each six month period of the Administration from the date of their appointment. However, due to the initial extension of the Administration, the reporting cycle was amended and thus the previous reports cover the periods as detailed below:
- The pre-appointment period - "the Proposals", dated 22 January 2016
  - 4 December 2015 to 3 June 2016 - "the First Progress Report", dated 30 June 2016
  - 4 June 2016 to 16 September 2016 - "the Second Progress Report", dated 28 September 2016
  - 17 September 2016 to 16 March 2017 – "the Third Progress Report", dated 10 April 2017
  - 17 March 2017 to 16 September 2017 – "the Fourth Progress Report", dated 11 October 2017
  - 17 September 2017 to 16 March 2018 – "the Fifth Progress Report", dated 12 April 2018
  - 17 March 2018 to 16 September 2018 – "the Sixth Progress Report", dated 12 October 2018
  - 17 September 2018 to 16 March 2019 – "the Seventh Progress Report", dated 12 April 2019
  - 17 March 2019 to 16 September 2019 – "the Eighth Progress Report", dated 14 October 2019
- This report covers the period from 17 September 2019 to 16 March 2020 ("the Period") and should be read in conjunction with the Joint Administrators' previous reports.
- 1.7 As previously advised, a creditors' committee ("the Committee") was formed following the initial meeting of creditors, and currently comprises:
- Hannover Ruck SE
  - GIC of India
  - FAIR Reinsurance Pool

- 1.8 Creditors are reminded that the provisions of the Insolvency (England and Wales) Rules 2016 ("the Rules") allow a committee to comprise between 3 and 5 members. Should any creditor have an interest in being a member of the Committee please notify us using the contact details on the notification letter accompanying this report.

## **2 Progress of the Administration**

- 2.1 In addition to the pursuance of the statutory objective of the Administration (i.e. **to achieve 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**), the Joint Administrators have duties imposed by insolvency and other legislation, some of which may not provide any direct financial benefit to creditors.
- 2.2 This section of the report provides creditors with an update on the progress made in the Period from 17 September 2019 to 16 March 2020, both in terms of the achievement of the statutory objective and also work which is required of the Joint Administrators under other related legislation.
- 2.3 Attached at Appendix A is a Receipts and Payments Account which covers the Period and includes a cumulative Receipts and Payments Account for the period from 4 December 2015 to 16 March 2020.
- 2.4 As previously advised, a large proportion of the professional costs incurred relate to the investigation into the matters associated with the reasons for the Company's failure and the claim against the Company's former Finance Director ("the former FD"), details of which have been set out in previous Progress Reports. Further professional costs continue to be incurred in respect of the investigations relating to potential asset realisations as a consequence of 3<sup>rd</sup> Party Litigation, however given the confidential nature of these investigations we are not at liberty to disclose further details. Detailed information in relation to these investigations and the relevant costs incurred has been provided to the Committee.
- 2.5 Attached at Appendix B is a time analysis outlining the time spent by the Joint Administrators and their staff during the Period, together with a cumulative time analysis covering the period since the appointment at Appendix C.
- 2.6 Further information about the basis of remuneration agreed in this case and the Joint Administrators' fee estimates previously provided can be found in section 3 of this report, together with any relevant information about further fee estimates provided to, and remuneration approved by, the Committee.

### ***Administration & Planning (including statutory compliance & reporting)***

- 2.7 As noted above, the Joint Administrators must undertake some work which may not bring any financial benefit to creditors generally, but ensures that certain statutory compliance requirements in accordance with the Insolvency Act 1986 and other related legislation are met. Details about the work that we anticipated would need to be done in this area was outlined in our initial fees estimate/information set out in the Proposals.
- 2.8 During the period covered by this progress report, the Committee were provided with an updated fee estimate for the period 4 December 2019 to 3 June 2020 ("the Fee Estimate"), which incorporated the estimated costs of this work. Any significant variances from this estimate will be reported to the Committee accordingly in their capacity as the body that approves the basis of the Joint Administrators' remuneration.
- 2.9 Time costs incurred to 16 March 2020 are within the Fee Estimate provided to the Committee. Since the Fee Estimate has only recently been provided to the Committee, it is not clear which areas, if any, there are likely to be any significant variances. However, changes to, or time costs incurred in excess of, the Fee Estimate will be reported to and discussed with the Committee

at the appropriate time. As previously reported, the quantum of the Joint Administrators' remuneration and all payments to the Joint Administrators in this regard, remains subject to the specific approval of the Committee.

***Case specific matters******Case Specific***

- 2.10 Case specific refers to time incurred in dealing with matters specific to this Administration which are outside the scope of the other standard activity codes referred to elsewhere in this report.
- 2.11 The work undertaken here largely consists of liaising with the various regulators, such as the Prudential Regulation Authority ("PRA") and the Financial Conduct Authority ("FCA"), for the Company in relation to matters relevant to the Administration.
- 2.12 In the Period, the Administrators have submitted an application to the FCA to cancel the Company's Part 4a Permissions since the Administrators believe that, following the adjudication of creditors' claims, the Company no longer satisfies the threshold conditions for continued authorisation.
- 2.13 The time incurred in relation to this, and general correspondence with the regulators, is unlikely to have a direct financial benefit to the Company but is a necessary consequence of the Company being a regulated entity and the need to return funds to the creditors in as expedient a manner as possible.

***Establishing Distribution Mechanism***

- 2.14 As advised in the Previous Report, the High Court of Justice Business and Property Courts of England and Wales ("the Court") granted an order giving directions principally for the creation of a Bar Date for claims against the Company, which was set as 30 September 2020, and to agree a simple valuation mechanism for incurred but not reported ("IBNR") claims for relevant creditors ("the Order"). Please refer to the Previous Report for further details relating to the application to Court to obtain the Order.
- 2.15 Please refer to sections 2.19 to 2.20 of this report for details of the adjudication process following the passing of the Bar Date.

***3<sup>rd</sup> Party Litigation***

- 2.16 In conjunction with our legal advisors and Counsel, the Joint Administrators continue to consider the extent to which the Company has claims against other parties arising from, or connected with, the unsupported debtors and the actions of the former FD.
- 2.17 It should be noted that progress on any potential claims, including those where realisations have been made, and the funding of such claims, are provided to the Committee. The Administrators continue to evaluate and provide full details to the Committee in respect of the proportionality of costs incurred against potential realisations. In the interests of confidentiality, and so as to protect the Company's position in relation to certain aspects of any such claims, details cannot be provided to the wider body of creditors.
- 2.18 It is currently anticipated that this work may have further direct financial benefit to the estate, albeit that for the above reasons, the timing of any financial benefit is unknown and cannot currently be quantified.

