



We know you have a choice

14 February 2019

Dear Sirs

Elite Insurance Company Limited (Elite Insurance) (company no. 911111)

Proposed Solvent Scheme of Arrangement

We are sending you this letter because we believe that you may have a relationship with Elite Insurance either as a known or potential creditor, broker, cover holder, agent who has placed business with Elite Insurance on behalf of your clients or a third party provider.

We write to inform you that Elite Insurance is proposing to implement a solvent scheme of arrangement with its policyholders, pursuant to Part VIII of the Gibraltar Companies Act 2014.

Elite Insurance is pleased to announce that it has reached an agreement with CBL Insurance, its largest reinsurer, which removes a considerable amount of uncertainty for Elite Insurance and strengthens its balance sheet. This agreement allows Elite Insurance to: continue with its payment of valid claims in full; collection of recoveries from reinsurers and other relevant third parties; payment of costs and expenses incurred in the ordinary course of business.

The agreement was reached following an extensive consultation with the Gibraltar Financial Services Commission ("GFSC").

In conjunction with this consultation, Elite Insurance was subsequently granted a court order from the Supreme Court of Gibraltar to take steps to design and implement a solvent scheme of arrangement under Part VIII of the Companies Act 2014 ("Solvent Scheme").

Background

Elite Insurance was established in Gibraltar in 2004 to offer insurance products in both the commercial and retail markets throughout Europe. Following an investigation by the GFSC and various unprofitable business lines Elite Insurance ceased writing new business on 5 July 2017 and has since been in solvent run-off.

In February 2018 it was purchased by the Armour Group, specialists in the run-off insurance sector. Since this point the Armour Group have been working to improve the solvency of the company in order to protect all of the policyholders, and ensure payments of valid claims can be made in full as they are agreed and fall due.

Following a payment moratorium whilst the Armour Group worked to stabilise the operations, Elite Insurance is now paying all valid and agreed claims in full.

20 Old Broad Street, London, EC2N 1DP

T: **0845 601 1221** F: **01476 563600** E: enquiries@elite-insurance.co.uk

Offices also in Warrington and Gibraltar www.elite-insurance.co.uk

Elite Insurance Company Limited. Registered in Gibraltar. Company No. 911111.

Registered Office Address: C/O Fiduciary Management Limited, Suite 23, Portland House, Glacis Road, Gibraltar



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Elite Insurance is solvent; however it does not currently meet the required capital requirements imposed upon it under the European Union's Solvency II directive (Regulatory Capital Requirements). In order to protect policyholders and with the agreement of its regulator (the GFSC), Elite Insurance has obtained an order from the Supreme Court of Gibraltar to enter into a solvent scheme of arrangement. Under Article 281 of Solvency II, Elite is required to notify all known creditors that it is preparing for a scheme. A solvent scheme of arrangement provides an appropriate framework to ensure the orderly run off of an insurance company, which is not meeting its Regulatory Capital Requirements but is solvent and able to continue to operate and pay all valid claims in full.

Elite Insurance's Board of Directors remains committed to executing their fiduciary duties with diligence and transparency throughout this process, and believes that this agreement is in the best interest of its policyholders.

The court order or this letter does not affect the insurance contracts, the operations of the company or the rights and duties of either Elite Insurance or policyholders.

Purpose and aim of Elite Insurance's Solvent Scheme

The primary objectives of the Solvent Scheme are to:

- provide a framework to manage the Elite Insurance business going forward, maintaining its solvency;
- allow Elite Insurance to continue to pay valid claims and collect valid recoveries in full in the ordinary course of business as they fall due;
- if appropriate, and ensuring it is not prejudicial to the interest of creditors as a whole, provide a mechanism for obtaining finality to certain groups of creditors in the future; and
- provide a mechanism to protect policyholders in the event of any future deterioration in Elite Insurance's assets.

The Solvent Scheme will be implemented in full consultation with the GFSC and with the oversight of an independent Scheme Manager and will be subject to approval by the Gibraltar Supreme Court.

Next steps

In order for the Solvent Scheme to be implemented, it must be approved by a certain proportion of the body of creditors of Elite Insurance. Elite Insurance will provide further communications within the next three months in relation to the detailed design of the Solvent Scheme, and why we believe it is in the best interest of all policyholders and creditors.

These communications will also provide full details of the voting and approval process, including details of a meeting of potential creditors where we will discuss the proposed approach for Elite Insurance.

In the meantime, claims should continue to be submitted in the usual manner, and Elite Insurance will process such valid claims in the ordinary course of business.

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What should you do now?

If you are a creditor or policyholder, you do not need to do anything in response to this letter. Your cover continues and you should submit any claims in the usual manner.

All brokers cover holders and agents are requested to forward a copy of this letter to any of their known creditors or clients who may be affected.

If you have any questions in relation to this letter, please contact Elite Insurance at:

Address: 20 Old Broad Street, London, EC2N 1DP

Telephone: Italian Creditors + 44 (0)207 382 5469

Or

Email: Italian Creditors Elite-scheme.it@armourrisk.com

Yours faithfully

A handwritten signature in blue ink, appearing to read "S Ryland", is written over a light blue horizontal line.

Steve Ryland
Director
Elite Insurance Company Limited