ENTERPRISE INSURANCE COMPANY PLC (IN LIQUIDATION)

LIQUIDATOR'S PROGRESS REPORT

As at November 2026

By order of the Supreme Court of Gibraltar dated 26 October 2016 ("the Order") I was appointed liquidator of Enterprise Insurance Company PLC ("the Company") under section 160 of the Insolvency Act 2011.

A liquidation website was established at www.eigplc.com as a means of communicating effectively with policyholders and creditors.

Section 259(1) of the Financial Services (Insurance Companies) Regulations 2020 require liquidators, in an appropriate manner, to keep creditors regularly informed on the progress of the winding up[1]. Section 176 (2) of the Insolvency Act, 2011 in relation to the general duties of a liquidator, allows a liquidator, subject to the Act and Rules, to use his own discretion in undertaking his duties. I therefore proposed to report on the progress of the liquidation of the Company after the 30 June and the 31 December of each calendar year with receipts and payments accounts made up to those dates. My reports along with the receipts and payments accounts are published on the liquidation website.

This is my eighteenth such report. A receipts and payments account for the period from 26 October 2016 to 30 June 2026 is attached. Certain matters included in my previous reports are also included in this report.

Insurance Business of the Company

1. The Company wrote insurance business in the following main classes; motor, third party liability, miscellaneous financial loss – warranty, miscellaneous financial loss- other and legal expenses. While most policies were issued to policyholders in the United Kingdom motor insurance policies were also issued in the Republic of Ireland, Italy, France, and Greece under the freedom of services provisions.
2. As a result of the Court's decision to open winding-up proceedings the Gibraltar Financial Services Commission ("GFSC") issued a direction dated 26 October 2016 that the Company cease to be authorised to carry on insurance business, pursuant to section 156(1) Financial Services (Insurance Companies) (Solvency II Directive) Act and section 106 Financial Services (Insurance Companies) Act. As liquidator I am allowed to pursue activities of the insurance undertaking in so far as that is necessary or appropriate for the purposes of the winding up and which activities are pursued with the consent and under the supervision of the GFSC.[2] These activities involve the administration, management and adjudication of claims arising from the indemnities provided by insurance policies issued by the Company for the purpose of admitting these claims as insurance claims in the insolvent estate.
3. Insurance claims take precedence over other claims subject to relevant statutory provisions. [3] With regard to assets representing technical provisions, insurance claims shall take absolute precedence over any other claim on the insurance undertaking under section 250(2)(a) of the Financial Services (Insurance Companies) Regulations 2020 Act and with regard to the whole of the assets of the insurance undertaking under section 250(2)(b) of the Financial Services (Insurance Companies) Regulations 2020, insurance claims take precedence over any other claims other than:

    3.1 Claims by employees arising from employment contracts and employment relationships.
    3.2 Claims by public bodies on taxes.

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[1] Previously under Section 161 (1) of the Financial Services (Insurance Companies) (Solvency II Directive) Act
[2] Previously under section 156(2) of the Financial Services (Insurance Companies) (Solvency II Directive) Act and now provided for under section 254(2) of the Financial Services (Insurance Companies) Regulations 2020.
[3] These were previously governed by section 152 of the Financial Services (insurance Companies) Solvency II Act and are now set out in section 250(2) of the Financial Services (Insurance Companies) Regulations 2020

3.3 Claims by social security systems, and
3.4 Claims on assets subject to rights in rem.

Given the priority afforded under Gibraltar's insurance legislation to insurance claims there is in my view no realistic prospect that creditors other than insurance creditors and the other creditors mentioned in section 250(2)(b) as referred to above will have any economic interest in the liquidation of the Company.

Publication of Decision on Winding up Proceedings

4. Notice of the decision to open winding up proceedings and my appointment as liquidator was published by the GFSC in the Gibraltar Gazette and the Official Journal of the European Union as required by section 157(1) of the Financial Services (Insurance Companies) (Solvency II Directive) Act.