***Creditors***



- 2.19 In accordance with the Bar Date Order, and with the assistance of Charles Taylor Services Limited ("CTS"), the Administrators reviewed and adjudicated the proof of debt and statement of claim forms submitted by creditors, and wrote to notify each creditor as to whether their claims were accepted for dividend purposes or rejected, in whole or in part.
- 2.20 Those creditors who had any element of their claim rejected subsequently had 21 days to appeal to the Court against the decision, in accordance with Rule 14.8 of the Rules. Certain creditors submitted requests for further information in this timeframe, which were duly provided by the Administrators, and in one instance led to a revised claim being agreed, but no applications to court were made.
- 2.21 A schedule of the number of claims that have been received and their value is provided in section 5.
- 2.22 Further information on the current estimated outcome for creditors in this case can be found at section 5 of this report. The Joint Administrators are not only required to deal with correspondence and claims from unsecured creditors, but also those of any Secured and preferential creditors of the Company (if applicable).
- 2.23 As previously reported, it is the Joint Administrators' current understanding that there are no Secured Creditors, nor any outstanding employee liabilities or matters that would lead to preferential creditors.
- 2.24 Whilst work in relation to creditors' claims may not bring any financial benefit to creditors generally, save for ongoing reconciliation of creditor/debtor positions with reinsurance counterparties that result in the identification and recovery of amounts due to the Company and the release of reserves to the Company, the Joint Administrators have been required by statute to undertake this work and it would not be possible to distribute funds to creditors in due course without it.

#### *The Committee*

- 2.25 The purpose of the Committee is to assist the Joint Administrators in the discharge of their functions and to determine the Joint Administrators' remuneration. The Committee are also tasked with representing the interests of the creditor body as a whole.
- 2.26 In addition to its statutory functions, the Committee also serves to assist the Joint Administrators generally and act as a sounding board for them to obtain views on matters pertaining to the Administration. In this instance the Committee have been appraised of the investigations into the reasons for the failure of the Company and resultant claims and litigation arising from this as well as being asked to provide assistance to CTS in their run-off work for the Company. In particular the Committee have provided assistance where able to CTS in their attempt to make contact with creditors and debtors.
- 2.27 As advised previously, the costs incurred in dealing with Committee matters is significantly higher than could have been anticipated at the outset of the Administration. The principal reason for this is the frequency and detailed nature of our reporting to the Committee (and providing the information requested). This is a consequence of the complications of the run-off work, the detailed investigations into the reasons for the Company's failure – and associated issues – and the complexity of creditors' claims, which necessitated an application to Court for a distribution mechanism and Bar Date Order.
- 2.28 As previously advised, one of the roles of the Committee is to agree or otherwise resolutions in relation to pre-Administration costs necessarily incurred in getting the Company into Administration.
- 2.29 The Committee's input and assistance continues to be of paramount importance, particularly in assisting the Joint Administrators in discharging their functions and to pass resolutions

relevant to the ongoing conduct of the Administration. The Joint Administrators ask that, should any creditors have an interest in being a member of the Committee, please notify us using the contact details on the notification letter accompanying this report.

### ***Investigations***

- 2.30 As disclosed in the First Progress Report, some of the work the Joint Administrators are required to undertake is to comply with legislation such as the Company Directors' Disqualification Act 1986 ("the CDDA 1986") and Statement of Insolvency Practice 2 – Investigations by Office Holders in Administration and Insolvent Liquidations. This may not necessarily bring any financial benefit to creditors, unless these investigations reveal potential asset recoveries that the Joint Administrators can pursue for the benefit of creditors.
- 2.31 Since the Eighth Progress Report, the Joint Administrators have not been made aware of any further assets belonging to the former FD which could be realised in respect of the claims and continue to expect that no further realisations will be made.
- 2.32 However, as disclosed elsewhere in this report, the Joint Administrators continue to consider the extent to which the Company has claims against other parties arising from, or connected with, the unsupported debtors and the actions of the former FD together with the merits of pursuing such claims.

### ***Realisations of Assets***

#### ***Cash at Bank and Bank Interest***

- 2.33 As previously reported, the Joint Administrators do not anticipate any further realisations from cash at bank.
- 2.34 As disclosed in previous Progress Reports, a proportion of the Company's funds have previously been placed in interest bearing accounts for the benefit of the creditors throughout the duration of the Administration. The Joint Administrators assess the ongoing viability of placing funds into interest bearing accounts, and due to the low interest rates being offered, the cost of administering the movement of funds and the current level of funds available to invest, the funds are currently held in a non-interest bearing current account. The Joint Administrators will continue to monitor this position if interest rates increase.

#### ***Litigation Proceeds***

- 2.35 As disclosed in previous Progress Reports, the Joint Administrators do not anticipate that there will be any further realisations as a consequence of litigation against the former FD of the Company.
- 2.36 As referred to previously, the Joint Administrators continue to consider the extent to which the Company has claims against other parties arising from or connected with the unsupported debtors and the actions of the former FD in conjunction with the merits of pursuing such claims. In the Period, the sum of £450,000 has been realised in this regard. However, for the reasons given above, no further details in respect of this sum or any possible further realisations from such claims can be provided to the wider body of creditors, although further details have been provided to the Committee on an on-going basis.

#### ***Debtor collections***

- 2.37 Since the date of the Eighth Progress Report, CTS and the specialist collection agents have continued to pursue debtors for outstanding balances. Below is a summary of the balances that have been collected since the last progress report.

| Classification                                  | Period to<br>16 September 2019 | Period to 16 March 2020 |               |            |               | Total (£)        |
|---|--------------------------------|-------------------------|---------------|------------|---------------|------------------|
|   |                                | £                       | USD           | EUR        | £*            |                  |
| Funds collected by specialist collection agents | 141,364                        | Nil                     | Nil           | Nil        | Nil           | 141,364          |
| Other debtor collections                        | 1,201,698                      | 18,282                  | 24,651        | Nil        | 36,815        | 1,238,513        |
| <b>Total</b>                                    | <b>1,343,063</b>               | <b>18,282</b>           | <b>24,651</b> | <b>Nil</b> | <b>36,815</b> | <b>1,379,877</b> |

\*£ and \$ balances converted using exchange rates taken from xe.com as at 16 March 2020

- 2.38 As previously reported, CTS have been reconciling and, in conjunction with the Administrators, seeking to collect the balances owed by a number of the Company's largest debtors. As previously reported, negotiations with these debtors were at differing, but advanced, stages.
- 2.39 In the Period, a settlement has been reached with one of these debtors for c£155,000 and we have been advised that the transfer was initiated in February 2020, however owing to the restrictions on foreign payments in the jurisdiction of this debtor, it could take up to 8 weeks for the transfer to be effected.
- 2.40 Negotiations with the Company's other large debtors are ongoing and have progressed since the Previous Progress Report, however, they have recently not been as responsive to the Administrators' and CTS' correspondence. The Administrators have therefore instructed specialist collection agents ("the Agents") during the Period to assist and it is hoped that an agreement can be reached in the near future, which will lead to a substantial realisation of funds.
- 2.41 As referred to in previous reports, the Agents have been instructed previously and act on a "no collection, no fee" basis. The table in section 2.37 shows realisations made as a consequence of their work to date.
- 2.42 The Agents continue to pursue smaller debts on behalf of the Company that are not referred to above. However, owing to political issues in the jurisdictions of some of these debtors, and the lack of engagement from others (where a position has not been agreed), it is not currently considered likely that the Company will recover a significant proportion of these debts. The Administrators will continue to consider the value of pursuing these debts (given the likelihood of financial benefit to the estate) against the interests of the general body of creditors.
- 2.43 In the Period, CTS have assisted the Agents in the provision of information which will aide them with the potential collection of debtor balances.
- 2.44 It should be noted that the work undertaken since the Eighth Progress Report by the Joint Administrators and their staff, CTS and the Agents, with regard to debtor collections has brought (and is likely to bring) a financial benefit to creditors.
- 2.45 The Joint Administrators anticipate that in the next six month period further debtor collections will be made which will result in a benefit to creditors and will enhance the funds available for a distribution to creditors. It is however anticipated that issues arising from the Global COVID-19 Pandemic will have an adverse impact on the timing of receipts of some or all of the anticipated future recoveries and this may also have a bearing on the costs of such recoveries.
- Value Added Tax ("VAT")*
- 2.46 The Joint Administrators continue to account for VAT in regard to expenses incurred in the Administration and reclaim VAT on those expenses.

**Shareholders**

- 2.47 The Joint Administrators, where necessary, will continue to liaise with the Shareholders in relation to the Company's affairs. In the Period covered by this report, a minimal amount of time has been spent liaising with the Shareholders.
- 2.48 Whilst the time incurred in this may not have a direct financial benefit for the estate, such information has assisted us (and previously CTS) in the recovery of debtors and our investigations into claims available to the Company in relation to the unsupported debtors and the actions of the former FD.

**Trading**

- 2.49 As previously advised, the Joint Administrators extended the original agreement with CTS as the Administration run-off agents until October 2018. Since that time, there have been a number of additional agreements entered into, the most recent of which expired on 21 December 2019.
- 2.50 As previously advised, it is a requirement of the PRA and FCA that agreement of insurance/reinsurance claims be undertaken by a regulated entity, such as CTS. Therefore, since all creditors' claims have now been adjudicated following the Bar Date, and there has been progress with respect to debtor collections, it was not considered necessary for the agreement to be extended further.
- 2.51 Whilst the time incurred by the Administrators in dealing with CTS prior to the expiry of their agreement may not have a direct financial benefit for the estate, the work undertaken by CTS has been a pivotal part of the process of assessing and agreeing creditors' claims and, ultimately, the distribution process.

**3 Pre-Administration costs**

- 3.1 For details of the pre-Administration costs, please see the Proposals and the First Progress Report.
- 3.2 As advised in the Previous Report, outstanding costs relating to work done by CTS pre-Administration had been agreed by the Committee, and I can confirm that these were paid in the Period. Therefore there are no outstanding pre-Administration costs.

**4 Joint Administrators' Remuneration**

- 4.1 As advised in the First Progress Report, upon their appointment it became the responsibility of the Committee to agree the basis and quantum of the Joint Administrators' remuneration.
- 4.2 Subsequently the Committee resolved that the basis of the Joint Administrators' remuneration should be fixed by reference to time properly spent in attending to matters arising in the Administration. In addition, it was agreed that the Joint Administrators would defer payment of 20% of the value of the 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.
- 4.3 The Joint Administrators have provided the Committee with fee estimates and details of the work they proposed to undertake for each 6 month period of the Administration to date. For the 6 month periods that have now expired, 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 (£) |
|--------------------------------|---------------------|--------------------------------|---|
| 4 December 2015 to 3 June 2016 | 249,865.00          | 249,222.00                     | 199,377.60                                |
| 4 June 2016 to 3 December 2016 | 134,705.00          | 155,683.00                     | 124,546.40                                |
| 4 December 2016 to 3 June 2017 | 132,006.00          | 158,339.00                     | 126,671.20                                |
| 4 June 2017 to 3 December 2017 | 134,514.00          | 174,502.50                     | 139,602.00                                |
| 4 December 2017 to 3 June 2018 | 156,512.50          | 164,849.50                     | 131,879.60                                |
| 4 June 2018 to 3 December 2018 | 146,432.50          | 164,499.50                     | 131,599.60                                |
| 4 December 2018 to 3 June 2019 | 116,697.50          | 125,905.50                     | 100,724.40                                |
| 4 June 2019 to 3 December 2019 | 142,132.50          | 163,386.00                     | 130,708.80                                |
| <b>Total</b>                   | <b>1,212,865.00</b> | <b>1,356,387.00</b>            | <b>1,085,109.60</b>                       |

*\*All figures shown exclusive of VAT*

- 4.4 The actual time costs shown in the table above are the gross value of time incurred at our standard charge out rates and include the 20% deferral referred to in section 4.2 above.
- 4.5 As referred to earlier in this report, the Committee have also been provided with a fee estimate for the period 4 December 2019 to 3 June 2020.
- 4.6 The Joint Administrators' time costs for the period 17 September 2019 to 16 March 2020 are £169,601.00. This represents 474.90 hours at an average rate of £357.13 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 Administration.
- 4.7 Since the Eighth Progress Report was issued to creditors, the below costs have been submitted to and approved by the Committee:

| Period                                | Value of time incurred (£) | Proposed remuneration (£) | 20% Deferred remuneration (£) |
|---------------------------------------|----------------------------|---------------------------|-------------------------------|
| 1 May 2019 to 31 May 2019             | 25,933.50                  | 20,746.80                 | 5,186.70                      |
| 1 June 2019 to 30 June 2019           | 25,570.00                  | 20,456.00                 | 5,114.00                      |
| 1 July 2019 to 31 July 2019           | 19,356.00                  | 15,484.80                 | 3,871.20                      |
| 1 August 2019 to 31 August 2019       | 16,412.00                  | 13,129.60                 | 3,282.40                      |
| 1 September 2019 to 30 September 2019 | 29,554.00                  | 23,643.20                 | 5,910.80                      |
| 1 October 2019 to 31 October 2019     | 39,045.00                  | 31,236.00                 | 7,809.00                      |
| 1 November 2019 to 30 November 2019   | 32,625.00                  | 26,100.00                 | 6,525.00                      |
| <b>Total</b>                          | <b>188,495.50</b>          | <b>150,796.40</b>         | <b>37,699.10</b>              |

*\*All figures shown exclusive of VAT*

- 4.8 Time costs for 1 December 2019 to 29 February 2020 were presented to the Committee for their review on 18 March 2020 and had therefore not been approved within the Period of this report.
- 4.9 Also attached at Appendix C is a cumulative Time Analysis for the period from 4 December 2015 to 16 March 2020 which provides details of the Joint Administrators' time costs since appointment. The cumulative time costs incurred to date are £1,437,383.50 and this represents 4,472.90 hours at an average rate of £321.35 per hour.

4.10 A copy of 'A Creditors' Guide to Administrators' Fees' is available on request or can be downloaded from: <https://www.r3.org.uk/technical-library/england-wales/technical-guidance/fees/more/28888/page/1/version-1-issued-april-2010/>

4.11 Attached at Appendix D is additional information in relation to the Joint Administrators' fees and a full breakdown of the expenses and disbursements paid within the period, including where relevant, information on the use of subcontractors and professional advisers. Attached at Appendix E is a narrative guide of the activities the Joint Administrators and their staff have undertaken in pursuit of the Administration objectives.