Information to Known Creditors

5. Section 158 of the Financial Services (Insurance Companies) (Solvency II Directive) Act required each known creditor whose habitual residence, domicile or head office is situated outside Gibraltar and in an EU Member State to be informed by written notice of the opening of winding up proceedings. The Order of 26 October 2016 allowed me to affect this notice as follows:

   a. By email where the Company has the email address of the creditor concerned.
   b. By sending to the Creditor's address where the Company has a record of the creditor's address.
   c. By email to the insurance broker in respect of policyholder creditors where the Company does not have the email or postal address of the policyholder concerned.

   The notice also informed creditors that future notices under the Insolvency Act (except for any notice of disclaimer) and any reports by the Liquidator would be published on the Company's website.

   The Company's distribution network via brokers and intermediaries along with the nature of certain warranty policies issued by the Company meant that a policyholder database containing contact details for the more than 760,000 live policies was not available to me. The IT staff of the Company retained along with my staff worked to create an updated policyholder database to allow compliance with the requirements of the Financial Services (Insurance Companies) (Solvency II Directive) Act and the order of appointment.

First Meeting of Creditors

6. Given the nature and circumstances of the liquidation and the assets and liabilities of the Company, I considered it was not practical or necessary for a first meeting of creditors to be held. The Court also dispensed with the requirement to send out claim forms to creditors at this juncture. There is therefore currently no time limit for the filing of claims in the liquidation by creditors. Notice of the decision not to hold a meeting under section 174 of the Insolvency Act 2011 is published on the Company website and was advertised in the Gibraltar Gazette in accordance with the Order.

Disclaimer of Policies

7. Section 209 of the Insolvency Act 2011 allows a liquidator to disclaim onerous property. Insurance policies issued by the Company allowed liabilities to continue to accrue on the insolvent estate. The disclaimer of policies terminated the policies and prevented insurance claims arising under the policies following the date of the disclaimer. These are as shown in Schedule 1 to this report.

The disclaimers do not affect claims which have arisen under a contract of insurance underwritten by the Company prior to the date of disclaimer. The disclaimer may also give rise to a claim for damages which may be calculated as a return of premium claim. As of 30 June 2026, return of premium claims settled by the FSCS amounted to £30.4 million. Additional amounts which are yet to be quantified will be due in respect of policies not yet disclaimed (see below).

Policies not Disclaimed.

8. Certain classes of warranty policies have not been disclaimed. Policies providing warranties in relation to building installation works and referred to as the Insurance Backed Guarantee scheme have not yet been disclaimed.
   In relation to the After the Event ("ATE") legal expense policies, arrangements were put in place to run off this book of business to reduce insurance claims accruing on the estate. All live policies have been successfully run off and there is no further exposure to the estate.

Ozon Solicitors Limited

9. Prior to my appointment Ozon Solicitors Limited (Ozon's) acted in respect of litigated motor claims arising under the indemnities provided by UK motor insurance policies issued by the Company. As of 25 July 2016, there were approximately 1,300 outstanding claims which had been notified under those policies. Having consulted with the reinsurers I took the view as liquidator of the Company that Ozon's retainers should be terminated, insofar as they had not already been, and therefore terminated the retainers in respect of the motor insurance claims on behalf of the Company and its policyholders on 19 October 2016 as I was entitled to do. Ozon's refused to relinquish the Company's claims files and consequently, an application to court in England was made for an Order compelling them to do so. This Order was granted on 3 February 2017 with Ozon's ordered to pay costs. In my second report to creditors, I reported that Ozon Solicitors had presented a claim for outstanding fees in the sum of circa £9 million. This claim by Ozon was later settled on confidential terms which reflect what I considered was properly due. The attached Receipts and Payments account to 30 June 2026 includes a payment to Ozon of £791,000 in respect of fees and disbursements. The amount of £677,218 including interest accrued since 28 March 2018 previously held by Ozon in their client account and paid into Court following applications which were heard on 3 February 2017 was paid to the liquidation estate on 10 July 2018. This amount is included within monies recoverable by legal actions.