## **5 Estimated Outcome for Creditors**

### ***Preferential Creditors***

5.1 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***

5.2 Please find below a schedule of the number of creditors' claims that have been agreed and their value. 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.

| <b>Creditor</b>          | <b>Number</b> | <b>Claim Value<br/>(£)</b> | <b>Agreed Value<br/>(£)</b> |
|--------------------------|---------------|----------------------------|-----------------------------|
| Individual Claimants     | 50            | 3,496,240.34               | 1,964,060.74                |
| Claimants through Broker | 123           | 1,284,145.46               | 827,059.56                  |
| <b>Total</b>             | <b>173</b>    | <b>4,780,385.80</b>        | <b>2,791,120.30</b>         |

5.3 Based on current estimates, and as previously advised, the Joint Administrators anticipate realising sufficient assets to enable a distribution to be made to unsecured creditors. However, given the uncertainty surrounding the value of further asset realisations, the Joint Administrators are not in a position to estimate at this stage the value of any unsecured dividend.

## **6 Status of Reinsurance Contracts Incepting Prior to Administration**

6.1 As referred to in our previous Progress Reports, during the course of their run-off work, CTS identified reinsurance agreements with a number of parties which were ongoing prior to the date that run-off commenced.

6.2 As previously reported, since these agreements either: expired; were terminated by agreement of both parties; or effectively treated as terminated by the parties' conduct, these risks cannot be validly ceded and any accounts submitted by parties attempting to cede such risks will be reminded of the Administrators' position.

## **7 Limitation of Claims against the Company**

7.1 The laws of England and Wales include certain provisions which, broadly speaking, provide a defence to contractual claims if such claims are not brought within a certain period of time (the "Limitation Period").

7.2 The Limitation Period for contractual claims may not stop running as a consequence of an Administration Order being made against the Company. Consequently, depending on the

governing law of the contracts between the Company and its creditors (and other relevant issues such as the date the creditors' cause of action against the Company arises) the Company may have a defence against the claims of certain creditors in circumstances where the Limitation Period for their claim (or certain parts of it) has expired.

- 7.3 It is the responsibility of the creditors and **not** the Company or its Joint Administrators to identify and attend to any matters relevant to their claim, including, but not limited to issues relating to relevant Limitation Periods. However, given that the claims of creditors have now been adjudicated in accordance with the Bar Date Order (as referred to elsewhere in this report), it is not anticipated that issues in relation to Limitation Periods will have any further impact on creditors' claims.

## **8 Extension of the Administration**

- 8.1 As previously reported, the Administration was extended by consent of the Court on 28 November 2017, and was due to expire on 3 December 2019. However, owing principally to the timetable arising out of the Bar Date Order and the potential for further recoveries, the Administrators advised that it would be necessary to extend the Administration.
- 8.2 As advised in our letter to creditors dated 27 November 2019, on 30 October 2019 the Administrators made an application to the Court to extend the Administration for a period of one year, i.e. to 3 December 2020, which was granted by the Court on 5 November 2019.
- 8.3 As a consequence of the uncertainty regarding the value and timing of any further realisations, which will in turn dictate the timeframe of a distribution to creditors, the Administrators cannot advise whether a further extension of the Administration will be necessary.
- 8.4 It is however anticipated that issues arising from the Global COVID-19 Pandemic will have an adverse impact on the timing of receipts of some or all of the anticipated future recoveries. It therefore seems highly likely that this will also have an impact on the Administrators' considerations with respect to the appropriateness of making an application to Court to extend the Administration. We will provide an update on this in the next progress report.

## **9 Ending the Administration**

- 9.1 As explained in our previous Progress Reports, given the uncertainty surrounding the value of realisations and potential for a distribution, the Joint Administrators will continue to evaluate the best method of exit from the Administration and further information will be provided to creditors in relation to these matters as the Administration progresses.
- 9.2 Creditors will, however, recall that the Joint Administrators' Proposals as approved by creditors provides either for the Company to exit Administration by dissolution or by compulsory liquidation.

## **10 Creditors' rights**

- 10.1 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 Joint Administrators provide further information about their remuneration or expenses (other than pre-Administration costs) which have been itemised in this progress report.
- 10.2 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 Joint

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

## **11 Next Report**

- 11.1 The Joint Administrators are required to provide a progress report within one month of the end of the next six months of the Administration, or earlier if the Administration has been finalised or the Joint Administrators need to seek some additional resolutions from creditors.

For and on behalf of  
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.

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



The Mediterranean Insurance & Reinsurance Company Limited  
(In Administration)

Summary of Receipts & Payments

| Statement of Affairs       | RECEIPTS                                 | From 04/12/2015<br>To 16/09/2019 | From 17/09/2019<br>To 16/03/2020 |                  | Total               |
|----------------------------|--|----------------------------------|----------------------------------|------------------|---------------------|
| (£)                        |  | (£)                              | (£)                              | (\$)             | (£)                 |
| 1,503,156.00               | Cash at Bank                             | 1,602,656.10                     | Nil                              | Nil              | 1,602,656.10        |
| 1,480,176.00               | Supported debtors                        | 1,343,062.51                     | 18,282.24                        | 24,651.00        | 1,381,412.81        |
|                            | Bank Interest                            | 7,333.82                         | Nil                              | Nil              | 7,333.82            |
|                            | Litigation Proceeds                      | 285,771.65                       | 450,000.00                       | Nil              | 735,771.65          |
|                            |  | <u>3,238,824.08</u>              | <u>468,282.24</u>                | <u>24,651.00</u> | <u>3,727,174.38</u> |
| <b>PAYMENTS</b>            |  |                                  |                                  |                  |                     |
|                            | Office Holder Pre-Admin. Fees            | 83,067.50                        | Nil                              | Nil              | 83,067.50           |
|                            | Office Holder Pre-Admin. Expenses        | 188.75                           | Nil                              | Nil              | 188.75              |
|                            | Office Holders Fees                      | 925,762.80                       | 150,796.40                       | Nil              | 1,076,559.20        |
|                            | Office Holders Expenses                  | 4,809.60                         | Nil                              | Nil              | 4,809.60            |
|                            | Run Off Agents' Fees                     | 447,109.55                       | 116,419.33                       | Nil              | 563,528.88          |
|                            | Process Server fees                      | 170.00                           | Nil                              | Nil              | 170.00              |
|                            | Debt Collection Fees                     | 21,204.65                        | Nil                              | Nil              | 21,204.65           |
|                            | Specialist Tax Advisers                  | 1,100.00                         | Nil                              | Nil              | 1,100.00            |
|                            | Legal Fees                               | 891,496.40                       | 29,598.40                        | Nil              | 921,094.80          |
|                            | Legal Disbursements                      | 120,562.57                       | 66.33                            | Nil              | 120,628.90          |
|                            | Stationery & Postage                     | 2,841.63                         | 805.45                           | Nil              | 3,647.08            |
|                            | Statutory Advertising                    | 14,048.20                        | Nil                              | Nil              | 14,048.20           |
|                            | Professional Fees                        | 1,231.92                         | Nil                              | Nil              | 1,231.92            |
|                            | Actuarial Fees                           | 10,634.50                        | Nil                              | Nil              | 10,634.50           |
|                            | Land Registry Searches                   | 7.00                             | Nil                              | Nil              | 7.00                |
|                            | Bank Charges                             | 307.66                           | Nil                              | Nil              | 307.66              |
|                            | HMRC Fees                                | 617.38                           | Nil                              | Nil              | 617.38              |
|                            | Corporation Tax                          | 338.36                           | Nil                              | Nil              | 338.36              |
|                            | Irrecoverable VAT                        | 4,115.90                         | Nil                              | Nil              | 4,115.90            |
|                            |  | <u>2,529,614.37</u>              | <u>297,685.91</u>                | <u>Nil</u>       | <u>2,827,300.28</u> |
| <b>UNSECURED CREDITORS</b> |  |                                  |                                  |                  |                     |
| (1,418,000.00)             | Claims outstanding (gross)               | Nil                              | Nil                              | Nil              | Nil                 |
| (2,880,092.00)             | Creditors -reinsurance operations        | Nil                              | Nil                              | Nil              | Nil                 |
| (212,430.00)               | Other creditors incl tax/social security | Nil                              | Nil                              | Nil              | Nil                 |
| (65,087.00)                | Current expenses                         | Nil                              | Nil                              | Nil              | Nil                 |
|                            |  | <u>Nil</u>                       | <u>Nil</u>                       | <u>Nil</u>       | <u>Nil</u>          |
| <u>(1,592,277.00)</u>      | <b>Net Receipts/(Payments)</b>           | <u>709,209.71</u>                | <u>170,596.33</u>                | <u>24,651.00</u> | <u>899,874.10</u>   |

\*€ and \$ balances converted using exchange rates taken from xe.com as at 16/03/2020

**The Mediterranean Insurance & Reinsurance Company Limited - In Administration**  
**Time Analysis for the Period 17 September 2019 to 16 March 2020**

| Classification of Work Function      | Partner       | Manager      | Associate     | Business Trainee | Total Hours   | Time Cost (£)     | Average Hourly Rate (£) |
|--------------------------------------|---------------|--------------|---------------|------------------|---------------|-------------------|-------------------------|
| 100 : Administration & Planning      | 0.00          | 0.00         | 1.80          | 0.00             | 1.80          | 351.00            | 195.00                  |
| 104 : Case Management                | 1.70          | 2.90         | 5.70          | 0.00             | 10.30         | 3,211.50          | 311.80                  |
| 105 : Case Planning                  | 1.50          | 0.30         | 1.30          | 0.00             | 3.10          | 1167.00           | 376.45                  |
| 106 : Maintenance Of Records         | 0.00          | 0.00         | 0.30          | 0.00             | 0.30          | 58.50             | 195.00                  |
| 107 : Statutory Reporting            | 3.50          | 2.40         | 13.10         | 0.00             | 19.00         | 5,400.00          | 284.21                  |
| 108 : Statutory Compliance           | 6.50          | 6.10         | 0.30          | 0.20             | 13.10         | 6057.00           | 462.37                  |
| 111 : Billing                        | 0.00          | 0.20         | 0.30          | 0.00             | 0.50          | 142.50            | 285.00                  |
| 112 : Post Appointment Tax           | 0.90          | 0.60         | 5.00          | 0.40             | 6.90          | 1,747.50          | 253.26                  |
| 116 : Case Accounting                | 0.50          | 1.40         | 8.30          | 1.60             | 11.80         | 2,591.00          | 219.58                  |
| 117 : Bank Reconciliations           | 0.00          | 0.20         | 0.00          | 0.60             | 0.80          | 156.00            | 195.00                  |
| 118 : Receipts & Payments            | 0.00          | 0.00         | 3.30          | 0.00             | 3.30          | 643.50            | 195.00                  |
| <b>Administration &amp; Planning</b> | <b>14.60</b>  | <b>14.10</b> | <b>39.40</b>  | <b>2.80</b>      | <b>70.90</b>  | <b>21,525.50</b>  | <b>303.60</b>           |
| 600 : Case Specific                  | 6.10          | 3.30         | 1.20          | 0.00             | 10.60         | 4,822.50          | 454.95                  |
| 633 : 3rd Party Litigation           | 20.80         | 0.60         | 8.20          | 0.00             | 29.60         | 12,771.00         | 431.45                  |
| <b>Case Specific Matters</b>         | <b>26.90</b>  | <b>3.90</b>  | <b>9.40</b>   | <b>0.00</b>      | <b>40.20</b>  | <b>17,593.50</b>  | <b>437.65</b>           |
| 500 : Creditors                      | 0.00          | 3.60         | 4.90          | 0.00             | 8.50          | 2,467.50          | 290.29                  |
| 502 : Creditors Claims               | 22.20         | 29.70        | 60.40         | 4.40             | 116.70        | 36,435.00         | 312.21                  |
| 505 : Creditors Committee            | 19.20         | 18.50        | 36.20         | 0.30             | 74.20         | 24,966.00         | 336.47                  |
| 508 : Employees                      | 0.80          | 0.00         | 0.00          | 0.00             | 0.80          | 420.00            | 525.00                  |
| <b>Creditors</b>                     | <b>42.20</b>  | <b>51.80</b> | <b>101.50</b> | <b>4.70</b>      | <b>200.20</b> | <b>64,288.50</b>  | <b>321.12</b>           |
| 303 : Book Debts                     | 7.70          | 14.50        | 3.00          | 0.00             | 25.20         | 10,717.50         | 425.30                  |
| 314 : Litigation                     | 82.80         | 2.50         | 48.00         | 1.50             | 134.80        | 54,060.00         | 401.04                  |
| <b>Realisation of Assets</b>         | <b>90.50</b>  | <b>17.00</b> | <b>51.00</b>  | <b>1.50</b>      | <b>160.00</b> | <b>64,777.50</b>  | <b>404.66</b>           |
| 800 : Shareholders                   | 0.50          | 0.00         | 0.00          | 0.00             | 0.50          | 262.50            | 525.00                  |
| <b>Shareholders</b>                  | <b>0.50</b>   | <b>0.00</b>  | <b>0.00</b>   | <b>0.00</b>      | <b>0.50</b>   | <b>262.50</b>     | <b>525.00</b>           |
| 401 : Management Of Operations       | 0.30          | 2.00         | 0.80          | 0.00             | 3.10          | 1,153.50          | 372.10                  |
| <b>Trading</b>                       | <b>0.30</b>   | <b>2.00</b>  | <b>0.80</b>   | <b>0.00</b>      | <b>3.10</b>   | <b>1,153.50</b>   | <b>372.10</b>           |
| <b>Total Hours</b>                   | <b>175.00</b> | <b>88.80</b> | <b>202.10</b> | <b>9.00</b>      | <b>474.90</b> | <b>169,601.00</b> | <b>357.13</b>           |