Administration and Adjudication of claims

10. To prevent the escalation of claims I devoted resources of the estate to administering and adjudicating claims arising from the indemnities provided under insurance policies issued by the Company which may properly be admitted as insurance claims in the estate. To assist me in this process I initially appointed Quest Consulting (London) Ltd ("Quest") as claims managers along with Gallagher Basset International Ltd to manage United Kingdom ("UK") motor claims. As the claim numbers have now decreased significantly Gallagher Bassett are no longer retained leaving Quest with sole responsibility.
    Keoghs were retained to manage UK litigated motor claims and DAC Beachcroft to manage UK large loss motor claims.
    I will set out the arrangements I have put in place for the management of claims in Ireland, Italy, France, and Greece later in this report. Depending on the rules of the compensation schemes operating in the different countries in which the Company conducted insurance business, insurance creditors may be eligible for compensation.
    Following my appointment my agents and I met with the compensation schemes in UK, France, Italy, and Greece to establish processes whereby, following the agreement of claims, the claims were then submitted for payment from the relevant compensation scheme. The compensation schemes would then take an assignment of the insurance claims or obtain subrogated rights and as a result comprise the largest insurance creditors in the liquidation.

As the majority of the insurance business was undertaken in the UK the Financial Services Compensation Scheme ("FSCS") is the largest single insurance creditor and has been proactive in assisting with the administration of insurance claims. Several tripartite agreements with certain large brokers were entered into with the FSCS to enable block transfers of policies to new insurers at the date of the policy disclaimers.
The disruption caused by the Covid-19 pandemic in 2020/21 had some initial impact on the processing of claims information, however the introduction of enhanced remote access processes mitigated any issues.

United Kingdom insurance claims

11. As of 30 June 2026, admitted insurance claims for all lines of UK business gross of reinsurance amounted to £141.9 million. Reserves attributed to notified but not yet admitted claims gross of reinsurance amount to £38.5 million. In respect of claims arising from UK motor insurance policies as of 30 June 2026 agreed claims amounted to £128.1 million with notified and reserved claims of £11.7 million to arrive at a total incurred claims figure of £139.8 million. Total motor incurred has therefore remained static from that reported in December 2025, maintaining the trend of effective claims management.

In respect of Solicitors Professional Indemnity policies, the dormant material claims were reviewed during the period to assess whether they constitute valid claims falling under the scope of the policies. Some of the claims have been rejected and as a result total incurred on this line of business has decreased to £9.8 million. It is not anticipated that any new claims will now arise as primary limitation has expired.

Icebreaker

12. The reserve for these claims is included in the total United Kingdom claims amounts referred to above at paragraph 11 and amounts to £24.7million.

Following the Court of Appeal judgment dated 4 April 2024 (referred to in more detail below) Mr Flowers a former director of EIC exercised his constitutional right to appeal to the Privy Council challenging the decision made by the Court of Appeal (in respect of Icebreaker) and the admission of any liability in respect of the Icebreaker policies issued by EIC. The Appeal hearing was heard on 29 April 2026, and I await the Privy Council's decision. Pending this decision I have suspended temporarily the adjudication process for claims arising from these policies.

Republic of Ireland insurance claims

13. As of 30 June 2026, admitted claims and reserves attributed to notified Republic of Ireland ("ROI") motor insurance claims gross of reinsurance amounted to €10.9 million. I appointed Wrightway Underwriting Ltd to manage claims arising in the ROI. The Company is registered in Ireland with the Central Bank under the Temporary Run Off Regime. To date nine successful applications to the Irish High Court for payments from the Insurance Compensation Fund of Ireland have been made. Claims are settling within the case reserves, and the overall claims development is positive.

French insurance claims

14. As of 30 June 2026, admitted claims and reserved French motor insurance claims gross of reinsurance amounted to €45.0million which represents a material deterioration against the previously reported €38.7million. This primarily relates to a re-reserving exercise undertaken on a number of Structured Settlement losses in line with prevailing market conditions.

Greek insurance claims

15. As of 30 June 2026, admitted and reserved Greek motor insurance claims gross of reinsurance amounted to €25.7million. Following my appointment, a claims management office was established in Athens with the co-operation of the Greek Auxiliary Fund and the Bank of Greece (as regulator) to administer and adjudicate on claims arising from motor insurance policies issued by the Company in Greece. The office currently operates with one full time claims manager, and I anticipate that this team will be sufficient to see the account through to its conclusion.

Italian insurance claims

16. Under the Italian insurance code, claims arising in Italy under policies issued by a failed insurer are administered by Italian insurance companies appointed by the Italian compensation scheme the FGAV managed by CONSAP the public insurance body. There is a protocol in place which allows my representatives to audit and review these paid claims submissions. As of 30 June 2026, under this protocol claims with a paid value of €3.8m have been agreed in the Liquidation. Claims data is still being provided, and I am aware that the development trend appears favourable and significant progress has been made in establishing reserves to be applied to notifiable insurance claims. Whilst maintaining a prudent approach to our reserving outlook, this has allowed for a significant release to be applied to the initial position, and we now estimate a reserve position of €6.8m and overall admitted and reserved Italian motor insurance claims gross of reinsurance amounting to €10.6million.

Reinsurance

17. The Company operated an extensive program of reinsurance for the motor line of business. This included quota share reinsurance and excess of loss contracts. The program is largely placed with highly rated London Market and European reinsurers, with whom I endeavour to maintain a good relationship to ensure their continued support. Applications for recoveries under contracts of reinsurance have been submitted and as of 30 June 2026 reinsurance payments of £74.6 million had been received, with future anticipated receipts of £24.7million during the course of the liquidation.

Legal Advisors

18. The situation of the Company as an insurer in liquidation has given rise to numerous practical, technical, and legal issues on which I have required authoritative specialist advice and appropriate legal representatives to assist me.

    18.1 I have retained Messrs Triay Lawyers as solicitors to act for me in Gibraltar and generally.

    18.2 I have retained Messrs Horwich Farrelly and Messrs Clyde & Co as solicitors to advise me on issues arising under English law and on technical legal insurance matters generally.

    18.3 I have been advised and represented by Mr Nigel Jones KC and Ms Sarah McCann of Gatehouse Chambers, London in respect of litigation in England (and an ongoing claim in Gibraltar) and technical legal insurance matters generally.

    18.4 I have retained Messrs Kennedys AARPI as solicitors to act for me in France.

    18.5 I have retained Messrs Orrick, Herrington & Sutcliffe as solicitors to act for me in Italy.

    18.6 I have retained Messrs Bernitsas as solicitors to act for me in Greece.

    18.7 I have retained Messrs Maples Group as solicitors to act for me in Ireland

Claims for Recoveries

19. My investigations indicated certain claims available to the Company and included a substantial claim in the Supreme Court of Gibraltar for misfeasance against certain former directors of the Company and other parties. Both prior to the commencement of trial and shortly after its commencement, I settled with several of the Defendants. The claim proceeded at trial against Mr Flowers alone and Mr Justice Restano handed down judgment on 17th February 2023. Mr Flowers was the Managing Director of the Company from 1 July 2004 to 24 April 2014. The judgment gave rise to an Order dated 17 February 2023 which I have previously reported on. Mr Flowers appealed against the Judgment and Order made by the trial judge Mr Justice Restano. The Appeal hearing took place on 3-6 October 2023, and Judgment was handed down by the Court of Appeal on 4 April 2024. In summary, the principal conclusions of the Court of Appeal (as summarised in paragraph 324 of the Judgment) are:
    - Mr Flowers's appeal directed against the trial judge's findings with respect to the MSA, PIE and related matters has been rejected with the Court concluding the "*judge was entitled to conclude that Mr Flowers acted dishonestly and in breach of his fiduciary duty to act in the best interests of EIC and also acted in breach of his duty of care.*"
    - Mr Flowers's submission that the unlawful acts either had been ratified as a matter of fact or could in the circumstances be ratified as a matter of law has been rejected subject to the proviso that the Court of Appeal rejected the trial judge's conclusion that one of the reasons why ratification was not possible was that Mr Flowers ought to have known that EIC was insolvent from 2010 with the consequence that unlawful transactions were not ratifiable by the shareholders.
    - Mr Flowers's appeal in relation to the issue of loss arising out of the breach of fiduciary duty has been upheld in so far as the trial judge refused to set off payments made by EHL to EIC for shares in EIC against the losses resulting from the breach of fiduciary duty. The Court however rejected that any part of the start-up capital ought to be set off.
    - Mr Flowers's appeal against the trial judge's finding that Mr Flowers breached his common law duty to exercise reasonable care and skill when he wrote the Icebreaker business on behalf of EIC has been dismissed as has the related submission made by Mr Flowers to the effect that whether he was negligent or not, either clause 11.4 of the Icebreaker insurance policy or public policy provided a full defence against any potential liabilities which may arise out of the Icebreaker policies.
    - The Court found that the trial judge was entitled to conclude on the evidence that EIC was insolvent from 30 June 2010 onwards but allowed Mr Flowers's appeal against the trial judge's finding that Mr Flowers breached the creditor duty on the grounds that he neither knew nor ought to have known that EIC was insolvent from 30 June 2010.