**The Mediterranean Insurance & Reinsurance Company Limited - In Administration**  
**Cumulative Time Analysis for the Period 4 December 2015 to 16 March 2020**

| Classification of Work Function              | Partner         | Manager         | Associate       | Business Trainee | Total Hours     | Time Cost (£)       | Average Hourly Rate (£) |
|--|-----------------|-----------------|-----------------|------------------|-----------------|---------------------|-------------------------|
| 100 : Administration & Planning              | 24.30           | 7.70            | 39.60           | 0.00             | 71.60           | 20,739.00           | 289.65                  |
| 101 : Administrative Set-Up                  | 1.20            | 0.60            | 4.60            | 0.00             | 6.40            | 1,636.00            | 255.63                  |
| 102 : Appointment                            | 4.60            | 1.50            | 3.00            | 0.00             | 9.10            | 3,178.00            | 349.23                  |
| 103 : Background Information                 | 0.00            | 1.70            | 0.40            | 0.00             | 2.10            | 678.00              | 322.86                  |
| 104 : Case Management                        | 10.20           | 26.20           | 105.60          | 0.00             | 142.00          | 36,252.00           | 255.30                  |
| 105 : Case Planning                          | 35.90           | 6.90            | 44.00           | 0.00             | 86.80           | 27,825.50           | 320.57                  |
| 106 : Maintenance Of Records                 | 1.20            | 0.10            | 5.90            | 0.00             | 7.20            | 1,739.50            | 241.60                  |
| 107 : Statutory Reporting                    | 58.50           | 42.30           | 191.80          | 0.00             | 292.60          | 80,075.50           | 273.67                  |
| 108 : Statutory Compliance                   | 14.60           | 13.40           | 14.40           | 0.20             | 42.60           | 15,241.50           | 357.78                  |
| 109 : Review                                 | 0.00            | 1.10            | 0.00            | 0.00             | 1.10            | 385.00              | 350.00                  |
| 111 : Billing                                | 0.60            | 2.20            | 21.50           | 0.00             | 24.30           | 5,035.00            | 207.20                  |
| 112 : Post Appointment Tax                   | 5.70            | 23.90           | 47.90           | 0.40             | 77.90           | 21,106.50           | 270.94                  |
| 115 : Meetings                               | 5.00            | 3.40            | 7.60            | 0.00             | 16.00           | 4,859.00            | 303.69                  |
| 116 : Case Accounting                        | 5.40            | 22.30           | 114.00          | 1.60             | 143.30          | 28,763.50           | 200.72                  |
| 117 : Bank Reconciliations                   | 0.10            | 1.30            | 13.80           | 0.60             | 15.80           | 2,719.50            | 172.12                  |
| 118 : Receipts & Payments                    | 0.00            | 0.00            | 26.40           | 0.00             | 26.40           | 4,701.00            | 178.07                  |
| 702 : Liaison With Directors                 | 8.00            | 6.20            | 1.30            | 0.00             | 15.50           | 6,104.00            | 393.81                  |
| <b>Administration &amp; Planning</b>         | <b>175.30</b>   | <b>160.80</b>   | <b>641.80</b>   | <b>2.80</b>      | <b>980.70</b>   | <b>261,038.50</b>   | <b>266.18</b>           |
| 600 : Case Specific                          | 16.60           | 19.80           | 4.90            | 0.00             | 41.30           | 16,712.00           | 404.65                  |
| 622 : Establishing Distribution Mechanism    | 90.50           | 264.80          | 108.70          | 0.00             | 464.00          | 168,873.00          | 363.95                  |
| 633 : 3rd Party Litigation                   | 153.40          | 41.30           | 28.80           | 0.00             | 223.50          | 96,914.00           | 433.62                  |
| <b>Case Specific Matters</b>                 | <b>260.50</b>   | <b>325.90</b>   | <b>142.40</b>   | <b>0.00</b>      | <b>728.80</b>   | <b>282,499.00</b>   | <b>387.62</b>           |
| 500 : Creditors                              | 21.10           | 33.90           | 97.70           | 0.00             | 152.70          | 41,816.00           | 273.84                  |
| 502 : Creditors Claims                       | 22.20           | 29.70           | 60.40           | 4.40             | 116.70          | 36,435.00           | 312.21                  |
| 505 : Creditors Committee                    | 181.70          | 228.40          | 545.20          | 0.30             | 955.60          | 281,554.50          | 294.64                  |
| 508 : Employees                              | 1.40            | 0.40            | 2.30            | 0.00             | 4.10            | 1,367.50            | 333.54                  |
| 510 : Pre Appointment Tax                    | 0.80            | 0.80            | 0.10            | 0.00             | 1.70            | 659.00              | 387.65                  |
| <b>Creditors</b>                             | <b>227.20</b>   | <b>293.20</b>   | <b>705.70</b>   | <b>4.70</b>      | <b>1,230.80</b> | <b>361,832.00</b>   | <b>293.98</b>           |
| 200 : Investigations                         | 68.60           | 106.90          | 73.90           | 0.00             | 249.40          | 82,719.50           | 331.67                  |
| 201 : CDDA Reports                           | 13.40           | 28.40           | 11.70           | 0.00             | 53.50           | 18,956.50           | 354.33                  |
| 203 : Investigatory Work                     | 46.90           | 89.20           | 78.00           | 0.00             | 214.10          | 67,056.00           | 313.20                  |
| 206 : Meetings With Directors                | 6.00            | 0.50            | 4.90            | 0.00             | 11.40           | 3,834.50            | 336.36                  |
| <b>Investigations</b>                        | <b>134.90</b>   | <b>225.00</b>   | <b>168.50</b>   | <b>0.00</b>      | <b>528.40</b>   | <b>172,566.50</b>   | <b>326.58</b>           |
| 300 : Realisation Of Assets                  | 6.10            | 36.40           | 27.30           | 0.00             | 69.80           | 21,616.00           | 309.68                  |
| 302 : Identifying, Securing, Insuring Assets | 0.80            | 0.20            | 0.70            | 0.00             | 1.70            | 564.00              | 331.76                  |
| 303 : Book Debts                             | 20.60           | 212.30          | 44.20           | 0.00             | 277.10          | 100,869.50          | 364.02                  |
| 314 : Litigation                             | 184.80          | 33.90           | 175.10          | 1.50             | 395.30          | 138,398.50          | 350.11                  |
| <b>Realisation of Assets</b>                 | <b>212.30</b>   | <b>282.80</b>   | <b>247.30</b>   | <b>1.50</b>      | <b>743.90</b>   | <b>261,448.00</b>   | <b>351.46</b>           |
| 800 : Shareholders                           | 6.40            | 0.20            | 4.00            | 0.00             | 10.60           | 3,932.00            |                         |
| 801 : Shareholders - Communication           | 1.30            | 0.00            | 0.00            | 0.00             | 1.30            | 643.50              | 495.00                  |
| <b>Shareholders</b>                          | <b>7.70</b>     | <b>0.20</b>     | <b>4.00</b>     | <b>0.00</b>      | <b>11.90</b>    | <b>4,575.50</b>     | <b>384.50</b>           |
| 401 : Management Of Operations               | 105.80          | 85.00           | 57.60           | 0.00             | 248.40          | 93,424.00           | 376.10                  |
| <b>Trading</b>                               | <b>105.80</b>   | <b>85.00</b>    | <b>57.60</b>    | <b>0.00</b>      | <b>248.40</b>   | <b>93,424.00</b>    | <b>376.10</b>           |
| <b>Total Hours</b>                           | <b>1,123.70</b> | <b>1,372.90</b> | <b>1,967.30</b> | <b>9.00</b>      | <b>4,472.90</b> | <b>1,437,383.50</b> | <b>321.35</b>           |

**Additional Information in Relation to the Joint Administrators' Fees, Expenses & Disbursements**
**1 Staff Allocation and the Use of Sub-Contractors**

- 1.1 The general approach to resourcing our assignments is to allocate staff with the skills and experience to meet the specific requirements of the case.
- 1.2 The constitution of the case team will usually consist of a Partner, a Director or Manager, and an Associate, with assistance provided by Business Trainees (where necessary). 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.
- 1.3 We are not proposing to utilise the services of any sub-contractors in this case.