    A copy of the Court of Appeal Judgment has been uploaded to the liquidation website. A copy of the Court of Appeal Judgment can also be found at www.gcs.gov.gi/judgments/andrew-flowers-v-enterprise-insurance-company-plc-2024gca005-.

    Mr Flowers appealed to the Privy Council against the decision of the Court of Appeal in relation to Icebreaker as summarised above and EIC appealed against the Court of Appeal decision in respect of the set off of the payments made by EHL to EIC for shares in EIC (other than the start-up capital). The Appeal Hearing was held on 29 April 2026, and I await the decision of the Privy Council.
    I will provide further updates in relation to this matter in future reports to creditors.

On 2 December 2022 I had also commenced court proceedings in the Supreme Court of Gibraltar against the auditors of the Company. On 23 October 2024 I entered a Deed of Settlement on terms I considered beneficial to the insolvent estate and its creditors.
As of 30 June 2026 £12.5 million, had been received from recovery actions. Further receipts from an agreed settlement are expected over time however I am currently unable to confirm the amount or timing of such receipt.

20. Defamation Claim

On 21 December 2018 Mr Andrew Flowers issued a claim against Grant Thornton (Gibraltar) Limited and myself alleging he had been defamed by a letter dated 22 September 2016 which had been sent on my behalf when I was acting as provisional liquidator of the Company with the purpose of protecting assets to which it was believed the Company had a valid claim. In June 2025, the Supreme Court of Gibraltar heard an application to strike out Mr Flower's claim. On 18 March 2026, the Supreme Court issued its judgment ordering that Mr Flower's claim be struck out and the claim was dismissed. A copy of the judgment may be found at the Supreme Court website www.gcs.gov.gi/judgments/andrew-flowers-v-frederick-david-john-white-and-anor-2026gsc014-928.

Declaration of First and Second Interim Dividend

21. On 31 January 2024 I notified insurance creditors of my intention to pay a first interim dividend in the liquidation and that claim forms should be submitted to me for adjudication and admission to rank for dividend by 29 February 2024.

On 14 May 2024 I subsequently declared a dividend of 10 pence in the pound and distributed funds to agreed and admitted insurance creditors.

On 12 February 2025 I notified insurance creditors of my intention to pay a second interim dividend in the liquidation and that claim forms should be submitted to me for adjudication and admission to rank for dividend by 17 March 2025.

On 18 March 2025 I subsequently declared a dividend of 5 pence in the pound.

In respect of the period to 30 June 2026, I have paid a total of £32,699,576 to admitted insurance creditors in respect of the first and second dividends.

Projected Liquidation Outcome

22. While emphasising the continuing uncertainty at this time as to the total amount insurance creditors, and consequently the related reinsurance recoveries might ultimately be, current best estimates indicate that total incurred insurance claims (gross of reinsurance) might amount to £300 million (excluding IBNR provisions). If such claims figures were to materialise with corresponding reinsurance recoveries, an estimated total dividend of circa 30% could be available to insurance creditors.

Receipts and Payments Account

23. I have attached to this report a copy of my receipts and payments account from 26 October 2016 the date of my appointment as Liquidator, to 30 June 2026. Items included in the receipts and payments account are for the most part self-explanatory, but I offer further information and explanation as set out below:

    (i) Provisional liquidator's fees, legal and actuarial expenses outstanding on 26 October 2016 were paid during the liquidation period from the funds taken over from the provisional liquidation.

Creditors should contact me if they have any queries on this report or require any further information.



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Liquidator
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ENTERPRISE INSURANCE COMPANY PLC (IN LIQUIDATION)

LIQUIDATOR'S REPORT AS AT November 2026

SCHEDULE 1

In accordance with the powers provided by Section 209 of the Insolvency Act, 2011 the Liquidator has disclaimed:

September 21 and June 27th, 2017
All remaining policies for solicitor's professional indemnity insurance with the Company as insurer with effect from 0:00 on 21 September 2017 and 0:00 27 June 2017.

January 3, 2017
All furniture care insurance policies for 2- or 3-year structural defect and accidental damage cover placed by the broker Kainos Associates LLP with the Company as insurer with effect from 0:00 on 3 January 2017. Kainos Associates LLP had arranged alternative cover for its clients.

December 14, 2016
All contracts placed by the broker NCI Vehicle Rescue plc with the Company as insurer with effect from 0:00 on 14 December 2016. NCI Vehicle Rescue plc had arranged alternative cover for its clients.

December 14, 2016
All contracts placed by the broker Motorway Direct plc with the Company as insurer with effect from 0:00 14 December 2016.Motorway Direct plc had arranged alternative cover for its clients.

October 27, 2016
All and any teacher absence contracts issued in the UK with the Company as insurer with effect from 0:00 on 27th October 2016.

October 27, 2016
All and any motor insurance contracts issued in the UK, Republic of Ireland, France, Italy, and Greece under which the Company was an insurer with effect from 0:00 on 27 October 2016.

ENTERPRISE INSURANCE COMPANY PLC (IN LIQUIDATION)
(in Liquidation by the Court)

SCHEDULE 2
Liquidator's Receipts and Payments Account for the Period
26 October 2016 to 30 June 2026

	£	£
Receipts		
Bank balances taken over from provisional liquidation		16,327,425
Reinsurance recoveries		74,573,778
Premium debtor from brokers		9,535,782
Third party recoveries - claims		961,173
Proceeds - disposal investment properties		4,077,918
Monies recoverable by legal actions		12,507,435
Monies held on account - returned		2,492,452
Bank interest receivable		13,053,213
ATE premium receivable		273,507
Sundry income		241,268
Rent receivable		13,371
Total Income		134,057,322
Interim Dividends 2024/2025		32,669,576
Total Income less Interim Dividend		101,387,746

ENTERPRISE INSURANCE COMPANY PLC (IN LIQUIDATION)
(in Liquidation by the Court)

SCHEDULE 2
Liquidator's Receipts and Payments Account for the Period
26 October 2016 to 30 June 2026

	£	£
Total Income After Interim Dividend		**101,387,746**
Payments		
Claims management services : CCSL	802,955	
Claims management services : Quest	4,757,191	
Claims handling costs : Gallagher Bassett	1,964,565	
Claims handling costs : Gallagher Bassett (TUPE)	574,370	
Claims handling costs : Greece	2,181,558	
Claims handling costs : France (WTC)	895,429	
Claims settlement costs	791,000	
Claims - defence costs UK	161,332	
Claims - defence costs Ireland	1,533,534	
Claims - defence costs France	785,853	
Claims - defence costs Greece	855,160	
Claims - defence costs Italy	138,442	
Claims - defence costs- recoverable	871	
Claims handling costs - other	647,903	
Claims handling costs		16,090,163
Sundry underwriting costs		12,097
Staff Salaries		1,135,601
IT services costs		622,115
Office costs - rates and service charge		105,138
Office costs - water & electricity		18,249
Office costs -pc/printer consumables		4,212
Office costs -telephone		19,839
Office costs - general		44,678
Investment property costs -rates, service charge		12,033
Investment property costs - improvements		7,809
Bank Charges		62,410
Provisional liquidator's fees		220,327
Provisional liquidators costs - legal fees		112,851
Provisional liquidators costs - actuarial fees		60,955
Provisional liquidators general costs		807
Liquidators fees		6,942,117
Liquidators costs - legal fees		8,745,111
Liquidators costs - professional fees		3,577,400
Liquidators costs - general costs		365,973
Foreign exchange movement		745,728
Total expenses		38,905,613
BALANCE IN HAND		62,482,133
Represented by:		
NatWest		58,273,100
Coutts & Co		3,654,631
National Bank of Greece		0
Cash held in claims floats		75,880
Cash held with lawyers		0
Cash held in respect of third parties		478,522
		62,482,133