**2 Charge Out Rates**

- 2.1 Rollings Butt LLP's charge-out rates for the period 1 April 2015 to the end of the Period are detailed below:

| Grade            | Period to 31/3/16<br>Rate (£ per hour) | 1/4/16 to 31/3/2018<br>Rate (£ per hour) | 1/4/18 to 31/3/19<br>Rate (£ per hour) | 1/4/19 to present<br>Rate (£ per hour) |
|------------------|--|--|--|--|
| Partner          | 445                                    | 470                                      | 495                                    | 525                                    |
| Director         | 350                                    | 370                                      | 395                                    | 420                                    |
| Manager          | 270                                    | 285                                      | 250-310                                | 265-325                                |
| Associate        | 120-190                                | 130-200                                  | 150-225                                | 160-240                                |
| Business Trainee | N/A                                    | N/A                                      | N/A                                    | 120-150                                |

Please note that the analysis of time in Appendix B and C includes the value of time incurred by staff graded as Director in the "Manager" column. This firm records its time in minimum units of 6 minutes.

**3 Professional Advisers**

- 3.1 On this assignment we have used the professional advisers listed below. We have also indicated alongside, the basis of our fee arrangement with them, which is subject to review on a regular basis.

| Name of Professional Adviser                        | Nature of Advice                       | Basis of Fee Arrangement      |
|---|--|-------------------------------|
| Cooley (UK) LLP                                     | Legal advisers                         | Hourly rate and disbursements |
| Al Tamimi & Company Advocates and Legal Consultants | Legal advisers (Bahrain)               | Hourly rate and disbursements |
| Smith & Williamson LLP                              | Specialist tax advisers                | Fixed fee                     |
| Charles Taylor Services Limited                     | Run-off agents                         | Fixed fee                     |
| Lambert Smith Hampton Group Limited                 | Asset Valuers                          | Percentage of realisations    |
| Ashfords LLP  | Legal advisers (specific claim issues) | Hourly rate and disbursements |
| McCarthy Denning Limited                            | Legal advisers                         | Hourly rate and disbursements |
| McNulty Re Group                                    | Debt collection agents                 | Percentage of realisations    |
| Barnett Waddingham LLP                              | Actuarial advisers                     | Hourly rate and disbursements |

- 3.2 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.

#### 4 Joint Administrators' Expenses & Disbursements

- 4.1 The estimate of expenses (including disbursements) that were anticipated to be incurred at the outset of the Administration was provided to creditors in the Proposals and an updated schedule has been included in our subsequent Progress Reports.

*Current position of Joint Administrators' expenses*

- 4.2 An analysis of the expenses paid during the period of this report, together with those incurred but not yet paid at the date of this report is provided below:

| Supplier/Service Provider                           | Services provided  | Paid in this period (£) | Incurred but not yet paid to 16.03.20 (£) |
|---|--|-------------------------|---|
| Al Tamimi & Company Advocates and Legal Consultants | Legal advice - assistance in recovery of funds held in Bahrain | Nil                     | Nil                                       |
| Charles Taylor Services Limited                     | Administration Run-off services                                | 116,419.33              | Nil                                       |
| McNulty Re Group                                    | Debt collection agent fees                                     | Nil                     | Nil                                       |
| Mail & Print  | External print & postage provider                              | 805.45                  | Nil                                       |
| Cooley (UK) LLP                                     | Legal advice - litigation and general administration matters   | 29,598.40               | 31,428.40                                 |
| Legal disbursements                                 | Counsel fees and sundry costs                                  | 66.33                   | 10,545.00                                 |
| Smith & Williamson LLP                              | Specialist tax advice  | Nil                     | Nil                                       |
| Lloyds Bank Plc                                     | Provision of information                                       | Nil                     | Nil                                       |
| Tremark   | Process Server fees  | Nil                     | Nil                                       |
| Ashfords LLP  | Legal advice   | Nil                     | Nil                                       |
| McCarthy Denning Limited                            | Legal Advice   | Nil                     | 73,845.00                                 |
| Barnett Waddingham LLP                              | Actuarial services   | Nil                     | Nil                                       |
| Courts Advertising Ltd                              | Statutory advertising  | Nil                     | Nil                                       |
| Land Registry                                       | Land registry searches   | Nil                     | Nil                                       |
| Barclays Bank Plc                                   | Fees for processing non-£GBP currencies                        | Nil                     | Nil                                       |
| HM Revenue & Customs                                | Irrecoverable VAT and charges                                  | Nil                     | Nil                                       |
| HM Revenue & Customs                                | Corporation Tax  | Nil                     | Nil                                       |
| Lambert Languages Limited                           | Fees for translating documents                                 | Nil                     | Nil                                       |
| <b>Total</b>  |  | <b>146,889.51</b>       | <b>115,818.40</b>                         |

*\*All figures shown exclusive of VAT*

- 4.3 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. In the interests of efficiency in the billing process, minimal value individual category 1 disbursements have not been billed as incurred. Consequently, no Category 1 disbursements have been charged in the Period.

- 4.4 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. Details of Category 2 disbursements charged by this firm (where appropriate) were provided in the Proposals and the Committee passed a resolution at their meeting on 12 May 2016 authorising the Joint Administrators to draw Category 2 disbursements as and when funds are available, in accordance with Rollings Butt LLP's published tariff (as below):

| Category 2 Disbursement | Cost               |
|-------------------------|--------------------|
| Photocopying            | 15 pence per sheet |
| Travel (car)            | 45 pence per mile  |

- 4.5 There have been no Category 2 Disbursements charged in the Period.

| Analysis Code Description          |                           | Narrative   |
|------------------------------------|---------------------------|---|
| <b>Administration and planning</b> |                           |   |
| 100                                | Administration & Planning | Periodic review of anti money laundering and ethical consideration checklists.<br>Joint Administrators' statutory bond calculation and submission in accordance with Insolvency Practitioners Regulation 2005.<br>Recording and analysing time incurred by the Joint Administrators and their staff.<br>Complying with internal case management procedures<br>Filing and status checklists<br>IPS administration and maintaining/completing IP records<br>Preparation for internal and external meetings, including document production and review<br>Initial set-up of IPS (internal case management system) records.<br>Setting up web portal to provide general creditor information |
| 101                                | Administrative Set-up     | Initial notifications to the Registrar of Companies, Creditors, Shareholders, Directors, Court, PRA and FCA.  |
| 102                                | Appointment               | Gathering of initial information to enable statutory filing and reporting to be completed, including creditor details, management accounts for  |
| 103                                | Background Information    | Statement of affairs, details of assets/cash at bank, information relating to insurance, debtor details.<br>Retrieval of accounts and filings from Companies House and 3rd party Credit Search engines.<br>Identify location of company books and records; retrieval of electronic records and storage.<br>Complying with internal case management procedures.<br>Checklists and status updates.  |
| 104                                | Case Management           | Review of case workstreams to ensure appropriate staff assigned to appropriate tasks.<br>Review, analysis and management of incurred expert costs (eg legal costs, accountants etc)   |
| 105                                | Case Planning             | Initial formulation and ongoing documentation of strategy to achieve administration purposes.<br>Ongoing consultation with legal advisors to ensure process and strategy are appropriate.<br>Regular meetings with Administrators' staff to discuss status of case, future planning and strategy.<br>Planning of future tasks necessary to achieve administration purposes.   |
| 106                                | Maintenance of Records    | Periodic review of Joint Administrators' statutory bond.<br>Maintaining and amending IPS (internal case management system) records.   |
| 107                                | Statutory Reporting       | Review of Statement of Affairs and filing with the Registrar of Companies.<br>Preparation of the Joint Administrators' proposals for achieving the statutory purpose of the administration<br>Report to creditors regarding the outcome of the initial creditors meeting.<br>Drafting and preparing statutory progress report to creditors, filing at the Registrar of Companies and Court.   |
| 108                                | Statutory Compliance      | Advertisements in London Gazette and additional press as deemed necessary.<br>Ensuring extension documentation is compliant.  |
| 109                                | Review                    | Director and Partner Reviews of Files.<br>Analysis of Work in Progress.   |
| 111                                | Billing                   | Preparation of the Joint Administrators' fee estimates in accordance with the Insolvency (Amendment) Rules.<br>Preparation of the Joint Administrators' invoices and fee note packs in accordance with SIP9   |

| Analysis Code Description          |                                     | Narrative   |
|------------------------------------|-------------------------------------|---|
| <b>Administration and planning</b> |                                     |   |
| 112                                | Post Appointment Tax                | Initial information gathering relating to the Company's tax position.<br>Submission of relevant returns and ensuring all post-appointment tax liabilities are accounted for.  |
| 115                                | Meetings                            | Preparation for internal and external meetings, including document production and review.   |
| 116                                | Case Accounting                     | Insolvency accounting system administration.<br>Opening of case bank accounts.<br>Initial set-up and ongoing administration of bank accounts including holding funds in specific currencies.<br>Correspondence with banks in order to place funds into interest bearing accounts.<br>Processing and documenting of payments from, and to, estate account.   |
| 117                                | Bank Reconciliations                | Reconciling IPS and bank accounts.  |
| 118                                | Receipts & Payments                 | Preparing and processing Receipts and payments accounts for Creditors' Committee and statutory reporting purposes.  |
| 702                                | Liaison With Directors              | Requesting, printing, reviewing information provided by Directors and 3rd parties.<br>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.<br>Liaising with the PRA and FCA regarding distribution mechanism for return to creditors.<br>Solvency II considerations and confirmation to PRA regarding considerations undertaken.<br>Liaison with PRA regarding any proposed outsourcing agreements.<br>Legal advice to ensure compliance with all relevant regulation and legislation within statutory periods including adherence to PRA and FCA regulation requirements |
| 622                                | Establishing Distribution Mechanism | Liaison with legal advisers and Counsel to establish the most suitable distribution mechanism<br>Attending Court hearings in respect of application for distribution mechanism<br>Preparation of documents and analysis of information in relation to hearings and applications   |
| 633                                | 3rd Party Litigation                | Liaising with legal advisers and Counsel in relation to claims on behalf of the Company and gathering relevant information<br>Attending Court hearings in respect of claims made<br>Preparation of documents and analysis of information in relation to Court hearings and applications<br>Liaison with 3rd party funders in relation to claims and seeking funding   |



| Analysis Code  | Description                            | Narrative  |
|--|--|--|
| <b>Creditors</b>   |  |  |
| 500  | Creditors                              | Preparation of documents for initial creditors' meeting, agendas, attendance registers, voting forms.  |
| 502  | Creditors Claims                       | Ongoing liaison with ad hoc queries from creditors by post, email, telephone.<br>Review of creditor claims, logging onto IPS system.<br>Adjudication of creditor claims.   |
| 505  | Creditors Committee                    | Planning and preparation for Creditors' committee meetings.<br>Attendance at Creditors' committee meetings and subsequent reporting.<br>Seeking approval of Creditors committee as appropriate (see resolutions, legal proceedings, case strategy and statutory matters).<br>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.   |
| <b>Investigations</b>  |  |  |
| 200  | Investigations                         | Preparation and submission of letters and questionnaires to company directors.<br>Investigation into the pre Administration affairs of the company and where appropriate taking further action.<br>Review of books and records of the company to identify any matters that may require further investigation<br>Review and action on information provided by creditors (if any).<br>Instruct solicitors (if appropriate) to assist with further enquiries into the company's affairs and any subsequent action required.<br>Liaise with legal advisors and run-off agents on any matters that may require assistance during investigation<br>Assistance with the provision and analysis of information necessary in order to make applications to Court.<br>Attending Court hearings in relation to claims made on behalf of the Company.<br>Correspondence with the Company's bankers and auditors, and investigation into banking and audit records.<br>Correspondence with the Police in relation to claims and investigations made into the Company's affairs.<br>Correspondence completed by Directors, preparation and submission of report in accordance with the Company Directors Disqualification Act 1986 ("CDDA").<br>Review of questionnaires completed by Directors, preparation and submission of report in accordance with the CDDA. |
| 201  | CDDA Reports                           | Correspondence with the Police in relation to claims and investigations made into the Company's affairs.<br>Correspondence with the Police in relation to claims and investigations made into the Company's affairs.<br>Disqualification Act 1986 ("CDDA").  |
| 203  | Investigatory Work                     | Correspondence with the Company's bankers and auditors, and investigation into banking and audit records.<br>Consideration of information received in the context of the Administration  |
| 206  | Meetings with Directors                | Correspondence, meetings and updates with Non-Executive Directors  |
| <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<br>Ongoing meetings, calls and emails with CTS re; collection debtors<br>Regular review of update of creditor/debtor position   |
| 302  | Identifying, Securing, Insuring Assets | Initial notification to insurers to provide open cover and ongoing review of Company assets and insurance provision.   |
| 303  | Book Debts                             | Agreeing strategy for realisation of debtors with CTS<br>Reviewing debtor recovery schedules and proposed settlement and other agreements  |
| <b>The Mediterranean Insurance &amp; Reinsurance Company Limited – In Administration</b> |  |  |

| Analysis Code Description    |                              | Narrative   |
|------------------------------|------------------------------|---|
| <b>Realisation of Assets</b> |                              |   |
| 314                          | Litigation                   | <p>Liaising with legal advisers in relation to general claims on behalf of the Company</p> <p>Attending Court hearings in respect of claims made</p> <p>Preparation of documents and analysis of information in relation to Court hearings and applications</p> <p>Correspondence in relation to World Wide Freezing Order and recoveries made under the terms of the order</p> <p>Ongoing investigations into potential claims against third parties</p>   |
| <b>Shareholders</b>          |                              |   |
| 800                          | Shareholders                 | Correspondence and meetings with shareholders   |
| 801                          | Shareholders - Communication | Liaising with shareholders regarding progress of the Administration   |
| <b>Trading</b>               |                              |   |
| 401                          | Management of Operations     | <p>Discussions with CTS in relation to the nature, scope and terms of an accelerated run-off agreement.</p> <p>Ongoing correspondence regarding run-off agreement and matters arising from CTS work that affects the Administration generally.</p> <p>Correspondence with legal advisors in relation to the nature, scope and terms of an accelerated run-off agreement.</p> <p>Correspondence and meetings in relation to contracts incepted prior to the Administration/attempts to cede risks since the Administration</p> |